

**Letterhead of SUNDAY**

26th April, 2001

The Hon James Tien Pei-Chun, JP  
Legislative Councillor  
c/o Manhattan Holdings Ltd  
6/F Hutchison House  
10 Harcourt Road  
Hong Kong

Urgent By Fax (2368 5292)

Dear Mr. Tien,

Re: Bills Committee - Telecommunications (Amendment) Bill 2001

We are given to understand that there is a Bills Committee meeting in the afternoon today to discuss the captioned Bill. Since the issue is of paramount importance to the industry, we feel obliged to make a few useful observations by way of this letter for your consideration.

So far our knowledge of the 3G auction framework is restricted to the information and material released by the Government in piecemeal in the past months. Coupled with the fact that there is no official consultation on the auction framework made by the Government, we therefore worry that the ultimate 3G auction framework designed by the Government may not be compatible with the industry and social needs. Also, we are not comfortable with the Government's current proposal on the 4th leaver rule and the "dark room" auction process. Our argument against the Government's proposal was submitted to the Telecommunications Authority in terms of our written Response dated 9th April, 2001. Unfortunately, the Telecommunications Authority has not yet answered the problems raised by the industry.

The Bill will give the Telecommunications Authority wide discretionary powers to determine the matters relating to 3G licensing and auction. Before passage, the industry is expecting more assurance from the Government that these statutory powers will be exercised sensibly to the extent that the ultimate auction framework and rules are reasonable and acceptable in all respects. Our argument is also entrenched by the fact that Hong Kong will be first one to issue 3G licence based on hybrid allocation method. As such, greater caution is justified because the whole world is watching us. No doubt the problems arising from the 4th leaver rule and the "dark room" auction process should be resolved before we become the "guinea pig".

The Hon James Tien Pei-chun JP  
Legislative Councillor

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With the above remarks, we respectfully ask the Bills Committee to give serious consideration to the Bill in the light of the industry's concerns. It is also our recommendation that all the major outstanding issues relating to 3G licensing and auction should be satisfactorily settled by way of further consultation among the industry before the Bill could be passed.

Yours faithfully,  
SUNDAY o/b Mandarin Communications Limited

Fergus Wilmer  
Chief Executive Officer