



通訊事務管理局
COMMUNICATIONS
AUTHORITY



ANNUAL REPORT **2016-17** 年報



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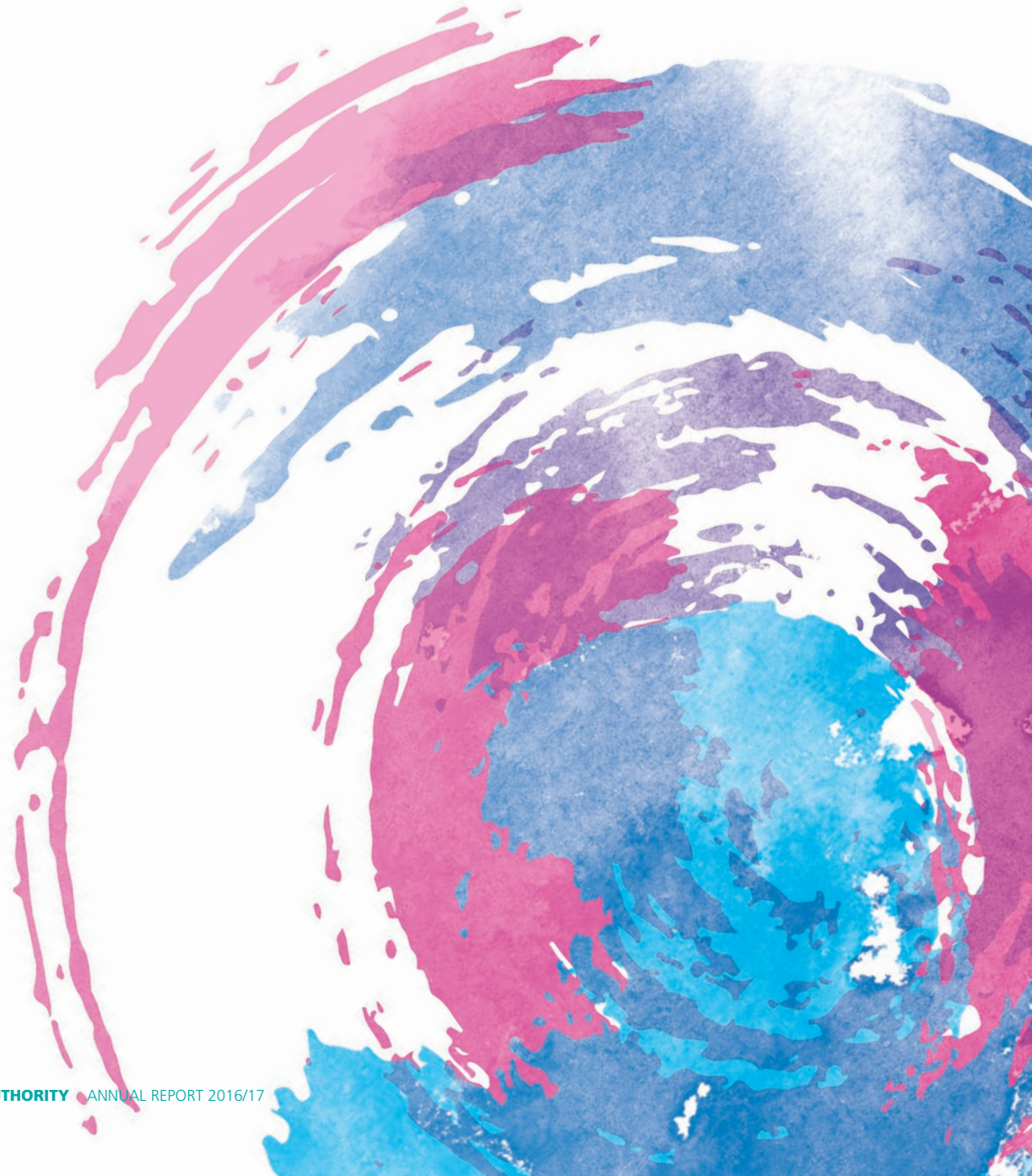
PREMIERED TODAY!

Hello! Hong Kong: PREMIERED TODAY! vius

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).*



Chapter 2:

CHAIRMAN'S MESSAGE

In presenting the 2016/17 report of the Communications Authority (the Authority), I would first like to express my appreciation to my predecessor, Mr Ambrose Ho, for his exemplary leadership over the past five years. When I assumed the post of the Chairman of the Authority on 1 April 2017, there were many tasks already undertaken by the Authority in both the broadcasting and telecommunications sectors. A detailed account of our work in the past year ending 31 March 2017 is given in this report.

A Vibrant Broadcasting Market

Domestic Free Television Programme Services

There have been exciting changes to the landscape of free television broadcasting sector in 2016/17. Fantastic Television Limited (Fantastic TV) launched its licensed domestic free television programme (free TV) service on 14 May 2017. Together with HK Television Entertainment Company Limited (HKTVE) and Television Broadcasts Limited (TVB), the three licensees are providing a total of eleven digital and analogue channels with a wide variety of programmes.



Regarding new applications for free TV licences, the Authority continued to follow up on the application of Hong Kong Television Network Limited (HKTV) after the Chief Executive in Council (CE in C) decided in September 2016 to give HKTV more time to submit the information required under the Broadcasting Ordinance (Cap.562) (BO). The Authority also processed the applications of Forever Top (Asia) Limited (Forever Top) (received in April 2015) and Phoenix Hong Kong Television Limited (Phoenix HK) (received in May 2016) in 2016/17¹.

Domestic Pay Television Programme Services

In respect of domestic pay television programme (pay TV) services, Hong Kong viewers continued to enjoy a diversity of local and overseas programmes. As at 31 March 2017, the three pay TV licensees provided a total of 403 pay TV channels, of which 129 were high definition television (HDTV) channels. At the same time, the aggregate number of subscribers of licensed pay TV services stood at over 2.1 million, representing a market penetration of over 85%.

The pay TV licence of HKCTV was due to expire after 31 May 2017. Having regard to the overall assessment of the performance of the licensee and the public views received during the public consultation exercise, the Authority submitted

its recommendations on the licence renewal application to the CE in C in April 2016. On 13 December 2016, the CE in C accepted the Authority's recommendations and renewed HKCTV's pay TV licence for a term of 12 years with effect from 1 June 2017.

Indirect Advertising and Sponsorship in Domestic Free Television Programme Services

The Authority decided in mid-2016 to expedite research into the regulation of indirect advertising and sponsorship in free TV services in overseas jurisdictions and to conduct an opinion survey with the objective of gauging public attitude and views towards the issues concerned. The Authority has completed a lot of such ground work in the past year. We will continue our work in the coming year with a view to coming up with concrete proposals to relax, wherever possible and appropriate, the regulatory regime governing indirect advertising and sponsorship.

Rapid Growth of the Telecommunications Market

Thanks to the sustained growth of fourth generation (4G) mobile services, Hong Kong's telecommunications market continued to flourish during the year under review. By March 2017, the number of mobile subscribers was 17.58 million, among which over 15.99 million were users of third generation (3G)/4G services. Mobile network operators and mobile virtual network operators were offering 4G services at affordable prices. Mobile data services were available at downlink speeds of up to 600 megabits per second (Mbps) using Long Term Evolution (LTE) technology. In March 2017, the

¹ The application of Forever Top had been put on hold since April 2017 at the applicant's request. Upon approval of the Authority in September 2017, Forever Top became the major shareholder of i-CABLE Communications Limited (i-CABLE), the major shareholder of Hong Kong Cable Television Limited (HKCTV) and Fantastic TV. Forever Top withdrew its free TV licence application thereafter. Meanwhile, Phoenix HK withdrew its application in August 2017 due to commercial considerations.



monthly mobile data usage further surged to 25 348 Terabytes, representing 1.2 times and 1.5 times the monthly usage over the same period in 2016 and 2015 respectively. The average mobile data usage of each mobile user rose to 1 563 Megabytes per month in March 2017, compared with 1 358 Megabytes in March 2016 and 1 327 Megabytes in March 2015. The increasing popularity of 4G mobile services has further boosted mobile data usage. The Authority will continue to put in place necessary measures to facilitate the robust development of the mobile services market.

Major Tasks and Challenges in the Coming Year

Looking ahead, on the broadcasting side, our focus in 2017/18 will be to map out the way forward on ways to relax the regulatory regime governing indirect advertising and sponsorship. In addition, we will continue to monitor the new licensees in rolling out their free TV services.

On the telecommunications side, the existing assignments of 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. Two rounds of public consultation on the approach for re-assignment were conducted. Our target is to finalise the arrangements for spectrum re-assignment by around the end of 2017. In order to meet the huge spectrum demand for the provision of public mobile services, and to better prepare Hong Kong for the launch of the fifth generation (5G) mobile services, the Authority promulgated its work plan in March 2017 for making available additional radio spectrum

for public mobile services towards 2020 and beyond. We will follow up with the necessary work in the coming year.

On the more efficient utilisation of the 8-digit numbering plan, the Authority announced its decision on 24 June 2016 to implement measures in three phases to meet the increasing demand for mobile numbers through better utilisation of the 8-digit numbering plan. Phase 1 was successfully implemented on 1 January 2017. The Authority will continue to work with the industry and the parties concerned and monitor the implementation of the remaining phases. The Authority will also closely monitor the market developments and the effectiveness of the newly implemented measures.

The work that lies ahead will be as challenging as that in 2016/17. I would like to take this opportunity to extend my sincere gratitude to members of the Authority for their insight and commitment throughout the year. I would also like to thank colleagues of the Office of the Communications Authority (OFCA) for their tireless efforts in supporting the Authority. With their dedication, the Authority will continue to strengthen Hong Kong's position as Asia's most attractive and competitive communications hub.

Chapter 3: Members of the Communications Authority (April 2016 – March 2017)



Mr Ambrose HO²
Chairman,
Communications Authority



Miss Susie HO Shuk-ye, GBS, JP
Vice-Chairman, Communications Authority
Permanent Secretary for Commerce and
Economic Development
(Communications and Creative Industries)



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

² Mr Huen Wong, BBS, JP succeeded Mr Ambrose Ho as the Chairman of the Authority on 1 April 2017.



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) and took over fully the functions and powers of the former Telecommunications Authority (TA) and 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 shares concurrent jurisdiction respectively with the Customs and Excise Department (C&ED) in enforcing the fair trading sections of the Trade Descriptions Ordinance (Cap. 362) (TDO), and with the Competition Commission (Commission) in enforcing the Competition Ordinance (Cap. 619) (CO) in the telecommunications and broadcasting sectors. It also has a role to regulate the sending of commercial electronic messages (CEMs) in accordance with the Unsolicited Electronic Messages Ordinance (Cap. 593) (UEMO).

The Authority has the following functions:

- (a) Advisory function to the Secretary for Commerce and Economic Development (SCED) and the CE in C
 - tendering advice to the SCED on any legislation, legislative proposals and regulatory policies relating to telecommunications, broadcasting, anti-spamming or activities connected with the telecommunications or broadcasting sectors;
 - making recommendations to the CE in C on applications for and renewal of free TV licences, pay TV licences and sound broadcasting licences;
- (b) Unified Regulator of the Communications Sector
 - granting and renewing non-domestic television programme service (non-domestic TV) licences and other licensable television programme service (other licensable TV) licences;
 - preparing and revising codes of practice setting programme, advertising and technical standards for television and radio;
 - dealing with complaints about broadcasting issues and imposing sanctions on the broadcasting operators for contravening the various provisions and requirements;



- handling the licensing, financial monitoring and regulation of broadcasting licensees in Hong Kong;
 - granting and renewing telecommunications licences;
 - managing and administering the radio frequency spectrum and the telecommunications numbers;
 - developing technical standards and conducting equipment testing in line with international best practices, and ensuring satisfactory performance of the certification bodies in carrying out certification and testing against the prescribed technical standards;
 - facilitating fixed network operators to access buildings to install in-building telecommunications facilities for the conveyance of telecommunications and broadcasting services;
 - dealing with complaints about telecommunications services and imposing sanctions on telecommunications operators for contravening the various provisions and requirements;
 - handling the licensing, financial monitoring and regulation of telecommunications licensees in Hong Kong;
- (c) Competition Authority of the Communications Sector
 - enforcing the CO in respect of the conduct of undertakings operating in the telecommunications and broadcasting sectors;
 - (d) Unfair Trade Practices in the Communications Sector
 - enforcing the fair trading sections of the TDO in relation to the commercial practices of licensees for the provision of telecommunications or broadcasting services under the TO or BO; and
 - (e) UEMO
 - enforcing the UEMO on the sending of CEMs.

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 2016 to March 2017, 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 Creative Industries) 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. During the period from April 2016 to March 2017, it comprised four Authority members and four co-opted non-official members.

