



China Resources Peoples Telephone Company Limited ("Peoples") has the following views on the proposed Spectrum Utilization Fee (SUF) to licensees of 2G mobile services in the new licences upon expiry of their existing ones.

To Peoples understanding, this type of Spectrum Utilization Fee has never been levied on licence renewal for mobile operators in other markets. It will also add extraordinary additional financial burden to 2G mobile operators who are already facing heavy market competition and decreases in revenues. Furthermore, Peoples anticipates that it will force the mobile operators to pass these charge onto the consumers and this may cause widespread resentment and complaints from the public. Peoples feels that in the interests of the HK Telecom industry's reputation, these measures should be carefully reconsidered.