

Telecommunications Users and Consumers Advisory Committee (TUCAC)
Minutes of the 2nd Meeting held at 3:00 p.m.
on 15 November 2012 (Thursday) in Conference Room,
Office of the Communications Authority (“OFCA”),
29/F Wu Chung House, Wan Chai

Present:

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| Mr. Y K HA (Chairman) | Deputy Director-General (Telecommunications), OFCA |
| Mr. Alfred FUNG | Representative of Consumer Council |
| Mr. Francis FONG | Representative of Hong Kong Information Technology Federation (HKITF) |
| Ms. Edith HUI | Representative of Hong Kong General Chamber of Commerce |
| Mr. Eric YEUNG | Representative of small and medium enterprises |
| Ms. Irene LEUNG | Representative of the aged community |
| Mr. C K WONG | Representative of Office of the Government Chief Information Officer |
| Mr. Michael LUI | Representative of Education Bureau |
| Mr. Thomas SUN | Member of the public |
| Ms. Florence MAN | Member of the public |
| Ms. Pauline YUNG | Member of the public |
| Ms. Eva WONG | Member of the public |
| Ms. Cindy CHAN | Member of the public |
| Ms. Jamay WONG (Secretary) | OFCA |

In attendance:

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|--------------------|------|
| Ms. Jacqueline TSE | OFCA |
| Mr. Sidney TSAN | OFCA |
| Miss Edith YAU | OFCA |

Absent with apologies:

| | |
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| Mr. Ricky CHONG | Representative of Communications Association of Hong Kong (CAHK) |
| Ms. Leona WONG | Representative of Hong Kong Wireless Technology Industry Association (HKWTIA) |
| Mr. H F YUEN | Representative of the disabled |
| Mr. Ben YU | Representative of the disabled |
| Mr. K W MA | Member appointed on an ad personam basis |
| Mr. Kenny CHIU | Member appointed on an ad personam basis |
| Ms. Elsa CHENG | Member of the public |
| Mr. Francis NGAI | Member of the public |

Mr. C B WONG
Ms. Martha LEUNG
Ms. Agnes CHAN

Member of the public
Member of the public
Member of the public

I. Opening Remarks

1. The Secretary had not received any proposed amendment to the draft minutes of the 1st meeting from the members and no amendment was proposed by the members in the meeting. The Chairman announced that the minutes of the 1st meeting were confirmed.

II. Customer Complaint Settlement Scheme for the Telecommunications Industry

2. Ms. Jacqueline TSE briefed members on the background information of the setting up and the details of the Customer Complaint Settlement Scheme (“CCSS”), including the scope of the CCSS, the participating telecommunications operators, as well as the acceptance criteria of the CCSS. Related information is in Annex 1 (TUCAC Paper No. 3/2012).

3. The Chairman said that the CCSS would only handle disputes over billing whereas those over service quality would be excluded. This was because the handling of issues related to service quality might call for some specialised knowledge and could not necessarily be settled through mediation service provided by mediators. As the amount of money involved in the billing disputes of the telecommunications industry was usually no more than a few hundred dollars, the Office of the Communications Authority (“OFCA”) hoped that the CCSS could help resolve the billing disputes between customers and their telecommunications operators effectively in a cheaper and simpler way.

4. Mr. Thomas SUN enquired 1) whether or not OFCA had organised any publicity and promotional activities to promote the CCSS; 2) when the CCSS would be expected to be reviewed; and 3) if OFCA would announce the statistics related to the CCSS to the public.

5. Ms. Jacqueline TSE responded as follows: 1) the CCSS was officially launched on 1 November 2012. This was also covered by a number of local newspapers. OFCA would introduce the CCSS in CHOICE Magazine. Consumers

could also access the related information on the websites of the Communications Association of Hong Kong (“CAHK”) and OFCA. In addition, the websites of the participating operators contained the information of the CCSS for consumers’ reference. Complainants would also be informed of the details of the CCSS when the Communications Authority (“CA”) received cases of billing disputes. The Chairman added that operators, when handling cases of billing disputes, also had the responsibility to inform their customers of the option of using the CCSS for mediation. 2) & 3) according to the Memorandum of Understanding signed between OFCA and CAHK, the latter was required to provide statistics and annual reports on the CCSS. It was tentatively decided that quarterly reviews would be conducted, including the review of the procedures and effectiveness of the CCSS. Related information would be uploaded to the website of the CCSS for consumers’ reference.

