

M Tel **Mobile Telecom Network (Holdings) Ltd.**

17 June 2004
BY HAND

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

Dear Sirs,

Re: 2G License Renewal

We are a Hong Kong GEM listed company doing mobile data business in Hong Kong and other Asia Pacific countries including Australia, Singapore and Taiwan. Our businesses focus entirely on 2.5G and 3G mobile data applications and services, representing perhaps the first and may be the only non-operator public company in this young industry in Hong Kong.

In reference to the recent consultation of the industry on issuing a new 3G license to increase mobile data usages in Hong Kong, we would like to share our view with your office. Hong Kong, being a small city economy, has already more mobile operators than any larger national economies in the world. The mobile industry is already overcrowded and all participants including companies like ours are struggling for survival.

The success of Japan and South Korea in 2.5G and 3G is partly attributable to their economy of scale and such economy of scale encourages more investment in innovation and service development. Further fragmentation of the small Hong Kong market will worsen the problems of lack of economy of scale and low profitability. In turn, operators will be less willing to invest in application and service developments and the health of the whole industry will suffer in the long run.

Hong Kong has its own advantage of being the first mover in the Chinese speaking countries of the 3GSM world. We have benefited by participating in the early roll out of the 3G services in Hong Kong. The Hong Kong Government can do more by encouraging more operators to roll out the 3G services rather than issue more licenses. If the existing license holders see no economic benefit in the roll out because of the over competitive market place, more licenses will not help the industry.

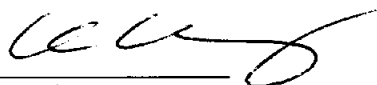
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To further encourage the growth of the mobile data industry, developments in the following areas will be much appreciated:

1. Government led and sponsored efforts towards increasing IT awareness and broadband uptake;
2. Incentives for operators and companies who are willing to be the first movers;
3. Encourage government and local industry participation in 3G services. If investments in data services seem less risky in Hong Kong, companies and operators will be more willing to invest. The mobile data industry as a whole will be healthier and companies like us can secure the necessary finance for growth and job creation.

We hope to further participate in any dialogs that would strengthen the leadership position of Hong Kong in the 3GSM world and look forward to seeing your office taking charge of leading Hong Kong into the top.

Yours sincerely,



Chan Chung
Director