

**AUCTION OF RADIO SPECTRUM
IN THE 3.3 GHz BAND
FOR THE PROVISION OF
PUBLIC MOBILE SERVICES**

INFORMATION MEMORANDUM

19 July 2019
THE OFFICE OF THE COMMUNICATIONS AUTHORITY

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A. Executive summary

A.1 Introduction

- A.1.1 This Memorandum provides details about the policy background, the Licence and the Auction for determination of the Spectrum Utilization Fees applicable to the Frequency Blocks in the 3.3 GHz band (in the frequency range of 3.3 – 3.4 GHz) specified in the Notice dated 19 July 2019 issued by the Authority in exercise of the powers conferred by section 32I of the TO, the Regulation and all other powers enabling it to specify the terms and conditions of the auction and the payment of the spectrum utilization fees. The Frequency Blocks are allocated and assigned for the provision of public mobile services. Readers should note that -
- (a) There will be 100 MHz of spectrum in the 3.3 GHz band available for auction;
 - (b) The available spectrum will be divided into ten Frequency Blocks (viz. C1 to C10, each with a bandwidth of 10 MHz);
 - (c) The Bidding Stage of the Auction consists of two phases, namely the Quantity Phase to first decide the number of Frequency Blocks to be assigned to each Qualified Bidder using a clock auction format; followed by the Assignment Phase to determine the specific and contiguous Frequency Blocks to be assigned to each Qualified Bidder which has successfully bid for Frequency Blocks at the Quantity Phase;
 - (d) The use of the Frequency Blocks will be subject to Spectrum Utilization Fees, the amount of which is to be determined by the Auction, and the payment of which may either be by lump sum payment upfront or by annual instalments;
 - (e) The Minimum Fee, i.e. the minimum amount of the Spectrum Utilization Fee as specified by the Secretary in the Gazette notice of 19 July 2019 for the 3.3 GHz band is HK\$2 million per MHz for the assignment term;
 - (f) In making an Application to participate in the Auction, each Bidder must submit a Deposit, a duly completed Application Form and a Bidder Compliance Certificate;

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- (g) Spectrum assignment to each Bidder or group of Connected Bidders is subject to a Spectrum Cap of 40 MHz;
- (h) If there is more than one Qualified Bidder and the total number of their attributed EPs exceeds ten EPs, the Bidding Stage (which consists of the Quantity Phase and the Assignment Phase) will take place. The Spectrum Utilization Fee payable by a Provisional Successful Bidder will be the sum of the Spectrum Utilization Fees determined at the Quantity Phase and the Assignment Phase;
- (i) If there is more than one Qualified Bidder and the total number of their attributed EPs does not exceed ten EPs, there will be no Quantity Phase in the Bidding Stage. Only the Assignment Phase will take place. The Spectrum Utilization Fee payable by a Provisional Successful Bidder will be the sum of the Minimum Fees for the number of Frequency Blocks it wishes to acquire (subject to the Spectrum Cap and the amount of Deposit it submitted at the Application Stage), together with the Spectrum Utilization Fee determined at the Assignment Phase;
- (j) If there is only one Qualified Bidder, the Bidding Stage will not take place. The Qualified Bidder will become the Provisional Successful Bidder of the Frequency Blocks it wishes to acquire in descending order starting from Frequency Block C10 (subject to the Spectrum Cap and the amount of Deposit it submitted at the Application Stage). The Spectrum Utilization Fee payable will be the sum of the Minimum Fees for the Frequency Blocks assigned to it;
- (k) Within 25 Business Days after publication of the Provisional Successful Bidder Notice, each Provisional Successful Bidder will be required to pay the Spectrum Utilization Fee and provide a Performance Bond to ensure its compliance with the network and service rollout requirement;
- (l) A Provisional Successful Bidder may choose to pay the Spectrum Utilization Fee by lump sum payment upfront or annual instalments. If a Provisional Successful Bidder chooses to pay the Spectrum Utilization Fee by annual instalments, that Provisional Successful Bidder will be required to pay the first instalment and provide a Performance Bond to guarantee payment of the Spectrum Utilization Fee payable in the ensuing five years within 25 Business Days after publication of the Provisional Successful Bidder Notice;

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- (m) The assignment of the Frequency Blocks and the Licence will be valid for a period of 15 years. There is no legitimate expectation of any right of renewal or right of first refusal upon expiry of assignment of any of the Frequency Blocks;
 - (n) The Licensees will only be allowed to provide indoor public mobile services using the Frequency Blocks;
 - (o) The Licensees will be required to comply with the network and service rollout requirement, as specified in the Licences, for the services they are allowed to provide under the Licences;
 - (p) The Licensees will be required to implement and facilitate at their own expense Fixed Number Portability (also known as Operator Number Portability) and Mobile Number Portability as directed by the Authority. The Licensees may choose to implement Fixed-Mobile Number Portability on a voluntary basis at their own costs, and they must observe the relevant guiding principles governing the provision of FMNP and submit proposals to the Authority for its prior approval before the actual implementation;
 - (q) The Licensees will not be subject to the use of any particular technical standards for the provision of public mobile services provided that the technical standards that they adopt conform to widely recognised standards; and
 - (r) The Licensees will not be subject to any Open Network Access requirement.
- A.1.2 This Memorandum provides details of the above and other issues. Certain salient features of the Auction are highlighted in Section D. Interested parties should refer to the Notice, which is attached at Annex B of this Memorandum for full details of the rules of the Auction. Terms and expressions used in this Memorandum have the meanings as in the Notice (see Annex B) and the Glossary of Terms of this Memorandum (see Annex D). In case of any discrepancy, the Notice prevails.

B. Policy background**B.1 Assignment of the spectrum in the 3.3 GHz band for the provision of public mobile services**

- B.1.1 The Authority and the Secretary jointly issued a consultation paper in August 2018¹ to consult the public about making available 100 MHz of spectrum in the 3.3 GHz band and 100 MHz of spectrum in the 4.9 GHz band (in the frequency range of 4.83 – 4.93 GHz) for the provision of public mobile services.
- B.1.2 Having carefully considered the views and comments received, the Secretary and the Authority jointly issued a statement entitled “*Arrangements for Assignment of the Spectrum in the 3.3 GHz and 4.9 GHz Bands for the Provision of Public Mobile Services and the Related Spectrum Utilisation Fee*” on 13 December 2018 (the “3.3/4.9 GHz Statement”)² that, among others, the 100 MHz of spectrum in the 3.3 GHz band would be allocated to mobile service on a co-primary basis in addition to the existing allocation for radiolocation, and the prospective mobile service operating in the 3.3 GHz band would be restricted to indoor use only.
- B.1.3 According to the 3.3/4.9 GHz Statement, the 100 MHz of spectrum in the 3.3 GHz band would be assigned by way of auction. The spectrum available for auction is divided into ten Frequency Blocks, viz. C1 to C10, each with a bandwidth of 10 MHz as shown in Figure 1 below.

Figure 1: Frequency Block and bandwidth

Frequency Block	Frequency range (MHz)	Bandwidth
C1	3300 – 3310	10 MHz
C2	3310 – 3320	10 MHz
C3	3320 – 3330	10 MHz
C4	3330 – 3340	10 MHz
C5	3340 – 3350	10 MHz
C6	3350 – 3360	10 MHz
C7	3360 – 3370	10 MHz
C8	3370 – 3380	10 MHz

¹ The consultation paper is available at
https://www.coms-auth.hk/filemanager/en/content_711/cp20180828_e.pdf.

² The 3.3/4.9 GHz Statement is available at
https://www.coms-auth.hk/filemanager/statement/en/upload/482/joint_statement_st_072018.pdf.

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Frequency Block	Frequency range (MHz)	Bandwidth
C9	3380 – 3390	10 MHz
C10	3390 – 3400	10 MHz

B.1.4 Assignment of the ten Frequency Blocks by way of auction is subject to a qualification process for participation in the Auction and payment of the Spectrum Utilization Fees by the Provisional Successful Bidders.

B.2 Payment of Spectrum Utilization Fees

B.2.1 In the 3.3/4.9 GHz Statement, the Authority stated that the use of the Frequency Blocks should be subject to payment of the Spectrum Utilization Fees. Pursuant to section 32I(1) of the TO, the Authority has by Order³ designated the use of the Frequency Blocks to be subject to the payment of the Spectrum Utilization Fees. The Minimum Fee is set by the Secretary at HK\$2 million per MHz for the assignment term.

B.2.2 Pursuant to section 32I(2) of the TO, the Secretary has prescribed by Regulation⁴ the method for determining the Spectrum Utilization Fees payable for the use of the Frequency Blocks, together with the methods for paying the Spectrum Utilization Fees. The Provisional Successful Bidder may pay the Spectrum Utilization Fee either (a) in a lump sum payment upfront; or (b) annually in 15 instalments, with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the Spectrum Utilization Fee payable in the immediately preceding instalment increased by 2.5%. In the case of payment by annual instalments, the Provisional Successful Bidder or the Licensee, as the case may be, is required to maintain at all times throughout its whole assignment term a rolling Performance Bond to guarantee payment of the Spectrum Utilization Fee payable in the ensuing five years, or the Spectrum Utilization Fee payable for the remaining duration of the assignment term if it is less than five years, in the form of Schedule B attached to the Licence. Within 25 Business Days after publication of the Provisional Successful Bidder Notice, either the lump sum payment upfront or the first rolling Performance Bond together with the first annual instalment payment must be provided to the Authority.

³ The Telecommunications (Designation of Frequency Bands subject to Payment of Spectrum Utilization Fee) Order (Cap. 106Y) is available at <https://www.elegislation.gov.hk/hk/cap106Y>.

⁴ The Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Cap. 106AG) is available at <https://www.elegislation.gov.hk/hk/cap106AG>.

B.2.3 Under the Regulation, the Authority is empowered to hold the Auction to determine the level of the Spectrum Utilization Fees payable for the use of the Frequency Blocks.

B.3 Regulation of telecommunications services in Hong Kong

B.3.1 The Frequency Blocks will be used for the provision of public mobile services and be restricted to indoor use only⁵. Without limitation to the generality of the provisions of the TO and instruments issued by the Authority including but not limited to statements and decisions of the Authority as published on the Authority's Website, the following describes the major elements of the current regulatory framework for the provision of public telecommunications services in Hong Kong.

B.4 Licensing arrangement

B.4.1 The Frequency Blocks assigned in the Auction will be licensed under a Unified Carrier Licence. The general conditions, validity period and the licence fees payable under the UCL are set out in the Telecommunications (Carrier Licences) Regulation (Cap. 106V). In issuing a UCL for different types of services, the Authority may attach additional special conditions which are not inconsistent with the TO and the general conditions.

B.4.2 If a Successful Bidder of the Auction already holds a fixed carrier licence / mobile carrier licence / UCL issued by the Authority⁶, the Authority may at its sole discretion and in response to the request of the Successful Bidder incorporate the provisions contained in the existing fixed carrier licence / mobile carrier licence / UCL of that Successful Bidder in appropriate form into the UCL to be granted. Such request will be considered by the Authority on a case-by-case basis.

⁵ In this context “indoor use only” should be interpreted as meaning that outdoor usage of the Frequency Block by any customer equipment must be technically impossible under the emission of the relevant indoor base station.

⁶ Before 1 April 2001, the operation of fixed carrier services and mobile carrier services was licensed under the Fixed Telecommunications Network Services licence and Public Radiocommunications Service licence respectively. After the carrier licence regime came into force on 1 April 2001, the Authority issued fixed carrier licence and mobile carrier licence for the operation of fixed carrier services and mobile carrier services respectively. Since the implementation of UCL in August 2008, the Authority no longer issues any fixed carrier licence, fixed carrier (restricted) licence, mobile carrier licence and mobile carrier (restricted) licence. For the provision of fixed, mobile and / or converged services, the Authority will issue UCL only. All existing fixed carrier licences and mobile carrier licences will remain valid until they expire. The licence holders may apply to the Authority for a UCL to replace their existing carrier licences upon expiry. Alternatively, the licence holders may apply to the Authority for conversion of their existing licences before expiry to UCLs on a voluntary basis.

B.5 Interconnection regime

- B.5.1 Interconnections between telecommunications networks and services are governed by sections 36A and 36B of the TO and the licence conditions of the carrier licences. The Authority issued a series of statements (No. 1 to No. 10) during the period from March 1995 to June 1995 on “*Interconnection and Related Competition Issues*”, setting out the principles for seeking and effecting interconnection⁷.
- B.5.2 A carrier is required under its licence to ensure “any-to-any connectivity” by interconnecting its network and service with networks and services of other carriers, subject to the requirements of the TO and the relevant licence conditions. Irrespective of the types of networks and services which they provide and operate and irrespective of the underlying technologies used, carriers are obliged to interconnect with one another so that any customer in any one network can enjoy seamless and transparent access to any other customer in any interconnecting network and, where directed by the Authority, to any telecommunications service offered in any interconnecting network.
- B.5.3 Regarding carrier-to-carrier interconnection, the Authority has not intervened to regulate the mobile-mobile interconnection charge (“MMIC”)⁸ and broadband interconnection charge between fixed carriers. While in the past the Authority had given regulatory guidance to the industry on the payment of fixed-mobile interconnection charge (“FMIC”)⁹ based on the Mobile Party’s Network Pays arrangement, that regulatory guidance was withdrawn on 27 April 2009 in accordance with the Authority’s decision in the statement entitled “*Deregulation for Fixed-Mobile Convergence*” published in April 2007¹⁰.
- B.5.4 Whilst the narrowband interconnection charge between fixed carriers was subject to regulatory guidance¹¹, as stated in its statement “*Review of*

⁷ The Authority’s statements No. 1 to 10 are available at https://tel_archives.ofca.gov.hk/en/tas/tas-bs-interconnection.html.

⁸ MMIC refers to the interconnection charge for telephony traffic exchanged between two mobile carriers.

⁹ FMIC is an interconnection charge for telephony traffic exchanged between fixed carrier and mobile carrier.

¹⁰ The Authority’s statement is available at https://tel_archives.ofca.gov.hk/en/tas/others/ta20070427.pdf.

¹¹ The updated Authority’s statement No. 7 is available at https://tel_archives.ofca.gov.hk/en/tas/interconnect/ta20090403stat.pdf.

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Regulatory Guidance on the Charging Principles of Interconnection between Fixed Carriers” issued on 16 April 2013, the Authority decided to withdraw the regulatory guidance on the charging principles of narrowband interconnection between fixed carriers and statement No. 7 on “*Interconnection and Related Competition Issues*” after a transitional period which ended on 16 October 2014¹². In other words, there is at present no regulatory guidance in force concerning either the charging principles of MMIC, FMIC, or narrowband and broadband interconnection charges between fixed carriers. All such charges are solely determined through commercial negotiations among the carriers.

- B.5.5 Regarding carrier to service provider interconnection, the Authority has reviewed and updated the regulatory arrangements for international call forwarding service (“ICFS”) charge¹³ and local access charges (“LAC”)¹⁴. For the ICFS charge, the Authority updated the terms and conditions of interconnection in the “*Determination under Section 36A of the Telecommunications Ordinance in respect of a Variation of the Terms and Conditions of Interconnection for International Call Forwarding Services*” issued in May 2009¹⁵. For the LAC, the Authority decided to adopt an updated LAC regime as stated in the statement “*New Regulatory Regime for Local Access Charge*” in December 2011¹⁶ which came into effect from 1 July 2013.

B.6 Use of numbers

- B.6.1 Pursuant to section 32F of the TO, the Authority has issued a “*Numbering Plan for Telecommunications Services in Hong Kong*” (“Hong Kong Numbering Plan”)¹⁷. A unified carrier licensee is entitled to apply for allocation of telecommunications numbers and codes in the Hong Kong

¹² The Authority’s statement is available at https://www.coms-auth.hk/filemanager/statement/en/upload/170/ca_statements20130416.pdf.

¹³ ICFS charge refers to the access charge or originating charge for interconnection necessary for the provision of international call forwarding service.

¹⁴ LAC refers to an interconnection charge payable by external telecommunications service (“ETS”) operators to the local network operators, including local fixed and mobile carriers, for the conveyance of ETS traffic to and from end users of the local network operators.

¹⁵ The Authority’s determination is available at https://tel_archives.ofca.gov.hk/en/ta-determine/de20090519.pdf.

¹⁶ The Authority’s statement is available at https://tel_archives.ofca.gov.hk/en/tas/interconnect/ta20111223.pdf.

¹⁷ The Hong Kong Numbering Plan is available at https://www.ofca.gov.hk/filemanager/ofca/en/content_311/no_plan.pdf.

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Numbering Plan for provision of telecommunications service in accordance with the relevant guidelines and codes of practices issued by the Authority¹⁸.

B.7 Number portability

- B.7.1 Number portability for fixed and mobile telecommunications services (i.e. ONP and MNP) has been implemented in Hong Kong since 1995 and 1999 respectively. Fixed numbers are portable among all the fixed carriers and services-based operator (“SBO”) licensees providing fixed voice telephony services¹⁹, and mobile numbers are portable among all the mobile carriers and SBO licensees providing mobile voice telephony services and mobile virtual network operator (“MVNO”) services²⁰.
- B.7.2 ONP and MNP are implemented in Hong Kong using the distributed database approach, which requires the originating network to perform number translation. Each originating network has the responsibility of routing the calls correctly to the final recipient’s network. With the implementation of the unified carrier licensing regime in August 2008, all UCL holders (including fixed and mobile carriers), MVNOs and SBOs providing class 1 services should facilitate ONP and MNP at their own expense²¹. In line with that requirement, the Authority issued a determination in October 2010 to sunset all previous determinations relating to ONP and MNP²². The obligation on number portability will be accompanied by the right to have access to the number porting database. To fulfil the licence obligations concerning the provision of ONP and MNP, the licensees may choose to set up their own systems or negotiate with other licensees to make arrangements at commercially agreed terms. If the licensees opt to set up their own number portability databases, they are required, where and as directed by the

¹⁸ The code of practice relating to the use of numbers and codes in the Hong Kong Numbering Plan is available at https://www.coms-auth.hk/filemanager/statement/en/upload/385/cop-numbering_e.pdf.

¹⁹ SBO licensees are required to support number portability for fixed numbers if they provide “Class 1” type fixed services (i.e. fixed services that have all the attributes of the conventional fixed telephone services) under their licences.

²⁰ SBO licensees are required to support number portability for mobile numbers if they provide “Class 1” type mobile services (i.e. mobile services that have all the attributes of the conventional mobile telephone services) and MVNO services under their licences.

²¹ The Authority’s statement is available at https://tel_archives.ofca.gov.hk/en/tas/others/tas20101022.pdf.

²² The Authority’s determination is available at https://tel_archives.ofca.gov.hk/en/ta-determine/de20101022.pdf.

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Authority, to provide administration database hosting service²³ to other licensees at commercially agreed terms to facilitate the portability of numbers as required under their licences.

- B.7.3 The Authority issued a statement in July 2009²⁴ announcing that operators may implement FMNP on a voluntary basis at their own cost. Interested licensees should observe the relevant guiding principles governing the provision of FMNP and submit proposals to the Authority for its prior approval before commencing.

B.8 Road opening

- B.8.1 A unified carrier licensee may, on a case-by-case basis, be granted with right of road opening²⁵ if it is authorised to provide fixed services under its licence and it demonstrates that it is rolling out a wireline-based infrastructure. For more details on the application for road opening authorisation and procedure for road opening works, please refer to the relevant guidelines issued by the Authority²⁶.
- B.8.2 A unified carrier licensee authorised to provide mobile service only does not have the right to lay cables along or across public streets or unleased Government land. The licensee will be required to lease circuits from licensed local fixed network operators (“FNOs”) for the connections between base stations and mobile switching equipment. Applications for the operation of radio links in place of circuits leased from FNOs will be considered by the Authority on a case-by-case basis due to the limitations in the availability of suitable radio spectrum for such links.

B.9 Building access

- B.9.1 Similar to the case of road opening, a unified carrier licensee authorised to provide fixed services may be granted with rights of building access under section 14(1) of the TO if it demonstrates a plan to roll out self-built customer

²³ Administration database hosting service means a service offered by the licensee which makes available its administration database for access by another licensee, so that the latter will be able to fulfil the licence obligation under its own licence to facilitate the portability of numbers without the need of setting up its own administration database.

²⁴ The Authority’s statement is available at https://tel_archives.ofca.gov.hk/en/tas/numbering/tas20090710.pdf.

²⁵ In the case of unleased government land, consent in writing of the Director of Lands is required.

²⁶ The guidelines are available at <https://www.coms-auth.hk/filemanager/statement/en/upload/151/gn442012e.pdf>.

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access network to buildings based on deployment of technology which requires the laying of facilities in the common parts of a building for serving only the residents and occupants of that building. For more details on the application of building access authorisation for provision of fixed telecommunications service, please refer to the relevant guidelines issued by the Authority²⁷.

B.10 Sharing of use of facilities

B.10.1 The sharing of “bottleneck” facilities is governed by section 36AA of the TO. The Authority encourages commercial agreements for the sharing of the “bottleneck” facilities. If commercial agreements could not be reached within a reasonable period and subject to passing the “public interest” test specified in the section, the Authority may direct sharing of the “bottleneck” facilities and determine the terms for such sharing.

B.11 Construction of radio base stations

B.11.1 Sites for the installation of radio base stations are usually acquired by licensees on a commercial basis through negotiations with landowners. The Authority will not intervene in this process except in circumstances set out in sections 14(1B) and 36AA of the TO.

B.11.2 In addition to compliance with the requirements of the Authority in respect of frequency emission and non-ionizing radiation safety, the Licensee must ensure that their installations of radio base stations comply with the requirements of the relevant Government departments including Buildings Department, Lands Department and the relevant statutory town plans of Planning Department / Town Planning Board. The Authority has adopted a one-stop application procedure under which the Licensee is required to declare the compliance status of its proposed radio base stations with the requirements of the Government departments / authorities concerned.

B.11.3 To shorten the overall processing time of base station application, the Authority and Lands Department have adopted parallel processing of applications in cases where a temporary waiver is required. The Licensee must submit applications to the Authority and Lands Department (if a

²⁷ The guidelines are available at https://tel_archives.ofca.gov.hk/en/report-paper-guide/guidance-notes/gn_200820.pdf.

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temporary waiver is required) in parallel. The Authority will start processing the application upon receiving the Licensee's declaration that the related waiver application has been submitted to Lands Department. The Authority may, after having been satisfied that all requirements concerning electromagnetic compatibility and radiation safety are met, grant an approval for the operation of the radio base station prior to Lands Department's decision on the related waiver application. In order to ensure the radiation safety requirements are met, OFCA will conduct random checking of radiation level of base stations which have been put into operation following the prior approval of the Authority.

- B.11.4 The Licensee should refer to the “*Guidance Note for Submission of Applications by Public Telecommunications Operators for the Installation of Radio Base Stations for Public Telecommunications Services in Buildings and on Rooftops*” published on the Authority’s Website in December 2010²⁸ for details of the requirements and procedures for obtaining approval from the departments / authorities concerned. The decision as to whether or not to grant such approval and the actual time taken to grant such approval remains at the discretion of the individual departments / authorities concerned.
- B.11.5 The Licensee must control the radiated power of the radio base stations to a sufficiently low level to confine the service available for indoor use only as specified in paragraph B.3.1 above and comply with any specification(s) applicable to the radio base stations which may be prescribed from time to time by the Authority.
- B.11.6 To facilitate the rollout of 5G network by mobile network operators (“MNOs”), the Chief Executive announced in the 2018 Policy Address²⁹ that the Government would proactively open up suitable Government premises and roof-tops for the installation of radio base stations. The initiative is implemented under a pilot scheme which has been launched since March 2019 with more than 1 000 Government premises and venues made available for application by MNOs. OFCA has issued the “*Guidance Notes for Submission of Applications under the Pilot Scheme for Installation of Radio Base Stations*

²⁸ The guidance note is available at https://www.coms-auth.hk/filemanager/statement/en/upload/138/gn_201024.pdf.

²⁹ Please see paragraph 137 of the 2018 Policy Address, which is available at <https://www.policyaddress.gov.hk/2018/eng/pdf/PA2018.pdf>.

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at Selected Government Venues”³⁰ in March 2019 to provide MNOs with details of the application requirements and procedures. Licensees may apply to the relevant Government departments including OFCA for the use of these Government premises and venues for installation of their radio base stations.

B.12 Deployment of femtocell

B.12.1 The Authority adopts a light-handed regulatory framework in respect of the installation of relevant femtocell equipment. Under the said regulatory framework, the Licensees are allowed to deploy femtocell for the provision of mobile services without having to seek the prior approval of the Authority for individual femtocell installation and provision of detailed information of femtocells under their UCLs. For holders of existing mobile carrier licence or UCL for provision of mobile services, they may apply to the Authority for the necessary amendments to their licences. A femtocell is not considered as a base station for the purpose of licence fee calculation³¹.

