

China Mobile Peoples Telephone Company Limited

("PEOPLES")

Response to

Second Consultation on Development of Mobile Television Services

("Consultation Paper")

Date of submission: 28 April, 2008

PEOPLES would like to submit its views on the Consultation Paper issued by Commerce and Economic Development Bureau on 29 January 2008.

All abbreviations have the same meaning as in the Consultation Paper.

We welcome your views on the allocation of one multiplex in UHF Band and two multiplexes in Band III for the development of mobile TV services. We also welcome your views on the release of frequency spectrum in L Band and S Band for the purpose.

Peoples feel that the UHF band and Band III is the most appropriate for broadcasting Mobile TV. Peoples further believes that allocating spectrum in the S Band would be detrimental to further mobile telephone service expansion and the introduction of new mobile telephone technologies.

We welcome your views on whether the pro-mobile TV approach should be adopted, whereby at least 50% of the transmission capacity should be used to carry mobile TV content.

Peoples note that the government has tended to maintain a technology-neutral approach in licensing telecom services. This means that the government only specifies the type of services to be provided by the licensees and then allows the licensees to adopt any open standards.

Peoples opine that the government should not take a very broad service-neutral approach. Otherwise, it may result in a situation where similar services (at least from end user perspectives) are regulated under different licensing frameworks.

In addition, Peoples opine that a “pro-mobile TV” approach may be considered as long as the additional services are limited to broadcast type of services (video, audio, data, etc) and not mobile network services.

We welcome your views on the adoption of market-based approach for the development of mobile TV services and the assignment of spectrum and the levy of Spectrum Utilisation Fee through auction.

Peoples agree with the market-based approach.

We welcome your views on the above two light-handed regulatory approaches, and your suggestions on which approach should be adopted for development of mobile TV.

Peoples have no specific preference on either regulatory approach. However, Peoples opine that broadcast-type mobile TV should be distinguished from streaming-type mobile TV. The latter is a more personalized service which should justify a self-regulatory approach driven by the market.

We welcome your views on the requirement that mobile TV services should provide the same geographical coverage as free-to-air broadcasters.

Peoples consider that, for a payable service like mobile TV, the geographical coverage may be driven by the actual market demand. The market may not require the same geographical coverage as free-to-air broadcasters.

Other views and conclusion:

Peoples would like to share some of the observations from the Mobile TV World Summit held in London in Mar 2008.

The demand and success of Mobile TV service globally is not yet conclusive. There are examples of 2 different types of Mobile TV service in the same country eg Korea, namely “Free to Air” and “Pay to View”. It can be seen that the “Free to Air” approach has become more popular leaving the Pay to View model fairly stagnant. This being the case then revenues must originate from other sources eg advertising,

whether in the form of full screen ads or banners at the top or bottom of the screen. How this will be accepted by the subscriber or implemented by the operator is still generally unknown.

Launching a successful & profitable Mobile TV service is not always guaranteed. In Peoples view, there are 5 key success factors for Mobile TV that are universally accepted by the industry:-

- ~ Access network (capacity, QoS, availability)
- ~ Handsets (cost, subsidies, battery life, small screen size)
- ~ Content (same as TV or special for Mobile TV, irrespective it must be attractive)
- ~ Pricing (service fee)
- ~ User experience (Simple to use, quality, seamless, feedback to operator)

These are issues that need understanding and addressing individually.

It appears that the EU is now adopting DVB-H as the European standard. This being the case, then hopefully the issue of handsets availability will soon be resolved. Technology standardization has always led to an abundance of affordable and well-accepted consumer products.

High Definition TV is becoming a major trend globally. The chosen standard for Mobile TV should certainly have HD in its roadmap with the corresponding support from handset manufacturers.

Another prerequisite for success will be the ability to monitor end-user behavior. Targeted information will provide help with:-

- ~ Advertisers (type, how often)
- ~ Content (type, when to view)
- ~ Pricing (Pay to View or Free to Air)
- ~ Quality (User experience)
- ~ Location profile (advertising based on location?)

Naturally, to obtain this type of information on the end-user, a link up with a mobile operator (either in-house or close association) would be necessary.

Peoples feels that, based on information from a number of Mobile TV service trials

around the world, a successful Mobile TV service in HK would need to satisfy a number of criteria the result of which is still not yet totally clear.