



China Mobile Hong Kong Company Limited (“CMHK”)

Response to Consultation Paper

of

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

31 October 2024

Introduction

1. This submission is made in response to the captioned Consultation Paper jointly issued by the Commerce and Economic Development Bureau (“CEDB”) and the Communications Authority (“CA”) on 19 September 2024.
2. China Mobile Hong Kong Company Limited (“CMHK”) welcomes the opportunity to give its views and comments on the proposed arrangements for re-assignment of the 50 MHz of spectrum including (a) 2 x 5 MHz of spectrum in the frequency range of 2,515 to 2,540 MHz bands and (b) 2 x 10 MHz of spectrum in the frequency range of 2,635 to 2,660MHz band which expire in May 2028 upon the existing assignment term.
3. CMHK currently holds 40 MHz in the 2.5/2.6 GHz band which amounts to 29.5% of the total available spectrum in the band. As mentioned in the Consultation Paper that there are growing demands for the spectrum, CMHK shares the view that a market-based re-assignment approach will give any interested party the opportunity to acquire its favorite frequency spectrum in the band according to its own commercial and technical considerations.
4. CMHK believes that the regulatory framework shall help to foster fair and effective competition environment in the telecommunications market. It shall ensure that no single operator would be dominant in terms of spectrum holding on one hand, and on the other hand, spectrum resource would be efficiently utilized so that customers and service users will be benefited in the long term.
5. Against this background, CMHK would like to provide its views and comments with regard to the questions contained in the Consultation Paper.
6. Unless otherwise stated, the terms and definitions in the Consultation Paper will be adopted herein.

Response to the Proposed Re-assignment Arrangements

Re-assignment of Spectrum by Auction

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

7. CMHK has no adverse comments on the use of a market-based approach by way of auction for re-assignment of the Available Spectrum.

Band Plan

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

8. CMHK has no adverse comments with the proposal that the Available Spectrum be divided into five paired frequency blocks with a bandwidth of 2 x 5 MHz each.

Spectrum Cap

Question 3: Do you have any views on the proposed spectrum cap of 2 x 10 MHz to be imposed on each bidder for the re-assignment of the Available Spectrum?

9. CMHK has no adverse comments with the proposed spectrum cap of 2 x 10 MHz to be imposed on each bidder for the re-assignment of the Available Spectrum provided that the bidder rules under paragraph 23 of this Consultation Paper are fully applied.

Eligibility of Bidders

Question 4: Do you have any views on re-assigning the Available Spectrum by allowing all interest parties to apply for participation in the auction, subject to the minimum qualification requirements and the connected bidder restriction?

10. CMHK has no adverse comments with the proposal of re-assigning the Available Spectrum by allowing all interest parties to apply for participation in the auction provided that the bidder rules under paragraph 23 of this Consultation Paper are fully applied.

Auction Format

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

11. CMHK has no adverse comments on the adoption of the SMRA auction format for the re-assignment of the Available Spectrum.

Expiry Date Alignment & HKT's SUP

Question 6: Do you agree with the proposed arrangements for the alignment of the expiry date of the existing assignments of the Available Spectrum and the payment of SUF for the extended period of assignment of the frequency block A5?

12. CMHK has no adverse comments with the proposed arrangements for the alignment of the expiry date of the existing assignments of the Available Spectrum and the payment of SUF for the extended period of assignment of the frequency block A5.

Shorten the Next Assignment Term

Question 7: What are your views on the proposed arrangements to shorten the new assignment term of the Available Spectrum to about ten years and ten months from 1 June 2028 to 30 March 2039?

13. CMHK has no adverse comments on the proposed arrangements to shorten the new assignment term of the Available Spectrum to about ten years and ten months from 1 June 2028 to 30 March 2039.

