

16 May, 2016
Office of the Communications Authority
29/F, Wu Chung House,
213 Queen's Road East, Wan Chai,
Hong Kong
Attention: Head, Regulatory 4

Dear Sir/Madam,

Consultation Paper regarding "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 Utilization Fee" ("Consultation Paper")

Having reviewed the Consultation Paper issued by the Communications Authority on 3 Feb 2016, our company would like to set forth the following views.

We support Option 1 with the right of first refusal to be offered to the incumbent operators as we believe it is relatively straight forward to operate. There will be no re-allocation of spectrum, no service outage risk during the handover of spectrum, no need for reinstallation of relevant equipment for the newly assigned spectrum, etc. Accordingly, time consuming ordination works amongst the operators, OFCA can be avoided.

Disturbance to subscribers of the incumbent operators can be minimized as there will be no reduction in spectrum, hence, service will not be adversely affected. If option 2 or 3 was adopted, this invariably leads to termination of existing subscribers contracts with the incumbent operators and the re-signing of new contracts with the operators which take up the re-auctioned spectrum.

Service quality and continuity can be maintained under Option 1 as it is unlikely that there will be any change of incumbent operators or their existing spectrum. Fear of service disruption during the transition period can be minimized.

Option 1 will also be conducive to continuous long term investment as long term business operation is guaranteed. This in turn encourages further development of innovative services. All in all, we consider that the benefits of Option 1 outweigh those of Options 2 and 3.

On the spectrum fee, we take the view that it should be set at a reasonable level. Floor price of the spectrum should take into account the current economic environment rather than that in the earlier auctions (at those times while economy was thriving).



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Galaxy Communication (H.K.) Limited