



**NTT DoCoMo, Inc.**

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Dear Sirs,

Re: Consultation on Licensing of Mobile Services on Expiry of Existing Licences for Second Generation Mobile Services

We refer to the above-mentioned consultation paper on 2G licensing (*2G Consultation*) issued on 19 March 2004.

As a shareholder in Hutchison Telephone Company Limited and Hutchison 3G HK Holdings Limited, and as the leading 2G and 3G mobile operator in Japan, we feel compelled to respond to some of the faulty assumptions, and inaccuracies, made in the 2G Consultation in connection with Japan, and the apparent need to introduce cdma2000 in Hong Kong.

OFTA assumes that the high data penetration rates in Japan are due to the deployment of cdma2000, and that the low data take-up in Hong Kong compared to Japan will be solved by the introduction of cdma2000. In DoCoMo's view, these assumptions are not correct, and ignore the realities of the Hong Kong marketplace. In particular:

- We believe that there is nothing unique to cdma2000 technology over any other technology, which has led to a higher take-up of data services in Japan and elsewhere. In DoCoMo's case, the use of mobile data expanded as the number of i-mode users increased, and as i-mode is provided over PDC and W-CDMA this is evidence that mobile data uptake is not dependent on the technology. Furthermore, considering that HSDPA will be introduced in the near future, we believe that W-CDMA is superior to cdma2000 in terms of data speed; therefore it does not seem beneficial to introduce cdma2000 in Hong Kong as W-CDMA has already been launched.

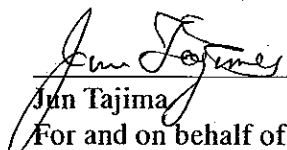
A range of other factors is also likely to explain the differences in mobile data uptake in Hong Kong and Japan.

- There are already no less than 6 operators in Hong Kong while there are only 3 operators in Japan and we think that such a highly competitive environment has hampered the take up of data services before it had a chance to grow. If the Government gives a license to one more operator, the market would be even more competitive and it would be even more difficult for operators to invest in R&D and data services to provide customers with more sophisticated mobile services.
- In Japan, content providers, having a good relationship with operators, play an important role in growing the mobile data market. It is important to establish an environment in which content providers can make a profit in order to lead to higher take-up of data services and we strongly believe that the win-win relationship between operators and content providers in terms of revenue sharing will be key to the success of mobile data uptake in Hong Kong.

In DoCoMo's view, the belief that the introduction of cdma2000, and a 5<sup>th</sup> 3G competitor, will enhance Hong Kong's status as a mobile services hub in Asia is incorrect. It appears that investors already consider the Hong Kong mobile sector overcrowded and that operators are struggling to make a return on their investment. This situation will be exacerbated further by the Government's current plans.

In addition to a decision by OFTA to issue a 5<sup>th</sup> 3G licence, a decision not to renew operators' licences where the operators have fully complied with their licence conditions, will also seem to have far-reaching adverse effects. Operators and their investors must have confidence and certainty that they will be given sufficient time to recoup their investment, and not fear their business plans will be cut-short through no fault of their own. Regulatory decisions such as those contemplated in the 2G Consultation will not only deter investment in Hong Kong, but will also deter existing operators from investing in, and upgrading, their networks during the remainder of their licence terms to the detriment of consumers and businesses.

Yours sincerely,

  
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Jun Tajima  
For and on behalf of  
NTT DoCoMo Inc.