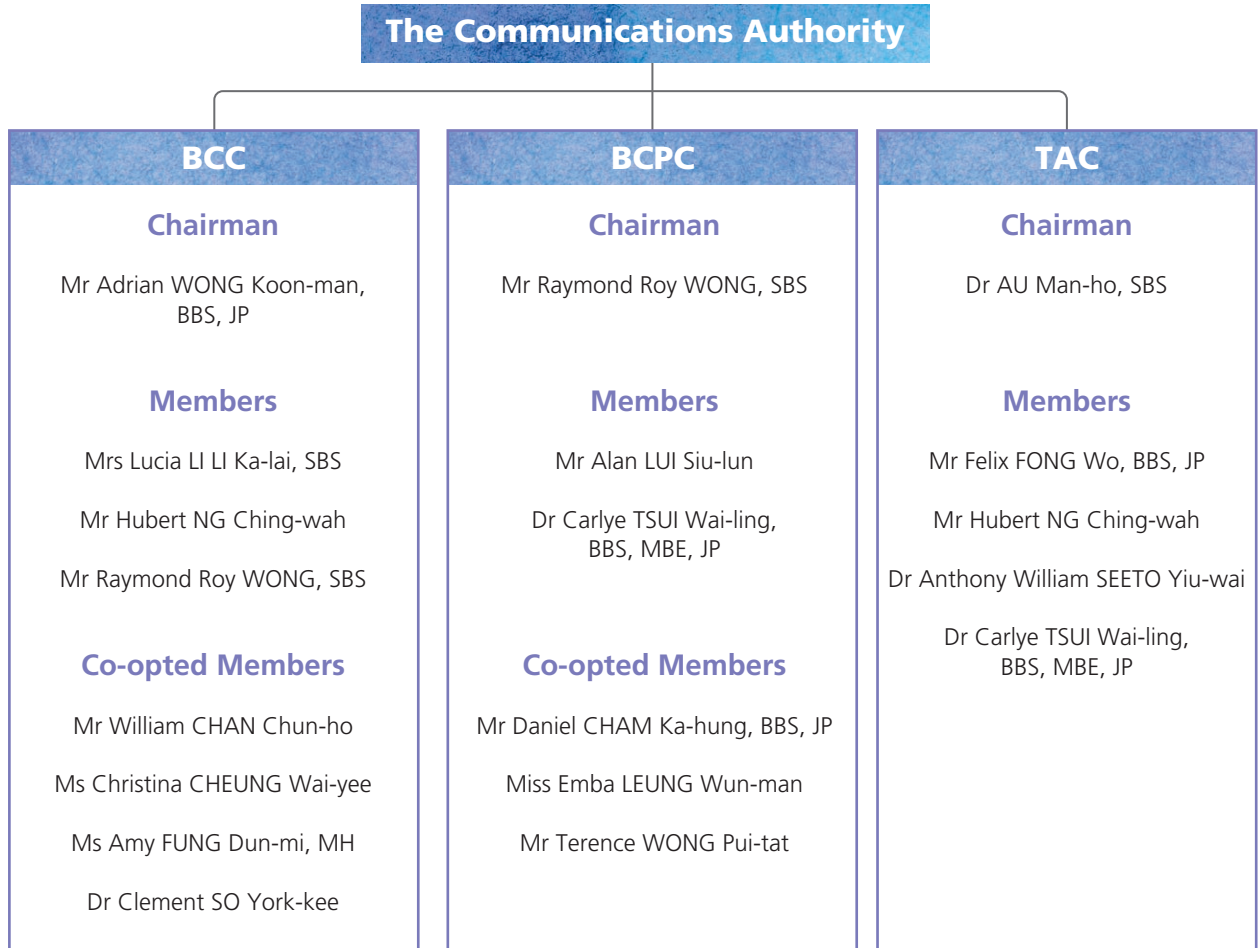
The ***Broadcast Codes of Practice Committee (BCPC)*** is responsible for keeping the television and radio broadcasting standards under regular review and amending the codes of practice when necessary. During the period from April 2016 to March 2017, it comprised three Authority members and three co-opted members.

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

The ***Office of the Communications Authority*** serves as the executive arm and secretariat of the Authority.



Organisation Chart





Chapter 5: Overview of Major Developments in the Communications Market

Broadcasting

5.1 An Overview of the Developments in the Broadcasting Market

5.1.1 Number of Licensees and Channels

Television Programme Services

As at March 2017, the total number of free TV, pay TV and non-domestic TV licensees was 21. They provided 598 television channels³, of which 465 were receivable in Hong Kong, representing an increase of 0.6% since March 2016. An overview of the channels provided by the television programme service licensees is shown in [Figure 1](#).

As at March 2017, there were three **free TV licensees**, viz. Fantastic TV, HKTVE and TVB. HKTVE and TVB provided a total of 9 channels⁴. Two channels (“TVB Jade” and “TVB Pearl”⁵) were simulcast in both analogue and digital formats and five were digital channels. HKTVE’s digital channels comprised two HDTV channels, viz. “ViuTV” and “ViuTVsix”. TVB’s digital channels comprised three HDTV channels, namely, “J2”, “iNews” and “J5”.

As at March 2017, there were three **pay TV licensees**, viz. HKCTV, PCCW Media Limited (PCCW Media) and TVB Network Vision Limited (TVBNV)⁶, providing a total of 403 pay television channels and offering a diversity of local and overseas productions. There has been an increase of 21% in the total number of HDTV channels from 107 to 129 offered by the licensees within the same period.

As at March 2017, there were 15 **non-domestic TV licensees** providing a total of 186 television channels, 53 channels of which were available to Hong Kong viewers, representing an increase of 18% in the number of channels available to Hong Kong viewers since March 2016.

During the period under review, the number of **other licensable TV licensees** providing television programme services in hotels in Hong Kong decreased by one to 23. Together they provided services to 80 hotels.



³ Some channels were provided by more than one licensee at the same time.

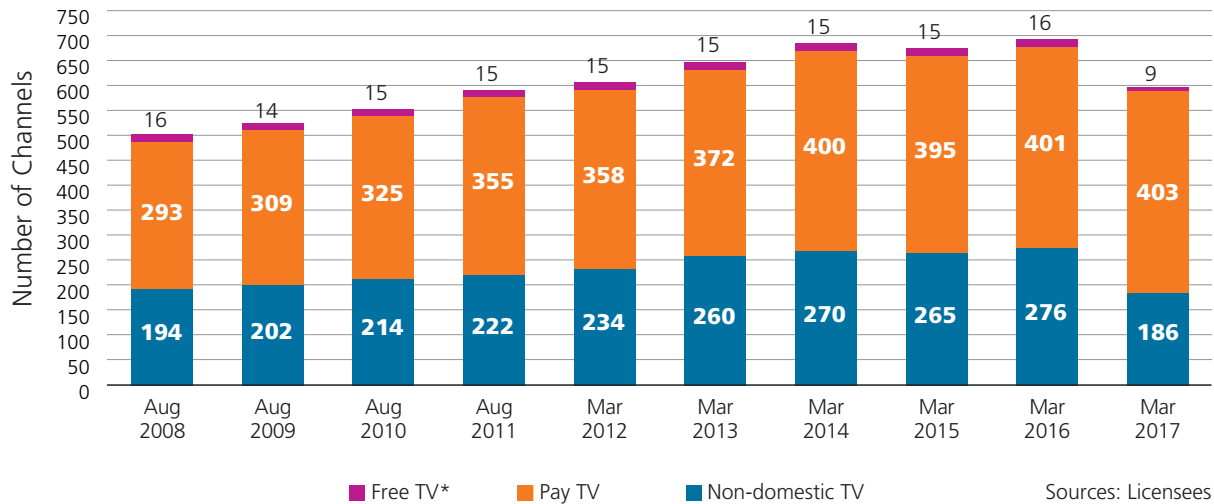
⁴ Fantastic TV officially launched the “Fantastic TV Chinese Channel” on 14 May 2017.

⁵ The digital simulcast of TVB “Jade” and “Pearl” channels is broadcast in HDTV format.

⁶ In January 2017, TVBNV applied for the approval of the CE in C for the termination of its pay TV licence. The CE in C approved the termination of TVBNV’s pay TV licence with effect from 1 June 2017.



Figure 1: Television Channels Provided by Television Programme Service Licensees in Hong Kong (as at 31 March 2017)



* The simulcast channels of Asia Television Limited (2008-2016) and TVB (2008-2017) are counted for both the analogue and digital platforms.

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 2017, 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.

Sound Broadcasting Services

During the period under review, the number of sound broadcasting licensees decreased by one⁷ to two, namely, Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro). Radio Television Hong Kong (RTHK) is the public service broadcaster in Hong Kong.

⁷ The CE in C approved the termination of the sound broadcasting licences of Digital Broadcasting Corporation Hong Kong Limited and Metro for provision of digital audio broadcasting (DAB) services with effect from 15 October and 12 November 2016 respectively. After termination of its DAB licence, Metro continues to hold a sound broadcasting licence for provision of AM and FM services.

As at March 2017, there were 13 analogue radio channels (three by CRHK, three by Metro and seven by RTHK). On digital audio broadcasting (DAB) services, as at March 2017, RTHK provided a total of five DAB channels. All analogue and DAB channels provided by the commercial licensees and RTHK were broadcast round-the-clock. The CE in C decided on 28 March 2017 that DAB services should be discontinued in Hong Kong, and the DAB services provided by RTHK should be terminated within six months, or as soon as practicable thereafter⁸.



5.1.2 Transmission Modes

Television

The regulatory regime for television programme services in Hong Kong as enshrined in the BO is technology-neutral⁹. 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 television programme service licensees are set out in [Figure 2](#).



⁸ Pursuant to the CE in C's decision, the DAB service of RTHK was terminated on 4 September 2017.

⁹ An exception is that a service provided on the Internet is exempted from the regulatory regime under the BO.



Figure 2: Transmission Modes Employed by Television Programme Service Licensees

| Licensee | Transmission Mode | Network Coverage as at March 2017 |
|------------------------|---|---|
| Free TV | | |
| TVB | Terrestrial UHF ¹⁰ , including (a) Analogue PAL-I format; and (b) Digital National Standard format | 99% of population |
| HKTV | (a) Fixed broadband network (from 31 March 2016) (b) Terrestrial UHF (from 2 April 2016) | (a) Around 98% of total households (b) 99% of population |
| Fantastic TV | HFC ¹¹ and MMDS ¹² | Around 93% of total households (as at May 2017) |
| Pay TV | | |
| HKCTV | HFC, MMDS and satellite (Digital) | Around 96% of total households |
| PCCW Media | PON and DSL ¹³ Broadband network (Digital) | Around 98% of total households |
| TVBNV | HFC, satellite and broadband network (Digital) | Around 98% of total households |
| Non-domestic TV | | |
| All the 15 licensees | Satellite (Digital) | 35% of total households (889 896 households) |

¹⁰ Terrestrial Ultra High Frequency.

¹¹ Hybrid Fibre Coaxial Cable.

¹² Microwave Multipoint Distribution System.

¹³ Passive Optical Network and Digital Subscriber Line.



Penetration of Different Broadcasting Services

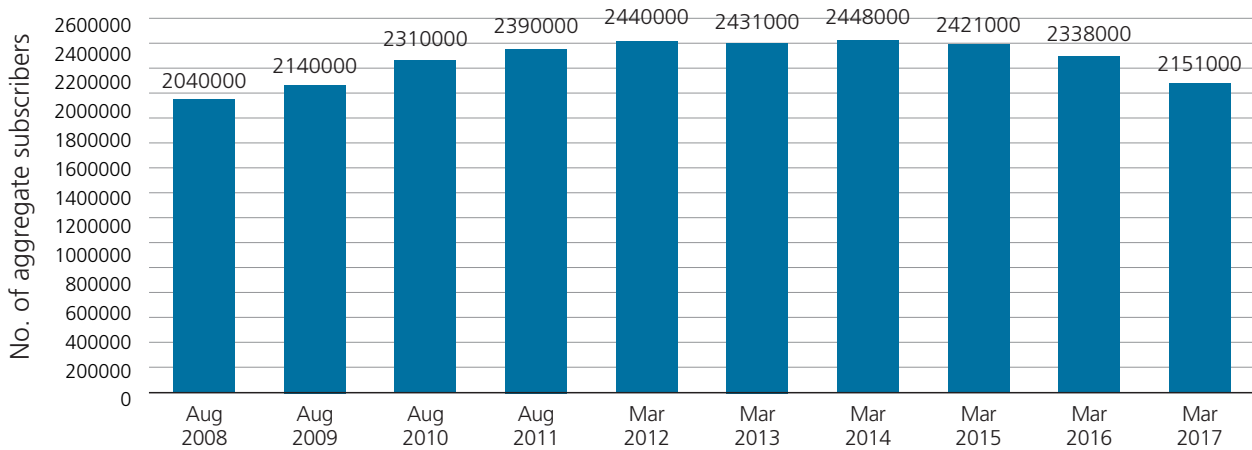
For free TV services, the penetration rate of analogue broadcasting stood at about 99% of the total households as at end of March 2017. As regards digital terrestrial television (DTT) services, the take-up rate was close to 85% of all the households in December 2015¹⁴.

The penetration of licensed pay TV services was over 85%¹⁵ of the total households as at end of March 2017. The total number of subscribers to licensed pay TV services stood at over 2 100 000 in March 2017¹⁶. The changes in total number of subscribers from 2008 to 2017 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.

Figure 3: Subscribers to Licensed Pay TV Services in Hong Kong



Sources: Licensees

¹⁴ According to a public survey conducted in December 2015, close to 85% of the households in Hong Kong were receiving DTT services.

¹⁵ Penetration of licensed pay TV services is calculated by dividing the total number of subscribers to licensed pay TV services by the total number of households. Some subscribers were counted more than once if they subscribed to more than one pay TV service.

¹⁶ Some subscribers were counted more than once if they subscribed to more than one service.



5.1.3 Broadcasting Revenues and Investment

Licensed broadcasting services contributed an estimated \$6.86 billion¹⁷ to the Hong Kong economy, which represented about 0.27% of the gross domestic product in 2016. There are two main sources of revenues for the provision of broadcasting services, viz. advertising and subscription. The incomes of free TV licensees and sound broadcasting licensees mainly come from sales of advertising spots within programme breaks. Pay TV licensees, on the other hand, derive their incomes mainly from subscription fees while sales of advertising spots remain a secondary income source.