6. Mr. C K WONG enquired whether or not the mediators of the CCSS were required to possess professional qualifications, or if they were only required to have experience in mediation.

7. Ms. Jacqueline TSE responded that mediators under the CCSS should meet two major requirements, namely, that they should have a certain degree of understanding about the telecommunications industry and that they should possess professional qualifications in mediation, meaning that mediators should have received training at accredited mediation bodies and attained relevant professional qualifications.

8. The Chairman added that to ensure that mediation would be conducted in a fair and objective manner, mediators ought not to be current employees of the operators.

III. Follow-up on Members’ Enquiries about Mobile Network Coverage at the 1st Meeting

9. Mr. Sidney TSAN first explained to members that the design of mobile network coverage was determined by the operators with reference to their commercial considerations, the demand and traffic volume of users, as well as technical, environmental and other factors. He then updated the members on the follow-up actions taken by OFCA to address some members’ opinions on the mobile network coverage at the 1st meeting, including the performance of road tests and the results of such tests. Related information is in Annex 2 (TUCAC Paper No. 4/2012).

10. Mr. Sidney TSAN said that the call quality at the locations concerned in Tin Shui Wai was good while operators had a considerable number of transmission base stations to cover the district. Nonetheless, there might be blind spots at certain locations such as indoor areas.

11. Mr. Francis FONG said that there were some restrictions as far as the installation of base stations was concerned, e.g. whether or not operators could find and rent suitable locations, and if residents would oppose the installation of base stations due to health concerns and so on.

12. Ms. Eva WONG agreed and expressed understanding for the situation. She said that consumers would choose the appropriate service providers according to the performance of individual operators.

13. The Chairman believed that operators would have to enhance service quality to attract customers given the vigorous competition in the mobile service market where consumers were free to choose operators with better service quality. Whenever OFCA received feedback from the public on mobile network coverage, such opinions would be forwarded to the relevant operators for reference.

14. Regarding the coverage and performance of mobile service in the Mass Transit Railway (MTR) area, Mr. Sidney TSAN explained that the MTR was within the coverage of mobile service, however, users might not be able to enjoy smooth mobile service at times due to the large number of users and the limited network capacity. In fact, the MTR had its own indoor integrated transmission system for the use of all mobile service operators, hence the coverage in the MTR area should be more or less the same among different operators. However, factors including the number of users, mobile usage and the flow of data of different operators would affect their service performance. As for the decline in the quality of mobile service in the MTR area, this was because the MTR area was at bottleneck locations where many users were using mobile service at the same time within a confined and narrow space. Besides, transmission base stations had to concurrently handle a large volume of handover between stations to maintain the level of service, and the high concentration of passengers would also affect the reception of signals. In fact, the operators had noticed the situation and were actively working with the MTR Corporation to carry out system expansion projects at the stations and inside the running tunnels, so as to meet the needs of users and improve the situation. However, due to space and daily

work-hour limitations, the progress of the improvement works might slacken. To the understanding of OFCA, the operators had completed the improvement works in some MTR stations. Nonetheless, it should be noted that the effects of such improvement works might not be obviously reflected in the actual use of mobile service in those stations since the increased capacity brought by the improvement works still fell short of meeting the usage demand.

15. As for the service coverage on the Island Eastern Corridor (IEC), Mr. Sidney TSAN pointed out that as the IEC was built alongside the Victoria Harbour, transmission stations on both sides of the harbour would be likely to cause interference to the other side, resulting in problems such as dropped calls, decrease in capacity and poor service performance. Moreover, as the IEC was an expressway, the high traffic speed would also affect the handover between base stations which might lead to call disruptions.

