



Chairlady, LEGCO councilors, ladies and gentlemen:

Subsequent to the severe earthquake occurred in southern Taiwan on 26 December 2006 night, New World Telecommunications Limited immediately established a contingency unit and contacted international partner carriers to re-route the traffic of international voice and data transmission to other submarine and continental cables. Meanwhile, we allocated additional resources to purchase more than 120% extra bandwidth to ease the network congestion. All these measures, including the overall 220% bandwidth we currently have, enabled us to resume IDD international call service and 80% of Internet connectivity on 28 December 2006.

We were glad to receive global partners' support and customers' understanding in this incident. The goal of New World Telecom to buy extra bandwidth from international carriers was clear: We understand customers' international communications need and we were dedicated to resume all communications without transferring the cost on them.

This incident has aroused local telecommunications operators to review emergency measurements of international voice and data transmission. We have two suggestions, which are both customer-oriented:

The 1st suggestion: “Centralized Bandwidth Backup (CBB)”

This incident shows that the general public and companies in Hong Kong, especially small-medium sized enterprises (“SME”), extensively rely on Internet connectivity. Yet a majority of SMEs don't have their own contingency measures. As a result, their daily operation and communications become paralyzed in case of Internet problem. Thus, a stable and non-interrupted telecommunications network is vital to the citizens and the city economy.

The trading fund of the Office of the Telecom Authority (“OFTA”) has grown steadily in the recent years. In the fiscal year 2005/06, the profit before tax was HK\$74.3 million whilst its capital and reserve has reached HK\$860 million. OFTA should bear responsibility to act as a neutral authority and maintain non-disrupted telecommunications in/out Hong Kong. NWT calls OFTA to release its cumulated capital and reserve of up to HK\$860 million to purchase bandwidth capacity from international carriers in a centralized backup pool.

In case of emergencies and unexpected situations, telecom operators will be able to access the preserved bandwidth offered by OFTA at a pre-set price according to the capacity consumed.

The objective of our first suggestion is to allow all telecom operators, regardless of their size, to obtain sufficient support from a neutral body on a fair basis, under an open and standardized mechanism. This helps free the operators from time-consuming negotiations with international carriers and resume telecom services for customers in the shortest time, without delay. This is a customer-oriented suggestion, building a safety net for all customers.

NWT is willing to participate and offer assistance for the smooth operation if OFTA implements the above measurement.

The 2nd suggestion: “Broadband For All (BFA)”

Currently, the residential broadband penetration rate and business Internet usage rate are 67% and 55% respectively. There is still significant development room in Hong Kong. To maintain Hong Kong as Asia’s communications and economic hub, we must work hard to develop communications infrastructure and technological applications.

From the customers’ viewpoint, the most important thing is how technological applications improve their living standard and let them choose proper communications solutions from diversified service.

The latest Digital 21 Strategy Consultation Paper of Commerce, Industry and Technology Bureau (“CITB”) mentioned the vision in building an inclusive, knowledge-based society of Hong Kong. Whereby, every citizen and SME will make use of broadband connectivity, information and communications technologies to conduct daily communications and e-business activities. Therefore, NWT believes that OFTA should continue to provide an enabling environment for the introduction of advanced, full-coverage telecom and network technologies. A city with advanced broadband coverage and tremendous choices certainly accelerates the development of creative industry.

To achieve the goal of “broadband connectivity for every citizen with choices of technologies deployed”, NWT proactively calls for the government to expedite the implementation of Broadband Wireless Access (“BWA”) and issue relevant licenses. WiMAX is one of BWA’s technologies that show significant capability and reliable performance in data transmission. BWA technology allows high-speed broadband access everywhere, which is an alternative choice of broadband service in town.

The telecom policy should not be eyeing on whether to withdraw the Interconnection Charge, but to focus on spectrum arrangement. BWA provides an alternative choice for “last mile”; on the other hand, it helps extend broadband connectivity to remote areas by the station webs. What’s more, the deployment of BWA shall facilitate the development of fixed-mobile convergence (“FMC”) services, which is a definite global trend at the moment.

It is critical to deploy BWA in a timely manner. More and more countries in the region have embarked on the licensing of BWA. For instance, Thailand has started to invite applications for BWA license; and Taiwan has decided to issue three WiMAX licenses; while Korea is also in its full gear to develop WiMAX services. If Hong Kong does not speed up the release of new band spectrum and realize the development of FMC services, its image as the world’s highest broadband penetration area and the communication hub in Asia Pacific will be jeopardized.

NWT has pioneered WiMAX’s evaluation and city trial runs since 2003 and obtained satisfactory result. Compared with self-built network, it significantly saves time to build BWA network in Hong Kong. We are confident to launch BWA service in Hong Kong within 9 months after receiving BWA spectrum. In addition, we suggest OFTA to handling BWA and FMC licenses issuance separately. We have confidence in launching BWA services prior to issuing FMC licence by OFTA.

On the other hand, we concur to strengthen the reporting mechanism among OFTA and other telecom operators. In case of any emergency, OFTA can be take the lead to report the latest situation thoroughly and timely to all parties, which can then jointly discuss contingency plans that help minimize any adverse impacts to citizens and companies.

We truly believe that Hong Kong should increase its pace in equipping itself to fulfill the future communications needs by developing more and diversified information and communications services, hence to firm its foothold as the major information hub in the region and around the globe.

Thank you.