

**LEGISLATIVE COUNCIL**

**Panel on Information Technology and Broadcasting  
Meeting on 27 March 2013 at 8:30 am**

Huawei is honored to be invited to attend this panel meeting. As some of the honorable legislators may not be familiar with Huawei, allow me to make a brief introduction of this company.

Founded in 1987, Huawei is a leading global information and communications technology (ICT) solutions provider with a vision to enrich life through communication. In 2012, Huawei's unaudited sales revenue is around USD35.4 billion, with a net profit of approximately USD2.5 billion.

As of December 31, 2012, Huawei has over 150,000 employees. Of the headcount, 45% or about 70,000 employees are specialized in R&D; 73% of the employees working overseas are local recruits. Huawei has 16 R&D centers, 28 joint innovation centers and 45 training centers worldwide. Products and solutions are deployed in over 140 countries, serving more than one-third of the world's population.

We, as a telecom equipment & solution provider, would like to share our views here in respect of the arrangement for the frequency 3G spectrum in the 1.9 – 2.2 GHz Band.

Our views are derived from our consideration on the long-term development of the telecom industry in Hong Kong, rather than the short-term interest of one company's sales and orders. In other words, the views to be expressed here have nothing to do with Huawei's short-term business interests.

Huawei believes that, from the technical point of view, Option 1 "Right of first refusal to be offered to the incumbent 3G operators" should be the best choice for the telecom industry in Hong Kong. Our reasons follow:

1. **Best Utilization of Existing Network & System Equipment:** Option 1 (renewal) allows the incumbent operators to make the best use of their existing network and system equipment, and avoid the waste of equipment and facilities due to later frequency reallocation. Please note that building a city-wide 3G network (over 2,000 cell sites per operator) consumed a lot of professional planning and physical work (for installation and testing, etc.). Options 2 & 3 imply a possibility that part of a well-functioning network will be terminated, which means wasting all the work put in building and optimizing this network. In order to compensate for this kind of change, the whole network will need to be re-planned and re-structured.
2. **Customer Service Continuity:** Option 1 allows the incumbent operators to maintain and improve their service to end-users. Whereas if Option 2 (re-auctioning) or 3 (hybrid) were adopted, the incumbent operators will require to re-plan and re-structure the existing network. Everyone knows that the existing traffic loading on the 3G networks are very high, even with the best effort to minimize service impact to end users, no one can guarantee that services to the

end-users will not be disrupted when cutting network capacity under high loading conditions. We should carefully consider the implications of service disruption if that happens.

3. **Environmental Protection:** Option 1 allows continuing using the existing equipment. Bear in mind that we are talking about not a few, but over 5,000 cell sites in Hong Kong. Options 2 or 3 would mean that some of these well-functioning equipments will be put down, and new equipment will need to be installed to make up for the loss in capacity. On the existing spectrum, the old equipment together with the new equipment provide no additional capacity, but there would be an increase in overall electricity consumption, carbon emission, and space occupation. Imagine what all this would mean to our environment.
4. **Industry Trend:** As the mobile internet is booming, mobile data traffic is exploding worldwide. To fulfill the requirements of mobile internet, 4G (LTE) is the technology trend to fulfill the needs of new mobile internet requirements. More spectrum will be needed to support further development of this technology in order to provide even better mobile services in Hong Kong (e.g. 700MHz and 3.5GHz). Besides, more thoughts should be put to consider another global trend, i.e. sharing of the telecom infrastructure, sharing of the spectrum resources, while focusing on competition between service providers to ensure quality service to end-users.

I hope our views on the subject make some meaningful contribution to your consideration. Thank you!

Huawei Tech. Investment Co., LTD.  
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