

Auction of Radio Spectrum
for the Provision of Broadband Wireless Access Services
- First Batch of Questions and Answers

The Telecommunications Authority (the “Authority”) has received questions in relation to the Information Memorandum published on 3 October 2008. The Authority now under paragraph F.2.1 of the Information Memorandum sets out his responses to the questions.

Terms not otherwise defined herein shall have the same meaning ascribed thereto in the Notice issued by the Authority on 3 October 2008 (the “Notice”), or as the case may be, in Appendix D “Glossary of Terms” of the Information Memorandum.

SPECTRUM SUPPLY (SS)

SS.1 Will other frequencies in the 2.6 GHz band be available for auction in future? What frequencies and when? In particular, will the reserved frequency bands 2515-2540 MHz and 2570-2600 MHz be available for assignment before the end of 2011?

Ans. As stated in paragraph B.1.4 of the Information Memorandum, whether or not the frequency bands of 2515 - 2540 MHz and 2570 - 2600 MHz will be available for assignment in future would depend on further coordination with the Mainland authorities. In any event, these frequencies will not be available for assignment before the end of 2011. No further warranty can be given as to whether and when these frequencies will be available for assignment.

As regards the allocation of the frequencies in the range of 2635 – 2660 MHz, this is one of the issues being covered by the Government in its consultation paper titled “Second Consultation on Development of Mobile Television Services” issued on 29 January 2008. A copy can be downloaded at:

<http://www.ofta.gov.hk/en/report-paper-guide/paper/consultation/cp20080129.pdf> .

SS.2 (a) Does OFTA consider that it is appropriate to reserve spectrum for mobile television services distributed via Satellite (2636-2660 MHz) considering the limited amount of spectrum that is available in the 2.6 GHz range? (b) When will clarity regarding this reservation or release become available?

Ans. As mentioned in the Answer to SS.1 above, the Government has issued a consultation paper on the development of mobile television services. The deadline for submission of comments was 28 April 2008. The allocation of the 2635-2660 MHz is one of the issues to be deliberated. Once the Government makes the decision, whether this band should be reserved or released will be made known.

SS.3 What assurances can OFTA provide auction participants that its future actions with respect to (but not limited to) the release of additional relevant spectrum (i.e. spectrum with comparable or better propagation or other characteristics than the spectrum which is currently on offer) will not devalue the spectrum acquired under this auction process?

Ans. In order that interested parties may know the potential supply of radio spectrum through an open bidding or tendering process for the following three years, OFTA has published on 30 April 2008 the Spectrum Release Plan for 2008/09 – 2010/11. A copy of this can be downloaded at <http://www.ofa.gov.hk/en/freq-spec/plan2008.pdf>.

Interested parties should make their own independent assessment of the potential value of an assignment of the Frequency Bands. No warranty whatsoever as to the value of the spectrum could be provided by the Government, the Authority or OFTA.

SS.4 Regarding paragraph B.16.2 of the Information Memorandum, please advise the timeframe for introduction of spectrum trading.

Ans. In the Spectrum Policy Framework announced by the Government in April 2007, the Government has stated in paragraph 5.3 that it is the policy inclination to introduce spectrum trading in Hong Kong in the long term, subject to a feasibility study and resolution of various implementation issues. A copy of the framework can be obtained from <http://www.cedb.gov.hk/ctb/eng/legco/pdf/spectrum.pdf>. We are now in the process of engaging a consultant to conduct such a study. There is no timeframe for introduction of spectrum trading yet.

NETWORK ROLLOUT AND PERFORMANCE BOND (NP)

NP.1 Can a Successful Bidder reuse its in-building infrastructure under an existing carrier licence to satisfy the BWA rollout requirement as given in Schedule 8 of Licence attached to Appendix 1 of the Information Memorandum? Will there be any difference between the following cases?

