

COPY OF STATEMENT TO BE DELIVERED BY
DR. K.B. CHAN AT THE LEGCO HEARING ON
“DIGITAL TERRESTRIAL TELEVISION BROADCAST IN HONG KONG”
ON MONDAY 8TH MARCH 2004.

Mr. Chairman (Madam Chairman), honourable members of the Legislative Council of the Government of the Hong Kong Special Administrative Region, ladies and gentlemen,

My name is Dr. Chan Kei-biu, Chairman of the Hong Kong Electronic Industries Association Ltd. I have been involved in the electronics business for some 30 years while the Association, established 24 years ago and now has around 400 corporate members, is made up largely of manufacturers and publicly-listed companies whose products cover a broad spectrum of the industry. With me today is a Patron Member of our Executive Committee, Mr. Henry Lau, whose company is one of the largest TV and video equipment manufacturers in Hong Kong and China.

I thank you for allowing me this opportunity to speak on behalf of the Hong Kong Electronic Industries Association Ltd. (HKEIA) and express the views of those of our members who are in trades relevant to today's topic.

It is the expressed opinion of our association that we are in full support of the proposal and Government initiative to introduce “Digital Terrestrial Television Broadcasting in Hong Kong”.

While we understand the Government's and the broadcasting industry's concerns over which system to invest in and adopt for this revolutionary change, hence the necessity for this second consultation exercise, we would just like the Government and the market to know that Hong Kong's manufacturers have been preparing for this day and are now poised, ready and able, to meet such demand.

In fact, the market today has “jumped the gun” so to speak and has been selling many units of digital TVs in the form of plasma screen, TFT LCD monitors and even High Definition TVs for quite some time. Comparatively, Hong Kong has been slower and smaller as growth of such sales in China has been rising in multiple folds. I shall not quote tedious statistics in my limited time allowed but Mr. Lau, I am sure, would be happy to provide you with relevant figures of such sales in China should you wish to know.

Firstly, why do we support DTT Broadcasting in Hong Kong?

In the paper we submitted earlier we have clearly stated four major reasons. I repeat them briefly here.

They are:

- 1) DTT Broadcasting would help generate new manufacturing and marketing opportunities for many in the electronics industry in Hong Kong.
- 2) It is a new drive to stimulate local economic growth as we see significant opportunities in the distribution and retail markets for replacement units, especially as prices start to come down to affordable levels with increased volume production and competition among major players.
- 3) Promises of good sales and rewards would also stimulate innovation and help push Hong Kong onto a new level of technological development. This would mean renewed investments and creation of new jobs across a broad spectrum such as IC design and software development in the manufacturing sector. The combination of DTT and HDTV will also create new business opportunities and jobs in TV programming, advertising, filming and multi-media production. There are additional benefits to other industries such as after-sales engineering/maintenance services, etc.
- 4) Last but not least is the possible re-positioning and enhancement of the status of Hong Kong as a leader and the hub of the region in both hardware and software. As I said, our manufacturers do have the technology and certainly the production capacity in the Pearl River Delta to position ourselves. All we need now is for the Government to open the doorway.

Secondly, in response to the Government's call for more market feedback on the systems and formats, we would like to recommend that Hong Kong should adopt the European DVB-T standard initially as that for Hong Kong as the technology is available and adopted widely among many of the set-top boxes being sold today.

The concern for Hong Kong choosing a system which may be different from China is real. However, this is not an impossible situation. The industry does have the technical know how and ability to develop set top boxes which can accommodate both systems, similar in design to the multi-system TV sets being in common use nowadays. The development time is matter of months. The issues can be resolved.

Finally, we would like to recommend that the HKSAR Government must start digital broadcast together with HDTV. As the technology and products on the market are already quite mature and we are sure that the consumer would go for the higher quality and higher resolution product. The community will benefit with better entertainment and leisure pursuits.

Thank you for your time and patience. Mr. Lau and I would welcome members'

questions.