Advertising Revenue

According to the report of AdmanGo Limited, the advertising expenditures on television and radio accounted for 30% (about \$11.94 billion) and 4% (about \$1.59 billion) respectively of the accumulated \$39.8 billion advertising expenditures in the media in 2016¹⁸.

In 2016, the actual advertising revenues of HKTVE and TVB were around \$160 million and \$2.62 billion¹⁹ respectively. The actual advertising revenues of other licensees were not publicly available.

Subscription Revenue

According to the annual report of i-CABLE, the parent company of HKCTV, HKCTV's turnover (including mainly subscription revenue and also some advertising revenue) was \$1.04 billion in 2016, representing a decrease of 8% over the figure in 2015. 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 pay TV service and related services provided in Hong Kong under the "now" brand was \$2.9 billion in 2016, representing a decrease of 1% over the figure in 2015.

The subscription revenue of TVBNV is not publicly available.



¹⁷ Source: Company reports of major broadcasting licensees.

¹⁸ Source: Adspend Report for 2016 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.

¹⁹ According to TVB's annual report 2016, the turnover from the Hong Kong television broadcasting business segment was \$2,620 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 have been a major attraction to viewers.

Fantastic TV, HKTVE and TVB have committed to investing a total of \$1.2 billion for the six-year period from 2016 to 2022, \$1.5 billion for the six-year period from 2015 to 2021 and \$6.3 billion for the six-year period from 2016 to 2021 respectively for the provision of free TV services. Investment commitments of Fantastic TV, HKTVE and TVB comprise capital expenditures and programming expenditures. As at March 2017, HKTVE and TVB provided a total of 168 and 801 hours of HDTV programmes per week respectively. TVB has also committed to increasing the amount of independent local productions in its programming progressively²⁰.

As regards the pay TV market²¹, i-CABLE, the parent company of HKCTV, reported in its 2016 Final Results Announcement that the capital expenditure of the group for the year had increased from \$207 million in 2015 to \$238 million in 2016. Its major items of investment included network equipment, television production and broadcast facilities as well as the new FANhub set-top-box. According to the 2016 Annual Results of PCCW, the parent company of PCCW Media, the capital expenditure for the year on its media business was \$192 million, representing a decrease of 18% over the figure in the previous year. Its major items of investment included the upgrading of broadcasting equipment.

CRHK and Metro have committed to investing a total of \$909 million and \$685 million respectively for the six-year period from 2016 to 2022 for the provision of analogue sound broadcasting services. The investment commitment of CRHK and Metro covers programming improvement and upgrading of infrastructure and facilities and other developments brought by technological advancement to further enhance their service quality.

²⁰ TVB has agreed to provide on its free TV service independent local productions on an incremental basis from 20 hours per year in 2016 to 60 hours per year by 2020.

²¹ As for TVBNV, with the termination of its pay TV licence with effect from 1 June 2017, it was not required to complete the six-year investment plan which would end in 2019.



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 2017, the licensees broadcast about 70 137 hours of television programmes a week. Among them, the two analogue channels of TVB provided a total of 335 broadcast hours per week, the seven digital channels of HKTVE and TVB provided a total of 1 124 broadcast hours per week, while the 403 channels of the three pay TV licensees provided a total of 59 774 broadcast hours per week. As at March 2017, the 53 channels of non-domestic TV licensees receivable in Hong Kong provided a total of 8 904 broadcast hours per week.

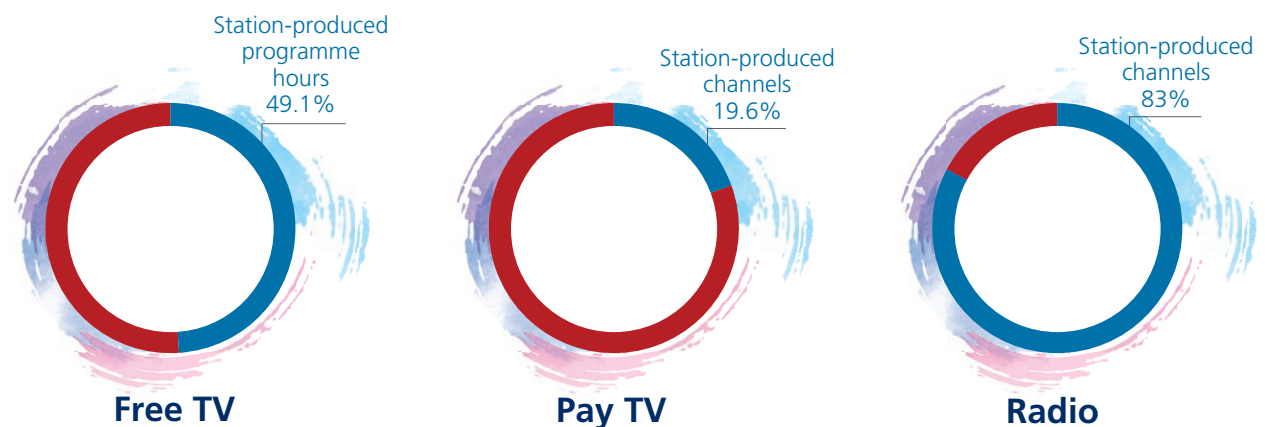
The weekly number of broadcast hours for analogue and DAB sound broadcasting services as at March 2017 was 3 024. The 13 analogue

channels of sound broadcasting operators provided a total of 2 184 broadcast hours per week while the five digital channels provided a total of 840 broadcast hours per week.

For the period under review, there were a total of 36 400 hours of station productions broadcast on HKTVE and TVB, of which 9 460 hours were on analogue channels and 26 940 on digital channels. Of the 403 channels provided by pay TV licensees, 79 channels (19.6%) 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 three digital radio channels (83% of all relevant channels) were mainly produced by the broadcasters themselves.

Figure 4: Proportion of Station Production in March 2017



Source: Licensees

Free TV Services

Chinese and English Channels

During the period under review, drama series and news/weather reports were the dominating programme genres during prime time on the Chinese channels (viz. “TVB Jade” and “ViuTV”). Drama series on “TVB Jade” were mostly in-house productions; while both “TVB Jade” and “ViuTV” broadcast Mainland, Korean and Japanese drama series. In addition, children’s programmes/animation, magazine/talk shows, business/financial programmes,

music programmes/variety shows and feature films, etc. were also broadcast during prime time on the Chinese channels.

The English channels (viz. “TVB Pearl” and “ViuTVsix”) broadcast a wide range of programmes, including business/financial programmes, news/weather reports, children’s programmes/animation, imported popular drama series, sports programmes, music programmes/variety shows, documentaries, feature films, education/enrichment and current affairs programmes.

Figure 5: Weekly Hours of Different Programme Types Broadcast on TVB Jade and ViuTV as at March 2017

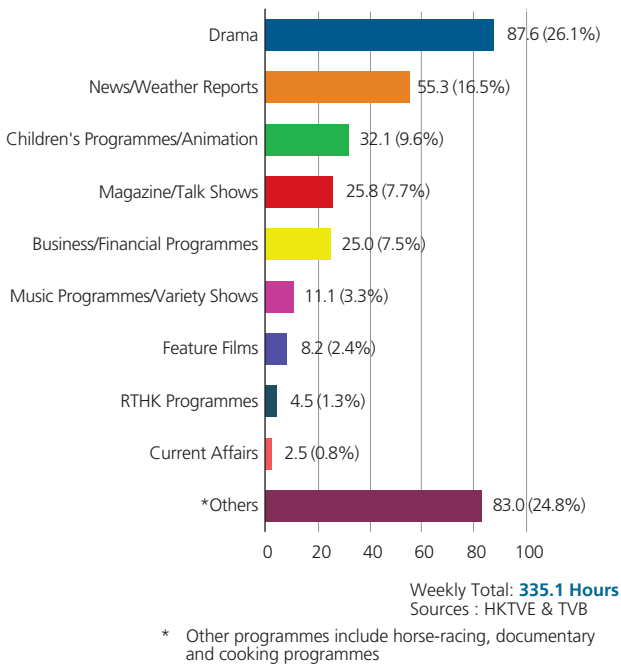
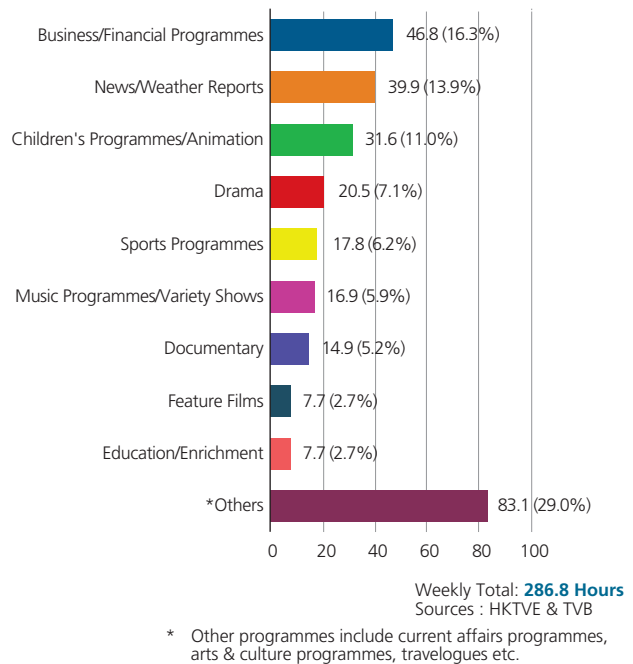


Figure 6: Weekly Hours of Different Programme Types Broadcast on TVB Pearl and ViuTVsix²² as at March 2017



22 As HKTVE started to provide its English channel, ViuTVsix, on 31 March 2017, the sample week selected covered the period from 31 March 2017 to 6 April 2017.



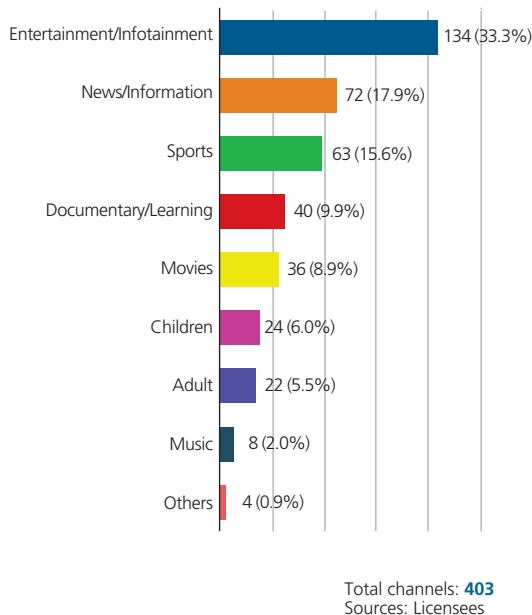
Thematic Channels

TVB provided acquired dramas, documentaries, variety shows, news, finance information programmes, etc. via “J2”, “iNews” and “J5”.

Pay TV Services

During the period under review, a wide variety of channels were offered on pay TV services, including entertainment/infotainment channels (33.3%), news/information channels (17.9%), sports channels (15.6%), documentary/learning channels (9.9%), and movie channels (8.9%).

Figure 7: Nature of Pay TV Channels as at March 2017



As at March 2017, HKCTV offered a basic package consisting of 70 basic channels and 48 other premium channels (including 27 HDTV channels). PCCW Media’s “now TV” service offered 182 channels (including 80 HDTV channels) and 57 video-on-demand services, while TVBNV’s service comprised 46 channels (including 22 HDTV channels), of which 16 were also carried on PCCW Media’s platform.

Sound Broadcasting

Analogue Channels

As at March 2017, 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.

Digital Channels

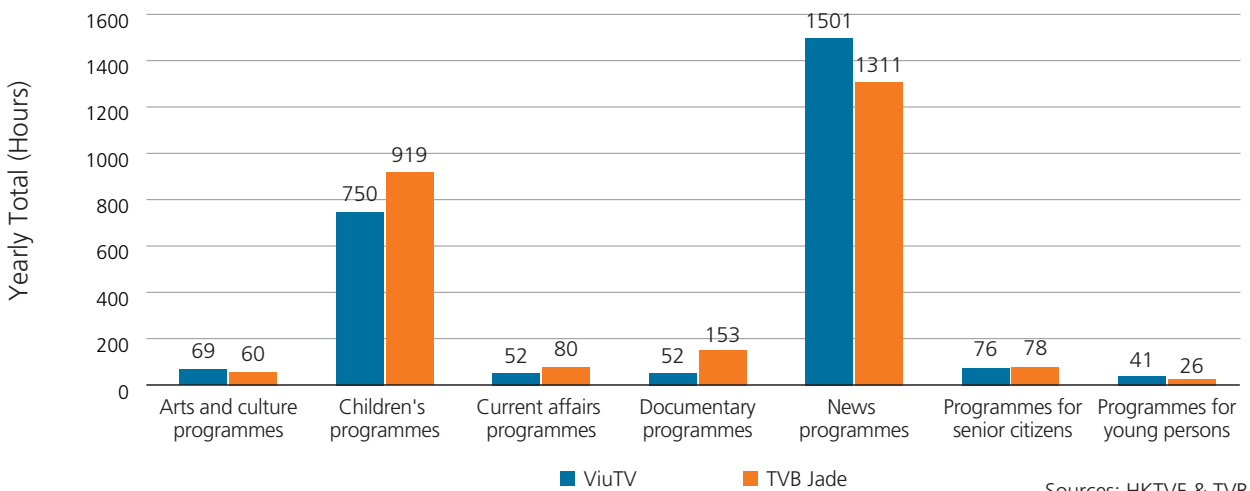
As at end March 2017, RTHK operated five channels, four of which principally simulcast AM channels and the remaining one was a dedicated channel produced by “China National Radio” for RTHK.