- (a) If the Successful Bidder keeps two licences (i.e. existing fixed / mobile carrier licence and the new Unified Carrier Licence (UCL)).**
- (b) If the Successful Bidder converts the existing fixed / mobile carrier licence into UCL.**
- (c) If the Successful Bidder holds the UCL while its sister company holds the fixed / mobile carrier licence.**
- (d) If same as (c) but both the Successful Bidder and its sister company are not wholly owned by their parent company.**

Ans. In meeting the BWA rollout requirement, the Licensee may build new in-building infrastructure or reuse its existing infrastructure as part of the BWA network. It may also lease or acquire such infrastructure from other licensees for establishment of the network. The requirement shall be met by the Licensee irrespective of its share holding structure or relationship with other licensees providing the network infrastructure.

NP.2 Regarding paragraph C.1.1 of the Information Memorandum, would the Licensee be subject to any restriction on network sharing similar to the 3G licensee?

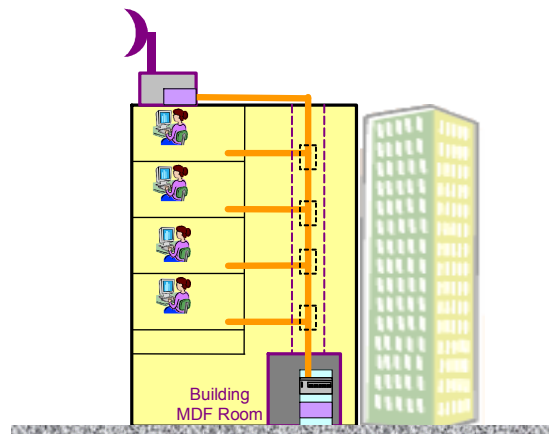
Ans. To promote competition in the market in terms of network coverage and quality, the Licensees are expected to operate separate networks to meet the rollout requirements as specified under Special Condition 31 of the BWA licences. However, sharing of telecommunications infrastructure among licensees is acceptable in situations such as in tunnels, transportation terminals, indoor complexes, etc. where it is impracticable due to space or other physical limitations, or unacceptable to the management of the premises, for multiple radio stations to be installed for the provision of the services. Licensees may also share facilities such as antennas, towers, ducts, sites under other situations. If necessary, the TA may issue guidelines under Special Condition 1.1 of the UCL to specify the scope of sharing of network and facilities.

NP.3 To our understanding, the radio connection between the radio station and a Customer Premises Equipment (CPE) device located in a residential premise is considered as a fixed service. Thus, the Successful Bidder is not required to build the in-building infrastructure at all in order to meet the network and service rollout requirement if its proposed fixed service is the aforesaid radio connection. In this deployment, the Licensee is just required to build the radio station at the hub. Is this understanding correct?

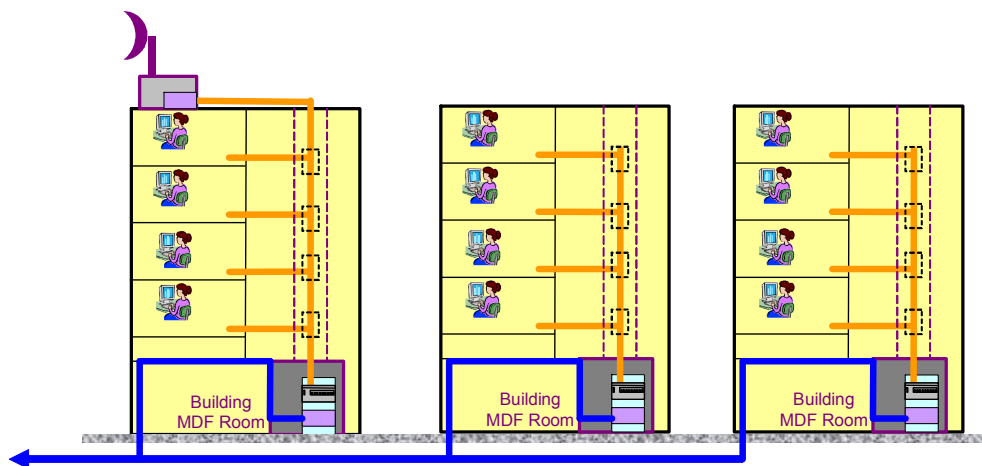
Ans. The Authority will not restrict the form of wireless access network that may be provided using the BWA spectrum. The wireless access may be provided by means of a direct radio connection between a hub and a CPE in a customer premises or between a hub and a roof-top terminal station, which is in turn connected via in-building infrastructure to CPE.

