


## CHAPTER 2 Chairman's Message

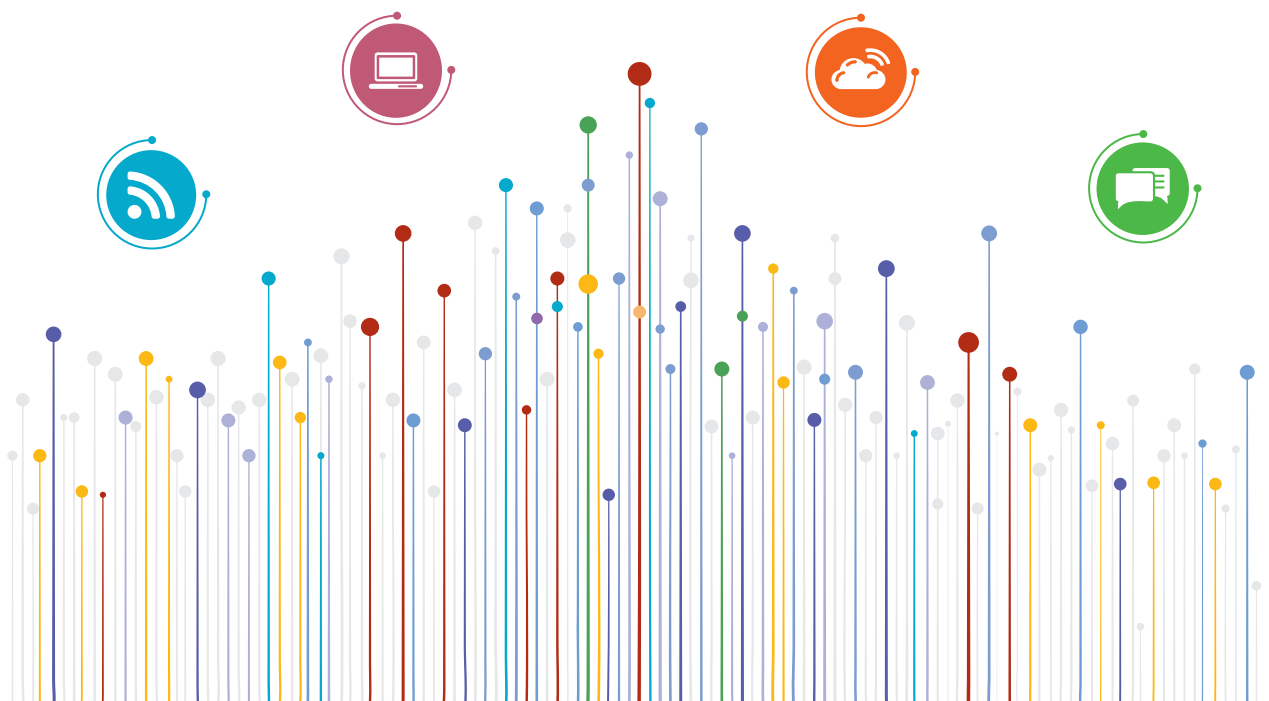


It is my great pleasure and honour to present this report of the Communications Authority (the Authority), which provides a detailed account of the tasks undertaken by the Authority for the year ending 31 March 2023 and the challenges ahead.

## A VIBRANT BROADCASTING MARKET

The broadcasting sector in Hong Kong continues to be vibrant and versatile, with 14 free-to-air digital television channels and 14 radio channels provided by various commercial broadcasters and the public service broadcaster, Radio Television Hong Kong (RTHK), as well as about 800 local and overseas television programme channels in various languages available through free-to-air terrestrial and satellite reception or pay television services. Hong Kong is also situated at a strategic location for uplinking satellite television services to the Asia Pacific region, currently with nine non-domestic television programme service (non-domestic TV) licensees providing more than 130 satellite television programme channels for audience in the Asia Pacific region.