B.13 Phasing out of a generation of public mobile services

B.13.1 The Licensees shall seek the prior written consent of the Authority and make proper and appropriate arrangements for the affected customers to the satisfaction of the Authority before ceasing to provide a generation of mobile service. Please refer to Special Condition 10.4 of the Licence as set out in Appendix 1 of the Notice.

B.14 Standards and type approval of radiocommunications apparatus

B.14.1 All radiocommunications apparatus, including both infrastructure equipment and customer equipment used in Hong Kong, must comply with the relevant standards or specifications as may be prescribed by the Authority and meet the necessary type approval requirements under the Hong Kong Telecommunications Equipment Evaluation and Certification Scheme³².

³⁰ The guidance notes are available at https://www.coms-auth.hk/en/policies_regulations/cop_guidelines/telecomm/index_id_503.html.

³¹ The details of the regulatory framework of femtocell deployment are available at https://tel_archives.ofca.gov.hk/en/consultations/circulardoc/femtocell_deployment.html.

³² Information about the scheme is available at <https://www.ofca.gov.hk/filemanager/ofca/common/Industry/telecom/standard/i421e.pdf>.

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B.14.2 The Licensee must provide services to customers, who use equipment meeting the relevant technical specifications as prescribed by the Authority, on a non-discriminatory basis irrespective of whether the equipment is acquired from the Licensee.

B.15 Universal service arrangement

B.15.1 Under section 35B of the TO, the Authority may require one or more fixed carrier licensees³³ to have a universal service obligation (“USO”) for provision of basic telephone services, including mainly fixed telephone lines and public payphones. At present, PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited (as joint holders of the UCL no. 025) are designated as the universal service provider. A system of universal service contribution (“USC”) is implemented which requires USC contributing parties to share the costs of meeting the USO.

B.15.2 The providers of local fixed and mobile telecommunications services including both facility-based and service-based operators using local telephone numbers³⁴ are required to share the USC on the basis of the quantity of telephone numbers held by them for the provision of fixed and mobile telephone services.

B.16 Competition Ordinance

B.16.1 The CO has been fully in force since 14 December 2015³⁵. The CO provides for general prohibitions of three types of anti-competitive conduct (described as the first conduct rule, the second conduct rule and the merger rule, collectively referred to as the ‘competition rules’ in the CO). The first conduct rule prohibits anti-competitive agreements, decisions and concerted practices. The second conduct rule prohibits an undertaking that has a substantial degree of market power from abusing that power. The merger rule prohibits anti-competitive mergers. The first and second conduct rules apply to all sectors, including the telecommunications sector, in Hong Kong. At present, the merger rule applies only to a merger involving one or more undertakings that

³³ Including unified carrier licensees authorised to provide fixed telecommunications services.

³⁴ Specifically, the USC contributing parties include fixed carrier licensees, mobile carrier licensees, unified carrier licensees authorised to provide local fixed or mobile telephone services, and SBO licensees authorised to provide class 1 service, class 2 service or class 3 service (MVNO services only).

³⁵ The full text of the CO is available at <https://www.elegislation.gov.hk/hk/cap619>.

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hold a carrier licence under the TO or, directly or indirectly, control an undertaking that holds such a licence.

- B.16.2 Under the CO, the Authority is conferred concurrent jurisdiction with the Competition Commission to investigate and bring enforcement proceedings to the Competition Tribunal in relation to the conduct of telecommunications and broadcasting operators. The Authority and the Competition Commission have signed a Memorandum of Understanding (“MoU”) to coordinate the performance of their functions over which they have concurrent jurisdiction. According to the MoU, the Authority will ordinarily take the role of the lead authority on matters which fall within the concurrent jurisdiction. Where a matter involves issues that are partly within the concurrent jurisdiction and issues that are partly outside the concurrent jurisdiction, the Authority and the Competition Commission will discuss and agree on how best to process the matter on a case-by-case basis.
- B.16.3 The Authority and the Competition Commission have jointly issued under the CO six sets of guidelines describing how they expect to interpret and give effect to the three competition rules, and explaining the procedures for handling complaints, conducting investigations and considering applications for exclusions and exemptions³⁶.
- B.16.4 Apart from the CO, section 7Q of the TO prohibits exploitative conduct of a dominant licensee. The Authority has investigative as well as adjudicative power in enforcing section 7Q. Decisions made by the Authority under section 7Q will be subject to appeal to the Appeal Board.

B.17 Prohibition on unfair trade practices

- B.17.1 The TDO, as amended with effect from 19 July 2013, prohibits traders of goods and services in all sectors, including the telecommunications sector, from engaging in specified unfair trade practices, namely -
- (a) false trade descriptions of services (section 7A);
 - (b) misleading omissions (section 13E);
 - (c) aggressive commercial practices (section 13F);

³⁶ The full sets of competition guidelines are available at https://www.coms-auth.hk/en/policies_regulations/competition/co/legislation_and_guidelinesIssuedUnderTheCo/index.html.

- (d) bait advertising (section 13G);
 - (e) bait and switch (section 13H); and
 - (f) wrongly accepting payment (section 13I).
- B.17.2 The Customs and Excise Department (“C&ED”) is the principal agency for enforcing the TDO, with concurrent jurisdiction conferred on the Authority to enforce the relevant provisions of the TDO in relation to the commercial practices of licensees under the TO and the Broadcasting Ordinance (Cap. 562) that are directly connected with the provision of a telecommunications or broadcasting service under the respective ordinances. C&ED and the Authority have jointly issued enforcement guidelines which state the manner in which the C&ED and the Authority would exercise their enforcement powers and provide guidance on the operation of the relevant provisions of the TDO³⁷.

B.18 Consumer protection measures

Guidelines for implementation of fair usage policy

- B.18.1 To provide guidance to broadband service providers on how they may implement fair usage policy and to enhance the transparency of service information to facilitate better informed consumer choices, the Authority promulgated the “*Guidelines for the Implementation of Fair Usage Policy for the Provision of Mobile and Fixed Broadband Services*” in November 2011³⁸ which sets out the relevant guiding principles for compliance by service providers. The Licensees are required to comply with the guidelines on a mandatory basis for all new or renewed service contracts signed on or after 13 February 2012.

Measures to prevent mobile bill shock

- B.18.2 The Authority has urged all mobile operators to adopt various measures to address the problem of mobile bill shock³⁹. To increase the transparency of

³⁷ The enforcement guidelines are available at https://www.coms-auth.hk/filemanager/en/content_800/Enforcement_Guidelines_en.pdf.

³⁸ The guidelines are available at https://www.coms-auth.hk/filemanager/statement/en/upload/38/gn_201124e.pdf.

³⁹ Mobile bill shock refers to the shock consumers experience upon receiving unexpectedly high mobile bill charges.

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the relevant service information, OFCA publishes the measures implemented by individual mobile operators on its website⁴⁰ and provides regular updates. The Licensees are expected to implement measures to prevent mobile bill shock.

Code of Practice in Relation to Billing Information and Payment Collection for Telecommunications Services

B.18.3 With a view to enhancing the transparency of pricing of chargeable items in the provision of telecommunications services by local fixed and mobile operators, the Authority issued a “*Code of Practice in Relation to Billing Information and Payment Collection for Telecommunications Services*” in October 2011⁴¹. This code requires telecommunications service providers to provide customers with itemised billing information for verification of charges, take reasonable steps to ensure accuracy of billing and collection of payment, and report to OFCA in a timely manner in the event of any incident involving systematic errors in these aspects. The Licensees are expected to comply with this code and follow the practices prescribed therein.

Customer Complaint Settlement Scheme (“CCSS”)

B.18.4 The CCSS is a mediation scheme set up by the telecommunications industry to help resolve billing disputes in deadlock between telecommunications service providers and their customers. The mediation service is managed and operated by an independent CCSS service centre set up under the Communications Association of Hong Kong (“CAHK”)⁴². OFCA supports the CCSS by contributing the necessary funding, screening the CCSS applications against the acceptance criteria, and monitoring the performance and the governance of the scheme. The Licensees are expected to join the CCSS.

⁴⁰ Measures in preventing mobile bill shock are available at https://www.ofca.gov.hk/en/consumer_focus/education_corner/guide/advice_mps/billshock/webform/index.html.

⁴¹ The code is available at <https://www.coms-auth.hk/filemanager/statement/en/upload/33/cop20111011e.pdf>.

⁴² CAHK is the association for Hong Kong’s communications industries with responsibilities across broadcasting, wireline and wireless communications, and other relevant business sectors in the domain of information communications technology.

Industry Code of Practice for Telecommunications Service Contracts

B.18.5 In order to protect consumer interests and enhance transparency in the process of contract conclusion for telecommunications services, CAHK promulgated a self-regulatory “*Code of Practice for Telecommunications Service Contracts*” in December 2010 and updated it in October 2014⁴³. All major FNOs and MNOs have implemented the industry code from July 2011. The Licensees are expected to comply with this code and follow the practices prescribed therein.

Code of Practice on the Provision of Telecommunications Services for the Elderly and People with a Disability

B.18.6 To facilitate convenient use of telecommunications services by the elderly and people with a disability, the Authority issued a “*Code of Practice on the Provision of Telecommunications Services for the Elderly and People with a Disability*” in October 2010 and updated it in June 2013⁴⁴. The Licensees are required to comply with this code and follow the practices prescribed therein.

Code of Practice on Protection of Customer Information for Fixed and Mobile Service Operators

B.18.7 A “*Code of Practice on Protection of Customer Information for Fixed and Mobile Service Operators*” was jointly issued by the Consumer Council, Independent Commission Against Corruption, Office of the Privacy Commissioner for Personal Data and OFCA in June 2002⁴⁵, which sets out the good practices that should be adopted by fixed and mobile service operators to prevent unauthorised disclosure of customer information. The Licensees are expected to comply with this code and follow the practices prescribed therein as well as to adopt other standards and measures which can provide reasonably sufficient protection of customer information. The Licensees must observe the requirements of the relevant legislation relating to protection of personal data and prevention of bribery.

⁴³ The latest version of the industry code is available at http://www.cahk.hk/images/Industry_CoP_for_Telecom_Service_Contract_Clean_20150430_Eng_Revisions_incorporated_v2.pdf.

⁴⁴ The latest version of the code is available at <https://www.coms-auth.hk/filemanager/statement/en/upload/186/cop201302e.pdf>.

⁴⁵ The code is available at https://tel_archives.ofca.gov.hk/en/code/practice/cap14062002.pdf.

Code of Practice on the Handling of Customers' Deposits and Prepayments of Charges

B.18.8 In order to protect consumer interest and to enhance consumer confidence in deposit and prepayment schemes offered by telecommunications operators, the Authority issued a “*Code of Practice on the Handling of Customers’ Deposits and Prepayments of Charges*” in April 2001⁴⁶. The Licensees are expected to adopt this code and observe the guiding principles governing the handling of deposits and prepayments of charges for telecommunications services.

Code of Practice on Verification of the Addresses of Potential Customers for Mobile Telecommunications Services

B.18.9 A “*Code of Practice on Verification of the Addresses of Potential Customers for Mobile Telecommunications Services*” was issued by the Authority in January 2000 and revised by the Authority in November 2018⁴⁷. The code provides practical guidance to mobile service providers in respect of the verification of the addresses of potential customers when they enter into commercial arrangements with the service providers for use of mobile services and the documents that are considered to be acceptable proof of address from the customers. The Licensees are required to comply with the latest version of this code and follow the practices prescribed therein.

Performance pledges of mobile broadband services

B.18.10 To help consumers make informed choices for mobile broadband services, MNOs have published on a quarterly basis the performance pledges for their mobile broadband services, covering aspects related to network reliability, service restoration time, customer hotline performance, customer complaint handling and technical performance since July 2010. The performance pledges and performance statistics of individual MNOs are available on their

⁴⁶ The code is available at https://tel_archives.ofca.gov.hk/en/code/cop20010426.pdf.

⁴⁷ The latest version of the code is available at <https://www.coms-auth.hk/filemanager/statement/en/upload/479/cop201805e.pdf>.

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respective websites and via hyperlinks at the Authority's Website⁴⁸. The Licensees are expected to follow similar practices.

Industry Code of Practice for Chargeable Mobile Content Services

B.18.11 To safeguard consumer interests and increase the transparency of pricing information related to chargeable mobile content services (“MCS”) provided by third-party content service providers (“CSPs”), CAHK issued a “*Code for the Provision of Chargeable Mobile Content Services*” in January 2010 and updated it in March 2017⁴⁹. This code requires all third-party CSPs, before initiating delivery of MCS to customers, to provide them with clear information on all charges, obtain clear consent from them for the provision of MCS, and set out clearly the unsubscribing mechanisms. MNOs have undertaken to comply with this code and will enter into contracts to provide a delivering and billing service with only those CSPs which comply with this code. The Licensees are expected to comply with this code and follow the practices prescribed therein.

Benchmark Code of Practice on Person-to-Person (“P2P”) Marketing Calls

B.18.12 To tackle the inconvenience caused by P2P marketing calls to the public, the Government has worked with specific sectors to establish sector-specific regulatory regimes for P2P marketing calls. In relation to the telecommunications industry, CAHK issued a “*Benchmark Code of Practice on Person-to-Person Marketing Calls*” in March 2011⁵⁰. All major FNOs and MNOs have adopted the benchmark code published by the CAHK and published their codes of practices on P2P marketing calls for self regulation. The Licensees are expected to adopt the benchmark code and follow the practices prescribed therein.

⁴⁸ The performance pledges are available at https://www.ofca.gov.hk/en/consumer_focus/mobile_telecom/performance_pledges/index.html.

⁴⁹ The latest version of the code is available at http://www.cahk.hk/images/Code_for_MCS/Code_for_the_Provision_of_Chargeable_MCS_2017.08.14_Final.pdf.

⁵⁰ The benchmark code is available at http://www.cahk.hk/News/352/Benchmark_Industry_CoP_P2P_final.pdf.

Code of Practice for the Provision of Mobile Television Services

B.18.13 CAHK issued a “*Code of Practice for the Provision of Mobile Television Services*” in August 2012⁵¹ for the purpose of setting out the principles of good practice for the provision of mobile television services (which refers to television services delivered over wireless platform and intended for reception on the move by mobile or portable devices). The Licensees are expected to comply with this code and follow the practices prescribed therein for the provision of mobile television services.

Code of Practice on the Cessation Arrangements for Mobile Virtual Network Operator Services

B.18.14 A “*Code of Practice on the Cessation Arrangements for Mobile Virtual Network Operator Services*” was issued by the Authority in September 2017⁵². This code provides practical guidance to relevant licensees in the event of cessation of MVNO services in order to better protect and promote the interests of consumers of telecommunications goods and services. The Licensees providing wholesale network capacity services to any MVNO are required to observe and comply with this code as part of their licence obligations.

B.19 Future spectrum supply

- B.19.1 In accordance with the Radio Spectrum Policy Framework, the Authority publishes the SRP⁵³ to inform the industry and interested parties of the potential supply of radio spectrum which may be made available through open bidding, tendering process or other appropriate means in the following three years. The SRP is updated every year on a rolling basis or as required taking into account the latest developments.
- B.19.2 Parties who are interested in providing mobile services should make reference to the SRP from time to time and the announcements made by the Authority to invite applications to bid or apply for the radio spectrum.

⁵¹ It is available at http://www.cahk.hk/MTV/Mobile_TV_CoP.pdf.

⁵² The code is available at https://www.coms-auth.hk/filemanager/statement/en/upload/421/cop-mvno_e.pdf.

⁵³ The latest version of the SRP is available at https://www.ofca.gov.hk/filemanager/ofca/common/Industry/broadcasting/spectrum_plan2019_en.pdf.

B.20 Spectrum utilization fees for spectrum assigned administratively (for fixed and other links)

- B.20.1 To encourage more efficient use of the scarce radio spectrum resources, the Secretary and the Authority jointly issued a statement “*Spectrum Utilization Fee for Spectrum Assigned Administratively*” in September 2011 setting out their decisions to impose spectrum utilization fees⁵⁴ on spectrum that is assigned to non-Government users administratively, the spectrum and the services that will attract spectrum utilization fees, the levels of spectrum utilization fee payable, and the implementation details⁵⁵.
- B.20.2 The Government has completed the legislative process for implementation of the spectrum utilization fees charging scheme. The following legislation effecting the spectrum utilization fees charging scheme came into operation on 1 January 2018 -
- (a) Telecommunications (Designation of Frequency Bands subject to Payment of Spectrum Utilization Fee) (Amendment) Order 2017; and
 - (b) Telecommunications (Level of Spectrum Utilization Fee) (Fixed and Other Links) Regulation.
- B.20.3 Under the spectrum utilization fees charging scheme, the full fee payable is set out in Figure 2 below, subject to a transitional period of five years before the charging scheme is fully in force. The spectrum utilization fees would be levied two years after the implementation of the spectrum utilization fees charging scheme. After the two-year grace period (for the 24 months beginning on 1 January 2018), spectrum utilization fees would be imposed using a three-year phase-in approach, with 30% of the spectrum utilization fees payable for the 12 months beginning on 1 January 2020, 70% payable for the 12 months beginning on 1 January 2021, and the full amount payable for the subsequent (fifth) year and beyond.

⁵⁴ Spectrum utilization fee for spectrum assigned administratively is the price set by the regulator, charged to spectrum licensees and is intended to reflect the opportunity cost of spectrum use (and thereby provide effective incentives for efficient use of spectrum).

⁵⁵ The Authority’s statement is available at https://tel_archives.ofca.gov.hk/en/tas/spectrum/ta20110923.pdf.

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Figure 2: List of frequency bands subject to payment of spectrum utilization fees and the levels of spectrum utilization fees for spectrum assigned administratively

Designated frequency bands (MHz)	Use	Spectrum utilization fees payable (per link, in HK\$/MHz/annum)	
		Exclusive use	Non-exclusive use
2055 – 2095	ENG/ OB links*	21,600	10,800
5875 – 6425	Fixed links/ Satellite uplink	No exclusive use	432
6425 – 7100	Fixed links/ Satellite uplink	21,600 (for frequencies assigned under carrier and Self-Provided External Telecommunications System licences)	3,600 (for frequencies assigned under carrier and Self-Provided External Telecommunications System licences)
7421 – 7900	Fixed links	or 36,000 (for frequencies assigned under Wide Band Link and Relay Station licences)	or 6,000 (for frequencies assigned under Wide Band Link and Relay Station licences)
8275 – 8500	Fixed links		
10700 – 11700	Fixed links		

* ENG / OB stands for Electronic News Gathering / Outside Broadcast.

B.21 Spectrum change or swap

- B.21.1 Pursuant to section 32G of the TO, the Authority has the statutory duty to promote the efficient allocation and use of spectrum as a public resource of Hong Kong. Pursuant to section 32H of the TO, the Authority is empowered to assign frequencies and bands of frequencies to users, and to vary or withdraw such assignment.
- B.21.2 The Spectrum Utilization Fees for the Frequency Blocks made available for bidding in the Auction will be determined by the market through the bidding process. In order to ensure the realization of the full market value of the spectrum, there will be a prohibition on Successful Bidders swapping or

otherwise transferring their holdings of the Frequency Blocks assigned through the Auction in the first five years of the spectrum assignment period.

- B.21.3 For the avoidance of doubt, in relation to the spectrum assigned by the Authority to Successful Bidders as determined by the Auction, any request for subsequent change in spectrum assignment or swap or other transfer of spectrum will generally not be considered until after the expiry of the first five years of the spectrum assignment. Any spectrum change, swap, or equivalent request submitted thereafter will be considered by the Authority based on the merits of each case and its approval or otherwise, and the imposition of conditions, if any, will be at the Authority's sole discretion.

B.22 Trading of spectrum

- B.22.1 Trading of spectrum is a mechanism whereby a spectrum assignee may, through bilateral negotiations, transfer all or part of the spectrum it holds to another party for the remaining duration of spectrum assignment. A consultancy study on spectrum trading was commissioned by the Government in 2017 and was completed in 2018. Taking into account the findings of the consultancy study, the Government advised the Legislative Council Panel on Information Technology and Broadcasting in June 2018 that it did not see a justifiable case for introducing spectrum trading in Hong Kong both in the short term (i.e. the next five years) and in the medium term (i.e. five to ten years)⁵⁶.

B.23 Mobile network sharing

- B.23.1 MNOs may implement a number of forms of mobile network sharing, including, among others, antenna sharing, site sharing, radio access network sharing, domestic network roaming, and capacity leasing, provided that they are fully compliant with the relevant provisions under the TO, CO and relevant licence conditions⁵⁷.

⁵⁶ The paper to the Legislative Council Panel on Information Technology and Broadcasting is available at <https://www.legco.gov.hk/yr17-18/english/panels/itb/papers/itb20180611cb4-1200-5-e.pdf>.

⁵⁷ Further information on permissible forms of mobile network sharing may be found in the Telecommunications Regulatory Affairs Advisory Committee Paper No. 2/2016 which is available at https://www.ofca.gov.hk/filemanager/ofca/en/content_757/traac2_2016.pdf.

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- B.23.2 MNOs have the rights to use only the spectrum assigned to them under their respective carrier licences and shall bear responsibility for transmission of radio signals using such spectrum. Any form of mobile network sharing must not result in *de facto* sharing, pooling, leasing or transfer of spectrum, which has not been approved by the Authority or is not permitted under the existing legal and regulatory regimes.
- B.23.3 For innovative forms of mobile network sharing, MNOs may furnish relevant technical and operational information on network implementation and operation to OFCA for advice on whether the proposals are fully compliant with the relevant regulatory requirements.

B.24 Use of the 5 GHz shared band for the provision of public mobile services

- B.24.1 The Authority issued a statement “*Use of the 5 GHz Shared Band for the Provision of Public Mobile Services*” in June 2018⁵⁸. If the Licensees are interested in making use of the 5 GHz shared band (i.e. 5150 –5350 MHz, 5470 –5725 MHz and 5725 –5850 MHz) for the provision of mobile services on a shared basis, they may make separate applications to the Authority.

B.25 Provision of location information of users for emergency service

- B.25.1 Licensees are required to provide a public emergency service such that any member of the public may, at any time and without incurring any charge, by means of compatible apparatus connected to the network of the Licensee, communicate as quickly as practicable with the Hong Kong Police Emergency Centre or other entities as directed by the Authority to report an emergency.
- B.25.2 To facilitate the provision of emergency service in an effective, efficient and prompt manner, the Licensees are required to provide, to the extent which is technically feasible and practicable, location information of callers making emergency calls at the time when the call is made, free of charge to the Police, Fire Services Department and other relevant Government agencies handling emergency service.

⁵⁸ The Authority’s statement is available at https://www.coms-auth.hk/filemanager/statement/en/upload/451/ca_statements20180604_en.pdf.

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B.26 Caveat to Bidders

- B.26.1 Parties interested in the Auction should be mindful of the current regulatory arrangements and possible developments, including those set out in Section B when making their business decision to participate in the Auction.

C. The Licence

C.1 Terms and conditions of the Licence

- C.1.1 The Licence to be issued to each Successful Bidder will be a UCL valid for 15 years starting from the date of issue of the Licence.
- C.1.2 The Licence will contain the General and Special Conditions substantially in the form set out in Appendix 1 of the Notice⁵⁹. The General Conditions are prescribed in the Telecommunications (Carrier Licences) Regulation (Cap. 106V) whereas the Special Conditions are specified by the Authority for the imposition of those licence conditions specific to the Licensee in the provision of public telecommunications services. For the avoidance of doubt, the Authority reserves the right to amend the Conditions as appropriate or necessary prior to formal Licence grant.

C.2 Assignment of the Frequency Blocks

- C.2.1 The Frequency Blocks will be assigned for use by the Successful Bidders for a period of 15 years. This assignment of the Frequency Blocks will not prejudice the generality of the power exercisable by the Authority under the TO including section 32H.
- C.2.2 For the avoidance of doubt, there is no legitimate expectation of any right of renewal or right of first refusal upon expiry of assignment of any of the Frequency Blocks.

C.3 Compliance with auction rules

- C.3.1 A Successful Bidder must comply with the terms and conditions of the Notice. If it is found, to the satisfaction of the Authority, to have been involved in an act, or omission of any act, constituting a breach of the terms and conditions of the Notice, then the Authority may cancel, withdraw or suspend the Licence or assignment of the relevant Frequency Blocks under the Licence.

⁵⁹ In June 2019, the Authority published a revised sample UCL on its website with amendments made on existing Special Conditions 1.2, 12.4 and 25.1, and the addition of a new Special Condition 48. The aforesaid amendments have been incorporated under the Licence at Appendix 1 of the Notice.