NP.4 The requirement of network rollout for fixed coverage is to cover minimum 200 buildings. Please confirm whether the buildings (assuming all over 20 levels) under the following two cases will be counted. In both cases, the CPE radio station is connected to radio station of a hub.

- (a) A building with a CPE radio station (including the antenna and equipment) is installed at the roof-top and is connected to the in-building blockwiring.



- (b) A group of buildings (e.g. 3) is connected with fibre with each other and a CPE radio station is installed in one of the buildings and connected to the in-building blockwiring.



- (c) Suppose all the buildings referred to above are connected with fibre backbone. The use of radio link is not for

**providing primary connection but is used as a backup.
Would such buildings be counted?**

Ans. Regarding case (a), the building which is reached by BWA radio link would be counted as covered by BWA service.

Regarding case (b), the first building which is reached by BWA radio link would be counted (same as case (a) above). The second and third buildings are served by means of extension (for example using fibre links or wirelines as depicted) of the BWA wireless access network terminating in the first building. The second and third buildings would be counted as being covered by BWA service on the condition that the wireline extensions from the first building to these two buildings do not cross public streets or unleased Government land.

Regarding case (c), on the condition that the wireline extension does not cross public streets or unleased Government land, the building which is covered by BWA radio link would be counted irrespective of whether the wireless access is provided as a primary customer access network or it is provided as a backup network.

NP.5 The requirement of the network rollout is to cover within 5 years at least 200 buildings for fixed services and at least 50% of the population for mobile services. In addition, the Licensee is obliged to maintain at least this level of coverage thereafter. Please clarify when the Performance Bond will be returned, at the time the coverage is over 50% or end of the 5th year? Will there be early return of the Performance Bond if the rollout requirements are fulfilled before the end of the 5th year?

Ans. After the Licensee achieves the milestone of providing coverage to 200 buildings and/or 50% of the population, the Licensee can apply to OFTA for the completion of this milestone. OFTA will then perform an audit of this milestone compliance. The Performance Bond will be returned when the compliance of this milestone is formally accepted by the Authority through the issuance of a certificate of completion. This process can be done at any time within 5 years

after the licence is issued. The earlier the network and service rollout requirements are fulfilled to the satisfaction of the Authority, the earlier the Performance Bond will be returned.

It is important to note that, notwithstanding the completion of the milestone and the return of the Performance Bond, the Licensee is thereafter required under Special Condition 31 of the Licence to maintain such coverage.

NP.6 Regarding paragraph C.4.1 (b) of the Information Memorandum, what are the criteria for determining the service rollout requirement “for an area where at least 50% of the Hong Kong population live from time to time”? For the demographic information, what is the reference to be used? Does OFTA have any specific standard / guideline (e.g. signal strength level) to decide whether a particular location is considered as covered or not? Will the measurement be done only in outdoor environment?

Ans. The Licensees providing mobile services are required to demonstrate that the network and service established using the assigned Frequency Band(s) are available to those areas where at least 50% of the Hong Kong population live from time to time. The demographic information will be based on the latest population statistics available from the Census and Statistics Department at the time of audit check on compliance.

Licensee will not be subject to any particular standards or technologies for BWA development as far as it conforms to widely recognized international standards. OFTA will develop the methodology of the audit check based on the performance specifications of the technology adopted by the Licensee. For mobile coverage, measurements will be conducted at outdoor locations only.

NP.7 In calculating population coverage, would OFTA consider a Multi Technology UMTS + LTE network as a single network?

Ans. The Licensees of the Frequency Bands will be free to adopt any widely recognized international standards for the provision of telecommunications services. There is no restriction on the deployment of multiple technologies using the assigned Frequency Bands. For instance, a Licensee can deploy a UMTS + LTE network using the assigned Frequency Bands and the combined network and service coverage will be taken into account when checking compliance with the network and service rollout requirements.

