



Star's Response to the Second Consultation on Digital Terrestrial Broadcasting in Hong Kong

Overview

Star fully supports digital broadcasting as it enhances the efficient use of spectrum and improves transmission capacity, resulting in bringing services of better quality and greater quantity to viewers. Most countries, including China, have already outlined a detailed timetable for the switchover to digital terrestrial broadcasting (DTT). Regrettably, Hong Kong, despite its eminent position as the region's telecommunications and media hub, is still a laggard in this respect. We therefore fully support the Government's intention to introduce DTT as early as possible. Further delay will impede Hong Kong's advancement into the digital era and deprive viewers of access to new digital services.

DTT Broadcasting Rollout Timetable

Star urges the Government to expedite the introduction of DTT. We agree with the proposed timetable that simulcast should be kicked off within 2006 at the latest and that territory-wide coverage should be achieved no later than 2008.

Technical Standards

In the first round of the consultation, Star affirmed support for adopting DVB-T as the DTT standard for Hong Kong as it is fully compatible with existing



channel bandwidth frequency plans both in Hong Kong and the Mainland. The Coded Orthogonal Frequency Division Multiplex (COFDM) modulation adopted by DVB-T also makes mobile operation feasible.

Our support for DVB-T remains unchanged, while we also see the merits of the 'market-led' approach proposed by the Government as a way to break the impasse caused by uncertainty over the technical standard to be used on the Mainland. As the Mainland has already adopted the DVB standard for digital broadcast carried by cable and satellite, we hold the view that it is highly likely the homegrown standard for digital broadcasting will be an extension of, and compatible with, the DVB standard.

Regulation of Set-top Boxes and Integrated Digital TV

Star supports the Government's intention to ensure interoperability and accessibility in formulating regulations for set-top boxes and idTV as they are pertinent to the success of the rollout of digital services. We urge the Government to initiate industry discussions as early as possible and we look forward to the opportunity to deliberate on this subject in the next round of consultation.

Simulcast and Transitional Arrangements

Star supports the Government's proposal to assign the MFN multiplex to ATV and TVB for simulcasting the existing analogue channels in both analogue and digital forms, with a set of conditions attached to the assignment.

In particular, we applaud the Government's foresight in laying the condition for ATV/TVB to share facilities at the transmitter sites with new network operators, enabling the latter to tap into the existing infrastructure and resources without incurring unnecessary expenses. This condition will foster



a speedy rollout of new digital services as it brings immense economic and logistic benefits to potential players when they build up their transmission network.

As regards the use of spare capacity in the MFN, Star has no objection to allowing ATV and TVB to launch additional services. However, in order to achieve a level playing field across all multiplexes in the licensing regime and to maximize the full use of the limited capacity, we recommend that the Government open up the spare capacity in the MFN multiplex for both incumbents and new players. Both TVB/ATV and interested new players should be subject to the same licensing requirement for offering additional services.

Multiplex Licensing Framework

In general, Star supports the licensing framework put forward by the Government. We are particularly pleased that the Government has removed the restrictions with regards to the allocation and licensing of multiplexes proposed in the first round of consultation.

Star Group Limited

March 5, 2004