

21st August 2020

Dear Sir/Madam,

**Comment on the Consultation Paper on Arrangements for Assignment of
Additional Spectrum in the 4.9 GHz Band for the Provision of Public Mobile
Services and the Related Spectrum Utilization Fee**

We, Comba Telecom (HKEX: 2342), is a global supplier of infrastructure, wireless enhancement, ICT and smart solutions to mobile network operators and enterprises to enhance and extend their wireless communications networks and smart city systems.

We are pleased to provide our views and comments on the various questions raised in the consultation paper issued by the Communications Authority and the Secretary for Commerce and Economic Development on 22nd July 2020 on “Arrangements for Assignment of Additional Spectrum in the 4.9 GHz Band for the Provision of Public Mobile Services and the Related Spectrum Utilization Fee” as follows:

PROPOSED AMENMENT TO THE HONG KONG TABLE OF FREQUENCY ALLOCATIONS FOR THE 4.9 GHz BAND

Question 1: Do you have any views on the proposed amendment to the Hong Kong Table of Frequency Allocations as regards the allocation of the 4.80 – 4.83 GHz band to mobile service on a co-primary basis in addition to fixed service, and the 4.99 – 5.00 GHz band to fixed service on a co-primary basis in addition to radio astronomy service?

Response 1: In view of the requirement for large contiguous bandwidth in the sub-6 GHz band for 5G deployment and the limitation of the 3.5 GHz band to provide continuous radio coverage in the restriction zones in the New Territories and the southern Hong Kong, we support the proposed amendment to change the allocation of the 4.80 – 4.83 GHz band to mobile service on a co-primary basis in addition to fixed service. In addition, we support the proposed amendment to the change the allocation of the 4.99 – 5.00 GHz band to fixed service on a co-primary basis in addition to radio astronomy service to make room for the relocation of the Government services originally occupying the 4.80 – 4.83 GHz band.

PROPOSED ARRANGEMENTS FOR THE ASSIGNMENT OF ADDITIONAL SPECTRUM IN THE 4.9 GHz BAND

Question 2: Do you have any views on assigning the additional spectrum in the 4.9 GHz band by way of auction and allowing all interested parties to apply for participation in the auction?

Response 2: In view of the limitation imposed in the restriction zones to protect the TT&C stations, mobile network operators are not allowed to extend their 3.5 GHz band network coverage to in those restriction zones. Furthermore, the 3.3 GHz band is restricted to indoor deployment only. As a result, mobile network operators who possess the 3.3 GHz and the 3.5 GHz bands only will not be able to provide a comprehensive 5G network coverage for a large area in Hong Kong. If the incumbent assignees of the 4.9 GHz band “strategically” acquire the additional spectrum in the 4.9 GHz by way of auction, they will become the only mobile network operators who can provide comprehensive 5G networks on the new frequency bands made available tentatively for 5G deployment over the whole territory of Hong Kong. One may argue that the non-incumbent assignees of the 4.9 GHz band can re-farm their existing bands below 3 GHz to deploy 5G. However, it is almost impossible for them to do so given that none of them can vacate a contiguous bandwidth comparable to 40 MHz and they must keep sufficient bandwidth in the sub-3 GHz bands to maintain their LTE services which is crucial to the 5G non-standalone (NSA) mode of operation even if they can totally disregard their second generation and third generation mobile services. In our opinion, it will be more efficient and fairer if the non-incumbent assignees of the 4.9 GHz bands are entitled to the rights of first refusal (with the spectrum utilization fee set to a comparable level to those paid by the incumbent 4.9 GHz assignee in the auction of the 4.9 GHz band in 2019) to acquire the additional spectrum in the 4.9 GHz band. The assignment of the additional spectrum by way of auction will be carried out only when they do not exercise the rights.

Question 3: Do you have any views on the proposal to divide the additional spectrum in the 4.9 GHz band into two 40 MHz blocks?

Response 3: As a result of the requirement for large contiguous bandwidth for 5G deployment and the reason as stated in footnote 8 of this consultation, we do not suggest to fragment the newly available frequency blocks into any further smaller block size. In other words, we support the proposal to keep the additional spectrum in the 4.9 GHz as two contiguous 40 MHz blocks.

Question 4: Do you have any views on the proposed spectrum cap of 40 MHz to be imposed on each bidder?

Response 4: Although each of the major mobile network operators has been assigned with hundreds of MHz of spectrum across various frequency bands including the 3.3 GHz and 3.5 GHz bands, the 3.3 GHz band is allowed to be deployed for indoor use only and the 3.5 GHz band is restricted to be used outside the restriction zones in the New Territories and the southern Hong Kong. Furthermore, the major mobile network operators will not be able to make available a large contiguous bandwidth even by re-farming their spectrum used for the provision of the second, third and fourth generation mobile services given that they will need to keep substantial portions of those spectrum to maintain their mobile services other than the 5G services and to support the non-standalone (NSA) mode of operation of their 5G services. Therefore, a spectrum cap of 40 MHz for the whole 4.9 GHz band including their existing spectrum in the 4.9 GHz acquired in the auction in 2019 will be appropriate for each bidder instead of a spectrum cap of 40 MHz of the new additional spectrum in the 4.9 GHz. In other words, the mobile network operators who have already successfully bid for the spectrum in the 4.9 GHz band in 2019 should not be qualified to be a bidder in the auction of the new additional spectrum in the 4.9 GHz band. Nevertheless, this should be subject to the exception that any of the remaining major mobile network operators who have not been assigned any spectrum in the 4.9 GHz band gives up its opportunity to bid for the new additional band in the 4.9 GHz. This should also be subject to the arrangements that the resulting spectrum utilization fees paid by the remaining major mobile network operators should be comparable to those paid by the incumbent assignees of the 4.9 GHz band.

Question 5: Do you have any views on adoption of the SMRA auction format for the assignment of the additional spectrum in the 4.9 GHz band?

Response 5: As set out in our response to Question 2, we propose the remaining two mobile network operators, namely SmarTone Mobile Communications Limited and Hutchison Telephone Company Limited to have the pre-emptive rights to bid for the additional spectrum in the 4.9 GHz band. We are of the opinion that the SMRA auction format for the assignment of the additional spectrum in the 4.9 GHz band will be appropriate only in the event that any or all of them gives up the pre-emptive rights.

LICENSING ARRANGEMENT

Question 6: Do you have any views on the network and service rollout obligations proposed to be imposed on the successful bidders of the additional spectrum in the 4.9 GHz band, and the associated performance (in the case of new assignees of spectrum in the 4.9 GHz band) or undertaking (in the case of existing assignees of spectrum in the 4.9 GHz band) proposed to be provided by successful bidders to secure compliance?

Response 6: With the view to encourage the effective and efficient use of the additional spectrum and to promote investment in 5G, we are of the opinion that the successful bidders should be required not to rent or share all or any part of the additional spectrum to any other incumbent mobile network operators, at least, in the first five years of the validity period.

SPECTRUM UTILIZATION FEE

Question 7: Do you have any views on the proposal in relation to the setting and collection of the SUF as specified in paragraphs 30 and 31 above?

Response 7: No further comment.

We hope that the above views and comments are useful for the Communications Authority and the Secretary for Commerce and Economic Development in considering the matters raised in the consultation paper.

Yours faithfully,

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