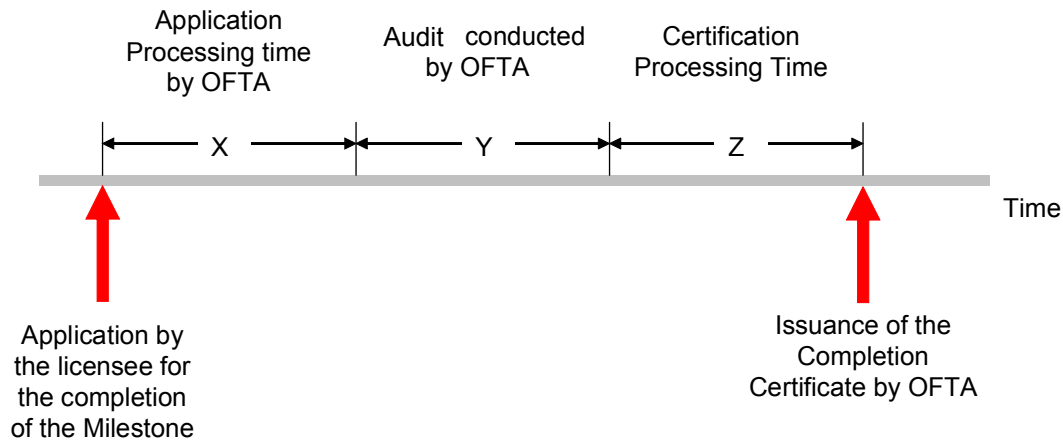
Nevertheless, coverage provided by other systems operating in frequency bands other than the Frequency Bands will not be taken into account.

NP.8 Regarding paragraph A.1.1 (p) of the Information Memorandum, What are the criteria for determining the relevant technology or standard is in conformity to the “widely recognized international standards”?

Ans. The Authority intends to give maximum flexibility to the Licensees in respect of the technology or standard to be adopted. The Authority does not intend to impose rigid criteria on the adoption of technical standards but he will favourably consider the proposal on the adoption of any technologies or standards that are non-proprietary and have been adopted by various international standardization organizations.

NP.9 As stipulated in paragraph 2.4(b) of Schedule 9 of Licence attached to Appendix 1 of the Information Memorandum, one of the conditions for the liability of the Qualifying Bank under the Performance Bond to cease shall be upon the issue of any certificate of completion by the Authority in respect of the Milestone set out in the corresponding annex. We would like to clarify how long it takes for the Authority to issue such certificate of completion upon the report by the Licensee that the Milestone has been achieved. Could OFTA provide estimate on the time

taken for the three periods as shown in the following diagram (i.e. the X, Y and Z)



Ans. The processing time of the application and subsequent audit of the Milestone compliance will depend on the information submitted by the Licensee. Based on OFTA’s past experience, it normally takes one month for each of the three processes shown in the above diagram. In order words, it is estimated that three months will be required from the date of application to the issuance of the completion certificate under normal circumstances.

AUCTION ARRANGEMENTS AND LOGISTICS (AL)

AL.1 Regarding paragraphs D.6.9 and D.6.13 of the Information Memorandum, what are the criteria for setting the margin between any two consecutive Round Prices in both the cases of upward adjustment and downward adjustment? Would the Authority specify a range (e.g. an increment from x% to y%) for the Round Prices increment if one or more Valid Bids were received?

Ans. Without prejudice to the generality of the Authority’s power to adjust the Round Price as the Bidding Stage proceeds from Round to Round, the Authority sets out the following scenarios on how adjustment to the Round Price will be made:

- (a) If one or more Valid Bids were received for a Frequency Band in the immediately preceding Round, the Round Price for that Frequency Band will be adjusted upward by no more than 5% (rounded to the nearest hundred thousand) of the Standing Highest Bid for that Frequency Band. It is expected that in the later stage of the Auction, the level of upward adjustment will diminish to allow Bidders greater precision in their bids and to keep the Auction moving forward at an acceptable pace.
- (b) If no Valid Bid was received for a Frequency Band in the immediately preceding Round but there is a Standing Highest Bid for that Frequency Band, the Round Price for that Frequency Band may be kept unchanged or adjusted downward by no more than 50% of the difference between the Round Price in the immediately preceding Round and the Standing Highest Bid.
- (c) If no Valid Bid was received for a Frequency Band in the immediately preceding Round and there is no Standing Highest Bid for that Frequency Band, the Round Price for that Frequency Band will be adjusted downward by no more than 50% of the difference between the Round Price in the immediately preceding Round and the Minimum Fee.

