

NEW WORLD TELEPHONE

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The Hon Sin Chung Kai
Chairman
Information Technology and Broadcasting Panel
Room 601 Citibank Tower
3 Garden Road
Central
Hong Kong

8 April 2002

Dear Mr Sin

Re: Type II interconnection with PCCW

It was a pleasure meeting you last month and I appreciate that you are also concerned about the slow progress made by the new FTNS operators in their roll-out of services. As you are aware, access to PCCW customers through the so-called Type II interconnection remains a big problem.

In respect of ordinary voice service, the trail for increase LAL productivity (from 9 to 16 lines per 2-hour) as agreed by PCCW and approve by OFTA has not been implemented. This was originally planned for 1 January 2002. PCCW has demanded additional charges from the operators which is unreasonable and cannot be agreed. When PCCW and OFTA announced the above trail to the public and the panel members in December 2001, they have failed to mention that the trail is conditional on the payment of additional charges by the requesting operators. In our view, this is potentially misleading.

In respect of broadband Type II interconnection with PCCW, the TA has (at our request) initiated determination proceedings in January 2002. However, it will take at least 6 months for the TA to finalise his decision. We understand that only a preliminary analysis would be available in mind-June.

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In the circumstances, we would appreciate it if the panel can look into these matters and see what can be done to address the situation so that Hong Kong will see genuine competition in the FTNS market and the public will have a genuine choice of alternative service providers. If it is not possible to bring these to the attention of the panel members in this afternoon's meeting, can you table it for discussion in the next meeting. We would be pleased to attend the meeting and provide further information, if required.

Yours sincerely

Dumas Chow
General Counsel

c.c. Albert Wong, Managing Director