



**Comments by Top Express Communications Limited on Consultation Paper entitled "Arrangements for the Frequency Spectrum in the 900 MHz and 1800 MHz Bands upon Expiry of the Existing Assignments for Public Mobile Telecommunications Services and the Spectrum Utilisation Fee"**

Top Express Communications Limited would like to express its views on the consultation paper "Arrangement for the Frequency Spectrum in the "900 MHz and 1800 MHz Bands upon Expiry of the Existing Assignments for Public Mobile Telecommunications Services and the Spectrum Utilisation Fee" ("Consultation Paper") issued by the Communications Authority ("CA") on 3 Feb 2016.

Among the three options which CA has identified in the Consultation Paper, we opt for Option 1: full-fledged administratively assigned approach with the right of first refusal to be offered to the incumbent operators. Our reasons are as follows:

**1. Legitimate expectation**

We disagree with the CA's point about legitimate expectation. Without legitimate expectation for a continuous business operation, it would be very difficult, if not impossible, to make sound business decision.

**2. Competition in the Market**

CA considers that putting the spectrum out for auction under Option 2 provides an opportunity for interested parties to enter the local mobile telecom market. However, when comparing with other overseas jurisdictions, Hong Kong market, having 4 existing operators, is already saturated and extremely competitive.

**3. Impacts to the Industry**

Option 2 or 3 will create unprecedented uncertainty and related risk to the incumbent MNOs, the consumers and Hong Kong as a whole. As a result, it is anticipated that, unlike the substantial long term investments made by the incumbent MNOs in the last decade in communications infrastructure and development of innovative and advanced communications services, the incumbent MNOs would reduce investment and slow down services development, in order to conserve cash and resources to deal with such unprecedented uncertainty and risk. This will create substantial adverse impact to the industry players including service operators, contractors, equipment vendors, and other relevant parties whichever in business operations or job opportunities.





#### 4. Risk of Change

Option 1 provides a stable environment while options 2 and 3 inevitably create high transitional risk which should be avoided.

For the above reasons, we considered Option 1: Right of First Refusal to the Incumbent Operators is the best choice for the benefits of mobile services subscribers, MNOs' investment and market stability.

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Chief Technology Officer

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