AL.2 In what form will the Round Price of all Frequency Bands be presented at each Round?

Ans. Prior to each Round, the auction software will display a table clearly showing the Round Price of all the Frequency Bands.

During each Round, Bidders will be given a Bid Form to indicate its bidding decision. After submission of the Bid Form, the auction software will display the bidding decision for confirmation by the Bidder.

After the Round, the Authority will announce the result of the Round. The auction software will display to each Bidder the status of each of its bids (whether the bid is a Standing Highest Bid or it is outbid).

AL.3 Will it be possible for a Bidder to browse through the Round Results of all previous Rounds?

Ans. Yes. The auction system will provide the auction history for each individual Bidder. Each Bidder can view its own auction history which contains the result of all previous Bidding Rounds.

AL.4 Regarding paragraph D.6.17 of the Information Memorandum, will the Authority consider also disclosing other bidding information before start of each Round (e.g. how many bidders have placed bids in each Frequency Band in the immediately preceding Round?)

Ans. The number of Valid Bids received on each Frequency Band in the immediately preceding Round will be disclosed to Bidders. However, to prevent collusion among Bidders, the Authority will not disclose the identity of the Bidders who submitted Valid Bids on any of the Frequency Bands, or the number of Valid Bids submitted by each Bidder.

AL.5 Regarding paragraph D.6.20 and D.6.21 of the Information Memorandum, what is the difference between “no bid” and “deemed waiver”? Does “no bid” require any positive act?

Ans. A Bidder will be deemed to have exercised a Waiver if it does not take any action. Submission of a bidding decision involves two steps: (1) submitting the Bid Form and (2) confirming the decision. A “deemed Waiver” will be exercised on behalf of the Bidder if the Bidder does not submit the Bid Form and/or the Bidder fails to confirm the decision after submitting the Bid Form.

“No bid”, *in respect of a Frequency Band*, is a notification from the Bidder to the Authority that it does not wish to submit a Valid Bid for the Frequency Band at the Round Price in the Round. In every

Round, the Bidder has to indicate its bidding decision *in respect of each Frequency Band*. If it wishes to submit a Valid Bid, it should tick the “Bid” box. If it does not wish to submit a Valid Bid, it should leave the “Bid” box blank. After indicating its bidding decision *in respect of each Frequency Band*, it should press the **Submit** button at the end of the Bid Form and then press **Confirm** in the confirmation page. (It is important to note that, if a Bidder submits “no bid” for *all* Frequency Bands in a Round, its Eligibility Points in the immediately following Round will only amount to the number of Eligibility Points attributed to all Standing Highest Bids of the Bidder at the beginning of this Round.)

For the avoidance of doubt, in respect of a Frequency Band which the Bidder holds the Standing Highest Bid, the Bidder may choose to submit (i.e. further bid up) or not to submit a Valid Bid (i.e. maintain its bid at the price of the Standing Highest Bid).

AL.6 Regarding paragraphs D.6.26 (c) and D.6.49 of the Information Memorandum, Bidders have no discretion to submit bids at a price higher or lower than the Round Price. As such, there is a possibility that two or more Bidders are offering the same Round Price. What is the rationale? And what is the mechanism that the Authority will use for random selection of the Standing Highest Bidder in the Round? Will the selection process be held/shown in public?

Ans. The rationale of the rule is to minimise the possibilities of price signalling. It is a standard anti-collusion measure used by other administrations in spectrum auctions.

When the auction system receives Valid Bids from the Bidders, each Valid Bid is assigned a random number generated by the auction system using a standard pseudo-random number generator. This number is used for tie-breaking. The Bidder being assigned the largest number will become the Standing Highest Bidder. The process will be done entirely and automatically by the auction system and at no point can the process be interrupted or manipulated manually.

