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June 18, 2004

Office of the Telecommunications Authority
29/F Wu Chung House,
213 Queen's Road East,
Wanchai,
Hong Kong

Attention: Senior Regulatory Affairs Manager (Technical Regulation)2

Re: Licensing of Mobile Services on Expiry of Existing Licences for Second Generation Mobile Services – Analysis of Comments Received, Preliminary Conclusions and Further Consultation

Dear Sir,

We are writing to express our concerns on the captioned further consultation paper issued by the Telecommunication Authority (TA).

Nortel Networks urges OFTA to seriously reconsider the "Right of First Refusal" proposal for the existing 800MHz licenced Operators to facilitate advanced mobile data services time to market and to create a favorable investment environment in Hong Kong.

CDMA2000 Time to Market in Hong Kong

CDMA2000 is developing rapidly in North America, South Korea, Japan and other ASEAN countries to offer advanced data services. Most importantly, the PRC Mainland has been enthusiastically adopting CDMA. In light of the growing number of Mainland business and tourist travelers in Hong Kong, this trend means that there is an increasing need for Hong Kong to accommodate CDMA roaming for both voice and data service for Hong Kong in order to remain as the leading telecommunication hub in Asia Pacific.

As a technology leader in the global telecommunications industry, we at Nortel Networks have seen CDMA2000 a mature mobile technology over the past 3 years, with an increasing number of operators around the world having launched advanced data applications using this technology.



Nortel Networks urges OFTA to encourage CDMA licenced operators who are ready to invest in network upgrades to speed up the deployment process and to continue expanding advanced voice and data services for the Hong Kong public. Given the mature stage of development of this technology, we believe CDMA2000 represents an important tool for helping Hong Kong operators meet their market demand for sophisticated mobile data application services.

Right of First Refusal

There has been a lot of uncertainty generated from the 2nd consultation paper regarding OFTA's intention of not offering "Right of First Refusal" to some of the existing Operators. This uncertainty delays the investment plan & CDMA2000 deployment. Furthermore, consumers who are already on services based on licenced networks would face uncertainties on service continuity and adoption of advanced new data services.

It is our belief that licence condition should foster an environment to encourage experienced, credible and innovative licenced operators to continue investing in new technologies for the long term, hence benefiting Hong Kong at large in term of economic development and employment as well as allowing licenced operators reasonable return on investment giving them further incentive to invest in network services and upgrades.

Just for your reference, it is rare for any regulators around the globe to take away licences from licenced operators who are willing to continue providing service and investing in networks to create enhanced value to the consumers.

We would appreciate your due consideration to this important matter. Should you have any questions or require further information, please do not hesitate to contact me. We at Nortel Networks will continue our support for Hong Kong as the premier telecommunication innovator in Asia.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Patrick Lee", written in a cursive style.

Patrick Lee
Director, Wireless Networks
Nortel Networks (Asia) Limited