

## **Telecommunications Regulatory Affairs Advisory Committee**

### **Subsidy Scheme for Encouraging Early Deployment of 5G**

#### **PURPOSE**

This paper briefs Members on the Subsidy Scheme for Encouraging Early Deployment of 5G (the fifth generation mobile technology) (the “Scheme”) launched by the Office of the Communications Authority (“OFCA”) on 5 May 2020.

#### **BACKGROUND**

2. Hong Kong has entered the era of 5G mobile communications in April 2020 with mobile network operators launching 5G services. Given that 5G technology has the characteristics of high speed, low latency communications, and support of a large number of connected Internet of Things (IoT) devices at the same time, it will significantly enhance reliability and resilience of services with minimum human intervention through automation and remote control.

3. On 5 May 2020, OFCA launched the Scheme under the second round of the Anti-epidemic Fund to encourage various sectors to deploy 5G technology early to foster innovation and smart city applications, and to improve efficiency of their operations and quality of their services that will contribute to enhancing Hong Kong’s overall competitiveness.

## SALIENT INFORMATION OF THE SCHEME

4. OFCA has issued an application guideline (the “Guideline”) and a set of frequently asked questions for the Scheme<sup>1</sup>. Some key information about the Scheme is summarized as follows –

### A. Application Period

The Scheme is open for application from 5 May 2020 until 30 November 2020, or until the total amount of subsidy under the Scheme is exhausted, whichever is earlier.

### B. Eligibility of the Applicant

An applicant must be:

- (a) an entity registered in Hong Kong under the Business Registration Ordinance (Cap. 310);
- (b) an entity incorporated and registered in Hong Kong under the Companies Ordinance (Cap. 622);
- (c) an entity established in Hong Kong by relevant ordinances as statutory bodies;
- (d) a University Grants Committee-funded institution, or self-financing degree-awarding institution registered under the Post-Secondary Colleges Ordinance (Cap. 320);
- (e) a charitable organisation registered under Section 88 of the Inland Revenue Ordinance (Cap. 112);
- (f) a school registered under the Education Ordinance (Cap. 279) or a school entirely maintained and controlled by the Government; or

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<sup>1</sup> The relevant information is available on OFCA’s webpage at: [www.ofca.gov.hk/5g-subsidy](http://www.ofca.gov.hk/5g-subsidy).

- (g) a Government department;

An applicant must have substantive business or operation in Hong Kong before 1 January 2020 and is still in operation at the time of application. Each applicant shall be eligible to receive subsidy under the Scheme for one project only. Furthermore, it should be the entity which will deploy 5G technology for its business or operation in Hong Kong upon project completion to submit the application under the Scheme.

### **C. Subsidy Amount**

The amount of subsidy to be granted to an approved project will be equal to 50% of the actual costs directly relevant to the deployment of 5G technology in the project, subject to a cap of 50% of the project budget approved by OFCA or \$500,000 or the amount of the remaining subsidy available under the Scheme, whichever is lower. It is estimated that about 100 projects can be subsidised under the Scheme.

### **D. Assessment Criteria**

Applications will generally be processed on a first-come-first-served basis. An application will be assessed by an inter-departmental assessment committee (“Assessment Committee”) and must fulfil all of the following essential requirements:

- (i) 5G technology must be deployed and is the primary enabler in the project;
- (ii) There are substantive benefits (e.g. improvements in efficiency, productivity, quality of service) to be brought to the business/sector concerned in Hong Kong through the deployment of 5G technology in the project, in comparison to the deployment of previous generations of mobile

technologies (4G/3G technologies);

- (iii) There are sufficient features and extents of innovation or cross-sectoral synergy in the project. For the avoidance of doubt, a project with the general use of 5G devices and services by the applicant and its employees will not be considered as demonstrating any innovative or cross-sectoral synergy; and
- (iv) The applicant undertakes to complete the project according to the schedule proposed in the application and submit the completion report and audited accounts of the project to OFCA within two months upon project completion or by 31 March 2021, whichever is earlier.

The Assessment Committee and OFCA may also take into other considerations in assessing, or deciding whether to approve, an application. For example, the following types of application may not be considered for grant of subsidy:

- (i) An application which is essentially a replica of application(s) previously submitted by other applicant(s); and
- (ii) An application involves a project which is unlikely to complete within the projected timeframe or before 31 March 2021, whichever is earlier.

## **E. Subsidy Arrangement**

For a successful applicant, OFCA will issue a letter of acceptance (“Letter of Acceptance”), with the details of approval including inter alia the approved project budget and approved subsidy, for acceptance by the successful applicant of the offer to be granted subsidy under the Scheme (“Grantee”).

The subsidy will be granted in two portions. The first portion is

equal to 50% of the approved subsidy and will be granted to the Grantee after its submission of a duly signed Letter of Acceptance to OFCA. The remaining portion will be granted to the Grantee within 30 days after OFCA issued a notice of completion for the approved project.

**F. Sharing of Experience and Best Practices**

OFCA may require a Grantee to (i) publish via electronic means a non-confidential version of the completion report and (ii) take part in sharing session(s) for sharing with other parties the outcome of the project as well as the experience it has gained in implementing the project.

**VIEWS SOUGHT**

5. Members are invited to note the launch of the Scheme and encourage interested parties to make early application for the Scheme.

**Office of the Communications Authority  
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