AL.7 Regarding paragraph D.6.43 of the Information Memorandum, in what exceptional circumstances will the Authority consider granting additional waivers?

Ans. In case many Rounds (e.g. 30 Rounds) have been conducted and bidders have almost used up their Waivers, it may be appropriate for the Authority to consider granting each Bidder additional Waivers so that the Bidders may avoid making inadvertent mistakes (e.g. delay in submitting the Bid Form or failing to confirm the decision after submitting the Bid Form).

AL.8 Will OFTA provide a software to a company to carry out a "mock bidding" prior to the Bidding Stage?

Ans. As mentioned in paragraph D.1 of the Information Memorandum, the Qualified Bidders will be invited to attend a training session to be held tentatively from 5 to 7 January 2009 to enable the appointed representatives of the Qualified Bidders to get hands-on experience on using the auction software and understanding the system requirements and network configuration required. Mock Auction will also be arranged during the training session.

The auction software is a web-based application running on highly encrypted communications channel on the Internet using conventional browsers. Apart from the installation of digital certificates on the Bidder's computer systems for authentication purpose and the installation of the latest version of Java, there is no need to install any other specialised software by the Bidders. The Authority will provide each Qualified Bidders with a set of digital certificates and the corresponding installation instructions prior to the conduct of the Auction.

AL.9 Regarding paragraph D.8.4 of the Information Memorandum, for those Frequency Bands that are left unassigned following the

Auction (e.g. Frequency Band that is not assigned due to the subsequent disqualification of the Provisional Successful Bidder), would they be assigned to the second highest bidder during the Auction?

Ans. No. Other Bidders who have submitted Valid Bids for the Frequency Bands concerned may have become a Provisional Successful Bidder of other Frequency Bands and may have even reached the Spectrum Cap.

As mentioned in paragraph D.8.4 of the Information Memorandum, all Frequency Bands which are unassigned in the Auction shall remain vested in the Authority.

AL.10 Given the limitation of the 30 MHz per party under the auction process, is a party allowed to bid for multiple slots of spectrum (that would together exceed the 30MHz)?

Ans. No. A Bidder is not allowed to bid for more than 30 MHz in the Bidding Stage irrespective of whether the Bidder bids for one Frequency Band or a number of Frequency Bands.

It is important to note that the bidding activity of a Bidder is limited by the number of Eligibility Points attributed to it. This mechanism will also prohibit a Bidder from bidding more than 30 MHz.

AL.11 Regarding paragraph D.6.14 of the Information Memorandum, will the Authority consider extending timing of each Round to 180 minutes so that the Bidders would have more time for decision making?

Ans. No, as this would substantially extend the total duration of the Auction. If a Bidder needs more time for decision making, it may submit a Waiver.

AL.12 Regarding paragraph D.4.9 of the Information Memorandum, does “Interest earned” refer to all interest actually earned?

Ans. Yes. Referring to D.4.8 of the Information Memorandum, the cash Deposit will earn interest at the rate available to the Authority from the Deposit Bank in which the cash is deposited. It should be noted that where a Penalty is deducted during the course of the Auction, that portion of the Deposit will not receive any interest.

LICENSING (LG)

LG.1 Regarding paragraph C.4.2 of the Information Memorandum, what are the relevant criteria for the Authority to determine whether a proposed service is a fixed or mobile service?

Ans. The Authority will follow the relevant provisions of the Ordinance in the definition of fixed and mobile services. Fixed service refers to the communications between fixed locations, whereas mobile service refers to the communications between moving locations, or between fixed locations and moving locations.

LG.2 According to paragraph B.3.5 of the Information Memorandum, the BWA frequencies assigned in the Auction will be licensed under the UCL licensing regime. A Successful Bidder of the Auction will be granted with a UCL. If the Successful Bidder already holds an existing fixed / mobile carrier licence, will the Authority “initiate” conversion of the fixed / mobile carrier licence into UCL?

Ans. In the Authority’s Statement entitled “Licensing Framework for Unified Carrier Licence” issued on 9 May 2008 (“UCL Statement”), the Authority stated clearly that all existing carrier licences would be allowed to remain in force until they expire. Conversion of existing carrier licences before their expiry to UCLs will entirely be on a voluntary basis. Therefore, the Authority will not convert the

existing fixed / mobile carrier licence of the Successful Bidder into UCL in the absence of such a request from the Successful Bidder.