C.4 Control of interference

- C.4.1 The Licensee is required to take all reasonable measures to install, maintain and operate the network and the service in such a manner as not to cause any harmful interference to the incumbent radiolocation services operating outdoors and to any lawful telecommunications services within or outside Hong Kong. If necessary, the Authority may issue relevant directions requiring the Licensee to take such measures as may be necessary to prevent interference.
- C.4.2 The Licensee must provide indoor services only and will not claim, or be entitled to claim, protection from harmful interference caused by any lawful telecommunications services already in existence and operating outdoors.
- C.4.3 The Licensee must also coordinate and agree with other licensees on the technical measures to be taken to minimise any mutual interference between them.
- C.4.4 The Licensee must at all times ensure that no harmful interference is caused to users of the spectrum in the Mainland. The Authority will have ongoing discussions with the relevant Mainland authorities to coordinate the use of frequencies in the boundary areas between Hong Kong and the Mainland. The Licensee must comply with such requirements as may be imposed by the Authority as a result of the frequency coordination from time to time.

C.5 Permitted service and technical standard to be adopted

- C.5.1 The Frequency Blocks shall be used for the provision of indoor public mobile services only. For the avoidance of doubt, the Licence authorises the Licensee to only provide services licensable under the TO. Nothing in the Auction or in the Licence authorises the Licensee to provide any service subject to licensing, permission, approval or other kinds of authorisation under any other ordinance.
- C.5.2 The Licensee will be free to adopt any widely recognised standards for the provision of public mobile services using the assigned Frequency Blocks.

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C.5.3 Notwithstanding the technology neutrality principle, the Licensee must comply with all the relevant technical specifications, if any, which may be prescribed from time to time by the Authority under section 32D of the TO.

C.6 Network and service rollout requirement

C.6.1 The Licensee shall meet network and service rollout requirement for the mobile service authorised under the Licence, namely that, within five years from the issue of the Licence, to establish at least 400 indoor base stations operating in the 3.3 GHz band, and to maintain no less than that number of indoor base stations thereafter, for the provision of the service. For details of the network and service rollout requirement of the Licensee, please refer to Schedule 8 of the Licence which is set out in Appendix 1 of the Notice.

C.7 Performance Bond for network and service rollout requirement

C.7.1 To ensure compliance with the network and service rollout requirement within five years from the issue of the Licence, the Licensee is required to lodge a Performance Bond with the Authority to guarantee the network and service rollout obligations. As such, the Provisional Successful Bidder must provide the Performance Bond issued by a Qualifying Bank in the amount as set out in Figure 3 below within 25 Business Days after publication of the Provisional Successful Bidder Notice. The form of the Performance Bond for network and service rollout requirement is provided in Schedule A of the Licence, which is set out in Appendix 1 of the Notice.

Figure 3: Frequency Block and Performance Bond

Frequency Block	Performance Bond
C1	HK\$10 million
C2	HK\$10 million
C3	HK\$10 million
C4	HK\$10 million
C5	HK\$10 million
C6	HK\$10 million
C7	HK\$10 million
C8	HK\$10 million
C9	HK\$10 million
C10	HK\$10 million

C.7.2 The liability under the Performance Bond will cease when the Authority is satisfied that the Licensee has fully complied with the network and service rollout requirement.

C.8 Open Network Access requirement

C.8.1 The Licensee will not be subject to any Open Network Access requirement.

C.9 Domestic Roaming requirement

C.9.1 The Licensee will not be subject to any Domestic Roaming requirement.

C.10 Denial of service to suspected stolen handsets

C.10.1 The Authority will reserve the power to direct the Licensee not to provide services to any person who possesses or uses a radiocommunications apparatus which is stolen or suspected stolen goods.

C.11 Payment of Spectrum Utilization Fees

C.11.1 As stipulated in the relevant provisions of the Regulation and the Order, the use of the Frequency Blocks in the Auction is subject to the payment of Spectrum Utilization Fees.

C.11.2 A Provisional Successful Bidder may choose to pay the Spectrum Utilization Fee in full as a lump sum payment upfront; or annually in 15 instalments, with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the Spectrum Utilization Fee payable in the immediately preceding instalment increased by 2.5%. For the avoidance of doubt, payment of the Spectrum Utilization Fee in full as a lump sum payment upfront, or payment of the first instalment equivalent to the lump sum amount divided by 15, as the case may be, must be made within 25 Business Days after publication of the Provisional Successful Bidder Notice.

C.11.3 In the case of payment by annual instalments, the Provisional Successful Bidder or the Licensee, as the case may be, is required to maintain at all times throughout the whole assignment period a rolling Performance Bond to guarantee payment of the Spectrum Utilization Fee payable in the ensuing five

years, or the Spectrum Utilization Fee payable for the remaining duration of the assignment term if it is less than five years, in the form of Schedule B attached to the Licence. Accordingly, upon payment of the first instalment within 25 Business Days after publication of the Provisional Successful Bidder Notice, the Provisional Successful Bidder must at the same time provide the rolling Performance Bond to guarantee payment of Spectrum Utilization Fee payable in the ensuing five years.

C.12 Payment of licence fee

- C.12.1 Unified carrier licensees are required to pay annual licence fees which are stipulated in Schedule 3 to the Telecommunications (Carrier Licences) Regulation (Cap. 106V). In line with the cost recovery principle, the licence fees will be reviewed from time to time so that the expenses incurred in the provision of the services and financing liabilities of the OFCA Trading Fund are met by the income paid to the Trading Fund.
- C.12.2 The current annual licence fee payable on the issue and on each anniversary of the issue of a UCL in each year while the licence remains in force will be the sum of the items set out in Figure 4 below, where applicable -

Figure 4: Annual licence fee schedule

	Particulars	Annual licence fee
1.	Fixed fee	HK\$1,000,000
2.	For each 100 customer connections to the network established and maintained under the Licence	HK\$500
3.	For each subscriber number (a) allocated to the Licensee that is not (i) ported out from the Licensee's network or (ii) assigned to another licensee (who has made payment of the licence fee for such number); and (b) allocated to another licensee that is ported in to the Licensee's network	HK\$3 per subscriber number
4.	For the 1st to the 50th base station installed for the mobile services offered by the Licensee For the 51st to the 100th base station installed for the mobile services offered by the Licensee	HK\$1,000 per base station HK\$500 per base station

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	Particulars	Annual licence fee
	For the 101st base station and any additional base stations installed for the mobile services offered by the Licensee	HK\$100 per base station
5.	For every 1 kHz or part thereof of frequency then assigned to the Licensee • below 1 GHz • 1 GHz to 10.999 GHz • 11 GHz to 18.999 GHz • 19 GHz and above	HK\$50 HK\$50-4F HK\$20-F HK\$1 where F is the frequency rounded down to the nearest GHz
6.	For each 100 Wireless Internet of Things devices connected by radiocommunications means to the network established and maintained under the Licence.	\$200

For details, please refer to Part 6 of schedule 3 to the Telecommunications (Carrier Licences) Regulation (Cap. 106V).

- C.12.3 For the purpose of determining the licence fees payable, the quantity of customer connections, Wireless Internet of Things devices, subscriber numbers, base stations and frequencies assigned will be those authorised or in service at the time when the UCL concerned is issued or on each anniversary of the issue date.

C.13 Revocation of the Licence

- C.13.1 Under section 34(4) of the TO, the Authority may cancel or withdraw the Licence, or suspend the Licence for a period not exceeding 12 months, in the event of any contravention of the Licence, the TO, or any condition to which the Licensee is subject. In exercising such a power, the Authority will give the Licensee a reasonable opportunity to make representations. The exercise of this power must be proportionate and reasonable in relation to the contravention concerned.
- C.13.2 The Chief Executive in Council (“CE in C”) may, under section 34(4) of the TO, cancel or suspend the Licence at any time if CE in C considers that the public interest so requires.

C.14 Transfer and assignment of the Licence

C.14.1 The Licensee may, only with the prior written consent of the Authority, and subject to such reasonable conditions as the Authority thinks fit, transfer the Licence or any permission, right or benefit under the Licence. In giving its consent, the Authority will have regard to such matters as it thinks fit including but not limited to the effect which the transfer will have on market structure and the financial and technical competence and viability of the transferee.

C.15 Change of ownership

C.15.1 The merger rule under the CO provides that an undertaking must not, directly or indirectly, carry out a merger that has, or is likely to have, the effect of substantially lessening competition in Hong Kong. At present, the merger rule applies only to a merger involving one or more undertakings that hold a carrier licence under the TO or, directly or indirectly, control an undertaking that holds such a licence.

C.15.2 There is no requirement to notify the Authority of a merger falling within the merger rule. However, in order to assist merging parties and their advisers when planning mergers, the Authority is willing to provide informal advice on a proposed merger on a confidential basis. For details of the merger rule and how the Authority intends to interpret and give effect to the merger rule, please refer to schedule 7 of the CO and the guideline on the merger rule jointly issued by the Authority and the Competition Commission⁶⁰.

C.16 Service contracts and dispute resolution

C.16.1 The Licensees shall comply with all codes of practice issued by the Authority from time to time in respect of the requirements to apply in the contracting of telecommunications services to end users.

C.16.2 The contracting requirements referred to in paragraph C.16.1 above may include the following -

⁶⁰ The guideline is available at https://www.coms-auth.hk/filemanager/en/content_923/comp_guide3_en.pdf.

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- (a) the style, format and structure of service contract documentation;
 - (b) the manner of entering into and terminating service contracts;
 - (c) the information to be included in or in connection with service contracts and the performance of the services;
 - (d) the submission of disputes between end users and the providers of telecommunications services to independent dispute resolution, pursuant to a scheme approved by the Authority; and
 - (e) other terms and conditions or provisions for the protection of the interests of end users.
- C.16.3 Before issuing any such codes of practice, the Authority will carry out such consultation as is reasonable in the circumstances.

D. The Auction**D.1 Introduction**

D.1.1 The Notice governs the rules and procedures of the Auction and Bidders must observe the terms and conditions set out in the Notice in full. This Section only highlights certain salient features of the Auction. Any person interested in participating in the Auction should familiarise himself with the Notice and should seek independent professional advice in respect of the Notice. In the event of any discrepancy between the Notice and this Section, the Notice prevails.

D.1.2 There are four stages of the Auction -

- (a) Application Stage, as outlined in paragraph D.2 below;
- (b) Qualification Stage, as outlined in paragraph D.3 below;
- (c) Bidding Stage, as outlined in paragraph D.4 below; and
- (d) Grant Stage, as outlined in paragraph D.5 below.

D.1.3 For the purpose of the Auction, the Authority divides the available spectrum in the 3.3 GHz band into ten Frequency Blocks (viz. C1 to C10, each with a bandwidth of 10 MHz). The Secretary has specified the Minimum Fee by notice in the Gazette, at HK\$2 million per MHz for the assignment term. The notice is in Annex A. The Frequency Blocks and the Minimum Fees are shown in Figure 5 below.

Figure 5: Frequency Blocks and Minimum Fees

Frequency Block	Frequency range (in MHz)	Bandwidth	Minimum Fee
C1	3300 - 3310	10 MHz	HK\$20 million
C2	3310 – 3320	10 MHz	HK\$20 million
C3	3320 – 3330	10 MHz	HK\$20 million
C4	3330 – 3340	10 MHz	HK\$20 million
C5	3340 – 3350	10 MHz	HK\$20 million
C6	3350 – 3360	10 MHz	HK\$20 million
C7	3360 – 3370	10 MHz	HK\$20 million
C8	3370 – 3380	10 MHz	HK\$20 million

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Frequency Block	Frequency range (in MHz)	Bandwidth	Minimum Fee
C9	3380 – 3390	10 MHz	HK\$20 million
C10	3390 – 3400	10 MHz	HK\$20 million

D.1.4 Figure 6 below sets out the indicative dates of major events of the Auction. Please note that the timetable is for reference only and is not intended to set any deadlines to which the Authority has to adhere.

Figure 6: Indicative timetable

Activity	Date
Publication of Information Memorandum	19 July 2019 (Fri)
Deadline for submission of questions	9 August 2019 (Fri)
Application Dates	12 September 2019 and 13 September 2019 (Thur & Fri)
Publication of the Bidder Notice to announce the identities of Bidders (i.e. applicants)	13 September 2019 (Fri)
Deadline for submission of Connected Bidder Statutory Declaration by Bidders	17 September 2019 (Tue)
Deadline for resolution of pre-existing bidder association by Connected Bidders	24 September 2019 (Tue)
Training and mock auction sessions for Bidders	8 October 2019 to 10 October 2019 (Tue – Thur)
Submission of Application Withdrawal Form by Bidders, if relevant	Between 9:00 am and 5:30 pm on the immediately following Business Day after publication of the provisional successful bidder notice of the 4.9 GHz Band Auction
Publication of the Qualified Bidder Notice to announce the identities of Qualified Bidders	At least one Business Day before the commencement of the Bidding Stage

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Activity	Date
Issue of the Bidding Stage Notice to inform Qualified Bidders of the date on which the Bidding Stage will commence	At least one Business Day before the commencement of the Bidding Stage
Commencement of the Bidding Stage	4 November 2019 (Mon) or on the third Business Day after the end of the bidding stage of the 4.9 GHz Band Auction, whichever is the later
Publication of the Provisional Successful Bidder Notice to announce the result of Bidding Stage	Within two Business Days after the end of the Bidding Stage
Deadline for submission of Connected Bidder Statutory Declaration by Provisional Successful Bidders	Within two Business Days after publication of the Provisional Successful Bidder Notice
Deadline for payment of Spectrum Utilization Fee, submission of Performance Bond to guarantee payment of the Spectrum Utilization Fee payable if a Provisional Successful Bidder chooses to pay the Spectrum Utilization Fee by annual instalments, submission of Performance Bond for network and service rollout requirement, and compliance with other Grant Stage procedures by Provisional Successful Bidders	Within 25 Business Days after publication of the Provisional Successful Bidder Notice
Publication of the Successful Bidder Notice	After payment of Spectrum Utilization Fee, submission of Performance Bond to guarantee payment of the Spectrum Utilization Fee payable (if relevant), submission of Performance Bond for network and service rollout requirement, and compliance with other Grant Stage procedures by Provisional Successful Bidders

D.2 Application Stage

D.2.1 All interested parties, including new entrants and incumbent licensees, may participate in the Auction. They may participate on their own and / or cooperate with others in the form of a joint venture or other types of agreement (subject to the CO and the terms and conditions of the Notice, such as in relation to anti-collusion). There is no foreign ownership restriction on the Bidders.

D.2.2 Bidders must provide -

- (a) a duly completed Application Form containing all requested information and supporting documents;
- (b) a duly completed Bidder Compliance Certificate; and
- (c) a Deposit of an amount specified in paragraph D.2.4 below.

Applications that do not contain all the requested information may be rejected and such Bidders may not be qualified. Bidders must follow the detailed instructions given in the Application Form (which is attached in Appendix 4 of the Notice).

D.2.3 Applications must be delivered by hand to Assistant Director (Market and Competition) at the Authority's Office between 9:00 am and 5:30 pm on the Application Dates, namely on either 12 September 2019 or 13 September 2019. Late Applications will not be accepted. Detailed instructions on submission of Applications are set out in Section E.

Amount of Deposit

D.2.4 On submission of an Application and as a condition of qualification, a Bidder is required to provide a Deposit. The Deposit must be in such amount as specified in Figure 7 below. The Authority will take into account the amount of the Deposit provided by the Bidder in determining the number of EPs to be attributed to the Bidder.

Figure 7: Deposit and EPs to be attributed to Bidders

Deposit	EPs to be attributed to Bidder
HK\$20 million	1
HK\$40 million	2
HK\$60 million	3
HK\$80 million	4

- D.2.5 One EP will be attributed to each Frequency Block. The number of EPs attributed to a Bidder will determine the number of Frequency Blocks that -
- (a) if there is no Bidding Stage, the Bidder may acquire; or
 - (b) if there is a Bidding Stage,
 - (i) the Bidder may bid for in the first Round of Quantity Phase – Part 1; or
 - (ii) the Bidder may acquire if the bidding starts with the Assignment Phase directly,
- as the case may be.
- D.2.6 Notwithstanding the Deposit provided by the Bidder, the maximum number of EPs to be attributed to the Bidder is subject to the Spectrum Cap of 40 MHz.
- D.2.7 More details of the rules and procedures of the Application Stage are set out in Part 2 of the Notice.

D.3 Qualification Stage

Bidder association rules

- D.3.1 The Authority will publish a Bidder Notice to announce the identity of each Bidder which has submitted an Application. The Authority will specify a date by which each Bidder must notify the Authority whether it is a Connected Bidder by submitting a Connected Bidder Statutory Declaration.
- D.3.2 A Connected Bidder refers to a Bidder that has a Connection to another Bidder.

- D.3.3 Connection has the following meaning. A company (Company A) is taken to have a Connection to another company (Company B) if -
- (a) Company A holds a material interest in Company B;
 - (b) Company B holds a material interest in Company A; or
 - (c) a person holds a material interest in both Company A and Company B.

Paragraphs 1.5 and 1.6 of the Notice provide further details of the Bidder association rules.

- D.3.4 If the Authority determines that two or more Bidders are Connected Bidders, the Authority will publish the identities of the Connected Bidders and will specify a deadline by which the Connected Bidders must make all arrangements as may be necessary to satisfy the Authority that they cease to be Connected Bidders in relation to each other, and must jointly submit to the Authority a notification with documentary proof of the arrangements that have been made. Any Bidder failing to satisfy the Authority that it is not a Connected Bidder in relation to another Bidder will not be eligible as a Qualified Bidder.

Withdrawal of Application

- D.3.5 A Bidder which has submitted an Application is not permitted to withdraw its Application or withdraw from the Auction, other than in accordance with the terms and conditions of the Notice.
- D.3.6 The Auction will take place shortly after the completion of the 3.5 GHz Band Auction and 4.9 GHz Band Auction. In order to enable Bidders to adjust their bidding strategies, taking into account the results of these two preceding auctions, a special arrangement is put in place to allow a Bidder who becomes a provisional successful bidder of the 3.5 GHz Band Auction or 4.9 GHz Band Auction to withdraw its Application by submitting an Application Withdrawal Form to the Authority by the deadline referred to in paragraph D.3.7 below.

- D.3.7 In order for a Bidder who is a provisional successful bidder of the 3.5 GHz Band Auction or 4.9 GHz Band Auction to withdraw its Application, the Application Withdrawal Form must be duly signed by two Authorised Representatives and submitted in person and by hand to the Authority between 9:00 am and 5:30 pm on the immediately following Business Day after publication of the provisional successful bidder notice of the 4.9 GHz Band Auction or, if a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning is in force in Hong Kong during any of the times on that day, between 9:00 am and 5:30 pm on the immediately following Business Day on which none of the signals remains in force. Late submission of the Application Withdrawal Form will not be accepted.
- D.3.8 For the avoidance of doubt, there is no legitimate expectation of any similar withdrawal arrangement for future spectrum auctions.

Qualification requirements

- D.3.9 To be eligible as a Qualified Bidder, the Bidder must satisfy the Authority of all of the following -
- (a) it has duly submitted an Application (including the Application Form containing all requested information and supporting documents, Bidder Compliance Certificate and the Deposit);
 - (b) it complies with or is capable of complying with all the undertakings given in the Bidder Compliance Certificate;
 - (c) it is not a Connected Bidder in relation to another Bidder; and
 - (d) it has not withdrawn its Application in accordance with the terms and conditions of the Notice.
- D.3.10 The Authority will publish a Qualified Bidder Notice to announce the identities of the Qualified Bidders. For the avoidance of doubt, the objective of the qualification exercise is to finalise the Bidders qualified to take part in the Auction. Nothing in the qualification exercise or in the Auction should be construed as an approval of proposals made by the Qualified Bidders in their Applications which are subject to the requirements of licensing or approval of the relevant authorities under the TO or any other ordinance or otherwise unrelated to the Auction.

Number of Qualified Bidders

- D.3.11 If there is no Bidder or no Qualified Bidder, or if there is only one Qualified Bidder, the Bidding Stage will not take place and the Authority will publish a notice accordingly.
- D.3.12 If there is only one Qualified Bidder, the Authority will specify a date by which that Qualified Bidder must submit a Frequency Block Acquisition Form to indicate the number of Frequency Blocks it wishes to acquire in descending order starting from Frequency Block C10 (subject to the Spectrum Cap and the amount of Deposit it submitted at the Application Stage). Upon approval of the Frequency Block Acquisition Form by the Authority, the Qualified Bidder will become the Provisional Successful Bidder and the Spectrum Utilization Fee payable by it will be the sum of the Minimum Fees for the Frequency Blocks assigned to it.
- D.3.13 If there is more than one Qualified Bidder and the sum of their attributed EPs exceeds ten EPs, the Bidding Stage (which consists of the Quantity Phase and the Assignment Phase) will take place.
- D.3.14 If there is more than one Qualified Bidder and the sum of their attributed EPs does not exceed ten EPs, there will be no Quantity Phase in the Bidding Stage. Only the Assignment Phase will take place.
- D.3.15 More details of the rules and procedures of the Qualification Stage are set out in Part 3 of the Notice.

D.4 Bidding Stage

- D.4.1 Only Qualified Bidders will be eligible for participation in the Bidding Stage. From this part onwards, any reference to a Bidder means a Qualified Bidder.
- D.4.2 The Bidding Stage consists of two phases, namely the Quantity Phase to first decide the number of Frequency Blocks to be assigned to each Bidder using a clock auction format; followed by the Assignment Phase to determine the specific and contiguous Frequency Blocks to be assigned to each Bidder which has successfully bid for Frequency Blocks at the Quantity Phase. The

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number of Frequency Blocks that a Bidder may bid for at the Quantity Phase will at all times be subject to the Spectrum Cap and the amount of Deposit submitted by the Bidder at the Application Stage.

- D.4.3 At least one Business Day before the commencement of the Bidding Stage, the Authority will issue a Bidding Stage Notice to each Bidder notifying them of the date and time when the Bidding Stage will commence.

Scheduling of Rounds

- D.4.4 For the Bidding Stage, Rounds will be scheduled by the Authority at its sole discretion. The Authority anticipates scheduling the Rounds between 9:00 am and 5:30 pm on Business Days. The Authority anticipates that a Round will not last for less than 5 minutes or more than 60 minutes. The Authority may re-schedule the time of a Round at its discretion.
- D.4.5 The Authority may, at its discretion, publish details of the anticipated schedule for the following Business Day or any part thereof in advance. However, the Authority reserves the right to deviate from the schedule at any time.

Communication system

- D.4.6 The Authority will use a communication system to send bidding information to Bidders and to receive submissions from Bidders. The communication system will consist of an Internet-based software platform and facsimile machines.
- D.4.7 Prior to the Bidding Stage, Bidders will be provided with -
- (a) IP addresses, passwords, digital certificates and manuals for access and use of the software platform;
 - (b) facsimile numbers, passwords and forms as specified by the Authority; and
 - (c) telephone numbers and passwords as specified by the Authority.
- D.4.8 The Internet-based software platform works on a wide range of operating systems and Internet browsers. Bidders will be required to install the digital

certificates needed for authentication and data encryption. System requirement details will be provided to Bidders in the Bidder's manual.

- D.4.9 To submit a Valid Bid by the software platform, the Bidder must identify itself by the digital certificate and the passwords supplied by the Authority. To submit a Valid Bid by facsimile machine, the Bidder must use the form specified by the Authority and identify itself with the password supplied by the Authority.
- D.4.10 Bidders will be invited to attend training and mock auction sessions in order to familiarise themselves with the use of the communication system.
- D.4.11 Each Bidder should deploy its own resources to resolve the technical problems of its information technology and communication systems during the Bidding Stage. In the event that a Bidder encounters technical problems that cannot be resolved immediately, the Bidder must without delay notify the Authority of the problems.

Quantity Phase

- D.4.12 The Quantity Phase includes Quantity Phase – Part 1 and, where applicable, Quantity Phase – Part 2.
- D.4.13 At Quantity Phase – Part 1, Bidders will bid for the number of Frequency Blocks which they wish to acquire in Rounds at the Round Price set by the Authority. The Round Price in the first Round will be set at the Minimum Fee level. Rounds of bidding will continue as the Round Price increases until the Total Demand is equal to or falls below the Total Supply. The Spectrum Utilization Fee payable in respect of Quantity Phase – Part 1 for each Frequency Block successfully bid for will be the Round Price of the last Round of Quantity Phase – Part 1.
- D.4.14 In the event that the Total Demand in the last Round of Quantity Phase – Part 1 is less than the Total Supply, Quantity Phase – Part 2, consisting of a single round of bidding, will take place to deal with any unsold number of Frequency Blocks. In that single Round, Bidders may submit Valid Bids with a price for the unsold number of Frequency Blocks, which must be no lower than the Round Price in the penultimate Round of Quantity Phase – Part 1 and must be

lower than the Round Price in the last Round of Quantity Phase – Part 1. Where the number of Valid Bids received in the Round is more than the unsold number of Frequency Blocks, the Authority will determine the successful Valid Bids by ordering the Valid Bids from the highest amount to the lowest amount so that the unsold number of Frequency Blocks will be designated to the Bidders placing the higher bids. Where Valid Bids are tied, the Authority will determine at random which of the tied Valid Bids prevails. The Spectrum Utilization Fees payable by the Bidders to which Frequency Blocks are designated at Quantity Phase – Part 2 are the amounts specified in the Valid Bids that they have submitted in the Round for the Frequency Blocks.