16. Ms. Irene LEUNG was in the opinion that it was most important for consumers to have more than one operator available for selection so that consumers could choose the appropriate service providers according to their own needs. She also expressed concern as to whether or not users could use the services in emergency. Ms. Irene LEUNG said that operators had to make considerable investment when building additional base stations. Such cost of investment would be shifted onto consumers if the operators kept building additional base stations in response to customers' feedback. She pointed out that the increase in number of base stations did not necessarily mean a better coverage since signals from base stations did not support 360-degree coverage. Sometimes operators would take into account customers' opinions and make adjustments to the base stations accordingly; this might end up affecting the reception quality for customers in the surrounding areas. Hence, it would be important to carry out network planning in relation to radio signals.

17. The Chairman said that as the usage of mobile data service had been increasing rapidly in recent years, it was very difficult to maintain a high standard of service quality over a long period of time. Besides, as frequency and other resources were limited, service quality would be further affected if mobile data usage kept increasing, but OFCA was convinced that operators would make continuous efforts to improve their services.

18. Ms. Florence MAN proposed launching consumer education to promote the importance of "Making the Best Use of Limited Resources". Users should only use

mobile service when necessary to reduce usage and ease the burden on the system.

19. Mr. C K WONG said that technology should be used to assist users in managing daily tasks. However, users should also pay attention to their personal health when using the services and avoid indulging in certain services. He proposed that consumer education could be conducted from the perspective of personal health. However, whether or not the proposed consumer education would be implemented by OFCA was another issue.

IV. Any Other Business

Report on Consumer Complaints

20. The Secretary reported that the CA had received 1 223 and 1 395 cases of consumer complaints in the 2nd and 3rd Quarters of 2012 respectively. Among these complaints, 1 198 cases (98%) in the 2nd Quarter and 1 362 cases (97.6%) in the 3rd Quarter were outside the CA's jurisdiction. Most of these complaints involved disputes over billing/contracts/service termination, dissatisfaction with customer services and dissatisfaction with the quality of mobile communications/fixed network/broadband services. The remaining 25 cases (2%) in the 2nd Quarter and the remaining 33 cases (2.4%) in the 3rd Quarter were related to the possible breach of the Telecommunications Ordinance or licence conditions, including complaints about alleged misleading or deceptive sales conduct, access by operators to public areas of buildings for the installation of telecommunications/broadcasting equipment and networks, and alleged anti-competitive practices of service operators, etc. No case was confirmed to be in breach of the Telecommunications Ordinance/licence conditions in the 2nd Quarter of 2012. There was one case in breaching Section 7M of the Telecommunications in the 3rd Quarter. The mobile service operator concerned was subject to financial penalty of HK\$100,000 by the CA. The relevant investigation report has been published on the CA's website. The latest consumer complaint statistics are in Annex 3.

V. Date of Next Meeting

21. The Secretary informed the members that the next meeting would be held on 14 March 2013 at the same time and venue.

22. There being no other business, the meeting was adjourned at 5:00 p.m.

Telecommunications Users and Consumers Advisory Committee (TUCAC)

Customer Complaint Settlement Scheme ("CCSS") for the Telecommunications Industry

15 November 2012

Agenda

1. Background

2. Launch of CCSS

1. Background

- The Communications Authority (“CA”) and the Office of the Communications Authority (“OFCA”) have no power to deal with contractual disputes between telecommunications service providers and their customers
- The parties concerned may have to resort to court for resolution of intractable contractual disputes
- Public Consultation on the CCSS in June 2010
 - to solicit views on salient issues for long term and sustainable implementation of an alternate dispute resolution scheme namely the Customer Complaint Settlement Scheme (“CCSS”) for the telecommunications industry

