

香港中環紅棉路八號東昌大廈十四字

14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong.

Tel: 2526 6516 Fax: 2868 4387

BY EMAIL ONLY (clschoi@ofta.gov.hk)

16th February 2004

Office of the Telecommunications Authority
29/F Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong
Attention: Mr. Edward Whitehorn,
Head, Competition Affairs Branch

**SUBJECT: Response to Consultation Paper - Draft Merger and
Acquisition Guidelines for Hong Kong Telecommunications Markets**

Dear Madam/Sir,

Greeting from the HK Telecommunications Users Group (HKTUG).

With reference to the consultation paper on the above subject on 23 December 2003, HKTUG is pleased that the consultation paper has addressed many issues and concerns raised during the consultation period. As responded to Telecommunications (Amendment) Bill 2002 on Merger & Acquisition in February 2003, HKTUG welcomes the policy objectives of the proposed regulation and the draft guidelines in order to ensure consumer interest while allowing M&A as usual business activities.

To re-iterate, HKTUG has been advocating the liberalization of the telecommunication industry since our inception before the establishment of OFTA. As such HKTUG is pro-competition and pro-consumer. We believe that an effective competition regime will benefit all players in our industry. As M&A activities have the effect of reducing the number of players and consolidating market forces to create a less competitive environment, we feel that the proposed M&A Bill is relevant and necessary to safe-guard the improvements and benefits created by the opening of the telecommunications market.

As such, HKTUG supports the early commencement of the M&A regulation enacted by Legco in 2003. The enactment will be good for protection of competition and consumer interests. Delay in commencement may mean unclear regulatory control on certain M&As which may give rise to competition concerns.

We also recognize that the revised draft guidelines prepared by OFTA are in line with international best practice. The revised guidelines provide clarity and give guidance to the industry on how the TA may exercise his power, without compromising the proper exercise of power to look into M&As which may give rise to competition concerns.

Finally, HKTUG as a user community would like to ensure the continuity and level of services caused as a result of such M&A activities. It is therefore appropriate to highlight this aspect in the Guideline document.

Yours truly,

A handwritten signature in black ink, consisting of stylized Chinese characters that appear to be '陳弘' (Chan Hong).

Simon Chan
Chairman, HKTUG