

21 May 2013

By fax to 31282820 and by mail

Mr Patrick Chan
Executive Director
SmarTone Mobile Communications Limited
31/F, Millenium City 2
378 Kwun Tong Road
Kwun Tong
Kowloon

Dear Mr Chan,

**Arrangement for the Frequency Spectrum in the 1.9 - 2.2 GHz Band upon
Expiry of the Existing Frequency Assignments**

Thank you for your letter of 25 April 2013. You will have received already our letter to all the five mobile network operators (“MNOs”) of 6 May 2013, advising you of the appointment of the independent consultant to assess and advise the Government on the impacts on service quality and customers if the proposed option is adopted for re-assigning the 3G Spectrum (the “Study”). As a matter of transparency and to facilitate cooperation by the MNOs, we have enclosed to the letter a copy of the consultancy brief, setting out inter alia the tasks involved and the related timeline for the Study.

As we have confirmed at the public hearing conducted by the Information Technology and Broadcasting Panel of the Legislative Council on 27 March 2013, we were already in the process of appointing an independent consultant to undertake the Study. In appointing the consultant, we have adhered strictly to the rules and regulations stipulated by the Government for the procurement of consultancy services. We issued the consultancy brief to the short-listed consultancy firms on 14 March 2013 and invited submission of proposals by the deadline of 2 April 2013. Having carefully evaluated the proposals received on the basis of merits, we have appointed

Network Strategies Limited (the "Consultant") to undertake the Study.

In order to have the benefit of the views and inputs from the five MNOs, following our sending of the consultancy brief to you vide our letter of 6 May 2013, the Consultant has conducted stakeholder interviews with you and all four other MNOs during the week starting 13 May 2013. The Consultant has also compiled a list of data requested from each MNO in order to facilitate the conduct of the Study. In this regard, the list was sent out to you on 8 May 2013 and the Consultant has requested the information to be provided to it by 24 May 2013. We trust that you would provide full co-operation in the provision of requested data and other relevant information.

The Consultant is required to give an overview of the assessment model to the MNOs in early June 2013 and to present the preliminary assessment results to the MNOs sometime towards the end of June 2013. Your views and comments as well as all other relevant materials and information which you provide would be duly taken into account by the Consultant in undertaking the Study.

Last but not the least, we have not in this letter addressed the various allegations and assertions made in your letter pertaining to the consultation exercise on the captioned matter. We do not consider it productive to respond in correspondence on the issues raised, particularly as most of them are a reiteration of the points raised in your submissions in response to the two rounds of consultation conducted on the matter. By not responding at this point, we are not to be taken to be accepting the validity of these allegations and assertions.

We have sent the same letter to the other three parties who have signed on the letter of 25 April 2013. We look forward to the full cooperation of the MNOs in the Study.

Yours sincerely,



(Danny Lau)
for Director-General
of Communications

c.c. Members of the Legislative Council Panel on Information Technology and
Broadcasting