- D.4.15 Part 4A of the Notice provides further details on the Quantity Phase.

Assignment Phase

- D.4.16 At the Assignment Phase, Bidders which have successfully bid for Frequency Blocks at the Quantity Phase, or whose attributed EPs in total do not exceed ten EPs at the Qualification Stage, as the case may be, may submit a single Valid Bid for determining the Assignment Priority for the assignment of specific and contiguous Frequency Blocks in descending order starting from Frequency Block C10. The value of the Valid Bids submitted by the Bidders will be ordered from the highest amount to the lowest amount, for the purpose of setting the Assignment Priority. Where Valid Bids received at the Assignment Phase are tied, the Authority will determine at random which of the tied Valid Bids prevails. Each will pay a Spectrum Utilization Fee in respect of the Assignment Phase equivalent to the lowest Valid Bid submitted among them. The Bidders which are assigned Frequency Blocks in the Assignment Phase become Provisional Successful Bidders.

- D.4.17 The Bidding Stage will end upon the completion of the Assignment Phase.

- D.4.18 For the avoidance of doubt, if there is only one Bidder at the end of the Quantity Phase, the Bidder will be assigned the Frequency Blocks for which it has successfully bid at the Quantity Phase from the highest frequency range. The Assignment Phase will not take place.

- D.4.19 Part 4B of the Notice provides further details of the Assignment Phase.

Determination of Spectrum Utilization Fees

- D.4.20 If there is more than one Qualified Bidder and the total number of their attributed EPs exceeds ten EPs as referred to in paragraph D.3.13 above, the Spectrum Utilization Fee payable by a Provisional Successful Bidder will be the sum of the Spectrum Utilization Fees determined at the Quantity Phase and the Assignment Phase.
- D.4.21 If there is more than one Qualified Bidder and the total number of their attributed EPs does not exceed ten EPs as referred to in paragraph D.3.14 above, the Spectrum Utilization Fee payable by a Provisional Successful Bidder will be the sum of the Minimum Fees for the number of Frequency Blocks it wishes to acquire as indicated in the Frequency Block Acquisition Form as approved by the Authority, together with the Spectrum Utilization Fee determined at the Assignment Phase.

Announcement of the Bidding Stage result

- D.4.22 Within two Business Days after the end of the Bidding Stage, the Authority will publish a Provisional Successful Bidder Notice to announce to the public the identity of the Provisional Successful Bidder for each of the Frequency Blocks and the Spectrum Utilization Fee payable by each of the Provisional Successful Bidders.
- D.4.23 Paragraph 4.22 of the Notice provides further details of the Provisional Successful Bidder Notice.

Notification of Connection of Provisional Successful Bidders

- D.4.24 Within two Business Days after publication of the Provisional Successful Bidder Notice, each Provisional Successful Bidder is required to notify the Authority whether it is a Connected Bidder in relation to another Provisional Successful Bidder by submitting a Connected Bidder Statutory Declaration to the Authority.
- D.4.25 If the Authority determines that two or more Provisional Successful Bidders are Connected Bidders (“Connected Provisional Successful Bidders”) and the total amount of spectrum for which they are Provisional Successful Bidders

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exceeds the Spectrum Cap, the Connected Provisional Successful Bidders must (a) make all necessary arrangements so as to satisfy the Authority that they cease to be Connected Provisional Successful Bidders in relation to each other or that the total amount of spectrum to be assigned to them does not exceed the Spectrum Cap, and (b) jointly submit to the Authority a notification with documentary proof of the arrangements that they have made.

- D.4.26 If the Connected Provisional Successful Bidders fail to make any arrangement or submit a joint notification as required, the Authority will conduct a Sub-Auction to determine which of the Connected Provisional Successful Bidders will be the remaining Provisional Successful Bidder(s) whilst the other(s) will cease to be a Bidder or Bidders.
- D.4.27 In the Sub-Auction, each Connected Provisional Successful Bidder may offer one Valid Bid of any amount at or above the minimum fee of HK\$0 that it is willing to pay in addition to the Spectrum Utilization Fee payable by it. The Connected Provisional Successful Bidder whose Valid Bid offered in the Sub-Auction together with the Spectrum Utilization Fee payable by it at the Bidding Stage produces the highest aggregate amount will remain as a Provisional Successful Bidder, and that highest aggregate amount will be the Spectrum Utilization Fee payable by the Provisional Successful Bidder.
- D.4.28 Paragraph 4.23 of the Notice provides further details of the process for dealing with Connected Provisional Successful Bidders at the end of the Bidding Stage.
- D.4.29 More details of the rules and procedures of the Bidding Stage are set out in Part 4 of the Notice. Please also refer to Annex C for the illustrative and non-exhaustive example of the bidding scenarios that may occur during the Bidding Stage.

D.5 Grant Stage

Notification of Approval

- D.5.1 Each Provisional Successful Bidder is required to notify the Authority whether it is subject to an Approval within two Business Days after publication of the Provisional Successful Bidder Notice.

D.5.2 Paragraph 5.1 of the Notice provides further details of the Approval notification requirements.

Duties of Provisional Successful Bidder

D.5.3 Within 25 Business Days after publication of the Provisional Successful Bidder Notice or the Revised Provisional Successful Bidder Notice, as the case may be, each Provisional Successful Bidder is required to -

- (a) pay the Authority the Spectrum Utilization Fee payable by it; and
- (b) provide to the Authority a Performance Bond for network and service rollout requirement in accordance with the form set out in Schedule A of the Licence.

D.5.4 A Provisional Successful Bidder may choose to pay the Spectrum Utilization Fee in full as a lump sum payment upfront; or annually in 15 instalments, with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the Spectrum Utilization Fee payable in the immediately preceding instalment increased by 2.5%. In the case of payment by annual instalments, the Provisional Successful Bidder or the Licensee, as the case may be, is required to maintain at all times throughout the whole assignment period a rolling Performance Bond to guarantee payment of the Spectrum Utilization Fee payable in the ensuing five years, or the Spectrum Utilization Fee payable for the remaining duration of the assignment term if it is less than five years. For the avoidance of doubt, payment of the Spectrum Utilization Fee in full as a lump sum payment upfront, or payment of the first instalment equivalent to the lump sum amount divided by 15 together with the first rolling Performance Bond, as the case may be, must be made within 25 Business Days after publication of the Provisional Successful Bidder Notice or the Revised Provisional Successful Bidder Notice, as the case may be.

Grant of Licence

D.5.5 After a Provisional Successful Bidder has satisfied the Authority that it is not a Connected Bidder in relation to another Provisional Successful Bidder, confirmed that it is not subject to an Approval or an Approval has been

obtained, and fulfilled the requirements in paragraph D.5.3 above, the Authority will publish a Successful Bidder Notice announcing that the Provisional Successful Bidder becomes a Successful Bidder and will grant a Licence to the Successful Bidder.

- D.5.6 More details of the rules and procedures of the Grant Stage are set out in Part 5 of the Notice.

Unassigned spectrum

- D.5.7 Any Frequency Block which is not assigned in the Auction (whether unsold or not assigned to a Provisional Successful Bidder or a Successful Bidder which was subsequently disqualified by the Authority) will remain vested in the Authority.

D.6 Rules on conduct of Bidders and other matters

Breach of Notice

- D.6.1 Each Bidder must comply with the terms and conditions of the Notice. If a Bidder breaches one or more of the terms and conditions of the Notice, the Authority may, at its discretion -

- (a) disqualify that Bidder from the Auction; and / or
- (b) forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit where the Deposit is in cash or make a claim under that Bidder's Letter of Credit where the Deposit is a Letter of Credit,

if the Authority considers that the disqualification and / or the Penalty are proportionate and reasonable in relation to the breach. Paragraph 6.1 of the Notice provides more details on the consequences of the breach of the terms and conditions of the Notice by Bidders.

- D.6.2 If a Successful Bidder is found to have breached one or more of the terms and conditions of the Notice after it has been granted a Licence then, as noted in paragraph C.3.1 above, the Authority may cancel, withdraw or suspend the Licence or assignment of the relevant Frequency Block under the Licence.

Participation in the Auction in good faith

- D.6.3 Bidders must participate in the Auction in good faith in accordance with the terms and conditions of the Notice.
- D.6.4 Bidders must not submit to the Authority any information (including, without limitation, in an Application) which is false or misleading.

Rules in relation to Confidential Information, Collusion, etc.

- D.6.5 Bidders and its Insiders must not -
- (a) disclose or permit to disclose Confidential Information;
 - (b) take steps to obtain Confidential Information of another Bidder;
 - (c) attempt to collude or to manipulate the Auction; or
 - (d) contravene the Prevention of Bribery Ordinance (Cap. 201).
- D.6.6 If any person by any deceit and with intent defrauds the Authority in the course of the Auction, in addition to being disqualified from the Auction, he may be subject to criminal investigation and prosecution.
- D.6.7 Further details on the conduct of the Bidders are set out in Part 6 of the Notice.

Other Matters

- D.6.8 The Authority, as the auctioneer, will conduct the Auction fairly and impartially. The Authority may, at its sole discretion, invite an independent third party to be an observer of the Bidding Stage.
- D.6.9 The Authority will keep all the bidding decisions of the Bidder confidential.
- D.6.10 This Section D only highlights certain salient features of the Auction. Bidders are required to observe the terms and conditions set out in the Notice in full.

APPLICATION INSTRUCTIONS

E. Application instructions

E.1 Application instructions

- E.1.1 An Application must be submitted in English.
- E.1.2 An Application must be sealed in a non-transparent envelope, together with the letter of credit or a written notification setting out all details and evidence of the cash deposit made by the Bidder, and must be marked -

“For the attention of the Communications Authority”

No other marking should appear on the envelope.

- E.1.3 An Application must contain all information and supporting documents requested in the Application Form instructions.
- E.1.4 An Application must be delivered in person and by hand to Assistant Director (Market and Competition) of OFCA who will be available between **9:00 am and 5:30 pm on 12 September 2019** and between **9:00 am and 5:30 pm on 13 September 2019** at the following address -

Office of the Communications Authority
29/F, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Assistant Director (Market and Competition) of OFCA will deposit the Application into a secure tender box. This will be witnessed by the person delivering the Application.

- E.1.5 If a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning signal is in force in Hong Kong on **12 September 2019** or **13 September 2019**, Applications must reach the Authority at the above address between 9:00 am and 5:30 pm on the immediately following Business Day on which none of the signals remain in force.

APPLICATION INSTRUCTIONS

E.1.6 By 4:00 pm on the later of the Application Dates, the Bidder must also have transferred the Deposit (if paid in cash) so as to have been received in cleared funds in either one of the following Authority's Accounts -

- (a) **Bank** : Bank of China, Hong Kong Branch
Ground Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong
- Account name** : Office of the Communications Authority
- Account number** : 012-899-1-003883-3
- (b) **Bank** : The Hongkong and Shanghai Banking Corporation Limited
Hopewell Centre Branch
Shop 2A, 2nd Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
- Account name** : Office of the Communications Authority
- Account number** : 004-048-203558-292

E.1.7 The payment must be accompanied with a unique identifier consisting of the registered name of the Bidder.

CONTACTS AND FURTHER INFORMATION

F. Contacts and further information

F.1 Contacts for enquiries

- F.1.1 Any enquiries relating to this Memorandum and the Auction process should be addressed in writing and sent to the Authority. Enquiries should be sent by post, fax or e-mail to the following contact address or number -

Office of the Communications Authority
29/F, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Fax number: +852 2123 2187
E-mail: auction3300MHz@ofca.gov.hk

All questions should be marked -

“3.3 GHz Spectrum Auction Questions”

The person asking the question(s) must be identified and the organization that the person represents must be stated. Contact details other than e-mail addresses (i.e. postal address, fax number, telephone number) must also be provided.

F.2 Publication of further information

- F.2.1 From the date of issue of this Memorandum, the Authority has the discretion to publish further information and to publish questions raised and the answers provided. The Authority may, however, exercise the discretion not to publish a particular question and answer, in whole or in part and will also reserve the right not to respond to any question. The identity of the person asking the questions will not be published without his/her permission.
- F.2.2 Further information will generally be made available on the Authority's Website. Parties wishing to receive notifications that additional information has been posted on the website should register with the Authority on the

CONTACTS AND FURTHER INFORMATION

Authority's Website. Upon posting new information regarding the Auction on the website, those parties who have registered will be notified by e-mail that such information has been made available.

ANNEX A

ANNEX A

**GAZETTE NOTICE OF THE MINIMUM FEES ISSUED BY
THE SECRETARY FOR COMMERCE AND ECONOMIC
DEVELOPMENT**

**Telecommunications Ordinance (Chapter 106)
and
Telecommunications (Method for Determining Spectrum Utilization
Fee) (Spectrum for Auction) Regulation (Chapter 106AG)**

By this Notice, I, in exercise of the powers conferred by section 32I of the Telecommunications Ordinance (Chapter 106) (the “Ordinance”) and section 10 of the Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Chapter 106AG) (the “Regulation”), specify the minimum amount of the spectrum utilization fee for the purposes of sections 5(3), 6(2) and 7(3) of the Regulation as follows:-

(1) Section 5(3) of the Regulation

The minimum amount of the spectrum utilization fee for the purpose of section 5(3) of the Regulation shall be given in the Schedule to this Notice.

(2) Section 6(2) of the Regulation

The minimum amount of the spectrum utilization fee for the purpose of section 6(2) of the Regulation shall be given in the Schedule to this Notice.

(3) Section 7(3) of the Regulation

The minimum amount of the spectrum utilization fee for the purpose of section 7(3) of the Regulation shall be HK\$0.

In this Notice, unless the context otherwise requires, words and expressions herein shall have the meaning assigned to them in the Ordinance and in the Regulation. This Notice shall become effective from the date hereof and shall continue in force until withdrawn, modified or replaced by the Secretary.

Edward YAU
Secretary for Commerce and
Economic Development

19 July 2019

SCHEDULE

Frequency Block	Frequency range (MHz)	Minimum amount of the spectrum utilization fee for the purposes of section 5(3) and section 6(2) of the Regulation
C1	3300 – 3310	HK\$20,000,000
C2	3310 – 3320	HK\$20,000,000
C3	3320 – 3330	HK\$20,000,000
C4	3330 – 3340	HK\$20,000,000
C5	3340 – 3350	HK\$20,000,000
C6	3350 – 3360	HK\$20,000,000
C7	3360 – 3370	HK\$20,000,000
C8	3370 – 3380	HK\$20,000,000
C9	3380 – 3390	HK\$20,000,000
C10	3390 – 3400	HK\$20,000,000

ANNEX B

ANNEX B

**GAZETTE NOTICE OF TERMS AND CONDITIONS OF
THE AUCTION (INCLUDING THE FORM OF THE
LICENCE) ISSUED BY THE COMMUNICATIONS
AUTHORITY**

**Telecommunications Ordinance (Chapter 106)
and
Telecommunications (Method for Determining Spectrum Utilization Fee)
(Spectrum for Auction) Regulation (Chapter 106AG)**

By this Notice, the Communications Authority, in exercise of the powers conferred by section 32I of the Telecommunications Ordinance, the Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation and all other powers enabling it for this purpose, specifies the terms and conditions of the auction in relation to the use of the frequency blocks in the 3.3 – 3.4 GHz band specified in this Notice and the payment of the spectrum utilization fees. This Notice, where appropriate, also constitutes guidelines issued under section 6D of the Telecommunications Ordinance indicating the manner in which the Communications Authority proposes to perform its function of determining applications for licences which it may issue pursuant to section 7 of the Telecommunications Ordinance including the licensing criteria and other relevant matters it proposes to consider.

Communications Authority

19 July 2019

Part 1 – Introduction

1.1 Commencement

1.1.1 This Notice comes into effect on the date of issue.

1.2 Purpose of Notice

1.2.1 The purpose of this Notice is to specify -

- (a) the terms and conditions of the Auction and the payment of Spectrum Utilization Fees; and
- (b) the Bidders which may be considered for the grant of a Licence.

1.3 Stages of the Auction

1.3.1 This Notice provides for four stages of the Auction -

- (a) Application Stage as specified in Part 2;
- (b) Qualification Stage as specified in Part 3;
- (c) Bidding Stage as specified in Part 4; and
- (d) Grant Stage as specified in Part 5.

1.4 Definitions

1.4.1 In this Notice, unless the context otherwise requires -

“3.5 GHz Band Auction” means the auction in relation to the frequency blocks in the 3.5 GHz band (in the frequency range of 3.4 – 3.6 GHz) specified in the notice dated 19 July 2019 issued by the Authority;

“4.9 GHz Band Auction” means the auction in relation to the frequency blocks in the 4.9 GHz band (in the frequency range of 4.84 – 4.92 GHz) specified in the notice dated 19 July 2019 issued by the Authority;

“Activity Level” has the meaning given in paragraph 4.9.5;

“Application” means an application submitted by a Bidder to the Authority in writing in accordance with Part 2;

“Application Dates” means 12 September 2019 and 13 September 2019;

“Application Form” means the form specified in Appendix 4 of this Notice;

“**Application Stage**” means the stage specified in Part 2;

“**Application Withdrawal Form**” means the form specified in Appendix 9 of the Notice;

“**Approval**” means any shareholder approval which is required by law or any regulatory authority before a Licence is granted to a Bidder and which is not capable of being reasonably obtained prior to the date on which the Application by that Bidder is submitted in accordance with Part 2;

“**Approval Date**” means ten Business Days after the date of the Provisional Successful Bidder Notice;

“**Assignment Phase**” means the phase specified in Part 4B;

“**Assignment Priority**” means the priority of assigning specific and contiguous Frequency Blocks to each Bidder at the Assignment Phase, as described in paragraph 4.20.2(a);

“**Auction**” means the procedure specified in this Notice;

“**Authorised Representative**” means the person authorised by a Bidder to submit a Bid in the Auction whose name and signature have been provided to the Authority in the Application submitted by the Bidder under Part 2 or in a notification under paragraph 7.7.1;

“**Authority**” means the Communications Authority established under the Communications Authority Ordinance (Cap. 616, Laws of Hong Kong);

“**Authority’s Account**” means the designated account of the Authority in the name of “Office of the Communications Authority” at the Deposit Bank, namely the account 012-899-1-003883-3 at Bank of China or the account 004-048-203558-292 at HSBC;

“**Authority’s Office**” means the Office of the Communications Authority, 29th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong;

“Banking Ordinance” means the Banking Ordinance (Cap. 155, Laws of Hong Kong);

“Bid” means, the amount of Spectrum Utilization Fee, expressed in Hong Kong Dollars, a Bidder wishes to offer in relation to a Frequency Block or Frequency Blocks in the Auction, and/or the number of Frequency Blocks a Bidder wishes to acquire in the Auction;

“Bidder” means a body corporate which submits or has submitted an Application;

“Bidder Compliance Certificate” means the certificate specified in Appendix 5 of this Notice;

“Bidder Notice” means the notice published by the Authority in accordance with paragraph 3.1.1;

“Bidding Stage” means the stage specified in Part 4;

“Bidding Stage Notice” means the notice published by the Authority in accordance with paragraph 4.3.1;

“Business Day” means a full day other than a Saturday or a Sunday on which banks in Hong Kong are open for general business;

“Commission” means the Securities and Futures Commission established under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);

“Companies Ordinance” means the Companies Ordinance (Cap. 622, Laws of Hong Kong);

“Conditions” means the General Conditions and Special Conditions to which the Licence is subject, substantially in the form set out in Appendix 1 of this Notice and as may be modified or amended as the Authority considers necessary;

“**Confidential Information**” has the meaning given in paragraph 6.5.5;

“**Connected Bidder**” means a Bidder that has a Connection to another Bidder;

“**Connected Bidder Notice**” means the notice published by the Authority in accordance with paragraph 3.1.3;

“**Connected Bidder Statutory Declaration**” means the statutory declaration referred to in paragraph 3.1.2 or paragraph 4.22.2 and in the form specified in Appendix 7 of this Notice;

“**Connected Provisional Successful Bidders**” has the meaning given in paragraph 4.22.3;

“**Connected Provisional Successful Bidder Notice**” means the notice published by the Authority in accordance with paragraph 4.22.3;

“**Connection**” has, for the purpose of this Notice, the following meaning. A company (Company A) is taken to have a Connection to another company (Company B) if -

- (a) Company A holds a material interest in Company B;
- (b) Company B holds a material interest in Company A; or
- (c) a person holds a material interest in both Company A and Company B;

“**Deposit**” means a sum in cash or by a Letter of Credit from a Qualifying Bank;

“**Deposit Bank**” means Bank of China, Hong Kong Branch at Ground Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong (“Bank of China”) or The Hongkong and Shanghai Banking Corporation Limited, Hopewell Centre Branch at Shop 2A, 2nd Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (“HSBC”);

“**Deposit Interest**” means interest (if any) earned in respect of a Bidder’s Deposit in accordance with paragraphs 2.2.8 to 2.2.10;

“**Eligibility Points**” has the meaning given in paragraph 4.9;

“**Exempt Security Interest**” has the meaning given in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);

“**Extension Period**” has the meaning given in paragraph 4.10.4;

“**Extension Right**” has the meaning given in paragraph 4.10.1;

“**Frequency Block**” means a frequency block specified in Appendix 2 of this Notice;

“**Frequency Block Acquisition Form**” means the form specified in Appendix 8 of this Notice;

“**Government**” means the Government of the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Grant Stage**” means the stage specified in Part 5;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Hong Kong Dollars**” and “**HK\$**” means the valid currency for the time being of Hong Kong;

“**Insider**” means, in relation to a Bidder, any person to whom Confidential Information is disclosed directly or indirectly by a person -

- (a) who is an officer, employee, agent, adviser or associate of that Bidder;
- (b) who controls, or is controlled by, or is under common control with, that Bidder, or the officer, employee, agent, adviser or associate, partner or co-partner of that person; or
- (c) who is an Insider in relation to that Bidder;

“**Letter of Credit**” means a letter of credit in the form specified in Appendix 6 of this Notice for payment of the Deposit;

“Licence” means a unified carrier licence, incorporating the Conditions issued by the Authority under the Ordinance for the establishment or maintenance of a telecommunications network for carrying communications to or from the public in Hong Kong and using a Frequency Block assigned by the Authority;

“Licensee” means a holder of a Licence;

“Losing Bidder” has the meaning given in paragraph 4.24.1;

“Minimum Fee” means the minimum amount of Spectrum Utilization Fee specified by the Secretary for Commerce and Economic Development and set out in Appendix 2 of this Notice;

“OFCA” means the Office of the Communications Authority, the executive arm of the Authority established on 1 April 2012;

“Ordinance” means the Telecommunications Ordinance (Cap. 106, Laws of Hong Kong);

“Penalty” means a sum which may be forfeited by the Authority under the terms and conditions of this Notice;

“Performance Bond” means a performance bond in the form determined by the Authority substantially

- (a) in the form specified in Schedule A to Appendix 1 of this Notice for network and service rollout requirement, which is to be provided to the Authority in accordance with paragraph 5.2.1 of this Notice; or
- (b) in the form specified in Schedule B to Appendix 1 of this Notice for payment of Spectrum Utilization Fee by annual instalments, which is to be provided to the Authority in accordance with paragraph 5.2.3 of this Notice;

as the case may be;

“Prevention of Bribery Ordinance” means the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong);

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“**Provisional Successful Bidder**” has the meaning given in paragraph 3.6.2 or in paragraph 4.20.4, as the case may be;

“**Provisional Successful Bidder Notice**” means the notice published by the Authority in accordance with paragraph 3.6.2 or paragraph 4.22.1, as the case may be;

“**Qualification Stage**” means the stage specified in Part 3;

“**Qualified Bidder**” means a Bidder determined as such in accordance with Part 3;

“**Qualified Bidder Notice**” means the notice published by the Authority in accordance with paragraph 3.4.1;

“**Qualifying Bank**” means an institution holding a full banking licence under the Banking Ordinance which long term issuer rating is, or is higher than -

- (a) one or more of the following -
 - (i) Moody’s A2;
 - (ii) Standard & Poor’s A;
 - (iii) Fitch Ratings’ A; or
- (b) a rating of a body other than a body listed in subparagraph (a) which, in the opinion of the Authority, is equivalent to one or more of the ratings in that subparagraph;

“**Quantity Phase**” means the phase specified in Part 4A;

“**Quantity Phase – Part 1**” has the meaning given in paragraph 4.6.2(a);

“**Quantity Phase – Part 2**” has the meaning given in paragraph 4.6.2(b);

“**Regulation**” means the Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Cap. 106AG, Laws of Hong Kong);

“**Revised Provisional Successful Bidder Notice**” means the notice published by the Authority in accordance with paragraph 4.23.9;

“Round” means, in respect of -

- (a) Quantity Phase – Part 1, a period of time specified by the Authority, plus the Extension Period if a Qualified Bidder is deemed to have exercised an Extension Right, during which that Qualified Bidder is entitled to submit a Valid Bid in accordance with the procedure set out in Part 4A;
- (b) Quantity Phase – Part 2, a period of time specified by the Authority during which a Qualified Bidder is entitled to submit a Valid Bid in accordance with the procedure set out in Part 4A; or
- (c) the Assignment Phase, a period of time specified by the Authority during which a Qualified Bidder is entitled to submit a Valid Bid in accordance with the procedure set out in Part 4B;

“Round Price” means an amount of Spectrum Utilization Fee in Hong Kong Dollars specified by the Authority at which Qualified Bidders are invited to offer for a Frequency Block in a Round at Quantity Phase – Part 1;

“Spectrum Cap” means a total amount of 40 MHz, being the maximum amount of spectrum among the Frequency Blocks that may be assigned to a Bidder or a group of Connected Bidders;

“Spectrum Utilization Fees” means the sum payable in respect of the use of Frequency Blocks as determined in accordance with this Notice;

“Sub-Auction” means the procedures specified in paragraphs 4.23.3 to 4.23.8;

“Successful Bidder” has the meaning given in paragraph 5.4.1;

“Successful Bidder Notice” means the notice published by the Authority in accordance with paragraph 5.4.1;

“Total Demand” means, at Quantity Phase – Part 1, the sum of the number of Frequency Blocks specified in each Valid Bid across all Valid Bids received in a Round;

“**Total Supply**” means the total number of Frequency Blocks specified in Appendix 2 of this Notice; and

“**Valid Bid**” has the meaning given in paragraph 4.5 or paragraph 4.23.5, as the case may be.