(b) Positive Programme Requirements

During the period under review, free TV licensees were required to broadcast at least 34.5 hours of positive programmes²³ per week. Both HKTVE and TVB met the requirements²⁴.

The reports submitted by the licensees to the Authority on six types of positive programmes, viz. current affairs programmes, documentary, 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.

Figure 8: Broadcast of Positive Programmes on Cantonese Channels of HKTVE and TVB as at March 2017



²³ The positive programmes that HKTVE and TVB were required to broadcast included news, current affairs programmes, documentary, arts and culture programmes, children’s programmes and programmes for senior citizens and young persons.

²⁴ TVB was required to broadcast at least 45.5 hours of positive programmes per week, including an additional 4 hours on its thematic digital channels (viz “J2”, “J5” and “iNews”).
To provide more flexibility for new free TV licensees, HKTVE was allowed to gradually increase the broadcast of positive programmes from 34.5 hours per week in 2016 to 41.5 hours per week by 2019.



Free TV licensees were required to provide Chinese subtitles for all news, current affairs programmes, weather reports and emergency announcements as well as programmes broadcast during prime time (7:00 p.m. to 11:00 p.m.) on Chinese channels, and English subtitles for all news, current affairs programmes, weather programmes, emergency announcements and educational programmes for teenagers (two hours per week) on English channels²⁵. The licensees were also required to provide Chinese subtitling for all drama programmes on Chinese channels and English subtitling for all programmes broadcast on English channels between 8:00 p.m. and 11:30 p.m. Overall, both HKTVE²⁶ and TVB complied with the requirements on provision of subtitles.

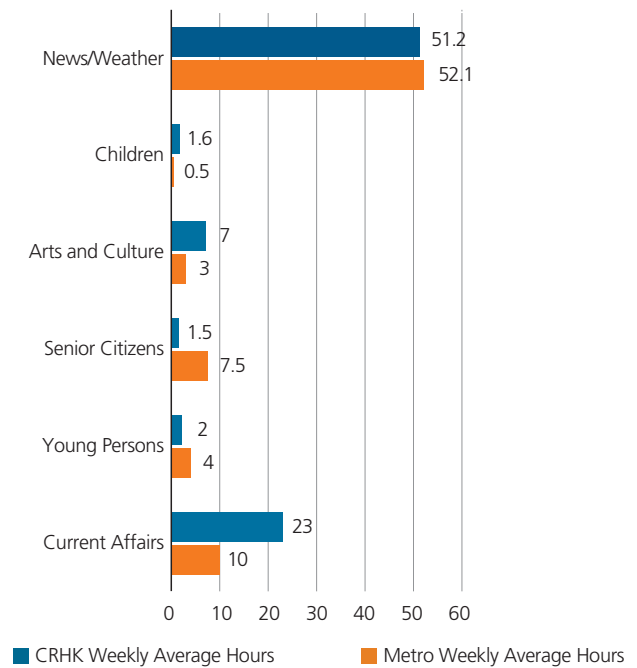
Pursuant to licence requirements, HKTVE and TVB were required to broadcast one minute of Announcements in Public Interest (APIs) in each hour for each channel. Also, they are required to broadcast, on a weekly basis, not more than five minutes in aggregate of publicity material for the Authority for each of the Chinese and English channels²⁷. During the period under review, HKTVE and TVB broadcast a total of 1 205 hours of the two types of materials.

As regards sound broadcasting services, analogue sound broadcasting licensees were required to broadcast at least 28.5 hours of positive programmes²⁸ per week. CRHK and

Metro reported that they had complied with the licence conditions on broadcast of positive programmes.

All sound broadcasting 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.

Figure 9: Broadcast of Positive Programmes on Sound Broadcasting Services as at March 2017



25 TVB is required to provide, on thematic digital channels, Chinese subtitles for all news, current affairs programmes, weather reports and emergency announcements as well as programmes broadcast during prime time.

26 To provide more flexibility for new free TV licensees, HKTVE was allowed to step up the subtitling service incrementally from 2016 to 2019.

27 TVB is required to broadcast two minutes of publicity material for the Authority on other thematic channels per week.

28 The positive programmes that CRHK and Metro were required to broadcast included news and weather programmes, current affairs programmes, art and culture programmes and advisory programmes, viz. programmes for young persons, senior citizens and children.

5.1.5 Hong Kong as a Regional Broadcasting Hub

Hong Kong is a broadcasting hub in the Asia-Pacific region with 15 non-domestic TV licensees operating in and broadcasting from Hong Kong. Altogether they offered a total of 186 satellite television channels serving over 300 million viewers in the Asia-Pacific region, Europe and Africa, of which 53 channels were receivable in Hong Kong. A summary of non-domestic TV services as at March 2017 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 2016, the gross output of the telecommunications sector amounted to \$91 billion and it employed around 20 100 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 2017, there were a total of 61 carrier licensees, providing local fixed services, cable-based external fixed services, non cable-based external fixed services and/or mobile 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 2017, there were a total of nine PRS licensees.

Services-based Operator Licences

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

SBO licence covers three types of services, namely, Class 1 and Class 2 local voice telephony services, and Class 3 services 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 2017, there were a total of 525 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 nine types of Class Licences:

- Class Licence for 79 GHz Automotive Radar
- Class Licence for 60 GHz Device
- 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 types and numbers 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 2017, four mobile network operators, namely, China Mobile Hong Kong Company Limited (CMHK), Hong Kong Telecommunications (HKT) Limited (HKT), Hutchison Telephone Company Limited (HTCL) and SmarTone Mobile Communications Limited (SmarTone), were 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 enables customers to retain their telephone numbers when they switch to another mobile network operator.



The four mobile network operators provide second generation (2G), 3G and 4G services in Hong Kong at very affordable prices. As at March 2017, there were about 17.58 million subscribers to mobile communications services. This represents a population penetration of 238.4%, one of the highest in the world. The number of 3G/4G users reached 15.99 million in March 2017, representing a population penetration of 216.8%. Through spectrum refarming, more spectrum is now used for provision of 4G services with a downlink speed up to 600 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 25 348 Terabytes in March 2017, representing 1.2 times and 1.5 times the monthly usage over the same period in 2016 and 2015 respectively. On average, each mobile user used 1 563 Megabytes per month, compared with 1 358 Megabytes in March 2016 and 1 327 Megabytes in March 2015. The continued development of 4G mobile services is expected to further boost the mobile data usage in the future.

Figure 10: Number of Mobile Subscribers (2007 to 2016)

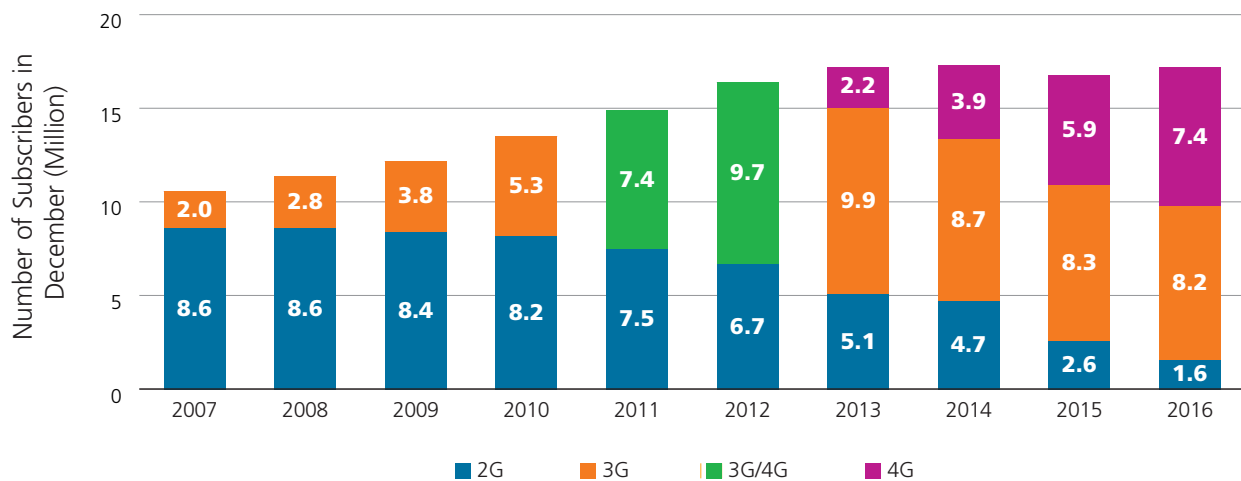


Figure 11: Mobile Customers using Postpaid and Prepaid SIM (2007 to 2016)

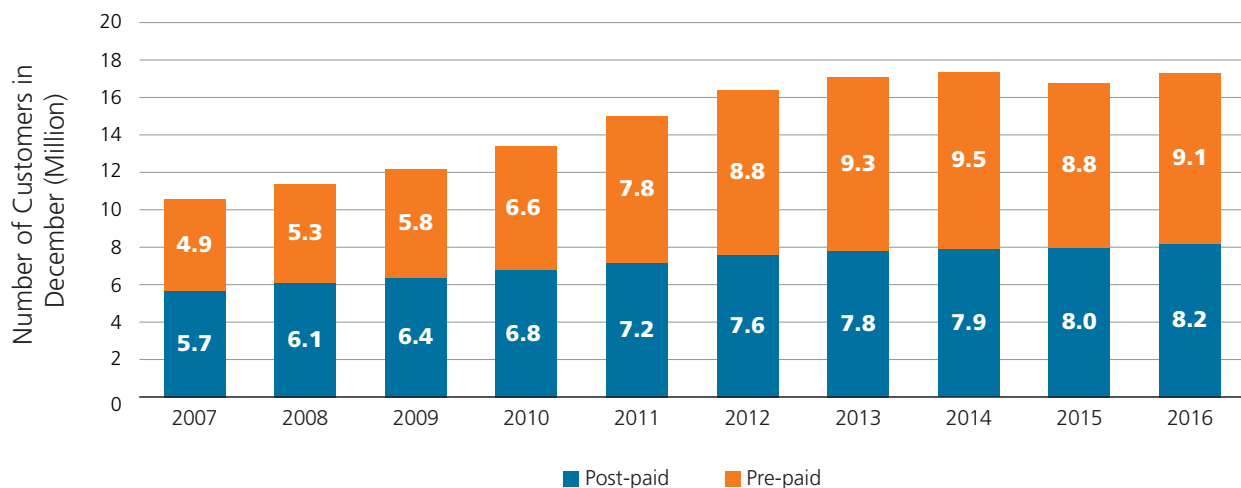
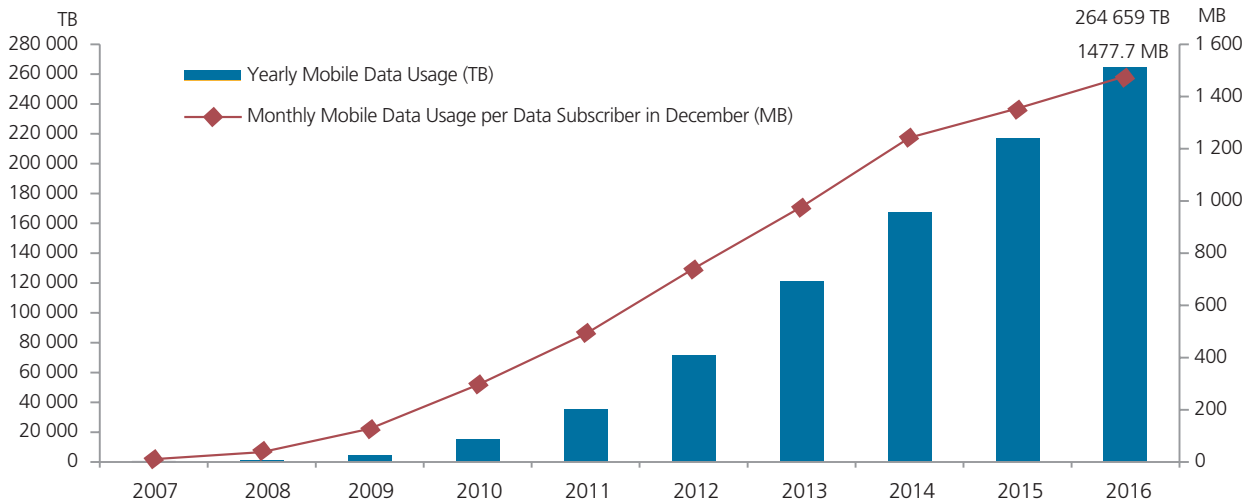


Figure 12: Mobile Data Usage (2007 to 2016)



Fixed Communications Services

The local fixed communications services market has been fully liberalised since 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 roll-out and investment and licensees may provide their services according to their proposals.