1. Background

- Conclusion of the public consultation by the former Telecommunications Authority in March 2012
 - support a **voluntary** CCSS implemented by the industry using mediation to help resolve disputes between service provider and customers
 - conduct a **two-year trial** for the voluntary CCSS
 - All parties concerned may fully assess the effectiveness of the CCSS and the public demand for it
 - Following the trial period, OFCA will assess the effectiveness of the CCSS in deciding the way forward for the long-term implementation of the scheme
 - focus on billing disputes which rank top among the categories of complaints received by OFCA

2. Launch of CCSS

- Starting from **1 November 2012**, mediation service will be provided by an independent **CCSS service centre** set up under the Communications Association of Hong Kong (“CAHK”), a non-profit making association for Hong Kong’s communications industries
- Customers who choose to use the mediation service under the CCSS may first contact OFCA for assessing the cases
 - OFCA will refer accepted cases to the CCSS service centre for follow-up actions

2. Launch of CCSS

- **Mediation Service**

- provided by independent and trained mediators
- via telephone communication or meeting, to assist the concerned parties to identify the issues in dispute, their respective positions and expectations; to facilitate the negotiation; to formulate a solution; and ultimately to reach a settlement agreement regarding the resolution of the whole, or part, of the dispute
- **Advantages of Mediation:**
 - Flexible
 - Confidential
 - Consensual
 - Cost-effective

2. Launch of CCSS

- **Scope of the mediation service**
 - Limited to **billing disputes of not less than \$300** between the customers and the participating telecommunications service providers (“Service Providers”)
 - Some examples of billing disputes :
 - a charge not subscribed to or accepted on delivery
 - a charge different from the charge specified under the contract
 - a charge entered on a date different from the service commencement or consumption date
 - a bill failing to show a payment, rebate, or other credit to the customer’s account

2. Launch of CCSS

- **Scope of the mediation service (Cont'd)**
 - Not all billing disputes fall under CCSS's purview. For example, a dispute arising from :
 - the quality of the service ; or
 - the level of charges explicitly stated in the contract

2. Launch of CCSS

- **Participating Service Providers**
 - All major fixed and mobile network operators in Hong Kong participate in the CCSS, including:
 - China Mobile Hong Kong Company Limited
 - CSL Limited
 - Hong Kong Broadband Network Limited
 - Hong Kong Telecommunications (HKT) Limited and PCCW Mobile HK Limited
 - Hutchison Telephone Company Limited and Hutchison Global Communications Limited
 - i-CABLE
 - New World Telecommunications Limited
 - SmarTone Mobile Communications Limited
 - Wharf T&T Limited

2. Launch of CCSS

- **The customer may submit the billing dispute for mediation service if the following conditions are met:**
 - the customer is using a telecommunications service from a Service Provider for personal and/or residential use;
 - the amount in dispute is not less than HK\$300;
 - the customer has lodged the complaint with the Service Provider via the designated channel(s) and a deadlock is reached. A deadlock means a situation either:
 - where the Service Provider has notified the customer that it could not settle the billing dispute with him/her, or
 - where more than 6 weeks have passed since the customer has first complained to the Service Provider and the customer considers that it is not possible to settle the dispute with the Service Provider;

2. Launch of CCSS

- the customer applies to CCSS for mediation service within 4 weeks from notification by the Service Provider to him/her in respect of the deadlock, or 3 months from his/her first lodging of the billing dispute with the Service Provider through the designated channel(s), whichever is applicable; and
- the dispute has occurred within 1 year at the time when the customer apply to CCSS for mediation service

2. Launch of CCSS

- **Handling fee of mediation service**
 - For accepted case, the applicant is required to pay a non-refundable fee of HK\$100 for the mediation service under the CCSS
- **Settlement agreement**
 - If settlement is reached after mediation : both parties to sign a binding settlement agreement
 - If no settlement is reached : either party may pursue own course including bringing the case before the court

2. Launch of CCSS

- **Further Information**
 - Call OFCA at 2180 9521; or
 - Visit CCSS website of CAHK at <http://ccss.cahk.hk>

~ Thank You~

Telecommunications Users and Consumers Advisory Committee (TUCAC)

