

10th November 2020

Dear Sir/Madam,

Comment on the Consultation Paper on Arrangements for the Frequency Spectrum in the 2.5/2.6 GHz Band upon Expiry of the Existing Assignments for the Provision of Public Mobile Services and the Related Spectrum Utilization Fee

We, Comba Telecom (HKEX: 2342), are 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 23rd September 2020 on “Arrangements for the Frequency Spectrum in the 2.5/2.6 GHz Band upon Expiry of the Existing Assignments for the Provision of Public Mobile Services and the Related Spectrum Utilization Fee” as follows:

PROPOSED RE-ASSIGNMENT APPROACH

Question 1: Do you agree with the use of a market-based approach for re-assignment of the Available Spectrum pursuant to the Spectrum Policy Framework?

Response 1: We agree that there are competing demands for the Available Spectrum and, therefore, a market-based approach for re-assignment of the Available Spectrum should be appropriate.

PROPOSED RE-ASSIGNMENT ARRANGEMENTS

Question 2: Do you have any views on the proposal that the Available Spectrum be divided into nine paired frequency blocks with a bandwidth of 2 x 5 MHz each?

Response 2: With the view that a 4G LTE or 5G NR network (we believe the successful bidders are highly to deploy either LTE or 5G NR in the Available Spectrum) should be deployed with a relatively large contiguous bandwidth to offer

services effectively and efficiently, we are of the opinion that a paired frequency block of 2 x 5 MHz would be too small to achieve the desired user experience that is expected for a 4G LTE or 5G NR network. We suggest that the minimum size of the paired frequency block should be set to 2 x 10 MHz and some arrangements should be made to allow a paired frequency block of 2 x 15 MHz at the lower frequency edges of the Available Spectrum.

Question 3: Do you have any views on the proposed spectrum cap of 2 x 25 MHz to be imposed on each bidder for the re-assignment of the Available Spectrum?

Response 3: Referring to our argument in Question 2, either LTE or 5G NR should be deployed with the a relatively large contiguous bandwidth. We, therefore, believe that the spectrum cap should be set to, at least, 2 x 25 MHz.

Question 4: Do you have any views on re-assigning the Available Spectrum by allowing all interested parties to apply for participation in the auction?

Response 4: In Hong Kong, all the four major mobile network operators, namely, Hong Kong Telecommunications, Hutchison Telecom, SmarTone and China Mobile Hong Kong, have already had their 2G, 3G, 4G and even 5G networks in service. It will be very inefficient, both physically and economically, for a new market player to join and deploy its network and services if it really intends to compete with these incumbent mobile network operators. In particular, the new market player will probably need to deploy, at least, both the 4G LTE network and the 5G NR network for the 5G NSA option (we do not believe that a new market player will be interested in acquiring the Available Spectrum and deploy the LTE services only, not to mention the 2G or 3G services). However, it is unlikely that the Available Spectrum will be sufficient for that purpose or it will be highly economically inefficient. As a result, we are of the view that only the incumbent mobile network operators should be allowed to apply for participation in the auction.

Question 5: Do you have any views on the adoption of the SMRA auction format for the re-assignment of the Available Spectrum?

Response 5: We have no further comment on this auction format.

LICENSING ARRANGEMENTS

Question 6: Do you have any views on the proposed licensing arrangements as specified in paragraph 28 – 34 above? In particular, do you have any views on the network service rollout obligations proposed to be imposed on the successful bidders of the Available Spectrum, and the associated performance bond or network coverage statistics as the case may be proposed for ensuring compliance?

Response 6: Besides the proposed licensing arrangements, we suggest that a successful bidder should be required not to rent or share all or any part of the Available Spectrum to any other incumbent mobile network operators, at least, in the first five years of the validity period if the successful bidder is a non-incumbent mobile network operator (i.e. a new market player).

SPECTRUM UTILIZATION FEE

Question 7: Do you have any views on the proposal in relation to the setting and collection of SUF as specified in paragraphs 32 and 33 above?

Response 7: We have no further comment on the setting and collection of the SUF.

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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