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Submission by Hewlett-Packard HK SAR Limited (HPE) to the Office of Communications Authority (OFCA) Hong Kong

With respect to the consultation paper—**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 Utilization Fee**, issued by OFCA on 3 February 2016—HPE greatly appreciates this opportunity to share our views and contribute during the consultation period of this matter.

HPE believes that **Option 1—Renew the licenses of the existing operators at a price to be determined—**should be the best choice for the Hong Kong telecom market for the following reasons:

1. **Maintain service and quality continuity for the public.** If option 2 and 3 were adopted, consumers would suffer from service discontinuity; affecting both the existing subscribers in Hong Kong as well as the inbound roamers visiting Hong Kong both for international business and tourism.
2. **Encourage long-term investment for innovative services.** Given the current competitiveness in the Hong Kong telecom landscape, the 4 existing operators serving a population of 7.3 million are more than enough. With option 1, the existing operators provide the benefit of long-term investment for innovative services, which potentially means Hong Kong telecom market stays at par with other operators around the globe from a technology point of view. Whereas the opposite may happen if option 2 and 3 are adopted, i.e. consumers go without network upgrade for years.
3. **Maintain business continuity and stable investment environment.** The auction approach creates an uncertainty for the existing telecom operators, its business partners and their customers. And business continuity/ stability is a crucial aspect for creating a conducive growth environment for any nation leading to innovation, promoting foreign investment and service excellence in telecommunications.
4. Lastly, in our view the **Spectrum** fee should be set at a reasonable level to encourage operators to continue to invest for service innovation for efficient spectrum utilization in Hong Kong. If the Spectrum fee is set at very high levels, it would cost billions of dollars for the existing operators to retain their existing holding of spectrum. With potentially high bidding prices, the existing operators and its business partners are uncertain whether they could continue their business ventures.

We wish that the OFCA conducts in-depth analysis from various angles for continuity of service and sustainable development of telecom industry in Hong Kong. Should you need further comments from HPE, or any supporting statements to our views in favor of option 1, please do not hesitate to contact me.

Yours sincerely,

Cally Chan
Managing Director



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