Follow-up of the Mobile Coverage Enquiries from Committee Members in the First Meeting

15 November 2012

Background

- In the TUCAC meeting dated 9th July, some members enquired about the mobile network coverage and mobile data service quality of their mobile operators.
- After the meeting, OFCA contacted the members to obtain more detailed information for investigation and analysis.
- The enquiries are categorized into the following:
 - Mobile Network Coverage- Fan Kam Road, Sheung Shui
 - Mobile Network Coverage-Tin Shui Wai
 - Deterioration of Mobile Network Quality-MTRC Areas
 - Unstable Mobile Data Connection-Eastern Corridor
 - Slow Mobile Data Connection Speed on Particular Spots
 - Whether 3G Network Resources are Used for Providing 4G Services

Network Coverage of Mobile Network Operators

- The Hong Kong telecommunications market has been fully liberalized. Mobile network operators are driven to continuously improve their network performance, and provide high quality telecommunications services to consumers in a competitive environment.
- The design of mobile network coverage, including the location and the number of base stations are determined by operators' commercial consideration. They take into account factors such as customer demand, traffic volume, technology and environment.
- Consumers can report the coverage problems to their own operators directly. However, consumers may ask OFCA's assistance if they think the operators do not handle the complaints properly. OFCA would refer these coverage issues and suggestions to the operators, and help them to improve their coverage.
- OFCA can assist operators to find suitable location in government premises for base station installation when necessary.
- Based on the locations provided by the committee members, OFCA has performed measurement test for the five mobile operators.

Mobile Network Coverage

-Fan Kam Road, Sheung Shui

- OFCA performed road test on the performance of 5 mobile network operators on 13 Aug
 - Fan Kam Road
 - Good coverage performance for 3 operators and fair for the other 2 operators.
 - On average, each operator has 6 to 8 base stations to provide coverage along the road.
 - Ying Pun Chuen:
 - Overall coverage performance is from fair to poor.
 - Ying Pun Chuen is located around 300m away from Fan Kam Road. Radio wave propagation may be blocked due to the hilly terrain.

Mobile Network Coverage

-Fan Kam Road, Sheung Shui

- OFCA has referred the coverage issue to the corresponding operators for follow-up.
- Operators usually face the following problems when they are looking for suitable locations in rural areas for base station installation:
 - Opposition from local residents, such as complaints about the radiation problem
 - Whether transmission facilities such as optical fiber cable can reach the location

Mobile Network Coverage-Tin Shui Wai

- OFCA performed a road test for the 5 mobile operators on 13 Aug.
 - The testing results indicated that voice quality was good in the following area.
 - Lions Clubs International Ho Tak Sum Primary School
 - Tin Shing Court
 - Tin Shui Estate
 - According to OFCA's records, each operator has over 35 base stations on average to provide coverage in that area.
 - However, some blind spots still exist, such as indoor areas.

Deterioration of Mobile Network Quality -MTRC Areas

- Call disconnection and slow data connection speed occurred in some sections along the MTRC railway
- MTRC areas are bottlenecks, and it is very difficult to maintain good voice and data connection during busy hours.
 - Many mobile users are concentrated in a confined space.
 - Many mobile users need to handover calls between base stations simultaneously.
 - Packed passengers will weaken the mobile signal reception inside the train cabinets.
- The high growth of mobile data usage within MTRC areas poses highly difficult engineering tasks for providing mobile services

Deterioration of Mobile Network Quality -MTRC Areas

- In order to cope with users' demand, all mobile operators are continuously and actively working with MTRC for the system expansion in all stations and tunnels.
- Operators encounter the following restrictions during the MTRC mobile system expansion project:
 - Lack of space for equipment installation
 - Limited daily working hours

Unstable Mobile Data Connection

-Eastern Corridor

- OFCA performed a road test on the four 3G mobile networks on 13 Aug.
 - Result indicated that one of the operators has relatively weaker performance.
 - OFCA referred such issue to the corresponding operator. The operator replied that a new base station would be installed in the 2nd half of the year and the coverage was going to be improved.
- Eastern Corridor is a big challenge to radio frequency planning
 - If there is not blocking, radio waves can transmit very far in distance. The base stations along both sides of the Victoria Harbour may cause interference to each other.
 - Cars moving in relatively high speed cause the mobile phones to handover frequently between the base stations.

