

**The Views and Comments of China Mobile Hong Kong Company Limited  
("CMHK")**

**to**

**Consultation Paper**

**of**

**Arrangements for the Frequency Spectrum in the 2.5/2.6 GHz Band upon  
Expiry of the Existing Assignments for the Provision of  
Public Mobile Services and the Related Spectrum Utilisation Fee**

Issued on 23 September 2020

***Question 1: Do you agree with the use of a market-based approach for re-assignment of the Available Spectrum pursuant to the Spectrum Policy Framework?***

CMHK: With the various spectrum bands deployed for the provision of 4G services, 2.5/2.6GHz Band is still the major spectrum for 4G network capacity layer to cater for high traffic demand. The 4G network capacity of incumbent operators will be affected if lesser or none of the Available Spectrum is re-assigned to them. It is envisaged that 5G network may not absorb substantial portion of 4G traffic even by year 2024.

There will be remaining 2 x 25 MHz of 2.5/2.6 GHz Band expired in May 2028, and re-assigned separately. If the Available Spectrum expired in March 2024 is re-assigned first, it is likely that operators may end up with non-contiguous spectrum of 2.5/2.6 GHz Band. This will affect the spectrum efficiency in 2.5/2.6 GHz Band.

CMHK suggests that OFCA can consider to offer a Right For First Refusal (RFR) to the incumbent operators (i.e. CMHK, HKT and Hutchison) for extension of the Available Spectrum to May 2028, in order to align with the expiry of remaining 2 x 25 MHz of 2.5/2.6 GHz Band. This will allow a wider and contiguous Available Spectrum (2 x 70 MHz) in 2.5/2.6 GHz Band to be re-assigned by a market-based approach in year 2028.

***Question 2: Do you have any views on the proposal that the Available Spectrum be divided into nine paired frequency blocks with a bandwidth of 2 x 5 MHz each?***

CMHK: CMHK has no objection to the proposed nine paired frequency blocks with a bandwidth of 2 x 5 MHz each.

***Question 3: Do you have any views on the proposed spectrum cap of 2 x 25 MHz to be imposed on each bidder for the re-assignment of the Available Spectrum?***

CMHK: CMHK suggests to adopt a spectrum cap of 2 x 30 MHz to be imposed on each bidder for the re-assignment of the Available Spectrum. This is the current highest of total spectrum assignment in 2.5/2.6 GHz Band to an incumbent assignee.

***Question 4: Do you have any views on re-assigning the Available Spectrum by allowing all interested parties to apply for participation in the auction?***

CMHK: CMHK agrees with re-assigning the Available Spectrum by allowing all

interested parties to apply for participation in the auction.

**Question 5: Do you have any views on adoption of the SMRA auction format for the re-assignment of the Available Spectrum?**

CMHK: CMHK agrees with the adoption of the SMRA auction format for the re-assignment of the Available Spectrum.

**Question 6: Do you have any views on the proposed licensing arrangements as specified in paragraphs 28 – 34 above? In particular, do you have any views on the network and service rollout obligations proposed to be imposed on the successful bidders of the Available Spectrum, and the associated performance bond or network coverage statistics as the case may be proposed for ensuring compliance?**

CMHK: CMHK agrees with the proposed licensing arrangements as specified in paragraphs 28 – 34.

**Question 7: Do you have any views on the proposal in relation to the setting and collection of SUF as specified in paragraphs 35 - 36 above?**

CMHK: With network service migration from 4G to 5G gradually, the Available Spectrum will eventually be re-farmed for 5G network use. The reserve price should be set at a reasonable level, both to reflect the current economic condition, to leave much room to the 5G players to develop more 5G applications and to promote Hong Kong as a smart city.

To allow even more financial flexibility, under the option of annual SUF instalment payment, CMHK proposes to give the spectrum assignee a choice to pay off the then outstanding SUF after the 1<sup>st</sup> assignment year.