

May 15, 2000

Senior Telecommunications Controller (Competitive Services)
Office of the Telecommunications Authority
29/F, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Dear Sir

Re: Response to OFTA Third Generation Consultation Paper

We firmly believe that OFTA and the Government of the Hong Kong SAR should auction the 3G licenses instead of adopting the merit-based method.

What is beyond belief is why OFTA would consider it to be fair that the licenses should be granted to operators in Hong Kong in exchange for no fee whatsoever! Such doing is against the interest of Hong Kong citizens.

Frequency spectrum is a public asset like land. If we have auctions to conduct the sale of our land, then there is no a reason why we cannot do the same for the 3G licenses. The fear that OFTA has that the cost of license will in the end be borne by the end users is an over worry. The marketplace will speak for itself when there is enough competition.

Under open tender, license winners will have no alternative but to invest and compete otherwise the tender sum they paid will be lost forever.

The role of OFTA is to create good competition in the market place and that there is a level playing field. Just how the operators make a profit is not a concern. As a public authority OFTA has a duty to protect public assets and the interests of Hong Kong people. No one would argue against the fact that open tender is the best method in assigning public assets to commercial use.

The Hong Kong-based Hutchison Whampoa Limited just won an auction of a British License for a cost of HK\$54.1 billion. The Company issued a public comment that what they got is value for money. If so, then Hong Kong 3G Licenses should be worth a price. It will be a scandal if a company pays happily and heavily for a foreign license while getting a Hong Kong license free.

Like OFTA, we are not willing to have another 'Cyberport' issue. We truly believe open tender is fair to all parties concerned.

Yours Sincerely,