Slow Mobile Data Connection Speed on Particular Spots

- OFCA performed measurement tests on four 3G mobile operators' network coverage on 13 Aug
 - Area outside the Liaison Office of the Central People's Government in the HKSAR in Sai Wan
 - Nathan Road between Yau Ma Tei and Tsim Sha Tsui
 - K11 mall in Tsim Sha Tsui
- The average mobile data connection speed is:
 - Downlink speed above 1.9Mbps
 - Uplink speed above 0.6Mbps
- The actual mobile data connection speed is affected by many factors, such as the network coverage, geographical environment and usage level.

Whether 3G Network Resources are Used for Providing 4G Services

- Are 3G spectrum used for providing 4G services, leading to declining 3G service quality?
 - Based on OFCA's understanding, no incumbent 4G operator is providing 4G service with their 3G spectrum.
 - OFCA has adopted the technology-neutral approach on spectrum allocation. Operators may apply their spectrum according to their own business decisions. We cannot rule out the possibility that the operators will convert part of the 3G spectrum for providing 4G services when the demand of 4G services increases to a certain level,

Thank you
~~ End ~~

**The 2nd Meeting of the Telecommunications Users and Consumers Advisory Committee
(15 November 2012)**

**CA's Latest Statistics on Consumer Complaints on Telecom Services
(2nd and 3rd Quarters of 2012)**

| Service Type | 4th Q 2011 | | 1st Q 2012 | | 2nd Q 2012 | | 3rd Q 2012 | | Number of Cases found to involve breach of the Telecommunications Ordinance / Licence Condition after Investigation |
|-------------------------------------|----------------------------------|--|----------------------------------|--|----------------------------------|--|----------------------------------|--|---|
| | No. of Complaints Received | Number of Cases Outside the Scope of the Telecommunications Ordinance / Licence Conditions | No. of Complaints Received | Number of Cases Outside the Scope of the Telecommunications Ordinance / Licence Conditions | No. of Complaints Received | Number of Cases Outside the Scope of the Telecommunications Ordinance / Licence Conditions | No. of Complaints Received | Number of Cases Outside the Scope of the Telecommunications Ordinance / Licence Conditions | January to September 2012 |
| Mobile | 508 | 506 | 566 | 559 | 580 | 575 | 688 | 675 | 2 |
| Fixed Network | 185 | 174 | 186 | 171 | 197 | 185 | 187 | 176 | 0 |
| Internet | 416 | 409 | 382 | 379 | 389 | 382 | 463 | 456 | 0 |
| External Telecommuni- cations | 20 | 20 | 20 | 20 | 28 | 28 | 20 | 19 | 0 |
| Others | 11 | 8 | 6 | 6 | 19 | 18 | 31 | 30 | 0 |
| Unclassified | 16 | 16 | 13 | 13 | 10 | 10 | 6 | 6 | 0 |
| Total | 1156 | 1133 | 1173 | 1148 | 1223 | 1198 | 1395 | 1362 | 2 |

Remarks: The aforesaid statistics on consumer complaints about telecom services do not include reports made by consumers in respect of the Unsolicited Electronic Messages Ordinance.