1.5 Interpretation

1.5.1 In this Notice, unless the context otherwise requires -

- (a) subject to subparagraph (c), a person has a material interest in relation to a body corporate if the person, directly or indirectly, (alone, jointly or in concert with other person)
 - (i) holds or is beneficially entitled to or has the right to acquire or subscribe for 25% or more of the issued share capital of the body corporate; or
 - (ii) possesses or has the right to acquire voting power in respect of 25% or more of the issued share capital of the body corporate; or
 - (iii) controls the body corporate;
- (b) any reference to shares should be construed as a reference to the issued share capital excluding any part of that capital that, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution but including such part of that capital which, in the opinion of the Authority, possesses sufficient characteristics of equity share capital as to make it nearly equivalent to equity share capital;
- (c) any reference to a person’s holding of shares, or possession of voting power, in a body corporate should be construed as to disregard that holding or possession if or to the extent that -
 - (i) he holds the shares concerned -
 - (aa) as a nominee;
 - (bb) as a custodian (whether under a trust or by a contract); or
 - (cc) under an arrangement pursuant to which he has issued, or is to issue, depository receipts in respect of the shares concerned; or

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- (ii) he is not entitled to exercise, or control the exercise of, voting rights in respect of the shares concerned;
- (d) for the purpose of subparagraph (c)(i)(cc), "depository receipt" means a certificate or other record (whether or not in the form of a document) -
 - (i) which is issued by or on behalf of a person who holds shares or who holds evidence of the right to receive shares, or has an interest in shares, in a particular body corporate; and
 - (ii) which evidences or acknowledges that another person is entitled to rights in relation to those shares or shares of the same kind, which should include the right to receive those shares (or evidence of the right to receive those shares) from the person mentioned in subparagraph (d)(i);
- (e) for the purpose of subparagraph (c)(ii) -
 - (i) a person is not entitled to exercise, or control the exercise of, voting rights in respect of shares if he is bound not to exercise (whether by contract or otherwise) the voting rights, or not to exercise them otherwise than in accordance with the instructions of another; and
 - (ii) voting rights which a person is entitled to exercise or voting rights of which he is entitled to control the exercise only in certain circumstances should be taken into account only when those circumstances have arisen and for so long as those circumstances continue;
- (f) a body corporate is controlled by a person if -
 - (i) he has a controlling interest in it;
 - (ii) he has a controlling interest in any body corporate which has a controlling interest in the body corporate; or
 - (iii) although he does not have such an interest in the body corporate, or in any body corporate with a controlling interest in the body corporate, it is reasonable, having regard to all the circumstances, to expect that he will be able, by whatever means and whether directly or indirectly, to achieve the result that the affairs of the body corporate are conducted in accordance with his wishes;

and, for this purpose, a person has a controlling interest in a body corporate if he holds, or is beneficially entitled to, or has a right to acquire or subscribe for, 50 per cent or more of the share capital in the body corporate, or if he possesses, or has a right to acquire, 50 per cent or more of the voting power in it, and a person should be deemed to control a body corporate where that person controls another person which controls that body corporate;

- (g) for the purpose of determining whether a person has a material interest indirectly in a body corporate, the extent of the interest of the person in the body corporate is -
 - (i) where there is one interposed person, the percentage arrived at by multiplying the percentage representing the extent of the interest of the person in the interposed person (where the percentage representing the extent of the interest of the person in the interposed person referred to herein exceeds 50 per cent, such percentage should be treated as a percentage of 100 per cent) by the percentage representing the extent of the interest of the interposed person in the body corporate;
 - (ii) where there is a series of two or more interposed persons, the percentage arrived at by multiplying the percentage representing the extent of the interest of the person in the first interposed person in the series by -
 - (aa) the percentage representing the extent of the interest of each interposed person (other than the last interposed person) in the series in the next interposed person in the series (where any percentage referred to in this subparagraph (g)(ii)(aa) exceeds 50 per cent, such percentage should, in each case, be treated as a percentage of 100 per cent); and
 - (bb) the percentage representing the extent of the interest of the last interposed person in the series in the body corporate;
- (h) for the purpose of any reference to “material interest” or “control” in this paragraph -

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- (i) a beneficial entitlement to shares, interest in shares or right to acquire or subscribe for shares or right to any voting power should be taken into account whether or not it is a conditional entitlement, interest or right;
 - (ii) notwithstanding subparagraph (h)(i), no account should be taken of an interest to the extent that (if it were an interest in shares) it would be an Exempt Security Interest; and
 - (iii) a conditional entitlement should include the right of a beneficiary under a trust including, without limitation, a discretionary trust unless the relevant Bidder satisfies the Authority that none of the reasons for establishing that discretionary trust is to avoid or circumvent any of the terms and conditions of this Notice;
- (i) for the purposes of subparagraph (h)(ii), an interest in shares should cease to be an Exempt Security Interest and the person holding the interest in shares by way of security (the “lender”) should be taken to have acquired that interest, when -
- (i) the lender -
 - (aa) becomes entitled to exercise voting rights in respect of the interest in shares held as security as a result of, or following, a default by the person giving the interest in shares as security; and
 - (bb) has evidenced an intention to exercise the voting rights or control their exercise or taken any step to exercise the voting rights or control their exercise; or
 - (ii) the power of sale in respect of the interest in shares held as security becomes exercisable, and the lender or its agent offers the interest in shares held as security, or any part of that interest, for sale;
- (j) a “person” includes any individual, body corporate, unincorporated association or body (including, without limitation, a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal

personality and includes that person's successors in title, permitted assigns and permitted transferees;

- (k) any reference in this Notice to a period to be determined in terms of a number of Business Days should be calculated from midnight on the Business Day of notification or expiry of any specified time period, as the case may be, and expire at midnight on the last of the relevant number of Business Days and any reference to "midnight" in relation to a particular day should be read as 11:59 pm on that day;
- (l) any reference to an ordinance, whether the word is used by itself or as part of any title to an ordinance, should mean that ordinance for the time being in force as well as any modification or substitution of that ordinance, in whole or in part, and all subsidiary legislation, regulations, directions, codes of practice and instruments made under that ordinance and for the time being in force;
- (m) where any word or expression is defined in this Notice, that definition should extend to the grammatical variations and cognate expressions of that word or expression;
- (n) the singular includes the plural and vice versa and words and expressions importing each gender should include the other gender;
- (o) references to this Notice should include references to the Schedules and the Appendices and references to any "paragraph", "Schedule" or "Appendix" are to paragraph, Schedule or Appendix of this Notice;
- (p) expression of time should be reference to Hong Kong time; and
- (q) the headings do not affect their interpretation.

1.6 Circumstances where Connection may be disregarded

1.6.1 Notwithstanding any other terms and conditions of this Notice, where the Authority determines that, in the context of circumstances which cause or

would cause a Bidder to be a Connected Bidder in relation to another Bidder, all of the following conditions are satisfied -

- (a) the Connection is, or would be, of a temporary nature;
- (b) the transaction or event or series of transactions or events which brought about the Connection, as the case may be, was or were not for the purpose of avoiding or circumventing any of the terms and conditions of this Notice relating to Connected Bidders; and
- (c) arrangements satisfactory to the Authority have been made or will be made such that -
 - (i) no Bidder is or will in practice be able to achieve the result that the affairs of another Bidder are conducted in accordance with its wishes;
 - (ii) no person is or will in practice be able to achieve the result that the affairs of two or more Bidders are conducted in accordance with its wishes;
 - (iii) there is no appreciable risk that Confidential Information relating to one Bidder has been obtained or will be obtained by another Bidder; and
 - (iv) there is no appreciable risk that both Confidential Information relating to one Bidder and Confidential Information relating to another Bidder has been obtained or will be obtained by any person,

the Authority may at any time, if it thinks fit, determine that the Connection should be disregarded for all purposes, or for the purposes as it may determine, under this Notice.

- 1.6.2 A determination by the Authority under paragraph 1.6.1 may be revoked by it at any time in the event of any change of circumstances which it considers to be material to that determination and a Bidder to which that determination relates must inform the Authority immediately after it becomes aware of any change in the circumstances to which the determination relates (without prejudice to the generality of paragraph 6.4.1).
- 1.6.3 Notice of any determination by the Authority under paragraph 1.6.1 and any revocation of a determination under paragraph 1.6.2 will be given to all Bidders.

Part 2 – Application Stage

2.1 Application

- 2.1.1 No person other than a company formed and registered under the Companies Ordinance may submit an Application. A company may submit only one Application.
- 2.1.2 An Application must consist of the following documents duly completed in English language and in accordance with such instructions and accompanied by such documentary proof as may be required or specified therein -
- (a) an Application Form;
 - (b) a Bidder Compliance Certificate; and
 - (c) a Deposit.
- 2.1.3 An Application must be -
- (a) addressed, sealed and enclosed in the manner as may be specified by the Authority; and
 - (b) delivered by hand to Assistant Director (Market and Competition) at the Authority's Office.
- 2.1.4 Subject to paragraph 2.1.5, an Application must be received by the Authority between 9:00 am and 5:30 pm on either of the Application Dates.
- 2.1.5 If a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is in force in Hong Kong during any of the times specified in paragraph 2.1.4, Applications must be received by the Authority between 9:00 am and 5:30 pm on the immediately following Business Day on which none of the signals remains in force.
- 2.1.6 Subject to a withdrawal of its Application in accordance with paragraph 3.1.4(b) or paragraph 3.2.2, submission of an Application commits a Bidder to -
- (a) if there is no Bidding Stage, acquire at least one Frequency Block; or
 - (b) if there is a Bidding Stage,

- (i) submit a Valid Bid for at least one Frequency Block in the first Round of Quantity Phase – Part 1; or
(ii) acquire at least one Frequency Block when the bidding starts with the Assignment Phase directly,
as the case may be.

- 2.1.7 If a Bidder is qualified in accordance with Part 3 of this Notice, but fails to fulfil the requirements mentioned in paragraph 2.1.6, the Authority will disqualify that Bidder from the Auction and forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.
- 2.1.8 A Bidder and its Insiders are subject to, and obliged to comply with, the terms and conditions of this Notice from the time its Application is received by the Authority.

2.2 Deposit

Reference to Deposit

- 2.2.1 Any reference in this Notice to the Deposit should, unless otherwise stated, be construed as referring to -
(a) the Deposit which has been paid or delivered, as the case may be, to the Authority by the Bidder; and
(b) any Deposit Interest that has been credited to a Bidder in accordance with paragraphs 2.2.8 to 2.2.10.
- 2.2.2 Any reference in this Notice to the Deposit should be construed so as not to include any amount which has been forfeited by way of Penalty.

Deposit

- 2.2.3 The Deposit must be in such amount as specified in Appendix 3 of this Notice, which will be taken into account by the Authority for the purpose of determining the number of Eligibility Points to be attributed to a Bidder.
- 2.2.4 The number of Eligibility Points attributed to a Bidder will determine -
(a) if there is no Bidding Stage, the number of Frequency Blocks that

- the Bidder may acquire; or
- (b) if there is a Bidding Stage,
- (i) the number of Frequency Blocks that the Bidder may bid for in the first Round of Quantity Phase – Part 1; or
 - (ii) the number of Frequency Blocks that the Bidder may acquire when the bidding starts with the Assignment Phase directly, as the case may be. Notwithstanding the Deposit provided by the Bidder, the maximum number of Eligibility Points to be attributed to the Bidder is subject to the Spectrum Cap. The Deposit must be payable or delivered, as the case may be, to the Authority in accordance with paragraph 2.2.7.
- 2.2.5 Where a Bidder provides its Deposit in cash, the Authority may notify that Bidder that its Application is invalid if funds representing that Bidder's Deposit are not cleared by 4:00 pm on the later of the Application Dates.
- 2.2.6 Where a Bidder provides its Deposit by a Letter of Credit, the Bidder must ensure that the Letter of Credit remains valid and fully effective until the Deposit is returned to that Bidder in accordance with the terms and conditions of this Notice. A Bidder which does not have, or fails to maintain, a valid and fully effective Letter of Credit will not be qualified to participate in the Auction or will be disqualified from the Auction, as the case may be.

Method of payment or delivery of Deposit

- 2.2.7 Where the Deposit is -
- (a) in cash, it must be payable to the Authority by telegraphic transfer to the Authority's Account at the Deposit Bank and must be accompanied by an identifier for the Bidder which must consist of the registered name of the Bidder; or
 - (b) a Letter of Credit, it must be addressed to the Authority and be delivered to the Authority's Office.

Deposit Interest

- 2.2.8 Where the Deposit is in cash, it will earn interest at the rate available to the Authority from the Deposit Bank in which the cash is deposited.
- 2.2.9 Subject to paragraph 2.2.10, where the Deposit is in cash and the Deposit, or part of the Deposit, is returned to a Bidder under any of the terms and

conditions of this Notice, then the Deposit, or part of the Deposit, which is returned will include all Deposit Interest as has been earned on that Deposit, or part of that Deposit, from (and including) the date on which it was received by the Authority up to (but excluding) the date on which it is returned.

- 2.2.10 Where the Deposit or part of the Deposit is forfeited under any of the terms and conditions of this Notice by way of Penalty, any Deposit Interest which has been earned on the forfeited part of the Deposit will form part of the total amount which is forfeited.

Penalties

- 2.2.11 If a Bidder is notified under any of the terms and conditions of this Notice that all or part of its Deposit is forfeited by way of Penalty, the deduction from that Bidder's Deposit will be deemed to have occurred at the time of that notification by the Authority notwithstanding -
- (a) where the Deposit is in cash, that the sums specified in the notification, and any interest earned or to be earned on the Deposit, remain for a further period of time in the Authority's Account; or
 - (b) where the Deposit is a Letter of Credit, that the Authority has not made a claim under the Letter of Credit for the sums specified in the notification.
- 2.2.12 If a sum which has been forfeited by way of Penalty is re-instated as all or part of the Bidder's Deposit -
- (a) where the Deposit is in cash, the sum (including Deposit Interest on that sum) should be paid into the relevant Authority's Account and should be deemed to be so re-instated from the date of notification of its re-instatement to the Bidder and any interest which has been earned on that sum should also be deemed to be re-instated as part of the Deposit from (and including) that date; and
 - (b) where the Deposit is a Letter of Credit, the sum should be paid to the Bidder.

2.3 Acceptance of terms and conditions and Conditions

- 2.3.1 A Bidder which has submitted an Application is deemed to have agreed with and accepted the terms and conditions of this Notice and any amendment made to any of the terms and conditions of this Notice.
- 2.3.2 A Bidder which has submitted an Application is deemed to have agreed with and accepted the Conditions and any amendment made to any of the Conditions by the Authority prior to the grant of a Licence to that Bidder provided that the amendment is made -
- (a) to correct any manifest error;
 - (b) to correct any inconsistency; or
 - (c) to address circumstances not contemplated by the Authority on or before the date of this Notice but which are nevertheless within the overall purpose of the Conditions, the Ordinance, the Regulation and this Notice.

Part 3 – Qualification Stage

3.1 Announcement of identities of Bidders

- 3.1.1 Without prejudice to the determination of the Authority under paragraph 3.3, the Authority will publish a notice (“Bidder Notice”) which will state the identity of each Bidder which has submitted an Application and will specify a date on or before which each Bidder must notify the Authority whether it is a Connected Bidder in relation to another Bidder. The Authority may disclose such information contained in the Applications of the Bidders as it considers necessary for each of the Bidders to assess whether it is a Connected Bidder in relation to another Bidder. For the avoidance of doubt, Bidders mentioned in the Bidder Notice have not been determined as Qualified Bidders.
- 3.1.2 Each Bidder must notify the Authority whether it is a Connected Bidder in relation to another Bidder by completing and submitting a Connected Bidder Statutory Declaration on or before the date specified by the Authority in the Bidder Notice.
- 3.1.3 If the Authority determines that two or more Bidders are Connected Bidders either following a notification to it by a Bidder under paragraph

3.1.2 or as a result of its review of the Applications, the Authority will publish the identities of the Connected Bidders (“Connected Bidder Notice”). The Connected Bidders must, on or before a date specified by the Authority, make all arrangements as may be necessary to satisfy the Authority that they cease to be Connected Bidders in relation to each other, and must jointly submit to the Authority a notification with documentary proof of the arrangements that have been made duly signed by two Authorised Representatives of each of the Connected Bidders.

- 3.1.4 The arrangements that may be made by the Connected Bidders pursuant to paragraph 3.1.3 may include one of the following -
- (a) reorganise themselves so that they cease to be Connected Bidders;
 - (b) withdraw their Applications such that only one of the Connected Bidders remains a Bidder.
- 3.1.5 If the Connected Bidders elect to reorganise themselves in accordance with paragraph 3.1.4(a), each of them must, by the date specified by the Authority in accordance with paragraph 3.1.3, submit to the Authority a revised Application Form and a revised Bidder Compliance Certificate.
- 3.1.6 If a Connected Bidder withdraws its Application in accordance with paragraph 3.1.4(b), it will not be permitted to submit a new Application.
- 3.1.7 If a Bidder fails to satisfy the Authority that it is not a Connected Bidder in relation to another Bidder, the Authority will determine that it is not eligible as a Qualified Bidder.

3.2 Withdrawal of Application

- 3.2.1 A Bidder which has submitted an Application is not permitted to withdraw its Application or withdraw from the Auction, other than in accordance with paragraph 3.1.4(b) or paragraph 3.2.2.
- 3.2.2 A Bidder who is a provisional successful bidder of the 3.5 GHz Band Auction or 4.9 GHz Band Auction may withdraw its Application by submitting an Application Withdrawal Form to the Authority. The Application Withdrawal Form must be duly signed by two Authorised Representatives and submitted in person and by hand to the Authority

between 9:00 am and 5:30 pm on the immediately following Business Day after publication of the provisional successful bidder notice of the 4.9 GHz Band Auction or, if a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning is in force in Hong Kong during any of the times on that day, between 9:00 am and 5:30 pm on the immediately following Business Day on which none of the signals remains in force. Late submission of the Application Withdrawal Form will not be accepted.

3.3 Determination as a Qualified Bidder

3.3.1 The Authority will determine whether a Bidder is a Qualified Bidder in accordance with paragraph 3.3.2.

3.3.2 Subject to paragraphs 7.2.1 and 7.8.1, a Bidder will not be determined as a Qualified Bidder -

- (a) unless the Bidder has submitted an Application in compliance with all the requirements set out in Part 2 of this Notice to the satisfaction of the Authority;
- (b) if there is reasonable ground for the Authority to believe that the Bidder has failed to comply, will not comply, or is not capable of complying with all the undertakings given in the Bidder Compliance Certificate;
- (c) unless the Authority is satisfied that the Bidder is not a Connected Bidder in relation to another Bidder; and
- (d) if the Bidder has withdrawn its Application in accordance with paragraph 3.1.4(b) or paragraph 3.2.2.

3.4 Notification as a Qualified Bidder

3.4.1 The Authority will, after making its determination under paragraphs 3.3.1 and 3.3.2, publish a notice (“Qualified Bidder Notice”) which will state the identity of each Bidder which has been determined to be a Qualified Bidder.

3.4.2 Subject to paragraph 3.4.3, on, or as soon as practicable after, publication of the Qualified Bidder Notice, the Authority will return, to each Bidder which has not been determined to be a Qualified Bidder and to each Bidder which has withdrawn its Application pursuant to paragraph 3.1.4(b) or paragraph 3.2.2, that Bidder’s Deposit provided that -

- (a) there is no outstanding investigation being carried out by the

- Authority against that Bidder in respect of any suspected contravention of the terms and conditions of this Notice; and
- (b) if any amounts have been forfeited by way of Penalty by the Authority in accordance with the terms and conditions of this Notice with respect to that Bidder -
- (i) where the Deposit is in cash, the Deposit will be returned less the aggregate amount of those Penalties; and
- (ii) where the Deposit is a Letter of Credit, the Authority will make a claim under the Letter of Credit to the extent of the aggregate amount of those Penalties.
- 3.4.3 Notwithstanding the return to a Bidder of its Deposit in accordance with paragraph 3.4.2, that Bidder must continue to comply with those terms and conditions of this Notice as are specified by the Authority. If the Authority does not specify any terms and conditions in accordance with this paragraph, that Bidder will be required to comply with all of the terms and conditions of this Notice as appropriate, including all the undertakings given in the Bidder Compliance Certificate submitted by that Bidder.
- 3.5 Number of Qualified Bidders**
- 3.5.1 If there is no Bidder or no Qualified Bidder, or if there is only one Qualified Bidder, the Bidding Stage will not take place.
- 3.5.2 If there is more than one Qualified Bidder and the sum of their attributed Eligibility Points determined on the basis of the amounts of their Deposits in accordance with paragraph 2.2.3 exceeds ten Eligibility Points, the Bidding Stage (which consists of the Quantity Phase and the Assignment Phase) will take place in accordance with the procedures set out in Part 4.
- 3.5.3 If there is more than one Qualified Bidder but the sum of their attributed Eligibility Points determined on the basis of the amounts of their Deposits in accordance with paragraph 2.2.3 does not exceed ten Eligibility Points, there will be no Quantity Phase in the Bidding Stage. Only the Assignment Phase will take place in accordance with the procedures set out in Part 4B.

3.6 Situation where no Bidding Stage will take place

- 3.6.1 If there is no Bidder or no Qualified Bidder, or if there is only one Qualified Bidder, the Authority will publish a notice announcing that the Bidding Stage will not take place.
- 3.6.2 If there is only one Qualified Bidder, the Authority will notify that Qualified Bidder and that Qualified Bidder must, subject to the Spectrum Cap and the Eligibility Points attributed to it based on the amount of its Deposit in accordance with paragraph 2.2.3, indicate in the Frequency Block Acquisition Form the number of Frequency Blocks it wishes to acquire. The Frequency Block Acquisition Form must be duly completed in accordance with the instructions specified therein, signed on behalf of the Qualified Bidder by two Authorised Representatives and submitted to the Authority within the period specified by the Authority. A Frequency Block Acquisition Form will not be approved by the Authority if it is not duly completed in accordance with the instructions specified therein or is otherwise unclear, or if it contains a number of Frequency Blocks with total bandwidth exceeding the Spectrum Cap, or a number of Frequency Blocks exceeding the Eligibility Points attributed to that Qualified Bidder based on the amount of its Deposit, or the number of Frequency Blocks the Qualified Bidder wishes to acquire is less than one. The Authority may, at its discretion, request the Qualified Bidder to make such clarification as may reasonably be required if the Frequency Block Acquisition Form is not duly completed in accordance with the instructions specified therein or is otherwise unclear. Upon approval of the Frequency Block Acquisition Form by the Authority, the Qualified Bidder will be the Provisional Successful Bidder of the Frequency Blocks it wishes to acquire in descending order starting from Frequency Block C10. The Spectrum Utilization Fee payable by the Provisional Successful Bidder will be the sum of the Minimum Fees for the Frequency Blocks assigned to it. The Authority will publish a notice (“Provisional Successful Bidder Notice”) to announce the identity of the Provisional Successful Bidder and the Spectrum Utilization Fee payable for the relevant Frequency Blocks. Procedures and requirements in relation to the Grant Stage as set out in Part 5 of this Notice will apply to the Provisional Successful Bidder.
- 3.6.3 If the Qualified Bidder fails to indicate the number of Frequency Blocks it wishes to acquire by submitting a duly completed Frequency Block

Acquisition Form within the period specified by the Authority, or fails to make such clarification as required by the Authority in relation to the Frequency Block Acquisition Form, the Qualified Bidder will not be entitled to assignment of any Frequency Block or the grant of a Licence, and the Authority will forfeit an amount (up to the full amount of the Qualified Bidder's Deposit) by way of Penalty from the Qualified Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.

