

HKT calls for urgent review of Hong Kong telecom policy as it announces successful 5G trials

HKT (SEHK: 6823) – HONG KONG, June 11, 2018 – HKT has urged the Hong Kong Government to make radical changes to its spectrum policies and management in order to avoid disastrous consequences for Hong Kong, its Smart City aspirations and its role as a regional hub and gateway to the Mainland. The call is made as HKT announces that it has successfully conducted trials for the commercial deployment of 5G mobile technology.

HKT started the publication of a series of papers in December 2016 to voice concerns about Hong Kong's outdated spectrum policy and management practices (Note 1). Today, HKT publishes a paper entitled "Telecommunications Policy – It's Broken and Needs Urgent Review: Other Countries Can Do It. Why Not Hong Kong?", as the issues raised earlier have now become more pertinent than ever.

The paper notes that the Communications Authority (CA) has stated that it is actively laying the groundwork for the launch of 5G services in 2020. "However, this is completely misleading. Making spectrum available by 2020 does not allow the launch of 5G services by 2020. As the CA is very well aware, it can take around two years for spectrum assignees to prepare the rollout of the network using newly acquired spectrum...On the CA's schedule, territory wide coverage will not be available until 2022," it said.

"What the Government is offering are baby steps only; Hong Kong needs giant steps forward if it hopes to catch up with global leaders including China. Particularly disturbing is that the Government does not seem to understand what is at stake here and, while making Hong Kong a 'Smart City' is stated as a policy objective, there seems to be no recognition that no city will be a smart city unless 5G is introduced early and widely," the paper said. "Other countries have made enormous strides in freeing up new spectrum for mobile use in anticipation of 5G being an enabler of their smart city policies."

The paper said, "If the Government truly wants 5G adoption and if it wants Hong Kong to become a Smart City then it really ought to care about the state of the telecoms sector. Telecommunications is the bedrock infrastructure that currently supports Hong Kong's pillar industries (in particular financial services) and without telecoms infrastructure there will be no sustainable Smart City applications." (Note 2)

The paper also notes that current government policies and approach are at odds with the Greater Bay Area strategy. "China is determined to use the Greater Bay Area as its centre of innovation and turn it into a technology powerhouse. It would be ironic to see China leap ahead and Hong Kong left behind as a 'poor cousin' simply because Hong Kong couldn't get its policy and regulatory environment appropriately tuned to the forward-looking needs of the Greater Bay Area," the paper said.

As Hong Kong's leading mobile service operator, HKT is keen to offer customers the latest technology and innovations. HKT has recently conducted field tests of 5G mobile communications in both stationary environment and outdoor mobility conditions with results that exceed our expectation. Using 28GHz mmWave (millimeter waves) technology (with 800MHz bandwidth and 2x2 MIMO), peak data speed reached 8 Gbps in a stationary environment. For mobility testing scenarios, data speed reached 5 to 6 Gbps when the terminal was inside a moving vehicle.

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HKT's technical trials demonstrate that 5G technology is developing rapidly and will be commercially deployable soon. However, in Hong Kong the policy and regulatory environment is lagging behind badly. In particular, the Government's piecemeal approach of drip feeding spectrum into the market incrementally and auctioning it to obtain the maximum possible price is completely unacceptable, hampering the development of the industry and the broader economy as well as hurting consumers. The new paper urges the Government to immediately take steps to:

- Consolidate the release of the 900 MHz and 1800 MHz, 3.5GHz and 26GHz – 28 GHz spectrum. Provide mobile operators with a menu which will enable them to select, in one process, the spectrum that they wish to acquire;
- Develop specific plans to make the 700 MHz spectrum available for mobile use, even if this has to be conditional and subject to the situation in Mainland China;
- Facilitate access to Government owned sites for the installation of cell sites by simplifying the process required to obtain consent;
- Provide a clear, simple and enforceable statutory right of access for mobile operators to enter buildings, shopping malls, MTR and road tunnels etc to install and maintain the equipment necessary to realize the potential of 5G;
- Change the way in which it charges for spectrum. Move to a charging model based on a fixed percentage of 5G revenue; and
- Introduce spectrum trading, fully technology neutral licences and perpetual assignments or, at least, an expectation of renewal.

The paper "Telecommunications Policy – It's Broken and Needs Urgent Review: Other Countries Can do It. Why Not Hong Kong?" is attached to this release for reference.

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Note 1: The Papers are: Open letter to the Secretary for Commerce and Economic Development and the Chairman of the Communications Authority regarding "Radio Spectrum in Hong Kong (December 15, 2016); The Facts about the Admin Fee – and Why Spectrum Costs Drive Increases in the Admin Fee" (December 21, 2016); "Spectrum Supply in Hong Kong" (January 10, 2017); "Spectrum Trading in Hong Kong - Why are we waiting?" (January 18, 2017); "What is True 5G? And Why Spectrum Is So Important?" (February 8, 2017); "Fit for the Future? Spectrum Options for Hong Kong" (May 24, 2017). They are available on www.hkt.com.

Note 2: For further understanding of how cities can use smart technologies to improve key quality-of-life indicators, please refer to a June 2018 publication of McKinsey Global Institute, "Smart cities: Digital solutions for a more livable future", which is available on www.mckinsey.com/smartcities. The report notes that three layers work together to make a smart city hum. First is the technology base, which includes a critical mass of smartphones and sensors connected by high-speed communication networks. The second layer consists of specific applications. Translating raw data into alerts, insight, and action requires the right tools, and this is where technology providers and app developers come in. The third layer is usage by cities, companies, and the public.

About HKT

HKT (SEHK: 6823) is Hong Kong's premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. It meets the needs of the Hong Kong public and local and international businesses with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers.

HKT offers a unique quadruple-play experience in Hong Kong delivering media content on its fixed-line, broadband Internet access and mobile platforms jointly with its parent company, PCCW Limited.

HKT also provides a range of innovative and smart living services beyond connectivity to make the daily lives of customers more convenient, whether they are at home, in the workplace, or on the go. For more information, please visit www.hkt.com.

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