

**AUCTION OF RADIO SPECTRUM
IN THE 2.3 GHz AND 2.5/2.6 GHz BANDS
TO ENABLE THE PROVISION OF
BROADBAND WIRELESS ACCESS SERVICES**

**Notice of Modification
for the Information Memorandum Published on 3 October 2008**

The Telecommunications Authority (the “Authority”) has received requests from the industry that, in the light of the financial turmoil, the Performance Bond requirement as specified in the Information Memorandum dated 3 October 2008 should be relaxed.

2. The Performance Bond requirement serves to provide the necessary financial incentive for the Licensees to comply with the network and service rollout requirements. Each Licensee is required to lodge with the Authority a Performance Bond, the amount of which is proportional to the amount of the assigned radio spectrum and is set at HK\$50 million for every 5 MHz of the radio spectrum assigned to the Licensee.

3. The Authority recognises that the financial crisis has intensified since the publication of the Information Memorandum on 3 October 2008. In view of the fast changing environment and in order to mitigate any difficulty which the Provisional Successful Bidders may have in acquiring new credits, the Authority, after due consideration, determines that the amount of the Performance Bond will be reduced to HK\$25 million for every 5 MHz of the radio spectrum assigned to the Licensee. The Authority considers that the revised level of the Performance Bond will be sufficient to deter any hoarding of radio spectrum. Moreover, the lowering of the bonded sum will not affect adversely the public revenue from the auction of radio spectrum since the Performance Bond will be discharged when the Licensee fulfils the specified network and service rollout requirements.

4. For the avoidance of doubt, the relaxation of the Performance Bond will not change the network and service rollout requirements, i.e. the Licensee will still need to cover within five years at least 200 buildings for the provision of fixed services or at least 50% of the population for the provision of mobile

services.

5. The Authority will, in exercise of his powers under paragraph 7.10.1 of the Notice, modify the Notice accordingly. The Authority will publish in the Gazette a modification notice on 14 November 2008.

Office of the Telecommunications Authority
13 November 2008