

Dear Sir/ Madam:

In regard to the consultation paper “**Arrangements for the Frequency Spectrum in the 1.9-2.2GHz Band upon Expiry of the Existing Frequency Assignments for 3G Mobile Services**”, Huawei would like to share our opinions with the OFCA.

Huawei believes that **Option 1 “Right of first refusal to be offered to the incumbent 3G operators”** should be the best choice due to the following reasons:

1. **Customer Service Continuity:** If Option 2 & 3 were adopted, consumers would suffer from service discontinuity. Frequency spectrum reallocation of the incumbent operators will require network re-planning and re-structuring. Also, reduction of incumbent operators’ frequency spectrum would cause network congestion due to their current high network loading and increasing traffic demand. As a result, it would cause a great impact to end user experience. Finally, it would definitely affect the whole industry stability and even Hong Kong economy.
2. **System Efficiency & Utilization:** Option 1 allows the incumbent operators to utilize their existing equipment and avoid the waste of equipment and facilities due to later frequency reallocation. Moreover, it can maximize system efficiency (equipment/ facilities/ other costs) as the current equipment and systems are designed for at least 3 UMTS carriers.
3. **Environmental Protection:** Option 2 & 3 would not be environmental friendly. The incumbent operators may not be able to reuse their existing equipment and need to acquire much more new equipments for the newly allocated frequencies. In addition, the new equipment to be built by new comers would increase the overall electricity consumption, radiation, and space occupancy in Hong Kong.
4. **Industry Trend:** The industry trend is to expand each operator’s frequency spectrum rather than reduce it.
5. **International Practices:** In February 2012, Australian government decided to re-issue the spectrum licenses to the incumbent operators, since Australian government believed that it would

provide certainty for consumers and encourage operators' investment.

Huawei greatly appreciate the OFCA to provide this opportunity to share our opinions and make contribution during the consultation period of this matter.

Should you need further discussion with us, please do not hesitate to contact me.

Yours sincerely,

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Huawei Tech. Investment Co., LTD.