

May 16, 2016

Office of the Communications Authority

29/F, Wu Chung House,

213 Queen's Road East

Wan Chai, Hong Kong

(Head, Regulatory 4)

Dear Sir/Madam,

mwStor is writing to express its views on the 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 Utilisation Fee" ("Consultation Paper") issued by the Communications Authority on 3/2/16.

The general response of mwStor to the Consultation Paper is that there are overriding policy reasons to adopt Option 1 (with the right of first refusal to be offered to the incumbent operators) because keeping the status quo can help to maintain service continuity and quality, incumbent operators' initiative to continue to invest in the long run can also be encouraged.

On the contrary, we can envisage that Options 2 and 3 will likely trigger spectrum re-allocation, thereby running the risk of service interruption during any changeover period. Incumbent operators' incentive to invest will also be hampered, if not stifled, if they are to lose their current spectrum in the auction exercise as contemplated under Options 2 and 3 of the Consultation Paper. All these are not conducive to the continuous development of Hong Kong as a telecom hub.

We are also concerned that setting the spectrum utilization fee at a high level will not be beneficial to the Hong Kong society as a whole. It is likely that the subscribers will be the ones to suffer at the end of the day as it is foreseeable that the operators will pass on such exorbitant SUF charges to the subscribers.

By reason of the above, we opine that Option 1 shall be adopted in order to keep the status quo so that stability can be maintained.

Yours faithfully,



John Li

Vice President, Sales of nwStor Limited