Part 4 – Bidding Stage

4.1 Reference to a Bidder

4.1.1 Any reference to a Bidder in this Part means a Qualified Bidder.

4.2 Purpose and structure of the Bidding Stage

4.2.1 The purpose of the Bidding Stage is to determine -

- (a) which of the Bidders will become a Provisional Successful Bidder for each Frequency Block; and
- (b) the amount of Spectrum Utilization Fee payable by each of the Provisional Successful Bidders.

4.2.2 The Bidding Stage of the Auction consists of two phases, viz. the Quantity Phase and the Assignment Phase.

4.3 Bidding Stage Notice

4.3.1 At least one Business Day before the commencement of the Bidding Stage, the Authority will issue to each Bidder a notice ("Bidding Stage Notice"), which will provide details of the date and time when the Bidding Stage will commence.

4.3.2 If the Authority is of the opinion that it is impractical for the Bidding Stage to commence on the date, or at the time, referred to in the Bidding Stage Notice, it may notify each Bidder of a different date or time, as the case may be. If a different date or time is to be notified, the date or time will not be earlier than that originally notified as the relevant date or time.

4.4 Scheduling of Rounds at the Bidding Stage

4.4.1 At the Bidding Stage, Rounds will be scheduled by the Authority at its sole discretion. The Authority may re-schedule the time of a Round as it thinks fit.

4.5 Submission of Valid Bids at the Bidding Stage

4.5.1 A “**Valid Bid**”, in relation to each Round, is a Bid -

- (a) in respect of Quantity Phase – Part 1, at the Round Price specified by the Authority prior to the Round and which complies with the requirements regarding Activity Level detailed in paragraph 4.9;
- (b) in respect of Quantity Phase – Part 2, in which the respective amount for each of the unsold Frequency Blocks specified by Bidder will comply with the requirements detailed in paragraphs 4.13.2 and 4.13.3;
- (c) in respect of the Assignment Phase, at any amount at or above HK\$0 specified by Bidder; and
- (d) in the case of each of sub-paragraphs (a) – (c) above, submitted in accordance with the requirements detailed in paragraph 4.5.2.

4.5.2 A Valid Bid must be -

- (a) submitted by using the communication method specified by the Authority which may be one or more of the following -
 - (i) an Internet-based software platform,
 - (ii) an Intranet-based software platform,
 - (iii) facsimile transmission,
 - (iv) any other method as the Authority may specify;
- (b) submitted by using the form specified by the Authority for the relevant method of communication which is legible, correctly filled out and clear;
- (c) accompanied by the password or other form of authentication for identifying the Bidder in respect of the submission of a Valid Bid (such password or form of authentication will be provided by the Authority prior to the Bidding Stage); and
- (d) received by the Authority within the duration of the Round as specified by the Authority prior to the Round.

4.5.3 Once submitted to the Authority, a Valid Bid cannot be amended, substituted or withdrawn, other than in accordance with terms and conditions of this Notice.

Part 4A – Quantity Phase

4.6 Purpose and structure of Quantity Phase

4.6.1 The purpose of the Quantity Phase is to determine -

- (a) the number of Frequency Blocks to be assigned to each Bidder; and
- (b) the amount of Spectrum Utilization Fees payable for the Frequency Block(s) successfully bid for at the Quantity Phase.

4.6.2 The Quantity Phase includes -

- (a) “**Quantity Phase – Part 1**”, which consists of one or more Rounds in which Bidders may submit Valid Bids for the number of Frequency Blocks which they wish to acquire at the Round Price; and
- (b) “**Quantity Phase – Part 2**”, if there is any unsold Frequency Block or Blocks after the conclusion of Quantity Phase – Part 1 in any Rounds other than the first Round.

Quantity Phase – Part 1

4.7 Information to be provided to Bidders prior to each Round

4.7.1 Prior to the start of each Round, the Authority will notify each Bidder of -

- (a) the date on, and the time at, which the Round will start and end (which is subject to a Bidder exercising an Extension Right for that Round under paragraph 4.10.2),
- (b) the Round Price,
- (c) save for in the first Round, the Total Demand in the immediately preceding Round,
- (d) the Eligibility Points attributed to the Bidder at the beginning of the Round as determined in accordance with paragraph 4.9.3 or paragraph 4.9.4, as the case may be, and
- (e) the total number of (remaining) Extension Rights that may be exercised by the Bidder (as described in paragraph 4.10).

For the avoidance of doubt, the Authority may at any time provide additional information to the Bidders as it considers appropriate.

4.8 Submission of Valid Bids at Quantity Phase – Part 1

- 4.8.1 Prior to the start of each Round, the Authority will specify a Round Price which is the same for each and every Frequency Block. For the avoidance of doubt, no distinction will be made between the Frequency Blocks throughout Quantity Phase – Part 1, in which Bidders may submit Valid Bids for the number of Frequency Blocks which they wish to acquire at the Round Price set by the Authority in that Round.
- 4.8.2 In the first Round, each Bidder must submit to the Authority a Valid Bid for at least one Frequency Block. If a Bidder fails to submit a Valid Bid for at least one Frequency Block in the first Round, the Authority will disqualify that Bidder from the Auction and forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.
- 4.8.3 In each Round other than the first Round, each Bidder may, subject to paragraph 4.9, submit a Valid Bid for any number of Frequency Blocks, including zero Frequency Blocks.
- 4.8.4 For the avoidance of doubt, and subject to paragraph 4.10, where a Bidder fails to take any action in accordance with paragraph 4.8.2 or paragraph 4.8.3 within a Round, the number of Frequency Blocks that the Bidder wishes to acquire in that Round is deemed to be zero and the Bidder will not be eligible to participate further in Quantity Phase – Part 1.

4.9 Eligibility Points and Activity Level

- 4.9.1 One Eligibility Point will be attributed to each Frequency Block in accordance with Appendix 2 of this Notice. A Bidder must have the sufficient number of Eligibility Points in order to bid for the number of Frequency Blocks it wishes to acquire.
- 4.9.2 The Activity Level of a Bidder in a Round must not exceed the number of Eligibility Points attributed to that Bidder for that Round.

- 4.9.3 For the first Round, the number of Eligibility Points attributed to each Bidder will be determined by the amount of its Deposit in accordance with Appendix 3 of this Notice. Notwithstanding the Deposit provided by the Bidder, the maximum number of Eligibility Points to be attributed to the Bidder is subject to the Spectrum Cap.
- 4.9.4 For each Round other than the first Round, the number of Eligibility Points attributed to a Bidder will be equal to the Activity Level of the Bidder in the immediately preceding Round as determined in accordance with paragraph 4.9.5.
- 4.9.5 The Activity Level of a Bidder in a Round will be the aggregate Eligibility Points attributed to the number of Frequency Blocks that the Bidder bids for in that Round. Therefore, a Bidder which reduces its Activity Level in a Round will have fewer Eligibility Points in the immediately following Round and thereafter. If a Bidder submits a Valid Bid for zero Frequency Blocks or, subject to paragraph 4.10, fails to submit a Valid Bid in a Round, the Activity Level of that Bidder will be reduced to zero, and the Bidder will not be eligible to participate further in Quantity Phase – Part 1.

4.10 Extension Right for Quantity Phase – Part 1

- 4.10.1 An “**Extension Right**” permits a Bidder to extend the duration of a Round beyond the scheduled end time by the Extension Period at Quantity Phase – Part 1. Each Bidder will have two Extension Rights at the start of Quantity Phase – Part 1.
- 4.10.2 In any Round, where a Bidder fails to take any action under paragraph 4.8.2 or paragraph 4.8.3 at the scheduled end time, the Extension Period will start for that Bidder and the Bidder is deemed to have exercised an Extension Right in that Round provided that it has at least one Extension Right remaining at the beginning of that Round.
- 4.10.3 Where, in a Round, a Bidder is deemed to have exercised an Extension Right in accordance with paragraph 4.10.2, that Bidder is allowed to submit a Valid Bid within the Extension Period. The number of Extension Rights for that Bidder will be reduced by one. Other Bidders who have submitted a Valid Bid within the original scheduled time of the

Round are not deemed to have exercised an Extension Right. Those Bidders will be informed of the extension but they cannot re-submit their Valid Bids during the Extension Period.

4.10.4 The “**Extension Period**” is at most five minutes, but will in any case end when the Bidder which is deemed to have exercised an Extension Right submits a Valid Bid (if this is shorter than five minutes).

4.10.5 For the avoidance of doubt, the number of Frequency Blocks that a Bidder wishes to acquire is deemed to be zero if it fails to submit a Valid Bid -

- (a) before the scheduled end time of a Round and the Bidder has no Extension Right left at the beginning of the Round, notwithstanding that another Bidder may have exercised an Extension Right of its own; or
- (b) before the end of the Extension Period in a particular Round if the Bidder is deemed to have exercised an Extension Right in that Round;

and the Bidder will not be eligible to participate further in Quantity Phase – Part 1.

4.10.6 At any time during Quantity Phase – Part 1, the Authority may, at its sole discretion, increase the number of Extension Rights available to all Bidders.

4.11 End of Quantity Phase – Part 1

4.11.1 Quantity Phase – Part 1 will end upon the completion of a Round in which the Total Demand is equal to or less than the Total Supply.

4.11.2 The Bidders which have submitted a Valid Bid for at least one Frequency Block at the last Round of Quantity Phase – Part 1 will have successfully bid for the number of Frequency Blocks they bid for in that Round. The Spectrum Utilization Fee payable in respect of Quantity Phase – Part 1 for each of those Frequency Blocks will be the Round Price of the last Round of Quantity Phase – Part 1.

Quantity Phase – Part 2

4.12 Information to be provided to Bidders prior to Quantity Phase – Part 2

- 4.12.1 Quantity Phase – Part 2 will take place if there is any unsold Frequency Block or Blocks after the conclusion of Quantity Phase – Part 1. Quantity Phase – Part 2 will consist of one single round of bidding.
- 4.12.2 Notwithstanding paragraph 4.12.1, Quantity Phase – Part 2 will not take place if Quantity Phase – Part 1 is completed at the first Round in which the Round Price is set at the Minimum Fee level.
- 4.12.3 A Bidder is eligible to participate in Quantity Phase – Part 2 only when the number of Frequency Blocks it bid for in the penultimate Round of Quantity Phase – Part 1 is more than the number of Frequency Blocks it bid for, if any, in the last Round of Quantity Phase – Part 1.
- 4.12.4 Prior to the start of Quantity Phase – Part 2, the Authority will notify each Bidder which was eligible to participate in the last Round of Quantity Phase – Part 1 of the following -
- (a) subject to paragraph 4.12.5, the date on, and the time at, which the Round will start and end,
 - (b) the number of unsold Frequency Blocks available in the Round,
 - (c) the Round Prices of the penultimate Round and the last Round of Quantity Phase – Part 1,
 - (d) the number of Frequency Blocks which the Bidder has successfully bid for, if any, at the end of Quantity Phase – Part 1, and
 - (e) whether the Bidder is eligible to participate in Quantity Phase – Part 2 in accordance with paragraph 4.12.3 and, if eligible, the maximum number of unsold Frequency Blocks for which the Bidder is allowed to bid.

For the avoidance of doubt, the Authority may at any time provide additional information to the Bidders as it considers appropriate.

- 4.12.5 If the Authority is of the opinion that it is impractical for Quantity Phase – Part 2 to commence on the date or at the time referred to in paragraph 4.12.4(a), it may notify each Bidder referred to in paragraph 4.12.4 of a different date or time, as the case may be. If a different date

or time is to be notified, the date or time will not be earlier than that originally notified as the relevant date or time.

4.13 Submission of Valid Bids at Quantity Phase – Part 2

- 4.13.1 In the single Round, an eligible Bidder may submit to the Authority a Valid Bid for each of the unsold number of Frequency Blocks, subject to paragraphs 4.13.2 and 4.13.3.
- 4.13.2 The maximum number of unsold Frequency Blocks that an eligible Bidder may submit a Valid Bid for is equal to the number of Frequency Blocks it bid for in the penultimate Round of Quantity Phase – Part 1 minus the number of Frequency Blocks it bid for, if any, in the last Round of Quantity Phase – Part 1 (subject to the number of unsold Frequency Blocks available in the Round).
- 4.13.3 The Valid Bid must at least be the Round Price of the penultimate Round but less than the Round Price of the last Round at the Quantity Phase – Part 1. The Valid Bid must be expressed in Hong Kong Dollars. The Valid Bid must be submitted by using the form specified by the Authority and the form must be legible and correctly filled out.
- 4.13.4 For the avoidance of doubt, if an eligible Bidder fails to submit the form specified by the Authority within the single Round, such Bidder is deemed not to have submitted a Valid Bid.

4.14 End of Quantity Phase – Part 2

- 4.14.1 Quantity Phase – Part 2 will end upon the completion of the single Round.
- 4.14.2 Where the number of Valid Bids received in the single Round is more than the unsold number of Frequency Blocks, the Authority will determine the successful Valid Bids in the single Round by designating the unsold number of Frequency Blocks to an equivalent number of Valid Bids submitted in the single Round. In order to do this, the Authority will order the Valid Bids from the highest amount to the lowest amount. If two or more Valid Bids have the same bidding amount, the Authority will order those Valid Bids at random. The Authority will then designate the number of unsold Frequency Blocks to the equivalent number of Valid Bids with the highest amounts and the Bidder(s) which submitted the

relevant Valid Bid(s) will have successfully bid for the unsold number of Frequency Block(s). For the avoidance of doubt, the assignment of the specific and contiguous Frequency Blocks will take place at the Assignment Phase. Accordingly, where a Bidder successfully bids for Frequency Blocks at Quantity Phase – Part 1 and/or Quantity Phase – Part 2, those Frequency Blocks will be assigned to the Bidder on a contiguous basis at the Assignment Phase.

- 4.14.3 Where the number of Valid Bids received in the single Round is equal to or less than the unsold number of Frequency Blocks, Bidders which have submitted the Valid Bids will have successfully bid for the unsold number of Frequency Blocks they bid for.
- 4.14.4 The Spectrum Utilization Fee payable in respect of Quantity Phase – Part 2 by a Bidder will be the sum of its successful Valid Bids as determined in accordance with paragraph 4.14.2 or paragraph 4.14.3, as the case may be.

4.15 Completion of the Quantity Phase

- 4.15.1 The Quantity Phase will complete after either -
- (a) the end of Quantity Phase – Part 1 if no Quantity Phase – Part 2 takes place; or
 - (b) the end of Quantity Phase – Part 2 if Quantity Phase – Part 2 takes place.

Part 4B – Assignment Phase

4.16 Purpose and structure of the Assignment Phase

- 4.16.1 The purpose of the Assignment Phase is to determine -
- (a) the specific and contiguous Frequency Blocks to be assigned to (i) Bidders which have successfully bid for Frequency Blocks at the completion of the Quantity Phase, or (ii) Bidders whose attributed Eligibility Points in total do not exceed ten Eligibility Points in accordance with paragraph 4.17.1, as the case may be; and
 - (b) the amount of Spectrum Utilization Fees payable for the Frequency Blocks assigned at the Assignment Phase.

- 4.16.2 Notwithstanding paragraph 4.16.1, if there is only one Bidder at the end of the Quantity Phase, the Bidder will be assigned the Frequency Blocks it has successfully bid for at the Quantity Phase from the highest frequency range. The Assignment Phase will not take place.
- 4.16.3 The Assignment Phase will consist of one single Round in which each of the Bidders referred to in paragraph 4.16.1(a)(i) or paragraph 4.16.1(a)(ii), as the case may be, may submit one Valid Bid to determine the Assignment Priority.
- 4.17 If there is more than one Bidder but the sum of their attributed Eligibility Points does not exceed ten Eligibility Points at the Qualification Stage**
- 4.17.1 If there is more than one Bidder but the sum of their attributed Eligibility Points determined on the basis of the amounts of their Deposits in accordance with paragraph 2.2.3 does not exceed ten Eligibility Points, the Bidding Stage will start with the Assignment Phase directly.
- 4.17.2 The Authority will notify the Bidders and each Bidder must, subject to the Spectrum Cap and the Eligibility Points attributed to it based on the amount of its Deposit in accordance with paragraph 2.2.3, indicate in the Frequency Block Acquisition Form the number of Frequency Blocks it wishes to acquire. The Frequency Block Acquisition Form must be duly completed in accordance with the instructions specified therein, signed on behalf of a Bidder by two Authorised Representatives and submitted to the Authority within the period specified by the Authority. A Frequency Block Acquisition Form will not be approved by the Authority if it is not duly completed in accordance with the instructions specified therein or is otherwise unclear, or if it contains a number of Frequency Blocks with total bandwidth exceeding the Spectrum Cap, or a number of Frequency Blocks exceeding the Eligibility Points attributed to that Bidder based on the amount of its Deposit, or the number of Frequency Blocks the Bidder wishes to acquire is less than one. The Authority may, at its discretion, request the Bidder to make such clarification as may reasonably be required if the Frequency Block Acquisition Form is not duly completed in accordance with the instructions specified therein or is otherwise unclear. Upon approval of the Frequency Block Acquisition Form by the Authority, the Bidder will be eligible for participation in the Assignment Phase, at

which the number of Frequency Blocks it indicated that it wished to acquire will be assigned to it on a contiguous basis.

- 4.17.3 If the Bidder fails to indicate the number of Frequency Blocks it wishes to acquire by submitting a duly completed Frequency Block Acquisition Form within the period specified by the Authority, or fails to make such clarification as required by the Authority in relation to the Frequency Block Acquisition Form, the Bidder will not be entitled to assignment of any Frequency Block or the grant of a Licence, and the Authority will forfeit an amount (up to the full amount of the Bidder's Deposit) by way of Penalty from the Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.

4.18 Information to be provided to Bidders prior to the Assignment Phase

- 4.18.1 Prior to the start of the Round, the Authority will notify each of the Bidders referred to in paragraph 4.16.1(a)(i) or paragraph 4.16.1(a)(ii), as the case may be, of the following -
- (a) subject to paragraph 4.18.2, the date on which and the time at which the Round will start and end, and
 - (b) the number of Frequency Blocks that -
 - (i) the Bidder referred to in paragraph 4.16.1(a)(i) has successfully bid for at the completion of the Quantity Phase; or
 - (ii) the Bidder referred to in paragraph 4.16.1(a)(ii) has indicated that it wished to acquire in the approved Frequency Block Acquisition Form.

For the avoidance of doubt, the Authority may at any time provide additional information to the Bidders as it considers appropriate.

- 4.18.2 If the Authority is of the opinion that it is impractical for the Assignment Phase to commence on the date or at the time referred to in paragraph 4.18.1(a), it may notify each Bidder of a different date or time, as the case may be. If a different date or time is to be notified, the date or time will not be earlier than that originally notified as the relevant date or time.

4.19 Submission of Valid Bid at Assignment Phase

- 4.19.1 In the single Round, each Bidder may submit to the Authority only one Valid Bid in any amount at or above HK\$0 to determine the Assignment Priority.
- 4.19.2 For the avoidance of doubt, where a Bidder fails to take any action in accordance with paragraph 4.19.1 within the Round, the Bidder is deemed to have submitted a Valid Bid of HK\$0 for the Assignment Priority.

4.20 Completion of Assignment Phase

- 4.20.1 The Assignment Phase will end upon the completion of the single Round.
- 4.20.2 The Authority will determine the specific and contiguous Frequency Blocks to be assigned to each Bidder as follows -
- (a) in order to determine the Assignment Priority, all Valid Bids received in the single Round are ordered from the highest amount to the lowest amount. If two or more Valid Bids have the same bidding amount, the Authority will order those Valid Bids at random. For the avoidance of doubt, the Bidder which has submitted the highest Valid Bid amount will be assigned the highest Assignment Priority; and
 - (b) the Frequency Blocks to be assigned to Bidders will start from the Frequency Block with the highest frequency range (i.e. Frequency Block C10) to the Frequency Block with the lowest frequency range (i.e. Frequency Block C1) in accordance with the Assignment Priority determined in subparagraph (a) and the number of Frequency Blocks the Bidder will be assigned as determined at the Quantity Phase or indicated in the Bidder's approved Frequency Block Acquisition Form under paragraph 4.17.2, as the case may be. For the avoidance of doubt, the Bidder with the highest Assignment Priority will be assigned the Frequency Blocks first.
- 4.20.3 The amount of the Spectrum Utilization Fee payable at the Assignment Phase for each of the Bidders will be the amount of the lowest Valid Bid among these Bidders.

4.20.4 The Bidders which are assigned Frequency Blocks at the Assignment Phase become Provisional Successful Bidders.

4.21 Conclusion of Bidding Stage

4.21.1 The Bidding Stage will end upon the completion of the Assignment Phase. The amount of the Spectrum Utilization Fee payable by a Provisional Successful Bidder will be the sum of the Spectrum Utilization Fees payable by the Provisional Successful Bidder at the Quantity Phase and the Assignment Phase.

4.21.2 Where there is no Quantity Phase, the amount of the Spectrum Utilization Fee payable by a Provisional Successful Bidder will be the sum of the Minimum Fees for the number of Frequency Blocks it wishes to acquire as indicated in its approved Frequency Block Acquisition Form under paragraph 4.17.2 and the Spectrum Utilization Fee determined at the Assignment Phase.

4.22 Provisional Successful Bidder Notice

4.22.1 Within two Business Days after the end of the Bidding Stage, the Authority will publish a notice (“Provisional Successful Bidder Notice”) to announce -

- (a) the identity of the Provisional Successful Bidder of each of the Frequency Blocks; and
- (b) the Spectrum Utilization Fee payable by each of the Provisional Successful Bidders.

4.22.2 Within two Business Days after publication of the Provisional Successful Bidder Notice, each Provisional Successful Bidder must notify the Authority whether it is a Connected Bidder in relation to another Provisional Successful Bidder by completing and submitting the Connected Bidder Statutory Declaration. If a Provisional Successful Bidder fails to submit such notification to the Authority, it will be disqualified and the Authority may at its discretion forfeit an amount (up to the full amount of that Bidder’s Deposit) by way of Penalty from that Bidder’s Deposit.

4.22.3 Within 14 Business Days after publication of the Provisional Successful Bidder Notice, the Authority will publish a notice (“Connected Provisional

Successful Bidder Notice") if it determines, either following a notification to it by a Provisional Successful Bidder under paragraph 4.22.2 or as a result of its review of any information available to it, that two or more Provisional Successful Bidders are Connected Bidders ("Connected Provisional Successful Bidders") and the total amount of spectrum for which they are Provisional Successful Bidders exceeds the Spectrum Cap.

4.23 Dealing with Connected Bidders after Bidding Stage

- 4.23.1 Within five Business Days after publication of the Connected Provisional Successful Bidder Notice, the relevant Connected Provisional Successful Bidders must make all arrangements as may be necessary, so as to satisfy the Authority that they cease to be Connected Provisional Successful Bidders in relation to each other, or that the total amount of spectrum to be assigned to them does not exceed the Spectrum Cap. They must jointly submit to the Authority a notification with documentary proof of the arrangements that have been made duly signed by two Authorised Representatives of each of the Connected Provisional Successful Bidders.
- 4.23.2 The arrangements that may be made by the Connected Provisional Successful Bidders pursuant to paragraph 4.23.1 may include one of the following -
 - (a) reorganise themselves so that they cease to be Connected Bidders;
 - (b) reach an agreement as to which of their Frequency Blocks to be assigned will be withdrawn so that the total amount of spectrum to be assigned to them does not exceed the Spectrum Cap.
- 4.23.3 If the Connected Provisional Successful Bidders fail to make any arrangement or submit a joint notification as required under paragraph 4.23.1, the Authority will conduct an auction among such Connected Provisional Successful Bidders ("Sub-Auction").
- 4.23.4 The date, the start time, the end time and the location of the Sub-Auction will be notified by the Authority to the relevant Connected Provisional Successful Bidders.
- 4.23.5 In the Sub-Auction, each of the relevant Connected Provisional Successful Bidders may submit only one Valid Bid which is a Bid that must consist of any amount at or above the minimum fee of HK\$0 that the Bidder is

willing to pay in addition to its Spectrum Utilization Fee payable in respect of the Bidding Stage, and must be submitted by using the communication method and the form specified by the Authority.