LG.3 In case of a conversion of an existing fixed / mobile carrier licence to UCL, will the rights and obligations under the existing carrier licence be changed? What will be the validity period of the licence?

Ans. In case of a conversion of an existing fixed / mobile carrier licence to UCL, other than a common set of basic obligations under the UCL, the Authority may transplant any legacy obligations in the original licence to the new UCL. In case of any conflict between the transplanted legacy obligations and the common obligations under UCL, the policy intention is that the former should be maintained under the UCL. (For the avoidance of doubt, rights under the original licence will not by default be carried over to the new UCL.)

While the UCL to be granted will have a validity period of 15 years, the granting of UCL shall not operate to extend the period of spectrum assignment under the original licence.

LG.4 At end of 15 year Licence period, will the spectrum licensee be allowed a right of first option to again take up that spectrum?

Ans. As set out in paragraph 4.2 of the Spectrum Policy Framework, there is no legitimate expectation that there will be any right of renewal or right of first refusal of any licence or spectrum assignment upon the expiry of a licence or spectrum assignment under the Ordinance. The decision whether a new spectrum licence with the same or varied radio frequencies, should be given to the spectrum licensee would be made and notified to the spectrum licensee within a reasonable time before the expiry of its spectrum assignment (“minimum notice period”) or after receipt of its application by the Authority as it is applicable in the circumstances, after taking into account the spectrum policy objectives and all other relevant factors such as public interest considerations.

In the Statement issued by the Authority entitled “Minimum Notice Periods for Variation or Withdrawal of Frequency Assignments” issued on 31 January 2008, a minimum notice period of three years has been set for the UCL. A copy of the statement can be downloaded from: <http://www.ofta.gov.hk/en/tas/spectrum/ta20080131.pdf>.

LG.5 Regarding paragraph C.2.4 (e) of the Information Memorandum, please explain the frequency-sharing basis in relation to the frequencies from 2540 to 2555 MHz within the Frequency Band C2 and the frequencies from 2555 to 2570 MHz within the Frequency Band C3.

Ans. These Frequency Bands C2 and C3 are share-used by Mainland China and Hong Kong. As such, there will be spillover signals of these frequencies from Mainland China. The level of spillover signals from the Mainland to Hong Kong will be maintained below 35dB μ V/m/5MHz along the boundary areas between Hong Kong and the Mainland. The Licensees of Frequency Bands C2 and C3 should take note of the spillover signals in the design of their BWA systems for the provision of services in Hong Kong.

To avoid causing interference to the users in the Mainland, the Licensees of Frequency Bands C2 and C3 shall take all necessary steps to ensure that their spillover signals to the Mainland along the boundary areas will not exceed that same limit.

**LG.6 (a) Are there any EIRP limits applicable to these spectrum blocks?
(b) If so what are these?**

Ans. As stated in paragraph C.2.4(c) of the Information Memorandum, the Licensees of Frequency Bands B1, B2, B3, C1, C2 and C3 in the 2.5 GHz band shall comply with the relevant block edge mask(s) as promulgated by the latest “Decision of the Commission of the European Communities on the harmonisation of the 2500 - 2690 MHz frequency band for terrestrial systems capable of providing electronic communications services in the Community”. The stipulated block

edge mask(s) contain, among other things, the applicable EIRP limit, which is 61dBm / 5MHz or 1250W / 5MHz for in-band transmissions of a base station operating within the assigned Frequency Bands.

For the Frequency Bands in the 2.3 GHz band, various technologies are emerging and Licensees using these Frequency Bands may adopt any of these technologies as long as they are widely recognised international standards. The EIRP limits for these technologies are not yet known. To harmonize the use of Frequency Bands in the 2.3 GHz band among the concerned Licensees, the TA will define, in consultation with these Licensees, the EIRP limits and other relevant parameters as soon as possible after the auctioning exercise.

