

**Submission made by**  
**BTL Digital Communications Ltd.**  
**on the**  
**“Second Consultation Paper on**  
**Digital Terrestrial Broadcasting in Hong Kong”**  
**prepared by the**  
**Communications and Technology Branch**  
**Commerce, Industry and Technology Bureau**  
**of the Hong Kong SAR Government**

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**Submission on the**  
**“Second Consultation on Digital Terrestrial Broadcasting in Hong Kong”**

We, at BTL Digital Communications Ltd., have carefully studied the “Second Consultation on Digital Terrestrial Broadcasting in Hong Kong” (the “2<sup>nd</sup> Paper”) proposed by the Communications and Technology Branch, Commerce, Industry and Technology Bureau on December 5, 2003, and are in general support of the recommendations stated therein. However, we would like to add our views as follows:

- (1) We firmly believe that Digital Terrestrial Television (DTT) Broadcasting is the worldwide trend in broadcasting, and this oncoming tide cannot be halted or reversed. Hong Kong, China, and the neighbouring South East Asian countries have been lagging behind North American and European countries in DTT development since the mid-nineties. They have not shown the much needed leadership and have not taking an active role in promoting and implementing DTT. Are the governments in these countries condoning the “monopolization” of the very limited transmission frequencies by a “selected few” under the traditional analogue TV broadcasting format? Has such “monopolization” been an obstruction factor in the free-market determination of a fair and equitable TV advertising rate card? Is the general public not getting their money’s worth? Our reply to all these questions is an affirmative “Yes”!

DTT will make much more efficient use of the available spectrum and release more frequencies to the airwaves for: more TV channels, more TV programmes, mobile TV reception, High Definition TV programmes, and interactive multi-media applications. But the layman has little knowledge of these applications.

- (2) We are of the opinion that Hong Kong has lost 3 years of precious time in introducing DTT to the SAR since the Government’s 1<sup>st</sup> Consultation Paper in 2000. We even consider the introduction of DTT by 2006 as recommended in the 2<sup>nd</sup> Consultation Paper (the “2<sup>nd</sup> Paper”) is not timely enough. Hong Kong has always been the Region’s leader in broadcasting and telecommunication. The delay in introducing DTT since 2000 has already made Hong Kong’s leadership position faltered. Further delay will rob Hong Kong’s claim to be the “World City” and “Action Capital of the Region”.
- (3) We believe that the introduction of DTT will help to boost Hong Kong’s economy in two directions:
  - (a) With the release of more broadcasting frequencies into the air space and the issue of more TV broadcasting licenses, there will be a substantial increase in the demand of programme contents, both imported and locally produced programmes. This, in turn, will create more jobs for producers, writers, actors, presenters, post-production artists, technicians, engineers, etc. etc. as well as importers and distributors of programme contents. May be a certain percentage of local produced contents requirement could be fixed to encourage and protect the local industry.

(b) At the same time, the change to DTT broadcasting format will create a huge demand for digital TV hardware and software including digital TV sets, receivers, set-top boxes, and accessories. The retail activities thus created will rival those of the first introduction of colour television in Hong Kong back in the 60's.

Therefore, any further delay in introducing DTT into Hong Kong will actually be depriving the people of such economic benefits, especially when Hong Kong's economy is undergoing a structural evolution. Hong Kong is the Hollywood of the Orient, and Hong Kong has the creativity and talents for TV production. Such an economic booster from DTT is much more effective and imminent than developing herbal medicine and bio-organic technologies.

(4) We are of the opinion that the 2<sup>nd</sup> Paper has not given adequate emphasis to the two main features of DTT: Mobile TV reception and High Definition programmes.

#### Mobile TV Reception

Mobile TV Reception is the DTT feature by which live TV programmes may be viewed in moving vehicles such as buses, trains, trams, taxis, MTR's, ferries, etc. Mobile TV Reception is superior to VCD programmes currently available on local buses in that it provides live programmes, including up-to-date newscast, sportscast, financial reports, weather reports, traffic reports, etc. etc. It also provides more variety and flexibility in programming, and at the same time, allows advertisers to place their commercials outside the rigid confines of the one-hour programming of the VCD. By not taking a positive leadership position on Mobile TV Reception, the 2<sup>nd</sup> Paper is yielding to the current VCD operators on the local bus lines, and robbing the passengers and advertisers of their right to view and advertise in live, informative and flexible TV programmes on Hong Kong's public transportation.

#### High Definition Programmes

High Definition ("HD") Programmes is the other chief feature of DTT broadcasting. While the traditional Standard Definition ("SD") technology puts 625 lines on the picture screen, HD puts in 1,000 lines and this makes a major difference in the picture quality. CCTV in Beijing has announced that the broadcast of the 2008 Olympic Games will be available in High Definition. Again, by not taking a positive leadership position in High Definition TV, the 2<sup>nd</sup> Paper is not promoting DTT to the maximum benefit of the people of Hong Kong.

(5) We also feel that the 2<sup>nd</sup> Paper has not given sufficient exposure for the applications of the expanded television channels and programmes after the introduction of DTT in Hong Kong. The 2<sup>nd</sup> Paper did not expose the expanded TV service outside of the traditional entertainment of "variety and soap-opera" type programmes that the Hong Kong public has been viewing for the past 40 years. We suggest that a lot of the benefits from the expansion of the television channels and programmes will be from "non-entertaining" applications such as: education, VOD, shopping, traveling, culinary, religion, government

and public services, health and personal hygiene, public forum, and a host of interactive TV applications.

- (6) We support the Paper's recommendation of the DVB-T standard for Hong Kong, but we feel that its proposed "market-led" approach to the choice of an official technical standard is not adequate. We believe that a "market-led" approach may cause confusion amongst multiplex operators as well as existing television broadcasters. Such confusion will further delay in the swift implementation of DTT in Hong Kong. Since the 2<sup>nd</sup> Paper has already confirmed that "DVB-T" is a matured technology and is well established in Europe, Australia, Singapore, and many other countries, there is no need for the government to take a "market-led" approach to choose an official standard for Hong Kong. We suggest that the government should declare DVB-T as the official standard at the outset and set the ball in motion.

We further suggest that the choice of DTT technical standard in Mainland China should not be a deciding factor for Hong Kong's selection, after all, the Hong Kong SAR is build on the "One Country-Two Systems" principle. Also, Hong Kong has always taken a leadership position in TV programming around the Pearl River delta area, but could not reach the audience north of the Guangdong Province due to language differences. Therefore, unifying with the "yet-to-be-decided" National standard should not really be an issue for Hong Kong.

- (7) We also support the Paper's recommendation to relax the requirement for one multiplex operator to operate more than two multiplexes. This recommendation will greatly increase the economies of scale among broadcasters in the Territory, and will also attract qualified interested parties to enter the multiplex operator business. Such a concept has been proven to work well in satellite broadcasting. We believe also that current technology development will enable a multiplex to increase its carrying capacity of the present 4 programmes to 8 or more programmes in the not to distant future, thus greatly enhancing the efficiency of the multiplex operator.

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