- 4.23.6 For the avoidance of doubt, where the Connected Provisional Successful Bidder fails to take any action in accordance with paragraph 4.23.5, the amount of Valid Bid that the Bidder wishes to offer in the Sub-Auction is deemed to be HK\$0.
- 4.23.7 Subject to paragraph 4.23.8, the Connected Provisional Successful Bidder, whose Valid Bid offered in the Sub-Auction and Spectrum Utilization Fee payable in respect of the Bidding Stage produce the highest aggregate amount, will remain as a Provisional Successful Bidder in respect of the Frequency Block for which it is the Provisional Successful Bidder at the end of the Bidding Stage whilst other Connected Provisional Successful Bidders will cease to be Provisional Successful Bidders.
- 4.23.8 Where two or more Connected Provisional Successful Bidders offer the same highest aggregate amount referred to in paragraph 4.23.7, the Authority will determine at random which of them will remain as a Provisional Successful Bidder. In such case, other Connected Provisional Successful Bidders will cease to be Provisional Successful Bidders.
- 4.23.9 After receipt of a notification submitted by the Connected Provisional Successful Bidders under paragraph 4.23.1 or the Sub-Auction conducted in accordance with paragraphs 4.23.3 to 4.23.8, as the case may be, the Authority will publish a notice (“Revised Provisional Successful Bidder Notice”) to announce -
- (a) the arrangement made by the relevant Connected Provisional Successful Bidders, or the result of the Sub-Auction conducted among the relevant Connected Provisional Successful Bidders; and
 - (b) the identities of all Provisional Successful Bidders after the arrangement or the Sub-Auction, as the case may be.
- 4.23.10 If a Connected Provisional Successful Bidder withdraws its Frequency Blocks to be assigned in accordance with paragraph 4.23.2(b) or ceases to be a Provisional Successful Bidder as a result of the Sub-Auction conducted in accordance with paragraphs 4.23.3 to 4.23.8, the Authority

may at its discretion forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit unless that Connected Provisional Successful Bidder is able to demonstrate to the satisfaction of the Authority that it has become a Connected Bidder in relation to another Provisional Successful Bidder as a result of a change in circumstances which is beyond its control and that it did not have any purpose of circumventing the terms and conditions of this Notice.

- 4.23.11 If a Provisional Successful Bidder fails to satisfy the Authority that it has made the arrangements in accordance with paragraphs 4.23.1 and 4.23.2 or does not take part in the Sub-Auction conducted in accordance with paragraphs 4.23.3 to 4.23.8, as the case may be, the Authority will disqualify that Provisional Successful Bidder from the Auction and forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.

4.24 Return of Deposits to the Losing Bidders

- 4.24.1 After publication of the Provisional Successful Bidder Notice or the Revised Provisional Successful Bidder Notice, as the case may be, the Authority will return to a Bidder which is not a Provisional Successful Bidder or ceases to be a Provisional Successful Bidder ("Losing Bidder") that Losing Bidder's Deposit provided -
- (a) that there is no outstanding investigation being carried out by the Authority against that Losing Bidder in respect of any suspected contravention of the terms and conditions of this Notice; and
 - (b) that, if any amounts have been forfeited or deducted by the Authority in accordance with the terms and conditions of this Notice with respect to that Losing Bidder,
 - (i) where the Deposit is in cash, the Deposit will be returned less the aggregate amount of the Penalties; and
 - (ii) where the Deposit is a Letter of Credit, the Authority will make a claim under the Letter of Credit to the extent of the aggregate amount of the Penalties.

- 4.24.2 Notwithstanding the return to a Losing Bidder of its Deposit in accordance with paragraph 4.24.1, that Losing Bidder must continue to comply with

those terms and conditions of this Notice as are specified by the Authority. If the Authority does not specify any terms and conditions in accordance with this paragraph, that Losing Bidder will be required to comply with all the terms and conditions of this Notice as appropriate, including all the undertakings given in the Bidder Compliance Certificate submitted by that Bidder.

Part 5 – Grant Stage

5.1 Notification of any Approval

- 5.1.1 Within two Business Days after publication of the Provisional Successful Bidder Notice, each Provisional Successful Bidder must notify the Authority whether it is subject to an Approval, and if so, the details of that Approval.
- 5.1.2 Where a Provisional Successful Bidder notifies the Authority in accordance with paragraph 5.1.1 that it is not subject to any Approval, it may be entitled to be granted a Licence.
- 5.1.3 Where a Provisional Successful Bidder notifies the Authority in accordance with paragraph 5.1.1 that it is subject to an Approval, it may not be entitled to a grant of a Licence until it notifies the Authority that it is no longer subject to an Approval.
- 5.1.4 On notifying the Authority in accordance with paragraph 5.1.3 that it is no longer subject to an Approval, the Provisional Successful Bidder must provide written evidence to the Authority that the Approval has been obtained by the Approval Date, or by the date as specified by the Authority in accordance with paragraph 5.1.6.
- 5.1.5 If a Provisional Successful Bidder does not notify the Authority in accordance with paragraph 5.1.1, the Authority may, at its discretion and without prejudice to the provisions of any law or ordinance and paragraph 6.1.1, forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.

- 5.1.6 If a Provisional Successful Bidder that is subject to an Approval fails to obtain that Approval by the Approval Date, the Authority may, if that Provisional Successful Bidder is able to demonstrate to the satisfaction of the Authority that it has used its best endeavours to obtain that Approval or a waiver of that Approval, specify a date by which that Provisional Successful Bidder must obtain the Approval.
- 5.1.7 If a Provisional Successful Bidder fails to obtain an Approval by the Approval Date or the date specified by the Authority under paragraph 5.1.6, the Authority will not assign any Frequency Block or grant a Licence to that Provisional Successful Bidder and will disqualify that Bidder from the Auction and forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.

5.2 Duties of Provisional Successful Bidder

- 5.2.1 Within 25 Business Days after publication of the Provisional Successful Bidder Notice, or the Revised Provisional Successful Bidder Notice, as the case may be, each Provisional Successful Bidder is required to -
- (a) pay the Authority the Spectrum Utilization Fee payable by it; and
 - (b) provide to the Authority a Performance Bond for network and service rollout requirement in accordance with the Conditions.
- 5.2.2 A Provisional Successful Bidder may choose to pay the Spectrum Utilization Fee in full as a lump sum payment upfront; or annually in 15 instalments, with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the Spectrum Utilization Fee payable in the immediately preceding instalment increased by 2.5%. For the avoidance of doubt, payment of the Spectrum Utilization Fee in full as a lump sum payment upfront, or payment of the first instalment equivalent to the lump sum amount divided by 15, as the case may be, must be made within 25 Business Days after publication of the Provisional Successful Bidder Notice, or the Revised Provisional Successful Bidder Notice, as the case may be.

- 5.2.3 In the case of payment by annual instalments, the Provisional Successful Bidder or the Licensee, as the case may be, is required to maintain at all times throughout the whole assignment period a rolling Performance Bond to guarantee payment of the Spectrum Utilization Fee payable in the ensuing five years, or the Spectrum Utilization Fee payable for the remaining duration of the assignment term if it is less than five years. For the avoidance of doubt, where a Provisional Successful Bidder chooses to pay the Spectrum Utilization Fee by annual instalments, in addition to payment of the first instalment within 25 Business Days after publication of the Provisional Successful Bidder Notice, or the Revised Provisional Successful Bidder Notice, as the case may be, it must at the same time provide the rolling Performance Bond to guarantee payment of the Spectrum Utilization Fee payable in the ensuing five years.
- 5.2.4 Where a Provisional Successful Bidder fails to comply with the requirements specified in paragraph 5.2.1, the Authority will not assign any Frequency Block or grant a Licence to that Provisional Successful Bidder and will disqualify that Bidder from the Auction and forfeit an amount (up to the full amount of that Bidder's Deposit) by way of Penalty from that Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit.

5.3 Return of Deposit to Provisional Successful Bidder

- 5.3.1 Where the Authority is satisfied that a Provisional Successful Bidder has complied with the requirements specified in paragraph 5.2.1, the Authority will return to that Provisional Successful Bidder its Deposit after publication of the Successful Bidder Notice under paragraph 5.4.1 provided that -
- (a) there is no outstanding investigation being carried out by the Authority against that Provisional Successful Bidder in respect of any suspected contravention of the terms and conditions of this Notice;
 - (b) where the Deposit is in cash, the Authority will return the balance of the Deposit after deducting any amount forfeited by the Authority by way of Penalty under the terms and conditions of this Notice with respect to that Provisional Successful Bidder; and

- (c) where the Deposit is a Letter of Credit, the Authority will make a claim under the Letter of Credit to the extent of any amount forfeited by the Authority by way of Penalty under the terms and conditions of this Notice with respect to that Provisional Successful Bidder.
- 5.3.2 Notwithstanding the return to a Provisional Successful Bidder of its Deposit in accordance with paragraph 5.3.1, that Provisional Successful Bidder or Successful Bidder, as relevant, must continue to comply with those terms and conditions of this Notice as are specified by the Authority. If the Authority does not specify any terms and conditions in accordance with this paragraph, that Provisional Successful Bidder or Successful Bidder, as relevant, will be required to comply with all the terms and conditions of this Notice as appropriate, including all the undertakings given in the Bidder Compliance Certificate submitted by that Provisional Successful Bidder or Successful Bidder, as relevant.
- 5.4 Successful Bidder Notice and grant of Licence**
- 5.4.1 After the later of -
- (a) the date on which a Provisional Successful Bidder has complied with the requirements specified in paragraph 5.2.1, and
 - (b) the date on which the Authority receives notification from the Provisional Successful Bidder that it is not subject to an Approval in accordance with paragraph 5.1.1 or that it is no longer subject to an Approval in accordance with paragraph 5.1.3 together with written evidence provided to the Authority in accordance with paragraph 5.1.4 that the Approval has been obtained by the Approval Date, or by the date as specified by the Authority in accordance with paragraph 5.1.6,
- the Authority will, subject to the compliance by the Provisional Successful Bidder with the terms and conditions of this Notice,
- (i) determine and publish a notice (“Successful Bidder Notice”) announcing that the Provisional Successful Bidder becomes a Successful Bidder; and
 - (ii) grant a Licence to the Successful Bidder.

5.5 Variation, cancellation, withdrawal or suspension of Licence

5.5.1 The Authority may vary, cancel, withdraw or suspend a Licence or the assignment of the relevant Frequency Block under the Licence pursuant to Special Condition 47 of the Licence.

Part 6 – Rules on conduct of Bidders

6.1 Breach of Notice

6.1.1 Each Bidder must comply with all of the terms and conditions of this Notice. Without prejudice to any other rights or remedies of the Authority, if a Bidder breaches one or more of the terms and conditions of this Notice, the Authority may, at its discretion -

- (a) disqualify that Bidder from the Auction by notice to that Bidder; and/or
- (b) forfeit an amount (up to the full amount of a Bidder's Deposit) by way of Penalty from a Bidder's Deposit where the Deposit is in cash or make a claim under the Letter of Credit to the extent of the relevant amount where the Deposit is a Letter of Credit; if the Authority considers that the disqualification and/or the Penalty are proportionate and reasonable in relation to the breach. For the avoidance of doubt, if any Insider of a Bidder breaches one or more of the terms and conditions of this Notice, that Bidder will be deemed to have breached the terms and conditions of this Notice.

6.1.2 If a Bidder is disqualified during the Bidding Stage -

- (a) that Bidder will no longer be entitled to participate in the Auction but must continue to comply with those terms and conditions of this Notice as are specified by the Authority. If the Authority does not specify any terms and conditions in accordance with this paragraph, the Bidder will be required to comply with all the terms and conditions of this Notice as appropriate, including all the undertakings given in the Bidder Compliance Certificate submitted by that Bidder;
- (b) the Valid Bid or the Valid Bids submitted by that Bidder in the Round immediately preceding the disqualification will be deemed invalid and disregarded; and

- (c) the Authority may re-determine the result of the Round immediately preceding the disqualification as it considers appropriate.
- 6.1.3 If a Provisional Successful Bidder or a Successful Bidder is disqualified during the Grant Stage -
- (a) that Bidder will not be granted a Licence or assigned a Frequency Block; and
 - (b) the position of any other Bidder will not be affected.
- Return of Deposit to disqualified Bidder**
- 6.1.4 If a Bidder is disqualified, the Authority will return that disqualified Bidder's Deposit provided -
- (a) that there is no outstanding investigation being carried out by the Authority against that disqualified Bidder in respect of any suspected contravention of the terms and conditions of this Notice; and
 - (b) that if any amounts have been forfeited or deducted by the Authority in accordance with the terms and conditions of this Notice with respect to that disqualified Bidder -
 - (i) where the Deposit is in cash, the Deposit will be returned less the aggregate amount of the Penalties; and
 - (ii) where the Deposit is a Letter of Credit, the Authority will make a claim under the Letter of Credit to the extent of the aggregate amount of the Penalties.
- 6.1.5 Notwithstanding the return to a disqualified Bidder of its Deposit in accordance with paragraph 6.1.4, that disqualified Bidder must continue to comply with those terms and conditions of this Notice as are specified by the Authority. If the Authority does not specify any terms and conditions in accordance with this paragraph, that disqualified Bidder will be required to comply with all the terms and conditions of this Notice as appropriate, including all the undertakings given in the Bidder Compliance Certificate submitted by that disqualified Bidder.

6.2 Participation in Auction

6.2.1 Each Bidder must participate in the Auction in good faith in accordance with the terms and conditions of this Notice including, without limitation, complying with the detailed provisions relating to bidding in the Auction.

6.2.2 Each Bidder must -

- (a) ensure that its Authorised Representatives are contactable by the Authority at all times for the purposes of the Auction;
- (b) not send any form of communication to the Authority during the Auction which is, in the opinion of the Authority, vexatious;
- (c) not submit more than one form for the purpose of submitting a Bid in a Round;
- (d) not submit a Bid using a communication method other than that specified by the Authority in accordance with paragraph 4.5.2;
- (e) not destroy or use improperly any equipment or device provided by the Authority for the Auction; and
- (f) not act, without reasonable excuse, in a manner which disrupts the procedure specified in this Notice.

6.3 Submission of false or misleading information

6.3.1 No Bidder should submit to the Authority any information (including, without limitation, in an Application) in connection with the Auction which that Bidder either knows to be false or misleading or which is false or misleading.

6.4 Changes and notification to Authority

6.4.1 Subject to paragraph 7.7.1, if any change occurs which affects the information submitted in a Bidder's Application, that Bidder must immediately notify the Authority in writing; and must on request by the Authority submit within a period specified by the Authority one or more of the following documents -

- (a) a revised Application Form;
- (b) a revised Bidder Compliance Certificate; and
- (c) a revised Connected Bidder Statutory Declaration.

6.5 Confidentiality and non-collusion

Confidential Information

- 6.5.1 A Bidder and its Insiders must not directly or indirectly take steps to obtain or use in any unauthorised way Confidential Information of another Bidder.
- 6.5.2 Subject to paragraph 6.5.3, a Bidder and its Insiders must not directly or indirectly disclose, or cause or permit to disclose, or enter into or attempt to enter into any arrangement, agreement or understanding to disclose, any Confidential Information to any person other than to the Bidder's professional advisers, providers of finance or prospective providers of finance who, in each case, need to know the Confidential Information for the purpose of evaluating, negotiating, advising the Bidder or considering provision of finance to the Bidder in connection with the Auction and will become an Insider of the Bidder.
- 6.5.3 The Bidder must procure that each person to whom disclosure of Confidential Information is made as permitted under paragraphs 6.5.2 and 6.5.4 is made aware (in advance of the relevant disclosure) of the provisions of paragraphs 6.5.1 and 6.5.2 and this paragraph and the Bidder must use its best endeavours to procure that each of those persons adheres to those provisions.
- 6.5.4 Subject to paragraph 6.5.3, a Bidder is not prevented from using or disclosing Confidential Information -
- (a) if the Bidder is required to do so by the law of Hong Kong;
 - (b) if the Bidder is required to do so by the law of any place outside Hong Kong, the Stock Exchange of Hong Kong Limited, the Commission or other governmental or regulatory or supervisory body of competent jurisdiction to which rules and regulations (not having the force of law) the Bidder is subject, provided that the relevant Bidder has received the prior written consent of the Authority; or
 - (c) if it is required to be disclosed to the Authority in accordance with the terms and conditions of this Notice or otherwise.
- 6.5.5 Confidential Information means, in relation to any Bidder, any information relating to the Auction which has not been made public by the Authority

and which, if it were made public or made known to any other Bidder, would be reasonably expected to have an effect on the conduct or strategy of other Bidder or Bidders in the Auction, including without limitation, a Bidder's interest or participation in the Auction, business case, auction strategy and any Bid or offer that the Bidder is willing to make, but excluding -

- (a) information which is in, or which comes into the public domain other than as a breach of any Bidder or its Insider, of the terms and conditions of this Notice; and
- (b) information provided prior to the later of the Application Dates by a Bidder (or its Insiders) to another Bidder (or its Insiders) for the purpose of enabling the latter to decide whether to participate in the Auction with the Bidder.

Directors, employees and agents

- 6.5.6 If any person who is a director, employee or agent of a Bidder or any person who is an Insider in relation to that Bidder, is also a director, employee or agent of another Bidder or an Insider in relation to another Bidder, the first-mentioned Bidder must ensure that the person -
- (a) does not take part in preparing any of the Bidders or their respective Insiders for participating in the Auction;
 - (b) does not pass Confidential Information relating to one Bidder to another Bidder or its Insiders;
 - (c) is not an Authorised Representative of any of the Bidders; and
 - (d) will not take part or participate in the Auction.

Non-collusion

- 6.5.7 A Bidder and its Insiders must not -
- (a) co-operate, collaborate, collude or discuss with, or disclose any Confidential Information to, any other Bidder or any of its Insiders for any purpose relating to the Auction, including without limitation, in connection with the Bidder's bidding strategy or with any Bid or offer that the Bidder is willing to make in the Auction;
 - (b) manipulate or attempt to manipulate or make any arrangements to manipulate the Auction in any way with a view to achieving a particular result or outcome of the Auction.

Return of information to the Authority

6.5.8 The Authority reserves the right, at its absolute discretion, to require that all written information provided to the Bidders be returned to the Authority.

6.6 Prevention of bribery

6.6.1 If any Bidder or any of its Insiders acts in contravention of the Prevention of Bribery Ordinance insofar as that ordinance applies to the Auction including, without limitation, sections 6, 7 and 12A, that Bidder will be deemed to be in breach of the terms and conditions of this Notice.

6.7 Duty to abide by undertakings

6.7.1 Where a Bidder has given any certificate, undertaking, representation, warranty or declaration in accordance with any of the terms and conditions of this Notice, it must comply with that certificate, undertaking and declaration and ensure that each certificate, declaration, representation and warranty remains true and accurate.

Part 7 – Miscellaneous

7.1 Suspension and cancellation

7.1.1 The Authority may, at any time, by notification to all Bidders, as the case may be,

- (a) amend the date on and the time at which a Round will start or end;
- (b) cancel one or more Rounds in which case the Authority may disregard all the Bids received in the Round or the series of Rounds and re-conduct the Round or the series of Rounds;
- (c) suspend the Auction;
- (d) cancel the Auction, in which case the Authority may disregard all the Bids received in the Auction; or
- (e) re-conduct the Auction.

7.2 General power of disqualification

7.2.1 Without prejudice to and in addition to any of the terms and conditions of this Notice, the Authority may at any time disqualify any Bidder from the Auction if that Bidder -

- (a) in its opinion, is not a fit and proper person to hold a Licence; or

(b) breaches the terms and conditions of this Notice.

7.3 Civil debt

7.3.1 Without prejudice to and in addition to any of the terms and conditions of this Notice, any liability arising from the operation of the terms and conditions of this Notice may be recoverable as a civil debt due and payable to the Government.

7.4 Means of notification by Authority

7.4.1 If, in accordance with any of the terms and conditions of this Notice, the Authority is required, or wishes to notify a Bidder of any fact or circumstance, it may do so, unless otherwise specified in this Notice, by any means.

7.5 Means of notification to Authority prior to or after Bidding Stage

7.5.1 If, in accordance with any of the terms and conditions of this Notice, a Bidder is required, or wishes, to notify the Authority of any fact or circumstance prior to or after the Bidding Stage, such notification must be in writing and must be sent to the Authority by -

- (a) post to the Authority's Office (marked for attention of the Authority); or
- (b) fax to the fax number notified to the Bidders for this purpose by the Authority.

Any notification to the Authority must be in the English language.

7.5.2 If a Bidder sends any notification to the Authority and the notification is received after 5:30 pm on a Business Day, it will be deemed to have been received by the Authority at 9:00 am on the immediately following Business Day. If a tropical cyclone warning number 8 or above or a "black" rainstorm warning is in force in Hong Kong on any Business Day on which a Bidder sends a notification to the Authority or on any Business Day on which a notification is deemed to have been received by the Authority, it will be deemed to have been received by the Authority on the immediately following Business Day on which none of the signals remain in force.

7.6 Publication and disclosure of information

7.6.1 Subject to paragraph 7.6.2, the Authority may publish or disclose any information arising out of or in relation to the Auction, whether or not that information originates from a Bidder, in any manner as it thinks fit.

7.6.2 Subject to any other terms and conditions of this Notice, the Authority will not publish or disclose any information which is provided to it by a Bidder which that Bidder has asked it in writing to treat as confidential, if the Authority is of the opinion that the request is reasonable in the interests of the Bidder and not publishing the information would not unfairly prejudice other Bidders or be detrimental to the Auction.

7.7 Change of Authorised Representatives

7.7.1 If a Bidder wishes to substitute one or more of its Authorised Representatives notified to the Authority in its Application Form required to be submitted under paragraph 2.1.2, it may do so at any time on notification of the details of that change to the Authority in accordance with paragraph 6.4.1. A substitution made in accordance with this paragraph will take effect on the immediately following Business Day after the day on which the Authority receives such notification. That Bidder must on request by the Authority submit within a period specified by the Authority a revised Application Form.

7.8 Additional information

7.8.1 The Authority may request from any Bidder such additional information or document as may reasonably be required for its determination as to whether the Bidder is a Qualified Bidder or a Connected Bidder in relation to another Bidder.

7.8.2 On receipt of a request made pursuant to paragraph 7.8.1, a Bidder must use its best endeavours to provide the information or documents within the time specified by the Authority.

7.8.3 If a Bidder fails to comply with paragraph 7.8.2, the Authority may refuse to determine that Bidder as a Qualified Bidder in accordance with paragraphs 3.3.1 to 3.3.2.

7.8.4 Without prejudice and in addition to paragraphs 7.8.1 to 7.8.3, a Bidder must, in the manner and within the time specified by the Authority, supply such information as the Authority may reasonably require for ensuring the Bidder's compliance with the terms and conditions of this Notice or for investigating whether the Bidder is in compliance with the terms and conditions of this Notice.

7.9 Interpretation

7.9.1 The Authority is entitled to interpret conclusively the terms and conditions of this Notice and the validity of any act made pursuant to them in the event of any question, difference of opinion or dispute over these terms and conditions.

7.10 Modifications to Notice

7.10.1 The Authority may make modifications to the terms and conditions of this Notice -

- (a) to correct any manifest error;
- (b) to correct any inconsistency; or
- (c) to address circumstances not contemplated by the Authority on or before the date of this Notice but which are nevertheless within the overall purpose of the Ordinance, the Regulation and the terms and conditions of this Notice.

7.11 Documents submitted to the Authority

7.11.1 Any document submitted by a Bidder to the Authority in accordance with this Notice is and remains the property of the Authority and the Authority may use the information contained therein in whatever manner and for whatever purpose the Authority deems fit.

7.12 Powers of Authority to issue licence or assign frequency

7.12.1 Nothing in this Notice will limit the power of the Authority to issue any licence pursuant to section 7 of the Ordinance, assign any frequency pursuant to section 32H of the Ordinance or otherwise fetter its powers under the Ordinance.

7.13 Waiver

7.13.1 Any delay by the Authority in exercising or enforcing any of its powers under this Notice will not constitute a waiver of those powers.

7.14 Governing law and jurisdiction

- 7.14.1 The terms and conditions of this Notice and the relationship between the Authority and each of the Bidders will be governed by, and interpreted in accordance with Hong Kong law.
- 7.14.2 The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by or otherwise arising in connection with the terms and conditions of this Notice. The submission of an Application will be deemed to constitute an irrevocable submission to the jurisdiction of the courts of Hong Kong.

