



中国移动通信
CHINA MOBILE

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香港新界葵涌葵昌路51號九龍貿易中心1座20樓
L20, Tower 1, Kowloon Commerce Centre,
51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong

中國移動香港有限公司
China Mobile Hong Kong Co. Ltd.

Our Ref: F052-CM-KY-12

30th July, 2012

By mail and by fax

Office of the Telecommunications Authority
29/F, Wu Chung House,
213 Queen's Road East,
Wan Chai,
Hong Kong

Attn: **Accounting Officer I(I),
Ms. Betty Tse**

Dear Ms. Tse,

**Re: Consultation Paper on Licence Fee Reductions for Unified Carrier Licences
(UCL), Public Radiocommunications Service Licences and Service-Based
Operator Licences Issued under the Telecommunications Ordinance**

We refer to the captioned consultation paper and we attach our submissions for your consideration and further action.

Should you need further information, please contact the undersigned at 2945 8313.

Yours faithfully,
China Mobile Hong Kong Company Limited

Kingsley YUEN
Senior Legal and Regulatory Counsel

Atth.

China Mobile Hong Kong Company Limited
("CMHK")

Response to

Consultation Paper on Licence Fee Reductions for Unified Carrier Licences (UCL), Public Radiocommunications Service Licences and Service-Based Operator Licences Issued under the Telecommunications Ordinance

("Consultation Paper")

Date of Submission: 30th July, 2012

CMHK welcome the initiative taken by OFCA and would like to submit its views on the Consultation Paper dated 29th June, 2012 as follows.

1. We note from paragraph 7 of the Consultation Paper that the number of customer connection for unified carrier licences has increased by 6.6% from 13.6 million in 2010-11 to 14.5 million in 2011-12.
2. Based on the above figure and “anticipating the continued growth of customer connections and taking into account the trend of administration cost, the Secretary considers that there is room for a downward adjustment of customer connection fee and proposes to reduce the fee level from \$800 to \$700 for each 100 customer connections.”
3. In other words, OFCA proposes a cut of 12.5% with a 6.6% increase in number of customer connection.
4. From the historical numbers captured from OFCA’s website, we have some findings about the compound annual growth rate (“CAGR”) of total number of subscribers in the market. The following numbers are up to end of March each year.

	Postpaid SIM	Activated Prepaid SIM	Total
2007.03	5,201,974	3,423,041	8,625,015
2008.03	5,761,870	4,025,720	9,787,590
2009.03	6,162,296	4,249,380	10,411,676
2010.03	6,439,061	4,774,723	11,213,784
2011.03	6,917,565	5,340,611	12,258,176
2012.03	7,236,417	5,894,453	13,130,870

Based on the above, 5-years CAGR is 8.77% and we consider that there shall be room for further downward adjustment. If we are to use the above set of numbers, a simple proration gives 16.6%, i.e. $12.5\% \times (8.77 / 6.6)$. Hence, we would propose that the percentage of downward adjustment for customer connection fee shall not be less than 16.6%.

5. The date of implementing this reduction can also be put forward and earlier than 1st March, 2013 so that incumbent operators can benefit from such downward adjustment as soon as possible.