As at March 2017, there were 26 local fixed carriers, providing around 94 fixed lines per 100 households, one of the highest in the world. They were, in alphabetical order:

- Hong Kong Broadband Network Limited
- Hong Kong Cable Television Limited
- Hong Kong Telecommunications (HKT) Limited
- Hutchison Global Communications Limited
- HKBN Enterprise Solutions Limited
- NTT Com Asia Limited
- PCCW Global (HK) Limited
- PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited
- Reach Networks Hong Kong Limited and Reach Cable Networks Limited
- SmarTone Communications Limited
- Superloop (Hong Kong) Limited
- Telstra International HK Limited and Telstra International Limited
- Towngas Telecommunications Fixed Network Limited
- TraxComm Limited
- TVB Network Vision Limited
- Verizon Hong Kong Limited
- Village Telephone Limited
- Vodafone Enterprise Global Network HK Limited
- Wharf T&T Limited
- 21 ViaNet Group Limited
- China Mobile Hong Kong Company Limited
- China Telecom Global Limited
- China Unicom (Hong Kong) Operations Limited
- ComNet Telecom (HK) Limited
- Equinix Hong Kong Limited
- HKC Network Limited



As a result of the active network roll-out by fixed carriers and the former TA's initiative to encourage further network roll-out by the withdrawal of mandatory Type II interconnection policy in mid-2008, 88.4% and 79% of households were able to enjoy a choice of at least two and three self-built customer access networks respectively as at March 2017. It is expected that the figures will keep growing as the carriers continue to roll out their networks.

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

Fixed Broadband Services

As at March 2017, 26 facility-based operators and 197 SBOs were authorised to provide broadband Internet access services in Hong

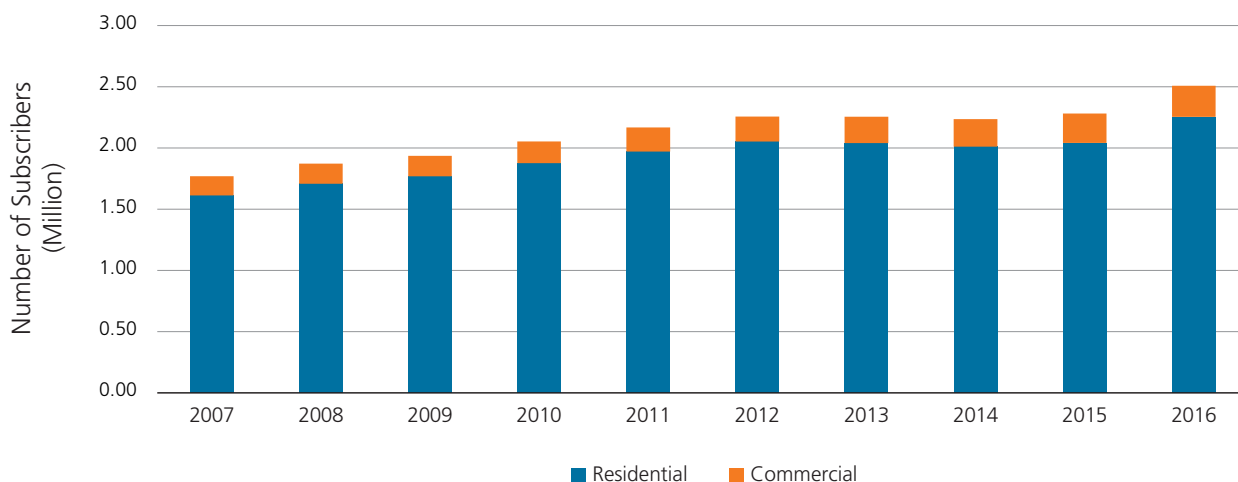
Kong. With the continuous network roll-out of facility-based operators, the Hong Kong community is able to enjoy the nearly ubiquitous coverage of broadband networks through the deployment of various technologies including asymmetric digital subscriber line, hybrid fibre coaxial cable, fibre-to-the-building, 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 2017, there were around 2.6 million residential and commercial fixed broadband subscribers, with a household penetration rate of 93%. Broadband services are available at speeds up to 10 gigabit per second (Gbps). Around 82% of the broadband subscribers are using service plans with speeds at 10Mbps or above. The statistics of fixed broadband subscribers as at March 2017 and the statistics for the past 10 years are shown in [Figure 13](#) and [Figure 14](#) respectively.

Figure 13: Statistics of Fixed Broadband Subscribers as at March 2017

| | No. of subscribers | % share |
|------------------------------------|--------------------|---------|
| Total No. of broadband subscribers | 2 626 028 | |
| Broadband speed of 10Mbps or above | 2 150 594 | 81.9% |
| Broadband speed below 10Mbps | 475 434 | 18.1% |
| Residential | 2 346 036 | 89.3% |
| Commercial | 279 992 | 10.7% |



Figure 14: Fixed Broadband Subscribers (2007 to 2016)



Next Generation Networks

Traditional telecommunications networks are built based on 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 next generation networks (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. The major network operators have already launched their NGNs. With the advent of NGN, the Authority will 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, OFCA reconvened the NGN working group between 2012 and 2016 to follow up on the relevant recommendations made by the consultant and other issues pertaining to the development of NGN in Hong Kong. With the support of the Telecommunications Regulatory Affairs Advisory Committee in 2016, a new technical regulatory working group has been established to study the various technical regulatory issues related to telecommunications networks, systems and services in Hong Kong. The NGN working group has ceased operation with its work subsumed under the new technical regulatory working group. OFCA will continue working closely with the industry to address various technical regulatory issues including NGN issues to facilitate the efficient development and deployment of new telecommunications services and technologies in Hong Kong.



Public Wi-Fi Services

Operators have been actively rolling out Wi-Fi networks. Six network operators and 55 class licensees are providing public Wi-Fi services. As at March 2017, there were 44 218 public Wi-Fi hotspots in the city and the number continued to grow. Free Wi-Fi services were available to the public in 599 government premises.

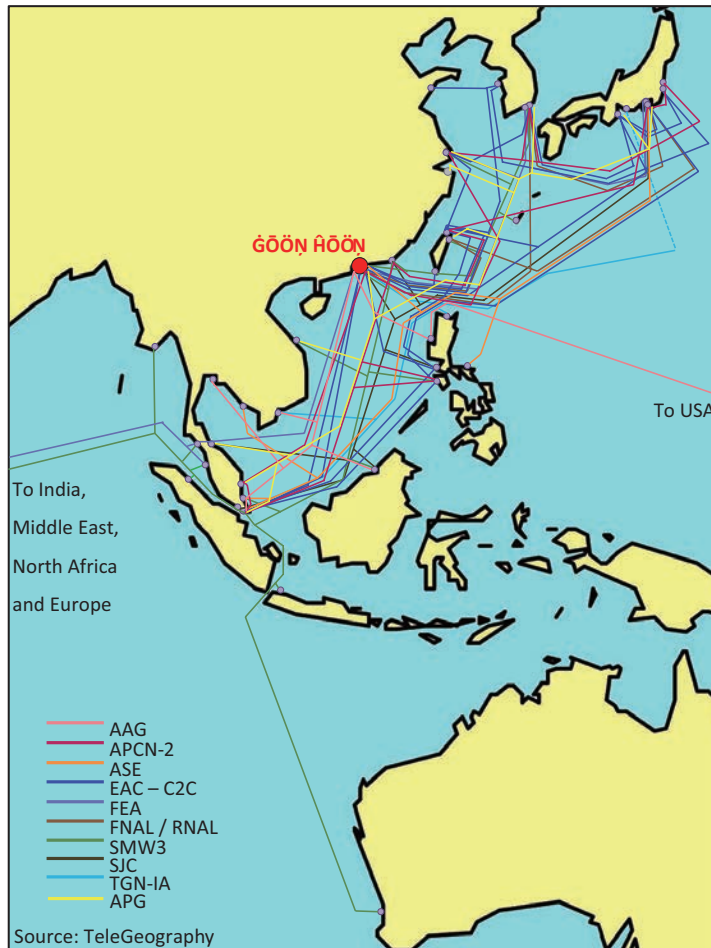
External Telecommunications Services

The external telecommunications facilities market has been fully liberalised since 2000. As at March 2017, 43 fixed carriers were authorised to provide cable-based and/or non-cable-based external telecommunications facilities.

As at March 2017, Hong Kong had a total of eight cable landing stations: two in Tong Fuk, three 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 2017, Hong Kong was connected to 10 regional and trans-Pacific submarine cable systems. They are Asia-America Gateway Cable System (AAG), Asia Pacific Cable Network 2 (APCN-2), Asia Pacific Gateway (APG), 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 2017, the total equipped external capacity exceeded 49 320 Gbps. Total external telephone traffic was 5.1 billion minutes for the period from 1 April 2016 to 31 March 2017. Landing of three additional submarine cable systems are in the pipeline and they are expected to be ready for service in late 2017, 2018 and 2020 respectively.

Figure 15: Submarine Cables between Hong Kong and Other Countries



Satellite Services

Hong Kong adopts an 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 transmitting/receiving satellite antennas in earth stations operated by a number of fixed carriers and broadcasters.

Licences are required for the operation of satellites and associated facilities. As at March 2017, two Hong Kong companies were licensed to operate and provide satellite

communication services, namely, Asia Satellite Telecommunications Company Limited (AsiaSat) and APT Satellite Company Limited (APT). AsiaSat and APT were established in 1988 and 1992 respectively.

Currently, a total of 10 in-orbit satellites are operated by AsiaSat and APT. The two companies have entered a new investment cycle of launching new satellites for replacement and provision of new business. AsiaSat submitted an application in August 2016 to launch a new satellite in the second half of 2017.



Broadcasting

6.1 Monitoring the Roll-out of New Free TV Services

Service Roll-out of HKTVE

HKTVE started to provide its licensed free TV service by using both a fixed network and spectrum from 2 April 2016. As at the end of March 2017, HKTVE provided two digital channels, viz. one 24-hour Chinese channel and one 17-hour English channel.

Service Roll-out of Fantastic TV

On 31 May 2016, the CE in C decided to formally grant a 12-year licence to Fantastic TV. Since then, the Authority has monitored the roll-out of free TV service by Fantastic TV. Fantastic TV officially launched its 24-hour Chinese channel by using a fixed network on 14 May 2017. It is also required to launch its English channel by 30 May 2018.



In June 2016, Fantastic TV applied to the Authority to use spectrum, on top of a fixed network, to transmit its licensed free TV service. In line with the programme requirements imposed on and the investment commitments made by the other two spectrum-based free TV licensees, the Authority advised Fantastic TV of similar requirements with which it should comply in order to ensure that, Fantastic TV, if permitted by the Authority to use spectrum as an additional transmission means, would operate on a level playing field as the other spectrum-based free TV licensees. After rounds of exchanges, Fantastic TV indicated in January 2017 that its focus at that time was to launch the free TV service by using a fixed network. The Authority has put on hold the processing of Fantastic TV's application as per its request. The Authority stands ready to resume the processing of Fantastic TV's application as and when Fantastic TV is ready to resurrect the discussion with the Authority on the additional requirements pertinent to spectrum assignment.

6.2 Applications for Free TV Licences

Licence Application of HKTV

The Authority received an application for a free TV licence from HKTV in April 2014 and submitted to the CE in C its assessment of and recommendations on HKTV's free TV licence application in January 2016.

In September 2016, the CE in C agreed with the Authority's recommendations and decided to give HKTV more time to submit the information required under the BO, and invited the Authority, on receipt of the required information from HKTV, to submit further recommendations to the CE in C on HKTV's application. Following the CE in C's decision, the Authority reminded HKTV to submit the required information to the Authority as soon as practicable. In response, HKTV submitted some supplementary information to the Authority in November 2016. Having examined the relevant information, the Authority requested HKTV in December 2016 to submit the remaining required information as soon as practicable for examination by the Authority. As at the end of March 2017, the Authority was awaiting the relevant information from HKTV.

Licence Application of Forever Top

The Authority received the application for a free TV licence from Forever Top in April 2015. As at the end of March 2017, the application was still under process²⁹.

Licence Application of Phoenix HK

The Authority processed the application for a free TV licence submitted by Phoenix HK in May 2016 in accordance with the BO and established procedures, including examining the views received during the public consultation exercise on the application and seeking further information from Phoenix HK as required. The Authority also commissioned an independent consultant to conduct a market analysis and prepare a consultancy report for assessing the possible impacts of the entry of Phoenix HK, if its application was approved by the CE in C, on the local television market and overall broadcasting landscape³⁰.



²⁹ The application of Forever Top had been put on hold since April 2017 at the applicant's request. Upon approval of the Authority in September 2017, Forever Top became the major shareholder of i-CABLE, the major shareholder of Fantastic TV and HKCTV. Forever Top withdrew its free TV licence application thereafter.

³⁰ In August 2017, Phoenix HK withdrew its free TV licence application due to commercial considerations.



6.3 Renewal of Pay TV Licence

The pay TV licence of HKCTV was due to expire after 31 May 2017. Having regard to the overall assessment of HKCTV's past performance and the public views received during the public consultation exercise, the Authority submitted its recommendations on the licence renewal application of HKCTV to the CE in C in April 2016. The CE in C accepted the Authority's recommendations and decided on 13 December 2016 to renew HKCTV's pay TV licence for a term of 12 years with effect from 1 June 2017. As part of the licensee's proposal in the renewed licence, HKCTV has committed to a six-year investment plan of \$3,447 million for 2017 to 2023. It has also undertaken to further improve its customer services and sales practices, including service termination practices and complaints handling procedures.



6.4 Renewal of Non-domestic and Other Licensable TV Licences

During the period under review, the Authority approved the applications for renewal of the following non-domestic TV licence and other licensable TV licences for the provision of television programme services in hotel rooms in Hong Kong:

Non-domestic TV licence

- Auspicious Colour Limited

Other licensable TV licences

- Hotel Holdings Limited
- Cityability Limited
- Fame Capital Investment Limited³¹
- Cordis Hong Kong Limited
- Showers of Blessing Evangelistic Ministry (Hong Kong) Limited

The Authority also accepted the surrender of non-domestic TV licences by China Entertainment Television Broadcast Limited and Power Star Limited due to the commercial decisions of the licensees.

