



4 February 2014

By Email and By Fax (2803 5112)

Office of the Communications Authority
29/F
Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Attn: Dr. Gary Shiu

Dear Dr. Shiu,

Consultation Paper on Application for Prior Consent Under Section 7P of the Telecommunications Ordinance (“TO”) in respect of the Proposed Acquisition of CSL New World Mobility Limited by HKT Limited (the “Consultation Paper”)

This letter contains the representations of Hutchison Telephone Company Limited (“HTCL”) on the Proposed Acquisition referred to in the heading above.

The Hong Kong mobile communications sector is one of the most competitive, if not the most competitive, in the world. HTCL does not see that position changing if the Proposed Acquisition goes ahead: HTCL, SmarTone and China Mobile would continue to compete vigorously with the combined entity.

However, spectrum is an essential input (or “raw material”) to be able to provide mobile communications services. Fair access to spectrum is essential if operators are to be able to compete on a level playing field in the mobile communications sector. Moreover, as a scarce resource, the Government and Communications Authority’s policy is to ensure that spectrum is used efficiently.

In this context, HTCL notes that, even according to HKT’s application for consent to the Proposed Acquisition, the Proposed Acquisition would lead to the combined entity having a share of spectrum well in excess of the operator with the next largest share. HTCL notes that HKT appears to have acknowledged in its application that the combined entity’s share of spectrum would be surplus to its requirements, by offering the commitments referred to in paragraph 8 of the Consultation Paper. HTCL believes that these commitments, if implemented, should address this surplus, help ensure that spectrum is used efficiently, and avoid any distortions of competition which might otherwise arise from the combined spectrum holding in the downstream retail mobile communications sector.

Assuming HKT satisfies OFCA that it will implement these commitments within an appropriate timescale, HTCL believes that the Proposed Acquisition would not have, or be

likely to have, the effect of substantially lessening competition, and it would be appropriate for the CA to give its consent to the Proposed Acquisition.

Finally, HTCL would like to comment on certain statements made by HKT in its application: these comments are set out in the table in the Annex.

Yours sincerely
For and on behalf of
Hutchison Telephone Company Limited



William Brown
Head of Regulatory Affairs

Annex

Comments on HKT Application

HKT Application	HTCL Comment
<p>2.4....“Hutchison is currently the largest mobile operator in Hong Kong by subscribers. It has the ability to leverage its brand ‘3’ (which is one of the largest 3G mobile businesses in the world) with very strong financials. Hutchison is expanding its 4G services in the market.”</p>	<p>It should be made clear that the Hutchison Company which is being referred to is Hutchison Telephone Company Limited (“HTCL”). HTCL operates mobile businesses purely in Hong Kong and Macau. HTCL is therefore not “one of the largest 3G mobile businesses in the world”.</p>
<p>2.4....“Hutchison, SmarTone and China Mobile (HK) are all supported by extremely strong parent companies. Furthermore, Hutchison and SmarTone derive substantial preferential access to key buildings and locations in Hong Kong via their parents and/or property related affiliates whereas China Mobile (HK) benefits greatly by its affiliates’ networks in China and preferential roaming arrangements cross-border.”</p>	<p>HTCL, SmarTone and China Mobile are all part of companies which are listed in Hong Kong, as is PCCW. HTCL operates independently and on an arm’s length basis from other Hutchison non-telecommunications businesses in Hong Kong.</p>
<p>2.4....“It is noted that China Telecom participated in the last spectrum auction.”</p>	<p>China Unicom also participated in the last spectrum auction.</p>