A. Analysis of Complaints in the 2nd and 3rd Quarters of 2012

Overview

- In the 2nd Quarter of 2012, CA received 1223 consumer complaints, which showed a slight increase from the 1st Quarter (1173 cases). In the 3rd Quarter, 1395 cases of consumer complaints were received. The number of cases was more than that in the 2nd Quarter while the numbers of complaints about mobile communications and Internet services recorded a noticeable increase. Among the complaints in the 2nd and 3rd Quarters, 98% of the complaints (1198 cases) in the 2nd Quarter and 97.6% of the complaints (1362 cases) in the 3rd Quarter were outside CA's scope of jurisdiction as they did not involve any breach of the Telecommunications Ordinance ("TO") or licence conditions ("LC"). The majority of these complaints were concerned with disputes on bills / contract terms / service termination, dissatisfaction with customer service and dissatisfaction with the quality of mobile / fixed network / broadband services. The total number of these 3 types of complaints accounted for 81.5% (976 cases) and 85.8% (1169 cases) of the cases which did not involve any breach of the TO or LC in each of the two Quarters. CA referred these cases to the operators, which would contact the complainants directly to resolve the issues.

Cases Involving Possible Breach of the TO or LC

- The remaining 25 cases (2%) of the consumer complaints in the 2nd Quarter and the remaining 33 cases (2.4%) of the consumer complaints in the 3rd Quarter of 2012 (totalling 58 cases) were related to possible breach of the TO or LC, i.e. which might be within CA's scope of jurisdiction. Among the total of 58 complaint cases in these two Quarters, 31 cases (53.4% of the possible breaches) were related to alleged misleading or deceptive sales conduct, with 12 cases concerning mobile services, 12 cases about Internet services, 5 cases involving fixed network services, 1 case concerning a bundled package of pay TV & broadband services, while the remaining 1 case was related to external communications

services. The remaining cases involving possible breach of the TO or LC included 15 cases related to access by operators to public areas of buildings for the installation of telecommunications / broadcasting equipment and networks, 5 cases related to allegation against suspected anti-competitive practice of service providers, 4 cases related to allegation against service providers of the discrepancy between the concessionary details in the service plans and those stated in the promotional materials, 1 case related to allegation against a mobile service provider of the discrepancy between service pledges and reality, 1 case related to allegation against suspected abuse of dominant position by a fixed network operator that charged exorbitant fees in response to a management company's request for relocating telecommunications equipment, and 1 case related to allegation against a fixed network operator of suspected contravention of Universal Service Obligation (USO). CA would conduct investigation on possible breach of the TO or LC should there be sufficient *prima facie* evidence.

Mobile Services

- In the 2nd Quarter of 2012, among all the consumer complaints received by CA, the number of cases with the complaint rate related to mobile services was 580 (47.4%), which recorded a slight increase from the 1st Quarter (566 cases, 48.3%). In the 3rd Quarter, the number of cases with the complaint rate related to mobile services was 688 (49.3%), which was substantially higher than that in the 2nd Quarter. Disputes on bills / contract terms / service termination (249 cases in the 2nd Quarter, 315 cases in the 3rd Quarter), dissatisfaction with network service quality (108 cases in the 2nd Quarter, 169 cases in the 3rd Quarter), and dissatisfaction with customer service (82 cases in the 2nd Quarter, 99 cases in the 3rd Quarter) were the major types of complaints in the 2nd and 3rd Quarters. The total number of these three types of complaints accounted for 75.7% (439 cases) and 84.7% (583 cases) of the complaints concerning mobile services received in each of the two Quarters. In the 2nd and 3rd Quarters, there were altogether 17 cases about mobile services involving possible breach of the TO and LC. Among these cases, 12 cases were

related to alleged misleading or deceptive sales conduct, 3 cases related to allegation against service providers of the discrepancy between the concessionary details in the service plans and those stated in the promotional materials, 1 case related to allegation against a service provider of the discrepancy between service pledges and reality, and 1 case related to allegation against suspected anti-competitive practice of a service provider.

