

The Director General
Office of the Telecommunications Authority
Wu Chung Building
Hong Kong

18 June 2004

Dear Sir,

Licensing of Mobile Services on Expiry of Existing Licenses for
Second Generation Mobile Services

We are a mobile applications & content provider and integrator, partnering up with many application and content providers, offering a wide variety of consumer and corporate applications and contents. On OFTA's second consultation report regarding the licensing policy for mobile services, we would like to share our views and perspectives.

It is true that Hong Kong is lagging behind certain countries in the region in terms of mobile applications and content development and we fully support OFTA's primary objective of driving forward the mobile data development in Hong Kong. We believe these are indeed the common interests among the mobile operators, applications and content providers, and consumers as well. However, whilst we are neutral on whether a new license should be issued, we do not see that adding one more licensee is the answer. Rather, what is more important at this stage is to conduct an urgent review on the policies and success factors of other more successful countries such as Japan and Korea, to see what Hong Kong can or cannot adopt.

For example, from an applications and content provider's prospective, end users will only have more service and content choices if the development and delivery costs are low enough to create the market demand, and the application and content providers are able to conduct a viable business. We would need to borrow reference from these countries to see how this can be achieved.

Adding one more licensee is not the solution. Even if the new licensee is able to

succeed to encourage data usage among its subscriber base, it can only be a small subset of the total subscriber base, as the new licensee only accounts for one out of the seven networks, and their initial subscriber base must be relatively small. So the stimulation in the market would take a long time to be felt.

Further, many of our services, and those of our partners, have to be provided on a territory wide basis to subscribers of ALL networks. Such services, without the support of any particular network, would not only further erode the economy of scale, but would even attract complaints from subscribers denied access.

Therefore, any improvement in the data business environment would need the concerted efforts of every network operator and other stakeholders, to achieve an across-the-board improvement. Adding one more network is simply not addressing the issue.

Another concern is that if the government is erroneously led to believe that the slow development of data services can be cured by the issue of a new license, then other truly effective initiatives may in fact be curtailed, in the false comfort that a solution has been found. If this happens, the issuing of a new license may turn out to become more of a deterrent than a help.

For Hong Kong to live up to its claim of being the communications hub, and in the run up to its hosting the next ITU Telecom World, Hong Kong needs to be at the forefront of advanced mobile technology, and we need a prosperous mobile industry to ensure that. There is no dispute that we should develop and enhance the variety of data communications in Hong Kong but we would rely on the government to set the right direction and environment.

Finally, we would also hope that the Government can take a more active role, both as a user of mobile applications and as a content and service provider.

We sincerely urge the government to give considerations to our suggestions.

Yours faithfully,

Gilbert Chan
Managing Director
Telewide Enterprises Ltd.