

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

The Telecommunications Authority (the “Authority”) has received further questions in relation to the Information Memorandum published on 3 October 2008. The Authority now under Section 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.

AUCTION ARRANGEMENTS AND LOGISTICS (AL)

AL.24 Regarding paragraph D.4.2 of the Information Memorandum, is telegraphic transfer approval notice in Bidder’s letterhead sufficient to serve as the identifier of cash Deposit remitted to the Authority’s Account?

Ans. No. The identifier should be issued by the bank showing the registered name of the Bidder and the cash Deposit for transfer to the Authority’s Account.

AL.25 What is the required procedure if a Provisional Successful Bidder wishes to offset all or part of the SUF payable by cash Deposit? What is the timeframe for getting such permission from the Authority?

Ans. After the publication of the Provisional Successful Bidder Notice, the Provisional Successful Bidder can submit a written request to the Authority to offset all or part of the SUF payable by its cash Deposit. The Authority may at his discretion grant such permission on condition that there is no outstanding investigation being carried out by the Authority against the Provisional Successful Bidder in respect

of any suspected contravention of the terms and conditions of the Notice. The Authority will notify the Provisional Successful Bidder whether the permission is given within 7 Business Days from the date of the receipt of the written request.

AL.26 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. Can Bidders nominate other Hong Kong registered banks which offer more competitive deposit rates?

Ans. No. The cash Deposit must be deposited to the Authority's Account at the Deposit Bank specified in the Notice.

AL.27 As stated in the Information Memorandum, all Applications must be submitted on either 15 or 16 December 2008. Will OFTA assign any exact timeslot or schedule for the submission of Applications?

Ans. All Applications must be submitted between 9:00 am and 5:00 pm on either of the Application Dates. Bidders are advised to contact Miss Lilian Chong by phone ((852) 2961-6679) in advance and she will inform Bidders the exact time and location to submit the Applications.

AL.28 Suppose a Bidder receives an offer of merger / acquisition but the offer has not been accepted by the shareholders, would the offer give rise to a conditional entitlement of the offeror under the bidder association rules? Is the Bidder obliged to notify the Authority of such offer?

Ans. An offer of merger / acquisition remains an offer and will not constitute a "conditional entitlement" of an interest of the company until acceptance of the offer when the offeror acquires a right against the offeree company or the offeree shareholders, with regard to the existing or future interest in the shares of the offeree company.

However, once the offer is accepted and the offeror acquires a right against the offeree company or the offeree shareholders, with regard to the existing or future interest in the shares of the offeree company, the offeror will acquire a conditional entitlement of an interest of the company.

After the Application Dates, the Authority will publish a Bidder Notice announcing the identity of each Bidder. Each Bidder is required to notify the Authority whether it is a Connected Bidder in relation to another Bidder by completing and submitting a Connected Bidder Statutory Declaration in the form given in Appendix 7 of the Notice. The purpose of the Connected Bidder Statutory Declaration is to require the Bidders to provide information for the Authority to make an assessment as to whether there are any Connected Bidders. Bidders must make full and frank disclosure. If the Bidder has knowledge that there will be forthcoming events, transactions or circumstances that may cause a Bidder to become a Connected Bidder in relation to another Bidder, the Bidder should notify the Authority in the Connected Bidder Statutory Declaration. While the Connected Bidder Statutory Declaration should be substantially in the form given in Appendix 7 of the Notice, modifications reasonably necessary for providing the related information to the Authority for his assessment will be accepted.

AL.29 If a Bidder wishes to submit the Deposit by a Letter of Credit, what should be the validity period of the Letter of Credit?

The expiry date of the Letter of Credit shall be 364 days from the date of issue. Despite the one year validity period of the Letter of Credit, the Authority will return the Letter of Credit to the Bidder as soon as practicable in accordance with the terms and conditions of the Notice, provided that there is no outstanding investigation against the Bidder in relation to any suspected contravention of the terms and conditions of the Notice.

AL.30 Who may sign the Application Form and make the Connected Bidder Statutory Declaration on behalf of the Bidder?

Any two Authorised Representatives who are directors of the Bidder may sign the Application Form for and on behalf of the Bidder.

For the Connected Bidder Statutory Declaration, it should be made by any one Authorised Representatives who is director of the Bidder.

**Office of the Telecommunications Authority
11 December 2008**