

LETTERHEAD OF CITY TELECOM (H.K.) LTD

October 19, 1998

BY FAX & BY MAIL

The Hon. Mr Sin Chung-kai
Convenor
Information Technology and Broadcasting Panel
Legislative Council
Hong Kong SAR
October 16, 1998

Dear Mr Sin,

Local Access Charge

Thank you very much for having arranged for OFTA to explain to us today how it has arrived at the controversial Local Access Charge of 31.3 cents per minute for future interconnection with the Fixed Telecommunications Networks. The meeting helped clarify some of the questions.

However, as active players in the telecommunications and Internet industries, we remain unconvinced of the so-called —forward looking— charging regime. If the current official proposal is implemented, competition is doomed to be stifled at the expense of the consumers.

The OFTA recommendation will have far-reaching adverse implications on the development of an open and fair telecom market in Hong Kong. We have, therefore, taken the liberty to draw your panel's attention to this grave issue.

We would be grateful if the industry players could be granted a session to present our concerns to you and your colleagues, so that Councillors could have a clearer picture in their deliberations of this important matter before a final decision is made.

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Thank you again for your attention.

Yours truly,

City Telecom (H.K.) Ltd.

Empire Tel (HK) Ltd

Global One Communications Ltd.

New Era Foundation (Far East) Ltd.

Newsnet Telecom Ltd.

cc Members, Information Technology and Broadcasting Panel

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