³¹ Subsequent to the Authority's approval for the application of Fame Capital Investment Limited (Fame Capital) for renewal of its other licensable TV licence in July 2016, Fame Capital applied for the Authority's approval for termination of its licence in March 2017. Following the Authority's approval, the licence of Fame Capital was terminated with effect from 31 March 2017.



6.5 Research and Survey on the Regulation of Indirect Advertising and Sponsorship in Free TV Services

In view of the discussions about indirect advertising and product/service sponsorship in free TV programmes in the community, and having regard to the changing landscape of the local TV market with the entry of new licensees, the Authority decided in June 2016 to expedite research into the regulation of indirect advertising and sponsorship in free TV services in overseas jurisdictions and conduct a survey to gauge the public attitude and views towards the issues concerned. An independent survey firm was commissioned to carry out a territory-wide opinion survey with no fewer than 1 500 household interviews.

The research into the regulation of indirect advertising and sponsorship in free TV services in overseas jurisdictions was completed in March 2017, while the survey for gauging the public attitude and views on the issues concerned was held from mid-February 2017 to end-June 2017. Outcome of the research and the findings of the survey and post-survey focus group discussions would facilitate the Authority's consideration of the way forward with respect to the regulatory regime governing indirect advertising and sponsorship³².

³² Having considered the outcome of the research and survey, the Authority announced in September 2017 that it would review relevant provisions in the codes of practice governing indirect advertising and product/service sponsorship, with a view to relaxing, wherever possible and appropriate, the relevant standards and restrictions.

6.6 Provision of Sign Language Interpretation for News Programmes on Free TV service

In the context of the licence renewal exercise of TVB, the Authority took note of the increasing demand from persons with hearing impairment for sign language interpretation for news programmes. Taking into account the representations made by TVB in response to such demand, the Authority considered it prudent to conduct a review, to be completed within two years from the commencement of TVB's renewed licence as from 1 December 2015, to explore measures to resolve the implementation and compliance issues in relation to the provision of sign language interpretation for news programmes before actual implementation.

Upon renewal of the free TV licence of TVB, the Authority set up a working group comprising representatives of groups for the hearing impaired and relevant government bureaux to examine the relevant issues, including the format, presentation, scheduling and duration of news programmes with sign language interpretation, supply of qualified sign language interpreters, and compliance with the accuracy requirement for news programmes, etc. The working group formulated a set of proposals and consulted TVB and other free TV licensees³³.

³³ Having regard to the representations of free TV licensees including those of TVB and the recommendations of the working group, the Authority issued a direction to TVB on 3 October 2017 requiring it to provide sign language interpretation for Cantonese news programmes broadcast on its Pearl Channel each day with effect from 3 July 2018.



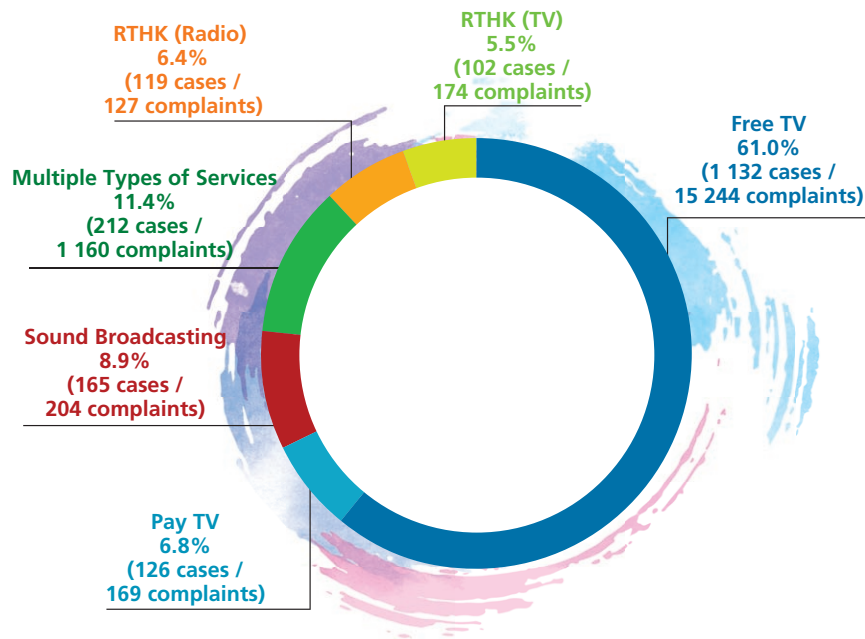
6.7 Processing Complaints relating to Broadcasting Services

Overview of the Complaints Processed

During the period from April 2016 to March 2017, the Authority processed a total of 1 856 cases (17 078 complaints)³⁴ about the materials broadcast by broadcasters, which represented a decline of 7% in the number of

cases but an increase of 14% in the number of complaints processed³⁵, as compared with the numbers recorded during the same period in the previous year (1 999 cases, 14 992 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 2016/17



³⁴ To ensure operational efficiency, complaints with similar allegations against the same issue or broadcast material are handled together and counted as a single case.

³⁵ The increase in the number of complaints processed in 2016/17 was mainly attributed to a complaint case against the provision of simplified Chinese subtitles only and/or the use of Putonghua in some news programmes broadcast on the then J5 Channel of TVB which gave rise to over 13 000 complaints in 2016/17.

Figure 17: Distribution of All Complaint Cases by Broadcaster Processed in 2016/17

| Broadcasters Involved | No. of Complaint Cases | No. of Complaints Involved |
|-----------------------|------------------------|----------------------------|
| ATV | 26 | 41 |
| TVB | 957 | 14 939 |
| HKTVE | 143 | 257 |
| HKCTV | 31 | 32 |
| PCCW Media | 61 | 82 |
| TVBNV | 19 | 19 |
| CRHK | 152 | 187 |
| Metro | 9 | 12 |
| DBC | 4 | 5 |
| RTHK (TV) | 102 | 174 |
| RTHK (Radio) | 119 | 127 |
| Multiple Broadcasters | 233 | 1 203 |
| Total | 1 856 | 17 078 |

Among all the complaint cases processed by the Authority, the DG Com handled 1 826 cases (16 559 complaints) under delegated power of the Authority. These complaints involved breaches of a minor nature, or contained allegations which did not constitute any breach or were outside the remit of section 11(1) of the

B(MP)O (i.e. the allegations concerned matters not regulated under the relevant legislation, licence conditions or codes of practice). The Authority dealt with 30 cases (519 complaints). Details of the outcomes of all the complaints processed by the Authority during this period are at [Figure 18](#).



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

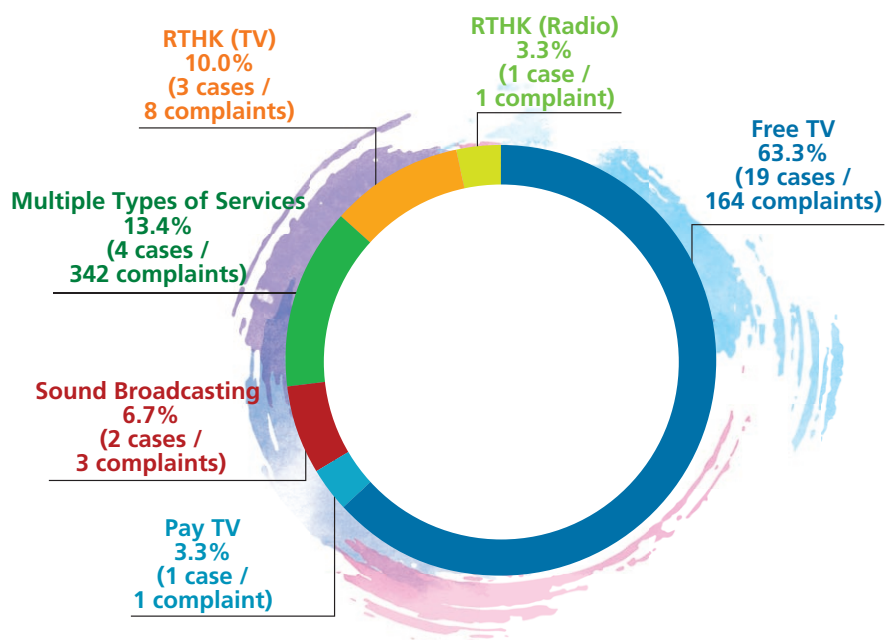
| | Within Section (11)1 of B(MP)O | | | | Outside Section (11)1 of B(MP)O | Total |
|--------------------------|--------------------------------|--------|-----------------|--------|---------------------------------|---------------|
| | Substantiated | | Unsubstantiated | | DG Com | |
| | The Authority | DG Com | The Authority | DG Com | | |
| No. of Cases | 24 | 150 | 6 | 1 261 | 415 | 1 856 |
| No. of Complaints | 176 | 213 | 343 | 2 343 | 14 003 | 17 078 |

Complaints Dealt with by the Authority

Among the 30 complaint cases dealt with by the Authority, 63% concerned free TV services.

A breakdown of these complaint cases by broadcasting service is at [Figure 19](#).

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



Regarding the nature of the broadcast materials under complaint and handled by the Authority, 25 of them were about programmes while the remaining five related to licence conditions. 24 of them were substantiated. Among these substantiated cases, nine cases were about indirect advertising and/or product/service sponsorship; five cases involved licensees' non-compliance with certain requirements under their licences; three cases concerned accuracy in news programmes or the rules on personal view programmes; three cases involved use of language in programmes; two involved

indecent programme materials; and one concerned horror and the other was about denigrating remark.

The Authority imposed two financial penalties (in the respective amounts of \$200,000 and \$150,000) on; and issued two serious warnings, three warnings, four pieces of strong advice and nine pieces of advice to the broadcasters concerned. A breakdown of the decisions of the Authority on the complaints dealt with in 2016/17 is at [Figure 20](#).

Figure 20: Decision of the Authority on Complaint Cases during 2016/17

| Decision of the Authority | ATV | TVB | HKTVE | PCCW Media | TVBNV | CRHK | Metro | RTHK | Total |
|---------------------------|----------|-----------|----------|------------|----------|----------|----------|----------|---|
| No Further Action | 2 | 5 | 3 | 0 | 3 | 0 | 1 | 0 | 14 ^{note 1,2} |
| Advice | 0 | 1 | 4 | 1 | 0 | 1 | 0 | 2 | 9 |
| Strong Advice | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 2 | 4 |
| Warning | 0 | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 3 ^{note 3} |
| Serious Warning | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Financial Penalty | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Total | 2 | 13 | 8 | 1 | 4 | 1 | 1 | 4 | 34 ^{notes 1, 2 & 3} |

Note 1: There were three unsubstantiated complaint cases involving two licensees (viz. TVB and TVBNV) and no further action was taken against them.

Note 2: There were five substantiated complaint cases for which no further action was taken against the licensees concerned as relevant regulatory or follow-up actions had been taken in various circumstances.

Note 3: One substantiated complaint case involved two licensees (viz. TVB and TVBNV) and a warning was issued to each of them.



Telecommunications

6.8 Re-assignment of Frequency Spectrum in the 1.9 – 2.2 GHz Band

In November 2013, the Authority announced its decision to adopt the hybrid administratively-assigned cum market-based approach to re-assign 118.4 MHz of spectrum in the 1.9 – 2.2 GHz band upon expiry of the previous assignments on 21 October 2016. Under the hybrid approach, the three incumbent assignees have been re-assigned 69.2 MHz of the spectrum through exercise of right of first refusal offered to them, and the remaining 49.2 MHz was put to auction in December 2014. Two incumbent assignees and another mobile network operator previously not assigned with any of the spectrum successfully bid for the 49.2 MHz of spectrum. All the spectrum concerned has been 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 spectrum were to change hands with effect from October 2016. In order to facilitate a smooth handover of the above-mentioned spectrum among the mobile network operators, OFCA set up a technical working group in March 2015 comprising representatives of all the mobile network operators to coordinate the technical matters and to discuss the possible technical arrangements in relation to the spectrum re-assignment exercise. Through the efforts of the technical working group and collaboration of all the mobile network operators, the spectrum handover arising from the spectrum re-assignment was successfully and seamlessly completed at 00 hours on 22 October 2016,

and members of the public can continue to enjoy smooth and uninterrupted mobile services.

6.9 Re-assignment of Frequency Spectrum in the 900 MHz and 1800 MHz Bands

Among the 552 MHz of spectrum currently assigned for the provision of public 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 work out the arrangements for spectrum re-assignment and the related spectrum utilisation fee, the Authority and the SCED have jointly conducted two rounds of public consultation. Having carefully considered the views and comments received in the first consultation and the findings of a technical consultancy study undertaken by an external consultant, the Authority considered that there are justifications for adopting a hybrid administratively-assigned cum market-based approach for further consultation. The proposal, by re-assigning part of the spectrum to the incumbent spectrum assignees through the offer of a right of first refusal, aims to safeguard the provision of 4G services in the Mass Transit Railway premises and the provision of territory-wide 2G voice services. The second round of public consultation was conducted during February to May 2017. After reviewing in detail the views and comments in the submissions to the second consultation, the Authority plans to announce its decision on the arrangements for spectrum re-assignment by around the end of 2017.