On the broadcasting front, the Chief Executive in Council (CE in C) accepted and endorsed the Authority's recommendations on the mid-term review of the domestic free television programme service (free TV) licences of Fantastic Television Limited (Fantastic TV), HK Television Entertainment Company Limited (HKTVE) and Television Broadcasts Limited (TVB), and the sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro) in February 2023. The recommendations cover a variety of aspects of the licensed services of the relevant broadcasters with a view to encouraging further investment in the industry, including the relaxation of the designated language requirements and refinement of the programme requirements (such as increase in local productions, provision of subtitling and sign language, and enhancement of positive programmes) for the interest of the viewing/listening public. The Authority's recommendations as endorsed by the CE in C have been implemented by way of licence amendments and directions by the Authority. We believe that these adjustments can ensure that the broadcasting services of the five licensees would continue to meet public expectation and needs of the licensees to deliver their broadcasting services in the remaining licence periods.



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Following the CE in C's approval of the application for the termination of the domestic pay television programme service (pay TV) licence of Hong Kong Cable Television Limited (HKCTV) in February 2023, the Authority had actively followed up with HKCTV to ensure its proper implementation of the committed exit arrangements and relevant technical adjustments during the period leading to the cessation of HKCTV's pay TV service on 1 June 2023, with a view to protecting customer rights and the interest of the viewing public at large. HKCTV's exit arrangements were smoothly completed under the Authority's oversight.

### RAPID GROWTH OF THE TELECOMMUNICATIONS MARKET

Amidst the COVID-19 pandemic during the year under review, Hong Kong's telecommunications market continued to flourish. By March 2023, the number of mobile subscriptions reached 21.6 million and over 99% of them were subscriptions of the third generation (3G), fourth generation (4G) and fifth generation (5G) mobile services. Further to the commercial launch of 5G services since 1 April 2020, 5G mobile subscriptions reached 5.1 million in March 2023, representing a mobile subscriber penetration rate<sup>1</sup> of 68.2%. Mobile network operators (MNOs) and mobile virtual network operators (MVNOs) were offering 4G and 5G services at affordable prices. In March 2023, the monthly mobile data usage further surged to 167 401.4 Terabytes, representing 1.3 times and 1.8 times of the monthly usage over the same period in 2022 and 2021 respectively. The monthly mobile data usage per capita rose to 22 279.5 Megabytes in March 2023, compared with 16 811.4 Megabytes in March 2022 and 12 628.5 Megabytes in March 2021. We expect that 5G services 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.



<sup>1</sup> Calculation of mobile subscriber penetration rate does not include machine type connections.

## MAJOR TASKS AND CHALLENGES IN THE COMING YEAR

The broadcasting industry faces significant challenges from competition from the increasingly popular Internet-based media services. There have been changes in the way people receive broadcasting contents – from both traditional broadcasting services as well as online and on-demand services. Having regard to the views and suggestions from the industry and the public, the Authority embarked on a review of its codes of practice, with a view to refining the regulatory regime in order to facilitate the broadcasting licensees in meeting the challenges of the rapidly evolving business environment. The review is expected to be completed within 2023.

On the telecommunications front, following the promulgation of decisions of the Authority and the Secretary for Commerce and Economic Development (SCED) by way of a joint statement on 2 May 2023 on the arrangements for re-assignment of 20 MHz of spectrum in the 850/900 MHz band and 90 MHz of spectrum in the 2.3 GHz band as well as the related spectrum utilisation fee (SUF) upon the expiry of their existing assignment term in May 2026 and March 2027 respectively, the Authority will conduct an auction in 2024 for re-assignment of the spectrum in these bands. Looking ahead, the Authority will also make available new spectrum in the 6/7 GHz band to support the continuous development of 5G and other mobile communications services.

The work that lies ahead will be as diverse and challenging as before. The Authority will continue to do its utmost to foster a conducive environment to support the communications sector.

I would like to extend my gratitude to members of the Authority for their commitment and insightful contribution throughout the year, and to former members and my predecessors for the achievements they made over the years. 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.