Fixed Network Services

- In the 2nd and 3rd Quarters of 2012, CA received respectively 197 and 187 consumer complaints concerning fixed network services, accounting for 16.1% and 13.4% of the complaints in the respective Quarters. The numbers of cases in the two Quarters were comparable to the number of cases in the 4th Quarter of 2011 (185 cases) and that in the 1st Quarter of 2012 (186 cases). The three major types of complaints received in the 2nd Quarter of 2012 were related to disputes on bills / contract terms / service termination (70 cases), dissatisfaction with customer service (67 cases), and dissatisfaction with network service quality (21 cases). The total number of these cases was 158, constituting 80.2% of the complaints about fixed network services received by CA. In the 3rd Quarter, the three major types of complaints were related to dissatisfaction with customer service (77 cases), disputes on bills / contract terms / service termination (55 cases), and dissatisfaction with network service quality (26 cases). The total number of these cases was 158, accounting for 84.5% of the complaints about fixed network services received by CA. As for the cases involving possible breach of the TO or LC, there were altogether 24 cases in these two Quarters. Among these cases, 14 cases were related to access by operators to public areas of buildings for the installation of telecommunications / broadcasting equipment and networks, 5 cases about alleged misleading or deceptive sales conduct, 3 cases concerning allegation against suspected anti-competitive practice of service providers, 1 case involving allegation against suspected abuse of dominant position by a service operator that charged exorbitant fees

in response to a management company's request for relocating telecommunications equipment, while the remaining 1 case was about allegation against a fixed network operator of suspected contravention of Universal Service Obligation (USO).

Internet Services

- In the 2nd Quarter of 2012, among all the consumer complaints received by CA, the complaint rate and the number of cases related to Internet services were 31.8% (389 cases), which were comparable to those in the 1st Quarter (32.6%, 382 cases). Among the complaints received concerning Internet services, the major types of complaints were related to disputes on bills / contract terms / service termination (166 cases), followed by dissatisfaction with customer service (91 cases) and dissatisfaction with Internet service quality (85 cases). The total number of these cases (342 cases) accounted for 87.9% of the total number of complaints related to Internet services. In the 3rd Quarter, the number of cases and the complaint rate related to Internet services were 463 cases (33.2%), which represented a substantial increase from 389 cases (31.8%) in the 2nd Quarter. The major types of complaints were disputes on bills / contract terms / service termination (153 cases), dissatisfaction with Internet service quality (124 cases) and dissatisfaction with customer service (115 cases), accounting for 84.7% (392 cases) of the total number of complaints related to Internet services. Among the complaints involving possible breach in the two Quarters, 14 cases were related to Internet services. Of these cases, 12 cases were about suspected misleading or deceptive sales conduct. As for the remaining 2 cases, 1 case was related to allegation against suspected anti-competitive practice of a service provider, while the other 1 was about allegation against a service provider of the discrepancy between the concessionary details in the service plans and those stated in the promotional materials.
- The figures in the columns of “Number of Cases Outside the Scope of the Telecommunications Ordinance / Licence Conditions” and “Number of Cases found to involve breach of the Telecommunications Ordinance / Licence Conditions after Investigation” of the above table do not

include complaints under study / investigation.

B. Case Analysis of Breach of the Telecommunications Ordinance / Licence Conditions

- In the 2nd Quarter of 2012, no breach of the Telecommunications Ordinance / licence conditions was established. In the 3rd Quarter, there was 1 case of breach. It was related to misleading or deceptive representations by a mobile service provider concerning its mobile data service charges on its website. The service provider was found to have contravened Section 7M of the Telecommunications Ordinance. CA imposed a fine of \$100,000 on the mobile service provider. The relevant investigation report has been published on CA's website.

Statistics on Consumer Complaints Received by CA

| Service Type | 2009 | 2010 | 2011 | 2012 (1st to 3rd Quarters) |
|-----------------------------|-------------|-------------|-------------|---|
| Mobile | 1754 | 3023 | 2302 | 1834 |
| Fixed Network | 909 | 812 | 801 | 570 |
| Internet | 1104 | 1561 | 1603 | 1234 |
| External Telecommunications | 123 | 112 | 89 | 68 |
| Others | 122 | 176 | 99 | 56 |
| Unclassified | 39 | 27 | 56 | 29 |
| Total | 4051 | 5711 | 4950 | 3791 |