



# Hong Kong SAR's Role as Gateway to Mainland China

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5 December 2006

# Agenda

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- Latest telecommunications market and regulatory developments in Hong Kong
- Hong Kong's role as gateway for Mainland China

# Market and Infrastructure Developments

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## ● Broadband infrastructure

- >98% homes connected to DSL network of incumbent
- >90% homes connected to cable modem service of cable TV operator
- 76% homes connected to fibre-to-the-building network of at least one new entrant
- 51% homes connected to fibre-to-the-building networks of at least two new entrants

## Market and Infrastructure Developments (2)

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- Speed from 1.5 Mbps/640 kbps asymmetric to 100Mbps/100 Mbps symmetric
- Household broadband penetration 67%
- IPTV subscribers 800,000 households
- IPTV household penetration 33%
- Triple play services on broadband connections

# Market and Infrastructure Developments (3)

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## ● Mobile

- Penetration 131%

- Four 3G operators (3G customers – 12% of all mobile customers)

- HSDPA launched with speed up to 3.6 Mbps

## ● External connectivity

- >1,100 Gbps

# Regulatory Environment

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- Fully liberalised with no entry barrier
  - No foreign ownership restriction
  - No limit on number of players except where physical constraints (e.g. spectrum availability) exist
- Transparent and predictable
  - Clear regulation
  - Full reasons published for decisions
  - Consultations before changes

## Regulatory Environment (2)

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- Telecommunications specific law to safeguard competition
- Regulatory reviews as necessary to cope with market and technological developments

# Latest Regulatory Developments

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## ● Completed

- Phased withdrawal of mandatory unbundling of local loops in view of infrastructure-based competition
- Termination of ex ante tariff regulation on incumbent in view of market competition at retail level
- Deregulation of IP-based services

# Latest Regulatory Developments (2)

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## ● In progress

- Deregulation for fixed-mobile convergence
- Spectrum policy review
- Licensing of new wireless technologies
- Setting up a regulator for the converged telecommunications and broadcasting industries

# Connecting China with the World

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- Strategic geographic location
- Close connection with the mother country

# Connecting China with the World (2)

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## ● Infrastructure

- Mainland-Hong Kong connections : nearly half of Hong Kong's external capacity
- Mainland-Hong Kong voice traffic : half of all Hong Kong's external traffic
- Mainland to Hong Kong calls : a quarter of all Mainland China generated external traffic

## Connecting China with the World (3)

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- All four major Mainland carriers are listed in Hong Kong
- Closer Economic Partnership Arrangement (CEPA) : easier access to Mainland market by Hong Kong enterprises

## Connecting China with the World (4)

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- Workforce with financial, marketing and legal expertise, trilingual capabilities and familiar with international commercial environment and Chinese business culture
- Long experience in acting as a bridge between Mainland business and the world



For further details, please contact OFTA.  
Thank you.