6.10 Measures to More Efficiently Utilise the 8-digit Numbering Plan

In Hong Kong, the 8-digit telecommunications numbering plan has been adopted since 1995. With the continuous development 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 as early as late 2018 if no mitigation measures were taken. Against this background, the Authority proposed to make available more number blocks for mobile services through maximising utilisation of the existing 8-digit numbering plan. A public consultation was launched in October to December 2015 to solicit public views on five proposed measures to ensure better utilisation of the 8-digit numbering plan and to meet the increasing demand for mobile numbers. Taking into account the views and

comments received from the industry and interested parties as well as the need to ensure that adequate number resources should be made available to cope with the development of the 5G mobile technologies in the coming years, the Authority announced on 24 June 2016 its decision to adopt all the five proposed measures for implementation in three phases. Phase 1 (i.e. raising the threshold of utilisation rate for allocation of additional numbers to operators from 70% to 75%) was successfully implemented on 1 January 2017. Following full implementation of the five measures in three phases, a total of additional 15.72 million numbers will become available for allocation to mobile services. It is expected that these numbers in the 8-digit numbering plan will be able to cope with the demand from mobile services in the foreseeable future.





6.11 Review of the Number of Public Payphones under the Universal Service Obligation (USO)

There were around 3 100 public payphones covered by the USO as at 31 December 2016. Public payphones under the USO are funded by fixed and mobile service providers under the universal service contribution (USC) scheme set up in accordance with section 35B of the TO. The telecommunications industry contributed \$21.6 million for the cost of providing public payphones in 2014.

With the high level of mobile phone penetration in Hong Kong, the general public relies almost entirely mobile phones for making calls or sending messages, and the demand for public payphones has waned over recent years with almost all of them running at deficit under the USO. Based on the data of 2014 and 2015, about 56% of the public payphones had an extremely low usage rate with an average revenue of not more than \$1 per day.

Since the second half of 2016, OFCA had been conducting a review in consultation with the telecommunications industry, with a view to reducing the number of public payphones that should be eligible for USC to a reasonable level, thereby reducing the level of USC borne by the telecommunications service providers and accordingly the pressure for them to pass on the USC to their customers through raising service charges. It is expected that the entire review will be completed by end 2019³⁶.

³⁶ On 29 June 2017, after finalising the guiding principles and other details, the Authority announced its decision to embark on the payphone review. OFCA will approach relevant stakeholders by groups to solicit their views on the exclusion of public payphones with an average revenue of not more than \$1 per day from the USO.

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

In January 2014, Hong Kong Mobile Television Network Limited (HKMTV), the licensee holding the UCL which authorised it to provide Mobile TV Service (Mobile TV Licence), indicated to OFCA its proposal to switch from the original China Mobile Multimedia Broadcasting (CMMB) standard to the Digital Terrestrial Multimedia Broadcast (DTMB) standard for the transmission of its Mobile TV Service.

Given that DTMB standard was the transmission standard adopted for the provision of free-to-air DTT services in Hong Kong, the Authority considered that if HKMTV switched to the DTMB standard without implementation of effective technical measures, its Mobile TV Service would be available for reception by an audience of more than 5 000 specified premises in Hong Kong and would thereby trigger the licensing requirement under the BO in relation to a free TV licence and/or pay TV licence.





HKTV and HKMTV filed an application to the court for leave to apply for judicial review (JR) against the above position as expressed by OFCA. The Court of First Instance handed down its judgment (Court Judgment) in September 2015 in favour of OFCA and dismissed the JR. Subsequently, HKTV requested OFCA to process HKMTV's proposal of using the Digital Video Broadcasting – Terrestrial 2 standard for the provision of its Mobile TV Service (the Application). As at the end of March 2017, HKTV's discussion with OFCA was continuing³⁷.

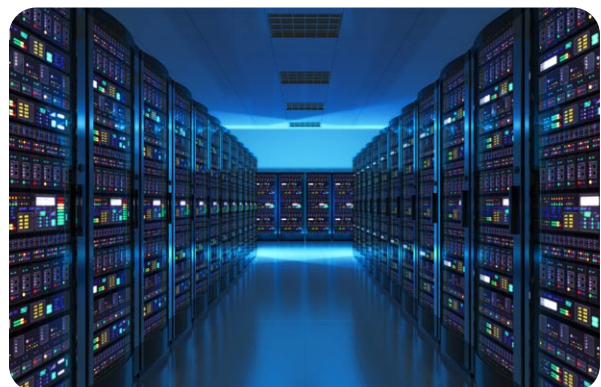
The Authority and OFCA will continue to facilitate HKMTV to provide its Mobile TV Service in strict compliance with the Court Judgment and the relevant statutory requirements under the BO and the TO.

6.13 Reduction of Telecommunications Licence Fees

In November 2012, the Authority and the 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 HKT (PCCW and HKT) applied for leave to lodge a JR application against the Authority's and the SCED's decisions on the licence fees reduction. While the Court of First Instance and the Court of Appeal have dismissed the JR application and the appeal application respectively, PCCW and HKT have been granted leave to appeal to the Court of Final Appeal and the substantive hearing will be held on 30 November 2017.

³⁷ After rounds of discussion with OFCA, HKTV submitted a finalised technical proposal in June 2017, committing to the detailed transmission arrangements, system parameters and the technical specifications set out therein in support of the Application, to ensure that the Mobile TV Service provided by HKMTV will be in strict compliance with the Court Judgment and the relevant statutory requirements under the BO and the TO.

Having carefully reviewed the technical proposal, the Authority approved the Application and issued on 13 July 2017 to HKMTV an amended Mobile TV Licence, authorising HKMTV to change its transmission standard to the T2 Lite profile under the Digital Video Broadcasting – Terrestrial 2 standard using the 8 MHz of spectrum assigned and in accordance with the specific technical parameters stipulated in its Mobile TV Licence. The amended Mobile TV Licence also incorporates the necessary new/amended licence conditions to ensure its compliance throughout the validity period of the licence.





6.14 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, licence conditions or other relevant legislation which the Authority has jurisdiction to enforce, namely, TDO and CO. For other consumer complaints not involving any breach of the TO, licence conditions or other relevant legislation, 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 2 183 consumer complaints relating to telecommunications services, representing a reduction of 11.5% compared to 2 466 complaints in the previous year. Among them, 1 181 cases (54.1%) were related to mobile services, 589 cases (27%) were related to Internet services, 362 cases (16.6%) were related to fixed-line services, 22 cases (1%) were related to external telecommunications and 19 cases (0.9%) were related to other services. On the nature of complaint, the Authority received the largest number of complaints relating to customer service quality (524 cases or 24%), while complaints about service quality (340 cases or 15.6%) and billing disputes (310 cases or 14.2%) ranked second and third respectively.

Breakdown of complaint cases by types of telecommunications services and nature of complaints 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 Services Received by the Authority in 2016/17

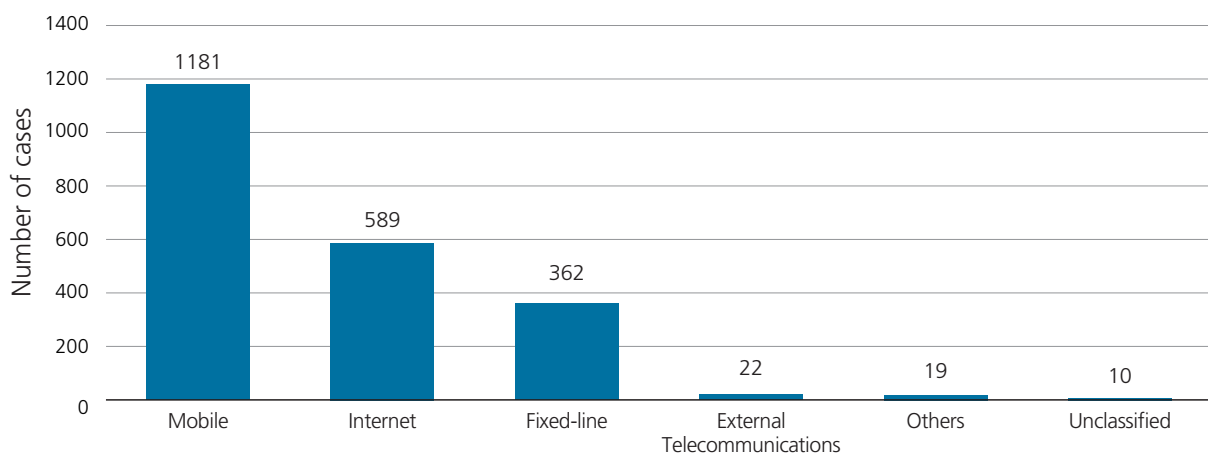
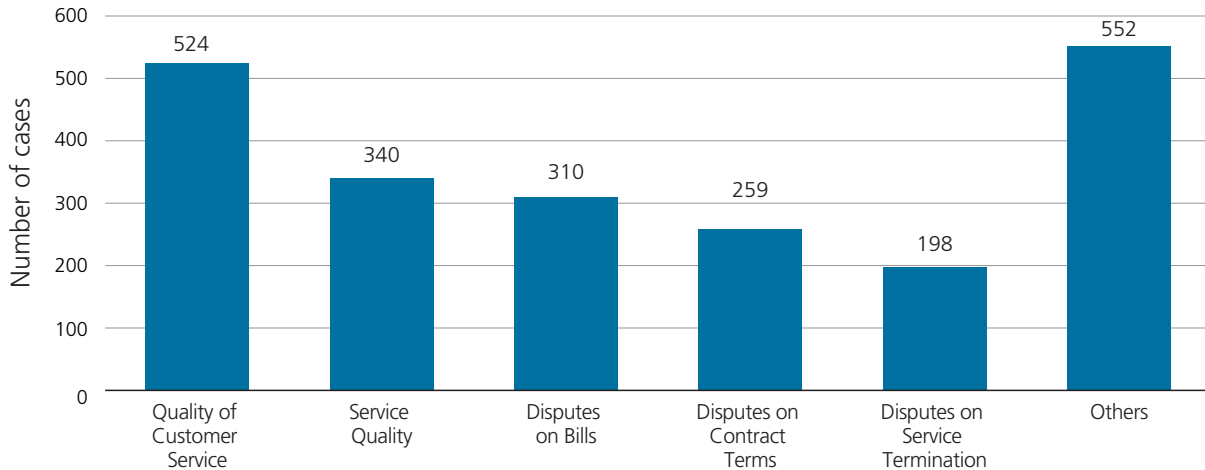


Figure 22: Distribution of Complaint Cases by Nature of Complaints Received by the Authority in 2016/17



Among the 2 183 complaint cases received, 2 145 (98.3%) were outside the Authority's jurisdiction. For the remaining 38 cases (1.7%), they might involve possible breach of the TO or licence conditions. The majority of these cases were related to difficulties in accessing buildings to provide services and sales conduct. 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 of telecommunications services and nature of complaints 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 Services Received by the Authority in 2016/17

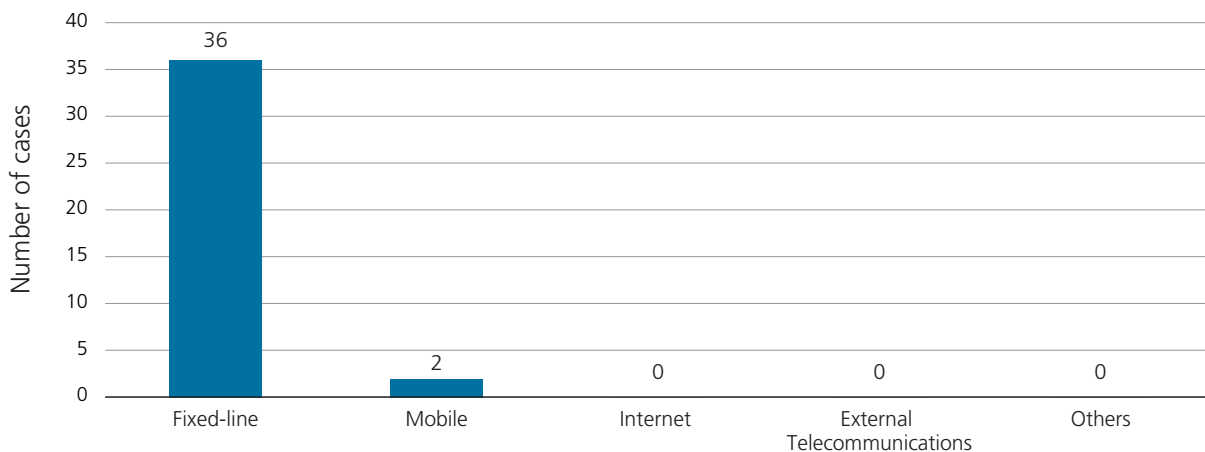
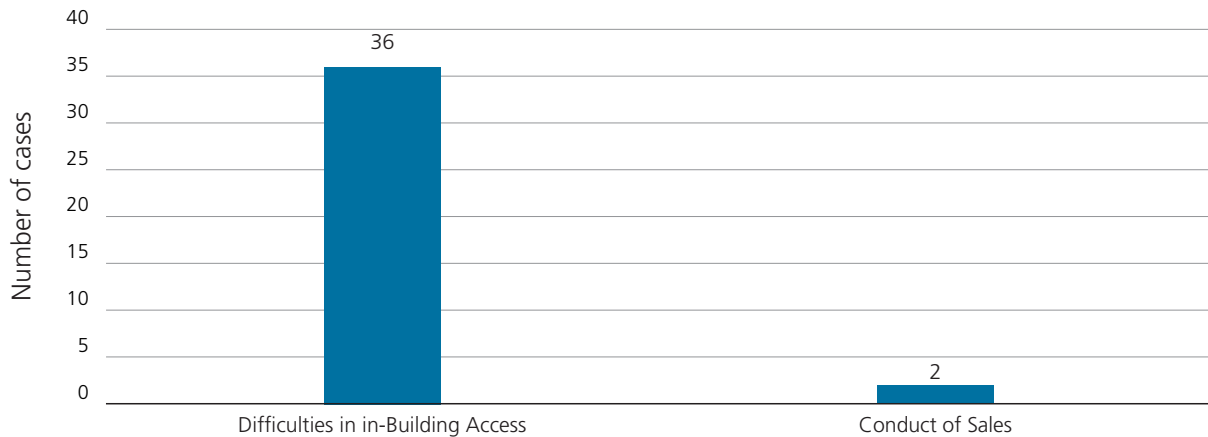




Figure 24: Distribution of Complaint Cases by Nature of Complaints Received by the Authority in 2016/17



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 and the Communications Association of Hong Kong (CAHK), 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, promulgation of a set of mandatory guidelines governing the implementation of Fair Usage Policy by telecommunications service providers, and the issue of a voluntary industry code of practice to govern the service delivery by mobile content services providers. Further, OFCA has since November 2016 published on its website details of the arrangements adopted by major residential broadband service providers to handle service termination requests from consumers. The published information would

enable consumers to better understand different service providers' existing practices, which should help reduce contractual disputes over service termination matters. The number 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 2016/17

| Types of Consumer Complaint | No. of Complaint Cases |
|------------------------------------|------------------------|
| Contractual disputes | 457 |
| Mobile bill shock | 138 |
| Fair Usage Policy | 6 |
| Chargeable mobile content services | 2 |

6.15 Long Term Implementation of Customer Complaint Settlement Scheme (CCSS)

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 supports 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.