Others and Performance Bonds

Question 8: Do you have any views on the proposed licensing arrangements as specified in paragraphs 31 to 38 above? (Frequency Transfer, Frequency Swap, Technology Neutrality, Network and Service Rollout Obligations, and Performance Bond for Rollout Obligations)

14. Whilst CMHK appreciates any spectrum transfer is to be considered by OFCA at its sole discretion based on the merits of each case, CMHK does not find any justifiable reason for your pre-approving the transfer of Available Spectrum from HKT/HUT to GBL as per paragraph 32. As a general practice, CMHK understands OFCA will not consider any spectrum transfer until after 3 to 5 years of assignment. CMHK is surprised to see OFCA granting allowance and flexibility ahead of any formal application (and in the absence of any proof of the so-called “technical constraint” as denoted in remark 13 to paragraph 32) from HKT/HUT or GBL to enhance and facilitate the commercial position of these three particular potential bidders in the coming auction.

Spectrum Utilisation Fee

Question 9: Do you have any views on the proposal in relation to the setting and collection of SUF as specified in paragraphs 39 to 40 above?

15. CMHK has no adverse comments with the proposed setting and collection of SUF arrangements as specified in paragraphs 39 and 40.
16. CMHK has no adverse comment on the method of SUF payment. However, for the annual instalment option, it is suggested to consider lowering the pre-set percentage reference to the Composite Consumer Price Index (except for the category of alcoholic drinks and tobacco) listed by the Census and Statistics Department. Please refer to the attached Annex A for your information.

Submitted by
China Mobile Hong Kong Company Limited

31 October 2024

Annex A

年		2023	2023												2024											
月			1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9			
综合消费物价指数	按年变动百分率	商品 / 服务类别																								
		总指数	+2.1	+2.4	+1.7	+1.7	+2.1	+2.0	+1.9	+1.8	+1.8	+2.0	+2.7	+2.6	+2.4	+1.7	+2.1	+2.0	+1.1	+1.2	+1.5	+2.5	+2.5	+2.2		
		食品	+2.7	+5.0	+2.4	+1.6	+2.6	+2.6	+2.4	+2.1	+2.2	+3.0	+3.0	+2.7	+2.3	+1.0	+2.2	+1.9	+1.8	+1.9	+1.9	+1.9	+1.8	+1.0		
		住屋	+1.0	-0.1	-0.1	-0.2	+0.5	+0.5	+0.6	+0.7	+0.8	+0.9	+2.7	+2.8	+2.8	+2.9	+3.0	+3.1	+1.0	+1.1	+1.1	+3.3	+3.3	+3.3		
		电力、燃气及水	+9.6	+20.6	+20.7	+19.9	+17.8	+16.6	+13.3	+9.9	+5.7	+2.9	+0.2	-2.4	-4.8	-7.6	-7.8	-8.7	-9.3	-10.9	+0.1	+2.3	+4.8	+6.5		
		衣履	+5.8	+5.8	+5.5	+6.3	+6.4	+5.8	+5.7	+6.6	+6.6	+6.5	+6.3	+4.7	+4.0	+3.5	+1.3	+0.3	+0.6	+1.1	-0.6	-1.2	-1.8	-1.6		
		耐用物品	-2.4	-2.2	-2.1	-2.8	-3.3	-3.7	-3.7	-3.3	-2.5	-1.8	-1.2	-1.3	-1.0	-1.4	-1.4	-1.5	-0.8	-0.9	-0.6	-0.9	-0.9	-0.4		
		杂项物品	+1.7	+1.0	+0.7	+1.0	+0.8	+1.2	+2.3	+2.0	+2.2	+2.5	+1.9	+2.6	+2.2	+1.9	+1.0	+1.2	+1.1	+1.2	+0.5	+0.9	+0.9	+1.2		
		交通	+1.9	+0.9	+0.4	+2.8	+2.2	+1.5	+1.3	+2.1	+1.5	+2.4	+2.3	+2.4	+2.9	+1.8	+2.3	+2.2	+1.8	+2.3	+1.7	+2.7	+2.8	+1.0		
		杂项服务	+2.6	+2.0	+1.8	+2.7	+2.3	+2.7	+2.5	+2.4	+2.4	+2.7	+3.3	+3.2	+3.2	+2.2	+3.6	+2.9	+2.2	+2.2	+2.5	+2.7	+2.2	+2.0		

注:数据来源 -政府统计处网站 https://www.censtatd.gov.hk/tc/web_table.html?id=510-60001A#