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Antwerp, May 11th 2007

Conc.: Consultation on Digital Broadcasting: Mobile Television and Related Issues

Dear Sirs,

We herewith want to express our explicit interest in operating one - or preferably more - digital radio and television (both fixed terrestrial and mobile) channels in Hong Kong.

First of all, we want to state that we applaud the Government's vision in this matter, in the way that it wants to enhance Hong Kong's position as a regional communications hub by harnessing the opportunities afforded by technological development and creating an enabling environment that promotes innovation, investment and competition for the benefit of consumers.

Due to the fact that we were informed only yesterday about this consultation, we did not have the time to formulate an in-depth point of view on this matter. Please find below our general impression and analysis of the information we dispose of. We can elaborate on this later if this would be asked and permitted.

Our company, its management and owners particularly, are active in the radio broadcasting business in Belgium since more than 25 years, transmitting various programs via FM.

Regarding digital audio transmissions, the situation in Belgium is the following: at the end of the previous century, the public broadcasters VRT and RTBF launched 6 audio broadcasting channels each on their DAB platform (Eureka 147 standard). Some of the services offered are simple re-transmissions of their existing FM services, others are simplified versions of other existing public radio services, transmitting music only. Some multimedia content is sent along with the audio transmission, but receivers with a screen for viewing the images (static) and text are very hard to find and very expensive.

At this time, there are no commercial radiostations transmitting via DAB. The reasons for this being the very high costs of a DAB platform for the broadcasters and the lack of interest from the public, as DAB receivers are very expensive due to license costs for the manufacturers of DAB audio receivers and the fact that DAB receivers are even hard to find, whether it be fixed receivers for the home or car receivers. There are no mobile receivers or mobile devices like GSM telephones with built-in DAB reception.

This results in a very poor audience share for these DAB services (less than 0.1 % !). We expect that DAB services will be phased out in a couple of years from now and that a new digital technique, DRM (Digital Radio Mondial) will take the place of DAB.

As far as we know, the situation of DAB is nearly the same in all the European countries.



We expect that DRM will become the new standard for digital audio transmissions in the whole of Europe, even if the standards are not yet fixed for transmission of DRM via FM frequencies at this time. The advantages of DRM, opposite to DAB, are that broadcasters can use their existing FM and AM frequencies and equipment to add a digital carrier for DRM at a neglectable investment cost, and for the public that DRM receivers will become common for fixed and portable devices at no extra cost over that of traditional FM receivers. No royalties will have to be paid by the broadcasters, the equipment manufacturers or the public.

We therefore would suggest that the possibilities of DRM be examined by the Hong Kong Government, as we are convinced that there are a lot of advantages over DAB. More information on DRM can be found at [www.drm.org](http://www.drm.org).

We also want to point out that, although the Government wants to phase-out radio transmissions via the FM band (87.5-108 MHz), there are still a number of arguments to postpone this phasing out as long as possible, even if the FM band is nearly fully occupied in Hong Kong. Not earlier than yesterday, our Hong Kong located partner, Mr. Marc Brauner, introduced the possibilities of Single Frequency Network broadcasting techniques to OFTA.

Single Frequency Networks (SFN) allow broadcasters to use only one synchronised frequency instead of the seven frequencies used today, in order to cover the whole territory of Hong Kong SAR. If the existing radio broadcasters in the Hong Kong area would all switch to SFN broadcasting techniques, there would be plenty of room for numerous new initiatives on the FM dial. Another advantage is that these FM transmitters could later be used to carry digital signals for DRM. Please find attached the brochures of 2 manufacturers of SFN equipment.

Regarding the questions asked in this consultation, our preliminary point of view is the following:

**Re: Spectrum Availability**

We agree with the analysis of spectrum availability for digital broadcasting services as stated in the mobile\_TV.pdf document. We would encourage the Government to make as much as possible of the frequency spectrum available for both mobile and terrestrial fixed digital broadcasting services of all kinds.

**Re: Spectrum Allocation**

We prefer a conventional approach regarding the spectrum allocation, but as we stated before, we do not believe in the deployment of Eureka 147 DAB.

**Re: Spectrum Assignment**

The present situation, where e.g. the available FM frequencies were auctioned to the broadcasters, shows that some of them are struggling and even losing money with their radiostations, in part because of the high fees they have to pay for the use of the FM spectrum.

With the digital possibilities, there will be much more frequencies available than there are now. This will result in a heavily fragmented media landscape, which is fine for the consumers as they will have more choice and better audio or video quality. But for the broadcasters, this means that their share of the audience or viewers and therefore their share of the possible advertising income will be much lower than that with the traditional analog situation. This might result in cuts on the cost of the content and thus generate a lot of technically perfect radio or television channels with a very poor quality content.

The use of auctions for the assignment of the digital spectrum might even worsen that situation as the licensing fees will augment the fixed costs that cannot be cut on. This Consultation on



Digital Broadcasting speaks only about the technical matters and not on the content of the media that will be created. We urge the Government of Hong Kong to also take the aspect of the quality of the content into consideration. New digital media will give the opportunity for new talent to create new and exciting but non-existing content. But most probably this new talent will not dispose of the financial strength of big media-conglomerates, making it nearly impossible for them to bid on one or more of the available channels.

Therefore we oppose to spectrum assignment by auction and we would propose a more content-oriented approach.

### **Re: Licensing Arrangements**

We are a strong believer of free media, where the interference by the authorities is minimal or even non existing as this will result in a very diversified media landscape and in high quality content. We think however that special limitations should be obligatory with regards to access to some content by children.

We look forward to your comments on our point of view and remain at your disposal for any supplemental information you might desire. We also thank you very much thank you for your interest and consideration.

Respectfully,

Frank Leysen  
President

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