



Date : 19 June 2004.

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

Attn: Senior Telecommunications Engineer (Technical Regulation) 2

Re : Second Consultation Report from OFTA for 2G License Renewal

We are a mobile solution vendor and system integrator who offer solution architecture to telecom carriers for them to provide value added services and contents to end-users. We write to express some comments to share the captioned matter on the licensing policy for mobile services.

With regard to OFTA's proposal to withdraw the existing CDMA licenses and to reissue a new CDMA2000 license, we have reservation on it because it will pose uncertainty on the telecommunication industry, especially on SMEs in our business alike. We think it will not bring any benefit to the telecommunication industry as a whole.

With a new CDMA2000 licensee, there will be a new round of bidding process for vendors in our business and we will have to undergo a third-party evaluation process on bidders' proposals and capabilities. The third-party evaluators will likely be sourced from foreign conglomerates established in such as Japan or Korea, effectively giving such companies to enter into the Hong Kong market. We believe the local SME players would not like to see further competition on this already over-spilled market in Hong Kong.

Secondly, the evaluation process is a straining exercise, demanding enormous time and

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resources in fulfilling all the requirements. This together with the additional time and resources required to sell to and negotiate with the new licensee, tie up our resources and we shall lose out other possible business opportunities. Essentially huge amount and direct as well as opportunity costs will be wasted.

Thirdly, same as some of the other vendors, we have been working on the service development of the existing CDMA platform. This proposed change will cause us to a total write off of our investment in the development of CDMA service for our customers.

Lastly, as one of our major CDMA customers, Hutchison Telecom had invested a huge amount in its existing CDMA platform. It also continues the commitment of providing CDMA service to the public.

In Summary, it should not be a right time to make the decision to propose and the launch a new CDMA2000 license.

Thanks you for your kind attention

Yours truly,


Raymond Cheung



Chief Executive Officer

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