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**Submissions on Consultation Paper named "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"**

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H3C refers to 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 3rd Feb., 2016 and set forth its views on the respective questions in the Consultation Paper as follows.

Question 1: Given the CA's views that there are likely to be competing demands for the 900/1800 MHz Spectrum, is there any overriding public policy reason for the CA to consider not adopting a market-based approach pursuant to the Spectrum Policy Framework and to favour the full-fledged administratively-assigned approach (Option 1) for the Re-assignment of the 900/1800 MHz Spectrum?

We take the view that the regulator's role is to provide a stable environment for long term investment, cause as little inconvenience to the subscribers as possible. All these are overriding policy reasons that CA should opt for Option 1.

Question 2: What are your views on whether the full-fledged administratively-assigned approach (Option 1) would achieve the four identified objectives in the Re-assignment of the 900/1800 MHz Spectrum?

From our perspective, Option 1 helps to maintain status quo and will achieve the 4 identified objectives, namely: (a) ensuring customer service continuity; (b) efficient spectrum utilisation; (c) promotion of effective competition; and (d) encouragement of investment and promotion of innovative services.

Question 3: Do you have any concerns about the continuity of customer services, in particular as regards the provision of 2G voice services, to local users and inbound visitors if the full-fledged market-based approach (Option 2) were to be adopted for the Re-assignment of the 900/1800 MHz Spectrum?

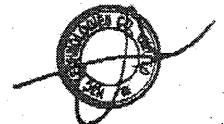
If Option 2 was adopted, this may cause disruption to the market as there is always a risk that incumbent operators may lose part or all of their spectrum. Therefore, Option 2 will not help in preserving the continuity of customer services.

Question 4: What are your views on the full-fledged market-based approach (Option 2) in achieving the four identified objectives in the Re-assignment of the 900/1800 MHz Spectrum?

It is very likely that Option 2 will fail the 4 identified objectives.

Question 5: What are your views on the hybrid approach (Option 3) in achieving the four identified objectives in the Re-assignment of the 900/1800 MHz Spectrum?

We opine that Option 3 will not meet the 4 identified objectives.



Question 6: Would you consider the proposed arrangement to set aside 2 x 5 MHz of the 900/1800 MHz Spectrum as the RFR Spectrum for each of the four MNOs to ensure continuous provision of 2G services during the first three years of the new spectrum assignment term too much, too little or about right? Is there any arrangement other than the provision of RFR Spectrum to each of the four MNOs would also ensure continuity of 2G services for a reasonable period of time in the new 15-year spectrum assignment term?

We disagree with the proposed arrangement and it is our view that the existing arrangements shall be kept by adopting Option 1.

Question 7: Among the four hybrid sub-options, what is your preference and why? Do you have any other variants to the hybrid option you would like to suggest, and if so, what are the details and the justifications?

As mentioned in question 6 above, our view is that the existing arrangements shall be kept by adopting Option 1.

Question 8: What are your views and comments on the principles and methods of setting the SUF as proposed in paragraphs 64 to 75 above?

For the setting of SUF under Option 1, the government may not need to benchmark the SUF with those in the earlier auctions (in which periods the SUF may be on the high side). The reason is that the economic situation nowadays differs a lot from that in the last few years. Instead, the SUF shall be set at a reasonable level in order to make it more affordable for the incumbent operators.

Question 9: Do you agree that in devising the band plan, priority should be given to frequency slots of 2 x 10 MHz each for spectrum in the 1800 MHz band? Do you agree that the band plan in the 900 MHz band should be restructured into frequency slots of 2 x 5 MHz each?

Our view is that the existing arrangements shall be kept by adopting Option 1.



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Question 10: Do you agree that the Auctioned Spectrum should be open for bidding by all interested parties, including the incumbent spectrum assignees and new entrants?

We disagree with Option 2.

Question 11: What are your views on the proposal to impose a spectrum cap and the proposed cap level of 90 MHz?

The current arrangement is preferred.

Question 12: Do you consider it necessary to introduce a sub-cap for the 900 MHz spectrum within the overall spectrum cap of 90 MHz? If the answer is yes, is the proposed sub-cap at 20 MHz suitable?

The current arrangement is preferred.

We do not want to go into further details of the spectrum arrangements and have no further comments on questions 13 to 16.

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