

## **SmarTone-Vodafone adopts CPNP upon withdrawal of MPNP regime for FMIC**

(Hong Kong, 20 April 2009) The regulatory guidance on Fixed-mobile Interconnection Charge ("FMIC") in favour of Mobile Party's Network Pay ("MPNP") will be withdrawn by the Office of the Telecommunications Authority ("OFTA") after 26 April 2009. Upon the withdrawal of MPNP, SmarTone-Vodafone will adopt Calling Party's Network Pay ("CPNP") as it is the only fair and reasonable FMIC regime because the interconnecting charge is to be paid by the call originating network. SmarTone-Vodafone will continue to negotiate with other fixed operators for an interconnection agreement.

The existing MPNP interconnection agreement with all fixed operators will be terminated after 26 April 2009. Customers' calls will not be affected as OFTA will ensure that "any-to-any connectivity" is maintained. Charges to customers will not be affected as they are purely market-driven and have nothing to do with the cost settlement between operators. SmarTone-Vodafone will no longer account for the PNET charges in the profit and loss account.

"Mobile operators have been subsidising fixed operators under MPNP in what has been an open and competitive market for many years. We are very glad that this outdated, illogical and patently unfair MPNP regime is being withdrawn," said Mr. Douglas Li, CEO of SmarTone-Vodafone.

CPNP is the international practice in most advanced economies with open and competitive markets, including Sweden, Finland, France, the UK, Austria, Belgium, Germany, Denmark, Spain, Ireland, Italy, Greece, Portugal, Luxembourg, the Netherlands, the US, Canada, Australia, New Zealand, India and Malaysia.

Under CPNP, mobile operators will have a net receivable from fixed operators for the following reasons: firstly, the traffic between fixed and mobile networks is slightly imbalanced as the volume of fixed-to-mobile calls is larger than mobile-to-fixed calls; secondly, mobile termination rate is higher than fixed termination rate in most countries – in 15 major European markets, average mobile termination rate is HK\$0.803 whereas average fixed termination rate is HK\$0.063.

To help ensure “any-to-any connectivity”, SmarTone-Vodafone will continue to monitor closely the interconnection performance with all fixed networks. Any signs of abnormal interconnection performance will be reported to OFTA immediately for further action. If any licensee undermines the “any-to-any connectivity”, OFTA may exercise its power to impose a financial penalty or withdraw/suspend the licence.

“Technology and the industry globally are heading towards Fixed-mobile Convergence, and CPNP is consistent to this direction,” Mr. Li remarked.

\*\*\*

For media enquiries:

Mr. Kenrick Ko  
Mobile: 6016 1994  
Direct: 3128 2241

Email: [kenrick\\_ko@smartone-vodafone.com](mailto:kenrick_ko@smartone-vodafone.com)

Ms. Genesis Lee  
Mobile: 9855 4969  
Direct: 3128 2367

Email: [genesis\\_lee@smartone-vodafone.com](mailto:genesis_lee@smartone-vodafone.com)