In any event, the radio equipment established by the Licensees shall not cause harmful interference to any lawful telecommunications service and shall comply with the “Code of Practice for the Protection of Workers and Members of Public Against Non-Ionizing Radiation Hazards from Radio Transmitting Equipment” issued by the Authority in May 2000.

LG.7 Regarding paragraph C.2.4 (f) of the Information Memorandum, please explain the possible impact on the Frequency Bands C1 and C2 in connection with the future development of the 2635 to 2660 MHz band that may be allocated for satellite mobile TV services.

Ans. It should be noted that in future, the 2635 to 2660 MHz band may be assigned for provision of satellite mobile TV service in Hong Kong, pending the outcome of the Government’s consultation on development of mobile TV (see Answer to SS2). The prospective licensee of the 2635 to 2660 MHz band may establish relevant radiocommunications installations in Hong Kong.

It is a licence obligation for all licensees granted under the Ordinance that they shall take reasonable measures to install, maintain and operate the service and the network in such a manner so as not to cause any harmful interference or physical obstruction to any lawful telecommunications service.

LG.8 Regarding paragraph C.2.5 of the Information Memorandum, what are the requirements that OFTA may impose in connection with the frequency coordination with Mainland from time to time?

Ans. To fulfil the obligation under the Radio Regulations, OFTA has maintained ongoing dialogue with the relevant Mainland authorities on coordinating the use of the radio spectrum. The purpose of the frequency coordination is to minimize any harmful interference caused by radio signals to the local operation of radio services in the Mainland and Hong Kong. OFTA and the relevant Mainland authorities may devise technical coordination guidelines and standards for the mutual benefits of the users of radio spectrum in both places. These guidelines and standards provide technical details on field measurements and methods for interference mitigation and sharing use of radio spectrum. They are not intended to impose any excessive restrictions or constraints on the normal operation of the Licensees using the assigned Frequency Bands. The Licensees shall observe such guidelines and standards as imposed by the Authority. In developing the guidelines and standards, the Licensees will be duly consulted throughout the process.

OTHERS (OT)

OT.1 Is the Authority adopting the same definition of “public float” under the HK Listing Rules in asking for the public float percentage of Listed Companies to be disclosed in the Application Form? In case the Listed Company only discloses the public float to be “more than 25%” in its annual reports, would the same disclosure standard be acceptable to the Authority?

Ans. For disclosure of interest in the Application Form, the Bidder must identify each person:-

- (i) (aa) which has a shareholding of more than 15% in the Bidder;
- (bb) in which the Bidder has a shareholding of 15%;

- (cc) which shareholding of more than 15% is held by another person who also holds a shareholding of more than 15% in the Bidder;
- (ii) which has a material interest (e.g. shareholding / voting rights of more than 25% or control through board representation or management agreement)
- (iii) which is an Insider of the Bidder (i.e. person to whom Confidential Information is disclosed).

Please refer to the instructions in the Application Form and the terms and conditions of the Notice.

Under the Hong Kong Listing Rules, shareholding of a connected person of the listed company will not be regarded as being “in public hands” (i.e. “in public float”). A connected person includes a substantial shareholder having more than 10% voting power. In other words, shares held by a member “of the public” should be less than 10% and such shareholding need not be disclosed.

The information given in the Application Form by the Bidder must be updated information immediately before the Application Dates. (Information contained in the annual report, which is not updated immediately before the Application Dates, will not be accepted.) If any change occurs which affects the information submitted in the Application, the Bidder must notify the Authority in writing and shall on request by the Authority submit a revised Application Form. (see paragraph 6.4.1 of the Notice).

OT.2 Regarding paragraph F.2.3 of the Information Memorandum, will OFTA post all the questions and answers on its website? What can we do for follow-up questions?

Ans. All written questions and answers will be posted in the website of OFTA.

Further enquiries about the Auction may be sent to OFTA by post, fax (2116 3334) or email (auction-bwa@ofta.gov.hk) on or before 17 November 2008 so that OFTA will be able to arrange a reply and web posting before the Application Dates. All questions should be marked “BWA Spectrum Auction Question” and accompanied with the contact information of the organization and the representative.

Office of the Telecommunications Authority
6 November 2008