Between 1 April 2016 and 31 March 2017, there were 71 eligible applications, 41 cases of which were satisfactorily settled before referral to the CCSS Centre, 26 cases were satisfactorily settled through mediation by the CCSS Centre, only one case was not settled and the remaining three cases are being processed by the CCSS Centre.



6.16 Enforcement of the Fair Trading Sections of the Trade Descriptions Ordinance

The fair trading sections of the TDO prohibit certain specified unfair trade practices by traders in the provision of goods and services to consumers. The Authority is conferred concurrent jurisdiction with the C&ED to enforce the fair trading sections of the TDO in relation to the 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 entered into a memorandum of understanding (MoU) to co-ordinate the performance of their functions under the fair trading sections of the TDO and have issued a set of enforcement guidelines to provide guidance for traders and consumers as to the operation of the fair trading sections.

From 1 April 2016 to 31 March 2017, the Authority handled a total of 457 complaint cases under the TDO. Among these cases, 373 were closed for there being insufficient evidence to suspect/establish a contravention or falling outside the scope of the TDO, 16 cases 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 the remaining 68 cases were being handled at various stages.



6.17 Full Commencement of the Competition Ordinance

The CO provides for a cross-sectoral competition law prohibiting anti-competitive conduct in all sectors. Under the CO, the Authority is conferred concurrent jurisdiction with the Commission to enforce the CO in respect of the conduct of undertakings operating in the telecommunications and broadcasting sectors, including merger and acquisition activities involving carrier licensees in the telecommunications sector.

Pursuant to the MoU signed by the Authority and the Commission, the Authority would ordinarily take the role of the lead authority for matters falling within the concurrent jurisdiction. For matters involving issues that are partly within and partly outside the concurrent jurisdiction, the Authority and the Commission would discuss and agree on how best to take forward the matter on a case-by-case basis.

From 1 April 2016 to 31 March 2017, a total of 74 complaints and/or enquiries were received under the CO, with 72 cases closed without the need for further actions and two cases being processed. During the year, the Authority also reviewed one transaction under the merger rule of the CO and considered that no follow-up action was required in respect of the transaction.

6.18 Enforcement of the Unsolicited Electronic Messages Ordinance

The UEMO sets out the rules about sending 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. By the end of March 2017, more than 2.8 million numbers had been registered under these DNC registers.

In October 2015, the Authority served an enforcement notice on a commercial facsimile sender pursuant to section 38 of the UEMO, requiring him to stop sending further commercial facsimile messages in contravention of the UEMO. Despite the enforcement notice, OFCA continued to receive reports on the sending of unsolicited facsimile messages by the sender, suggesting possible contravention against the enforcement notice. Under section 39 of the UEMO, any person who contravenes an enforcement notice served on him commits an offence. In May and July 2016, charges were laid against the sender. In January 2017, the sender was convicted of three offences of contravention of the enforcement notice in Magistrates' Courts.

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

6.19 Making Available Additional Spectrum for Public Mobile Service

To meet the huge spectrum demand for the provision of public mobile services, and to better prepare Hong Kong for the launch of 5G mobile services in around 2020, the Authority actively explore ways to make available additional spectrum. In March 2017, the Authority promulgated its work plan for making available additional radio spectrum to meet the demand of public mobile services towards 2020 and beyond.

Subject to the interest expressed by the industry and the availability of internationally/regionally harmonised band plans, the Authority plans to make available spectrum in the 26 GHz and 28 GHz bands as the first batch of spectrum for the provision of 5G services in Hong Kong in 2019 at the earliest.

The Authority plans to launch a public consultation in the second half of 2017 on the proposed vacation of the 3.4 – 3.7 GHz band (currently assigned for fixed satellite service provision), with a view to re-allocating it to mobile services in 2020.



Major Regulatory Actions

6.20 Sanctions against Broadcasting Licensees

Breach of Codes of Practice by TVB

In May and November 2016, the Authority decided to impose financial penalties of \$150,000 and \$200,000 on TVB for its non-compliance in two separate complaint cases with the relevant provisions governing product/service sponsorship and indirect advertising in the codes of practice on television programme and advertising standards. For both cases, the Authority found that the programme segment or the programme under complaint was intentionally designed to promote the product or service of the product/service sponsor of the respective programmes. There were prominent exposure of the sponsors, including displays of the brand name and logo and positive remarks about the product or service concerned. The exposure of the sponsors' product or service within the programmes concerned was editorially unjustified, gratuitous and/or obtrusive to viewing pleasure and amounted to blatant advertising materials for the concerned sponsors.

For the complaint case which involved the imposition of a financial penalty of \$150,000 on TVB as mentioned above and another complaint case of TVB's non-compliance with the relevant provisions governing product/service sponsorship and indirect advertising, TVB filed applications for JR on the appeal mechanism under the BO as well as the Authority's decisions on the two cases. The Authority will respond to the JR according to established procedures.



6.21 Sanctions against Telecommunications Licensees

Unauthorised Use of the Access Code "1670" by P&R Consulting Company Limited (P&R) for the Provision of External Telecommunications Services (ETS)

P&R, the holder of SBO Licence No. 1670, was found to have used the access code "1670", without the prior approval of the Authority, for the provision of ETS. OFCA conducted an investigation to examine whether P&R and New World Telecommunications Limited (NWT) (subsequently renamed as HKBN Enterprise Solutions Limited), the holder of UCL No. 022 which provided hosting service and set up the network routing arrangements for P&R to use the access code "1670" for the provision of ETS, had contravened the conditions of their licences.

Having considered the result of OFCA's investigation and the representations of P&R and NWT, the Authority concluded that P&R and NWT had contravened respectively Special Condition (SC) 2.1 of the SBO Licence No. 1670 and SC 4.1 of the UCL No. 022 in regard to the requirement to conform to the Hong Kong Numbering Plan. The Authority decided that both P&R and NWT should be warned to observe more closely their licence conditions respectively.

Prolonged Delay of HKT in Submitting its Regulatory Accounting Reports

Despite repeated reminders from OFCA, there were prolonged delays on the part of HKT, the holder of UCL No. 008, in its submission of the unaudited and audited regulatory accounting reports for the financial years 2014 and 2015,

ranging from over nine months to 20 months beyond the deadlines set out in the Accounting Manual issued by OFCA.

Having regard to the findings of OFCA's investigation and the representations of HKT, the Authority concluded that HKT was in breach of SC 5.6 of and the Direction issued by the Authority pursuant thereto its UCL No. 008 in regard to the timely submission of regulatory accounting reports. Taking into account all circumstances of the case, the Authority issued a warning to HKT cautioning it to strictly comply with SC 5.6 and the Direction in future.

6.22 Sanctions against Senders of CEMs

From April 2016 to March 2017, the Authority received 803 reports on suspected contraventions of the UEMO, representing a decrease of about 53% as compared to the 1 725 reports received in 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, 244 advisory letters and 37 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 2016/17, no 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:

Television Broadcasts Limited

HK Television Entertainment Company Limited

Fantastic Television Limited

Hong Kong Cable Television Limited

PCCW Media Limited

BIG BIG CHANNEL LIMITED

Fox Networks Group Asia Pacific Limited

APT Satellite TV Development Limited

Starbucks (HK) 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

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

AdmanGo Limited

TeleGeography

Commerce and Economic Development Bureau
(Communications and Creative Industries Branch)

Office of the Communications Authority

Information Services Department

Radio Television Hong Kong



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. Fox Networks Group Asia Pacific Limited | 4.1991 | 32 (0) | General entertainment, movie, music, sports & news etc. | Asian region including the Mainland, India & Middle East | AsiaSat 5 AsiaSat 7 |
| 2. BIG BIG CHANNEL LIMITED (formerly TVB Network Vision Limited) | 8.1998 | 21 (1) | Drama, general entertainment, movie & news etc. | Asian region, Australia & North America | AsiaSat 7 Intelsat 19 |
| 3. APT Satellite TV Development Limited | 8.2000 | 66 (1) | General entertainment, news, movies & sports | Asia-Pacific region & Africa | Apstar V Apstar VI Apstar VII |
| 4. Starbucks (HK) Limited | 6.2000 | 1 (0) | Weather, sports, music and finance etc. | Asia-Pacific region | Apstar VII |
| 5. Turner International Asia Pacific Limited | 1989 | 15 (12) | News, finance, movie, children & family programmes | Asia-Pacific region & South Asia | AsiaSat 7 Intelsat 19 Intelsat 20 Measat 3A |
| 6. Sun Television Cybernetworks Enterprise Limited | 8.2000 | 1 (1) | History & culture-related documentaries | Asia-Pacific region | AsiaSat 7 |
| 7. GLOBECAST HONG KONG LIMITED | 11.2001 | 14 (13) | General entertainment, sports & news | Asia-Pacific region | AsiaSat 5 AsiaSat 7 |
| 8. Auspicious Colour Limited | 1.2006 | 24 (18) | General entertainment, infotainment & music | Asia-Pacific region | AsiaSat 4 AsiaSat 5 AsiaSat 7 |



| Licensee | Date of Launch of Service | No. of Channels (no. receivable in HK) | Nature of Channels | Target Markets | Satellite |
|--|---------------------------|--|--|---------------------|-------------|
| 9. Phoenix Satellite Television Company Limited | 5.2006 | 4 (3) | General entertainment, news & movie | Asia-Pacific region | AsiaSat 7 |
| 10. Times International Media Group Limited | 6.2014 | 1 (1) | News, sports, travel & infotainment | Asia-Pacific region | Chinasat 10 |
| 11. China Satellite TV Group Company Limited | 11.2009 | 1 (1) | Infotainment | Asia-Pacific region | Apstar VII |
| 12. Hong Kong TV International Media Group Limited | 3.2011 | 1 (1) | Infotainment | Asia-Pacific region | Apstar VI |
| 13. Health TV Company Limited | 2.2013 | 1 (0) | Health information programmes, documentaries & general entertainment | Asia-Pacific region | Apstar V |
| 14. One TV Media Global Limited | 5.2013 | 1 (1) | News, finance, entertainment & sports | Asia-Pacific region | Apstar V |
| 15. Star China Media Limited | 1.2014 | 3 (0) | Music programmes, entertainment news & general entertainment | Asia-Pacific region | AsiaSat 7 |



Annex 2: Types and Numbers of Telecommunications Licences

As at 31 Mar 2017

| Type of Licences | No. of Licences |
|--|-----------------|
| Academic Institution Self-provided Telecommunications Installation | 2 |
| Aeronautical VHF Fixed Station | 34 |
| Aircraft Station | 352 |
| Amateur Station | 2 637 |
| Broadcast Radio Relay Station & Broadcast Relay Station | 13 |
| Experimental Station | 88 |
| Fixed Carrier | 7 |
| Hotel Television (Transmission) | 159 |
| Industrial, Scientific & Medical Electronic Machine | 1 147 |
| Maritime Radio (Local Vessel) | 1 190 |
| Mobile Carrier | 1 |
| Mobile Carrier (Restricted) | 1 |
| Mobile Radio System Fixed Station | 15 |
| Mobile Radio System Mobile Station | 2 014 |
| Private Mobile Radio System | 2 135 |
| Private Radio Paging System | 11 |
| Public Radiocommunications Service | 9 |
| Radio Dealers (Unrestricted) | 3 691 |
| Radiocommunications School | 7 |
| Radiodetermination and Conveyance of Commands, Status and Data | 197 |



| Type of Licences | No. of Licences |
|---|-----------------|
| Satellite Master Antenna Television | 70 |
| 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 Service ^{Note A} | 17 |
| Services-Based Operator of Class 3 Service | 521 |
| Ship Station | 2 426 |
| Space Station Carrier | 11 |
| Taxi Radiocommunications Service | 25 |
| Unified Carrier – Mobile Services ^{Note B} | 9 |
| Unified Carrier – Local/External Fixed Services ^{Note B and C} | 47 |
| Wide Band Link & Relay Station | 66 |
| Total | 16 911 |

Note A: This figure includes 13 licences which are also authorised for the provision of SBO Class 3 services.

Note B: This figure includes four licences which are authorised to provide both fixed and mobile services.

Note C: This figure includes the two licences authorising the transmission of domestic television programme services.