APPENDIX 1
Licence

Licence No. []

TELECOMMUNICATIONS ORDINANCE
(Chapter 106)

UNIFIED CARRIER LICENCE

DATE OF ISSUE: [DATE]

[Company Name]

.....
of [Address]
.....

(the “licensee”) is licensed, subject to the following conditions set out in this licence –

- (a) to provide a public telecommunications network service (the “service”), the scope of which is described in Schedule 1;
- (b) to establish and maintain a telecommunications network (the “network”) described in Schedule 2 to provide the service;
- (c) to possess and use the radiocommunications installations described in Schedule 3 to provide the service; and
- (d) to deal in, import and demonstrate, with a view to sale in the course of trade or business, such apparatus or material for radiocommunications as may be necessary to supply customers of the service.

GENERAL CONDITIONS

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this licence, except as hereinafter provided or unless the context otherwise requires, words or expressions shall have the meanings assigned to them in the Telecommunications Ordinance (Cap. 106) (the “Ordinance”) and, as the case may be, the Interpretation and General Clauses Ordinance (Cap. 1). For the purposes of interpreting this licence, headings and titles shall be disregarded.
- 1.2 This licence shall not be construed as granting an exclusive right to the licensee to provide the service.
- 1.3 This licence replaces any licence or any exemption from licensing, however described, which the Authority may have granted to the licensee for providing the service.
- 1.4 The grant of this licence does not authorize the licensee to do anything which infringes any exclusive licence granted under the Ordinance or any exclusive right to operate and provide telecommunications networks, systems, installations or services granted under any other Ordinance.

2. TRANSFER

- 2.1 The licensee may, only with the prior written consent of the Authority and subject to such reasonable conditions as the Authority thinks fit, transfer this licence or any permission, right or benefit under this licence. In giving its consent the Authority will have regard to such matters as it thinks fit including but not limited to the effect which the transfer will have on market structure and the financial and technical competence and viability of the transferee.

3. INTERNATIONAL CONVENTIONS

- 3.1 The licensee shall at all times perform and observe the requirements of the Constitution and Convention of the International Telecommunication Union and the regulations and recommendations annexed to it, as are stated to be applicable to Hong Kong, and any other international convention, agreement, protocol, understanding or the like to the extent that the instruments described in this General Condition 3.1 impose obligations on Hong Kong of which the Authority gives notice to the licensee, except to the extent that the Authority may in writing exempt the licensee from such compliance.
- 3.2 Where the Government has been consulted about or is involved in the preparation or negotiation of an international convention, agreement, protocol or understanding or the like or amendments thereto which are on the subject-matter of telecommunications or which relate to another subject-matter but which the Government anticipates could have a material impact on the provision of the service under this licence, the Government will, where practicable, provide the licensee with a reasonable opportunity to make a submission stating its views on the matter.

4. COMPLIANCE GENERALLY

- 4.1 The licensee shall comply with the Ordinance, regulations made under the Ordinance, licence conditions or any other instruments which may be issued by the Authority under the Ordinance.

5. PROVISION OF SERVICE

- 5.1 The licensee shall, subject to Schedule 1 to this licence and any special conditions of this licence relating to the provision of the service, at all times during the validity period of this licence operate, maintain and provide a good, efficient and continuous service in a manner satisfactory to the Authority. The Authority may, on application in writing by the licensee, exempt a part or parts of the service from the requirement of continuous provision.

6. CUSTOMER CHARTER

- 6.1 Unless a waiver in writing is granted by the Authority, the licensee shall prepare a customer charter which sets out the minimum standards of service to the licensee's customers and gives guidance to the employees of the licensee in their relations and dealings with customers.

7. CONFIDENTIALITY OF CUSTOMER INFORMATION

- 7.1 The licensee shall not disclose information of a customer except with the consent of the customer, which form of consent shall be approved by the Authority, except for the prevention or detection of crime or the apprehension or prosecution of offenders or except as may be authorized by or under any law.
- 7.2 The licensee shall not use information provided by its customers or obtained in the course of provision of service to its customers other than for and in relation to the provision by the licensee of the service.

8. RECORDS AND PLANS OF NETWORK

- 8.1 The licensee shall keep records and plans (including overall network plans and cable route maps) of the telecommunications installation (including radiocommunications installation) and telecommunications nodes and exchanges, if any, provided under this licence and any other details concerning the network as may be reasonably required by the Authority, including but not limited to information from operational support systems, traffic flow information, and database information relating to the manner in which the network treats any communication ("network information").
- 8.2 As required by the Authority, the licensee shall make the network information available, within reasonable time, to the Authority or to a person authorized in writing by the Authority for inspection for the Authority's own purposes.

9. CONTROL OF INTERFERENCE AND OBSTRUCTION

- 9.1 The licensee shall take reasonable measures to install, maintain and operate the service and the network in such a manner as not to cause any harmful interference or physical obstruction to any lawful telecommunications service, or cause any physical obstruction to the installation, maintenance, operation, adjustment, repair, alteration, removal or replacement of the facilities of any lawful telecommunications or utility service provider.
- 9.2 The licensee shall take reasonable measures to ensure that the customers of the service do not cause harmful interference to lawful telecommunications services or utility services through use of the service.
- 9.3 The Authority may give such reasonable directions as it thinks fit to avoid harmful interference or physical obstruction referred to in General Condition 9.1. The licensee shall comply with the directions.
10. *Repealed in July 2016, as per the Joint Statement of the Secretary and the Authority dated 10 March 2015, and the Telecommunications (Carrier Licences) (Amendment) Regulation 2016 enacted on 1 July 2016.*

11. COMPLIANCE

- 11.1 If the licensee employs any person under contract for the purpose of the service, or for the installation, maintenance or operation of the network (a “contractor”), the licensee shall continue to be responsible for compliance with the conditions of this licence, and the performance thereof, by any contractor.

12. REQUIREMENTS OF RADIOTELCO INSTALLATION

- 12.1 Each radiotelservice installation operated by or on behalf of the

licensee shall be used only at the location and with emissions and at the frequencies and of the classes and characteristics specified in Schedule 3 to this licence and with such power and aerial characteristics as are specified in that Schedule in relation to the class and characteristics of the emission in use.

- 12.2 The apparatus comprised in each radiocommunications installation shall at all times comply with such technical standards as may be issued by the Authority.
- 12.3 The apparatus comprised in a radiocommunications installation shall be of a type approved by the Authority and shall be so designed, constructed, maintained and operated that its use shall not cause any interference to any radiocommunications.
- 12.4 A radiocommunications installation shall be operated only by the licensee or a person authorized by the licensee. The licensee shall not allow an unauthorized person to have access to the apparatus comprised in a radiocommunications installation. The licensee shall ensure that persons operating each radiocommunications installation shall at all times observe the conditions of this licence.
- 12.5 The licensee shall not make a change –
 - (a) to any radiocommunications installation; or
 - (b) of the location of any radiocommunications installation,without the prior written approval of the Authority.
- 12.6 If any telecommunications installation (including radiocommunications installation) crosses above or may fall or be blown onto any overhead power wire (including electric lighting and tramway wires) or power apparatus it shall be guarded to the reasonable satisfaction of the owner of the power wire or power apparatus concerned.

13. USE OF FREQUENCIES

- 13.1 The radiocommunications installation operated by or on behalf of the

licensee shall only be operated on such frequencies as the Authority may assign.

14. SAFETY

- 14.1 The licensee shall take proper and adequate safety measures for the safeguarding of life and property in connection with all installations, equipment and apparatus operated or used, including safeguarding against exposure to any electrical or radiation hazard emanating from the installations, equipment or apparatus operated or used under this licence.
- 14.2 The licensee shall comply with the safety standards and specifications as may from time to time be prescribed by the Authority and any directions of the Authority in relation to any safety matter.

15. PROHIBITION OF CLAIMS AGAINST GOVERNMENT

- 15.1 The licensee shall have no claim against the Government in tort or in contract in respect of any disturbance or interruption to any part of the network due to works carried out by or on behalf of the Government which result in disturbance to the network.

16. INDEMNITY

- 16.1 The licensee shall indemnify the Government against any losses, claims, charges, expenses, actions, damages or demands which the Government incurs or which may be made against the Government as a result of or in relation to the activities of the licensee or any employee, agent or contractor of the licensee in relation to the provision of the service or the installation, maintenance and operation of the network.

17. CONTRAVENTION BEYOND LICENSEE'S CONTROL

- 17.1 The licensee shall not be liable for any breach of this licence where it is

able to demonstrate, to the reasonable satisfaction of the Authority, that the breach was caused by circumstances beyond its control and that it has taken all reasonable steps open to it to rectify that breach.

- 17.2 Where the circumstances referred to in General Condition 17.1 are such that there is an outage or interruption in the service affecting a significant number of the licensee's customers for a period of more than 7 days, the licensee shall provide the Authority with a full report in writing detailing the reasons for the breach and indicating when, or if, it will be able to continue to provide the service.
- 17.3 If the Authority is, after considering a report provided under General Condition 17.2, of the reasonable belief that the licensee would be able to provide the service within a reasonable period of time despite the circumstances outlined in that report, the Authority may direct that the licensee recommence the service within such reasonable period as the Authority may in writing direct. The licensee shall comply with such direction.

18. PUBLICATION OF LICENCE

- 18.1 The licensee, or the Authority, may at their discretion make the terms and conditions of this licence, including any specific conditions, publicly available in any manner they think fit.

SPECIAL CONDITIONS

1. COMPLIANCE WITH CODES OF PRACTICE

- 1.1. The licensee shall comply with such guidelines or codes of practices which may be issued by the Authority as in its opinion are suitable for the purpose of providing practical guidance on any particular aspect of any conditions of this licence.
- 1.2. Without limiting or affecting in any way the licensee's obligations under any other Condition, the licensee shall comply with any code of practice or guideline which may be issued by the Authority from time to time for the purpose of providing practical guidance to the licensee in respect of:
 - (a) the provision of satisfactory service;
 - (b) the protection of customer information;
 - (c) the protection and promotion of the interests of consumers of telecommunications goods and services;
 - (d) calling line identification and other calling line identification related services; and
 - (e) correct, efficient and reliable operation of telecommunications.
- 1.3. Before issuing any code of practice or guideline referred to in Special Condition 1.2, the Authority shall carry out such consultation as is reasonable in all the circumstances of the case.
- 1.4. Without limiting the generality of Special Condition 1.2(d), the code of practice or guideline issued under that Special Condition may require the licensee to validate the calling line identification against the authenticated customer in order to prevent fraud and spam.

2. PURCHASE OF ASSETS

2.1 If a licensee is (1) in a dominant position (within the meaning defined in section 2 of the Ordinance) in the relevant telecommunications market; or (2) subject to a universal service obligation specified under the Ordinance, the Government may elect to take over the licensee's undertaking and purchase all or part of its assets if any of the following circumstances occur –

- (i) this licence expires;
- (ii) this licence is revoked;
- (iii) the licensee goes into liquidation; or
- (iv) the licensee ceases to carry on business,

provided that if the Government elects to do so, it shall give notice in writing not later than 90 days in advance of the expiry of this licence, or immediately upon revocation of this licence or within a reasonable time of the happening of the events at Special Condition 2.1(iii) or 2.1(iv).

2.2 The selling price shall be agreed between the Government and the licensee on the basis of the fair market value of those assets at the time of acquisition determined on the basis that this licence remains in force and that the network is continuing to be used for the provision of the service. If no agreement can be reached between the Government and the licensee, the matter shall be settled by arbitration in accordance with the provisions of the Arbitration Ordinance (Cap. 609).

2.3 For the purpose of Special Condition 2.1,

- (1) where the licensee is in a dominant position in the relevant telecommunications market, the undertaking and assets of the licensee shall be the relevant undertaking and assets of the licensee in relation to its dominant position in that relevant telecommunications market; and
- (2) where the licensee is subject to a universal service obligation, the undertaking and assets of the licensee shall be the relevant undertaking and assets of the licensee in relation to its operation that is subject to the universal service obligation.

3. REQUIREMENTS FOR INTERCONNECTION

- 3.1 The licensee shall interconnect its service and network with the services and networks of other unified carriers, mobile carriers or fixed carriers licensed under the Ordinance and, where directed by the Authority, interconnect its service and network with telecommunications networks and services of a type mentioned in section 36A(3D) of the Ordinance. The licensee shall interconnect its service and network with the services and networks of other interconnecting parties under this Special Condition to ensure any-to-any connectivity, i.e. any customer in any one network can have access to any other customer in any interconnecting network and, where directed by the Authority, to any service offered in any interconnecting network.
- 3.2 The licensee shall use all reasonable endeavours to ensure that interconnection is effected promptly, efficiently and on terms, conditions and at charges which are based on the licensee's reasonable relevant costs attributable to interconnection.
- 3.3 The licensee shall provide facilities and services reasonably necessary for the prompt and efficient interconnection of the service and the network with the telecommunications networks or services of the other entities referred to in Special Condition 3.1. Such facilities and services include –
- (a) carriage services for the delivery of codes, messages or signals or other communication across and between the interconnected networks;
 - (b) those necessary to establish, operate and maintain points of interconnection between the licensee's network and the networks of the other entities, including, without limitation, the provision of sufficient transmission capacity to connect between the licensee's network and networks of the other entities;
 - (c) billing information reasonably required to enable the other entities to bill their customers;
 - (d) facilities specified by the Authority pursuant to section 36AA of Annex B

the Ordinance; and

- (e) ancillary facilities and services required to support the above types of interconnection facilities and services.

4. NUMBERING PLAN AND NUMBER PORTABILITY

- 4.1 The licensee shall comply with the numbering plan made or approved by the Authority and any directions given by the Authority in respect of the numbering plan.
- 4.2 The licensee shall at the request of the Authority or otherwise consult the Authority about the arrangements for the allocation and reallocation of numbers and codes within the numbering plan.
- 4.3 Where requested by the Authority, the licensee shall prepare and furnish to the Authority proposals for developing, adding to or replacing the numbering plan relating to the service.
- 4.4 The licensee shall, in such manner as the Authority may direct, facilitate the portability of numbers assigned to any customer of any unified carrier licensee, fixed carrier licensee, mobile carrier licensee, services-based operator, mobile virtual network operator or any other licensee, as the case may be, so that any number so assigned may be used by that customer should it cease to be a customer of any such entity and become a customer of any other unified carrier licensee, fixed carrier licensee, mobile carrier licensee, services-based operator, mobile virtual network operator or any other licensee, as the case may be.
- 4.5 Directions by the Authority under Special Condition 4.4 include reasonable directions concerning,
 - (a) compliance with Special Condition 4.4 by the licensee at the licensee's own expenses, or by equitably sharing all relevant costs associated with providing portability of numbers as between the licensee, any other unified carrier licensee, fixed carrier licensee, mobile carrier licensee, services-based operator, mobile virtual network operator or any other licensee, as the case may be; and

- (b) facilitation of portability of numbers through such technical arrangement (including but not restricted to a centralized database) as may be specified by the Authority, in co-operation with other parties sharing or maintaining the technical arrangement at such costs as may be directed under Special Condition 4.5(a).
- 4.6 For the purposes of this Special Condition, “portability of numbers” means the function of the network and the service which enables a customer of the service of a unified carrier licensee, fixed carrier licensee, mobile carrier licensee, services-based operator or mobile virtual network operator to become a customer of another unified carrier licensee, fixed carrier licensee, mobile carrier licensee, services-based operator or mobile virtual network operator or any other licensee, as the case may be, without changing the number assigned to that customer.
- 4.7 Notwithstanding the generality of the foregoing, the licensee, where and as directed by the Authority, shall provide Administration Database Hosting Service to other licensees to facilitate the portability of numbers as required under their respective licences. The licensee may impose a reasonable charge to fairly compensate it for providing the Administration Database Hosting Service. The licensee shall endeavour to agree with the other licensee on what amounts to fair compensation for provision of the Administration Database Hosting Service.
- 4.8 Where the licensee is unable to agree with another licensee pursuant to Special Condition 4.7 on what amounts to fair compensation for the provision of, or the reasonable mode of supply of, the Administration Database Hosting Service, the matter at issue may be referred by either licensee to the Authority for determination. The licensee shall pay to the Authority, as it may reasonably require having regard to the number of parties to the determination, any costs or expenses incurred by the Authority in respect of such a determination or determination process including without limitation staff costs and expenses and the financing of liabilities paid out of the Office of the Communications Authority Trading Fund.

- 4.9 For the purposes of Special Conditions 4.7 and 4.8,

“administration database” means an off-line database that performs the backup and auditing function for all ported-out and ported-in numbers of unified carrier licensee, fixed carrier licensee, mobile carrier licensee, services-based operator, mobile virtual network operator or any other licensee, as the case may be, to facilitate the portability of numbers. The database is required to keep the current and historical records of all relevant ported-out and ported-in numbers; and

“Administration Database Hosting Service” means a service offered by the licensee which makes available its administration database for access by another licensee, so that the latter will be able to fulfil the licence obligation under its own licence to facilitate the portability of numbers without the need of setting up its own administration database.

5. ACCOUNTING PRACTICES

- 5.1 Where directed by the Authority in writing, the licensee shall implement such accounting practices as specified by the Authority. Such accounting practices are to be consistent with generally accepted accounting practices, where applicable, and may include (but are not limited to) accounting practices which allow for the identification of the costs and charges for different services or types or kinds of services.

6. REQUIREMENT TO FURNISH INFORMATION TO THE AUTHORITY

- 6.1 The licensee shall furnish to the Authority, in such manner and at such times as the Authority may request in writing, such information relating to the business run by the licensee under this licence, including financial, technical, and statistical information, accounts and other records, as the Authority may reasonably require in order to perform its functions under the Ordinance and this licence. Information referred to in this condition includes but is not limited to such information as is listed in Schedule 4.

- 6.2 Subject to Special Condition 6.3 the Authority may use and disclose

information to such persons as the Authority thinks fit.

- 6.3 Where the Authority proposes to disclose information obtained and the Authority considers that the disclosure would result in the release of information concerning the business or commercial or financial affairs of a licensee which disclosure would or could reasonably be expected to adversely affect the licensee's lawful business or commercial or financial affairs, the Authority will give the licensee a reasonable opportunity to make representations on the proposed disclosure before the Authority makes a final decision whether to disclose the information.

7. TARIFFS

- 7.1 The licensee shall publish and charge no more than the tariffs for the service operated under this licence. The tariffs shall include the terms, as defined under section 7F(2) of the Ordinance, for the provision of the service.
- 7.2 Publication of a tariff shall be effected by –
- (a) publication in the website of the licensee on or before the date on which the tariff becomes effective;
 - (b) the Authority receiving a copy of the tariff on or before the date as specified by the Authority;
 - (c) placing a copy of the tariff in a publicly accessible part of the principal place of business and other business premises of the licensee as specified by the Authority; and
 - (d) supplying a copy of the relevant details to any person who may request it, at a charge no greater than is necessary to recover reasonable costs of making and supplying the copy.
- 7.3 The Authority may by direction in writing, for such period and on such conditions as the Authority may determine, direct that either one or any combination of Special Conditions 7.2(a), (b), (c), and (d), either

completely or as to particular obligations imposed under them, shall not apply to the licensee.

8. NOTIFICATION OF DISCOUNTS

- 8.1 The licensee shall notify the Authority of any discount to its published tariffs offered for any of the services operated under this licence, other than those services listed in Schedule 6.
- 8.2 Notification of a discount shall be effected upon the Authority's receipt of a copy of the discount to a tariff, including such information prescribed in Schedule 5, at least one day before the discount becomes effective.
- 8.3 The Authority may publish any discount that the licensee notifies under Special Condition 8.1 after the discount becomes effective, if the Authority considers that it is in the public interest to do so.
- 8.4 For the purposes of this Special Condition, "discount" means the amount of any payment, credit, rebate, waiver, allowance, gift, or other benefit, directed to a customer, other than:
 - (a) an amount in repayment of an amount overpaid to the licensee by that customer;
 - (b) an amount in settlement of a disputed amount billed to that customer by the licensee;
 - (c) an amount payable pursuant to a service level or service quality obligation of the licensee to the customer; or
 - (d) the amount payable by a customer upon termination of service to that customer.

9. BILLING AND METERING ACCURACY

- 9.1 The licensee shall take all reasonable steps to ensure that any metering equipment and billing system used in connection with the service is

accurate and reliable.

- 9.2 At the written request of the Authority or at regular intervals to be specified by the Authority, the licensee shall conduct tests on its metering equipment and billing system to assess its accuracy, reliability and conformity to the technical standards, if any, specified by the Authority. The licensee shall submit the test result to the Authority within 14 days after the date of the relevant test or such other longer period as the Authority may determine.
- 9.3 The licensee shall keep such records of any metering equipment and billing system in such form as may be specified by the Authority and shall supply such records to the Authority as soon as reasonably practical following a written request from the Authority.

10. PROVISION OF SERVICE

- 10.1 The licensee shall, subject to Schedule 1 and any special conditions of this licence relating to the provision of the service, provide the service on its published terms and conditions and at the tariff published in accordance with Special Condition 7 (as applicable) and at the discount notified to the Authority in accordance with Special Condition 8 (as applicable), on request of a customer whether or not the customer intends the service to be available for its own use or intends to utilize the service to provide a lawful telecommunications service to third parties.
- 10.2 Subject to Schedule 1 and any special conditions relating to the provision of the service, the licensee shall comply with a customer request for the service as tarifed by the licensee in accordance with Special Condition 7 where the service can reasonably be provided by the licensee to the customer utilizing the licensee's network in place at the time of the request.
- 10.3 The licensee shall not unreasonably delay or refuse to provide the service, or impose onerous conditions on the provision of the service, to any customer who owns or operates apparatus of a type which is approved by the Authority and conforms with the technical and performance standards specified in Schedule 3 to this licence. In

particular (but without limiting the generality of the foregoing), the licensee shall not discriminate against any customer whose apparatus was acquired other than from the licensee.

- 10.4 The licensee shall seek the prior written consent of the Authority and make proper and appropriate arrangements for the affected customers to the satisfaction of the Authority before ceasing to provide a generation of mobile service.

11. DIRECTORY INFORMATION AND DIRECTORY INFORMATION SERVICE

- 11.1 For the purposes of this Special Condition –

- (a) “directory information” means information obtained by the licensee in the course of the provision of services under this licence concerning or relating to all or any of the name, address, business and telephone numbers of each of its customers; and
- (b) “raw directory information” means the licensee’s directory information held in a basic format for the purpose of Special Conditions 11.6, 11.7 and 11.8 relating to customers other than customers who request that directory information about them not to be disclosed.

- 11.2 This Special Condition applies only in respect of standard printed directories and other directory databases and services which include all of the names of a licensee’s customers listed in English language in alphabetical order, or in Chinese language in order of the number of strokes, or in such other language in an appropriate order as is kept by the licensee, and does not apply to classified directories where customers are listed by business or trade category or to other business or specialised directories.

- 11.3 Subject to compliance with the Personal Data (Privacy) Ordinance (Cap. 486), General Condition 7 and any applicable law, the licensee shall –

- (a) where and as directed by the Authority, publish or arrange at least biennially for the publication of directory information in a printed

or other form approved by the Authority, relating to customers, other than customers who request not to be included in a directory to be published (“the printed directory”); and

- (b) where and as directed by the Authority, establish, maintain and operate, or arrange for the establishment, maintenance or operation of a telecommunications service whereby customers may, upon request, be provided with directory information other than that of customers who request the information relating to them not to be disclosed (“the telephonic directory service”).
- 11.4 The printed directory and the telephonic directory service provided under Special Condition 11.3 shall be made available free of charge, unless approved otherwise by the Authority, to all of the licensee’s customers and shall be provided in a manner satisfactory to the Authority.
- 11.5 The licensee is permitted to make commercial arrangements with one or more of the other licensees who have the obligation to provide directory information, to co-operate in the provision jointly by them of either or both of the printed directory and the telephonic directory service which the licensee is required to provide under Special Condition 11.3.
- 11.6 The licensee’s printed directory shall be a unified printed directory and the licensee’s telephonic directory service shall be a unified telephonic directory service and shall utilize a unified directory database, containing directory information as directed by the Authority, except for those customers who request that directory information about them not to be disclosed. Subject to compliance with the Personal Data (Privacy) Ordinance (Cap. 486), General Condition 7 and any applicable law, the licensee shall, as directed by the Authority, provide, and regularly update, raw directory information, for which the licensee will be able to impose a reasonable charge, if applicable, to fairly compensate it for providing the raw directory information. The licensee shall endeavour to agree with each of the other licensees on a reasonable mode of exchange and transmission format for the raw directory information.
- 11.7 Where the licensee is unable to agree with another licensee pursuant to

Special Condition 11.6 on what amounts to fair compensation for provision of, or the reasonable mode of exchange and transmission format of, raw directory information, the matter at issue may be referred by either licensee to the Authority for determination. The licensee shall pay to the Authority, as it may require, any costs or expenses incurred by the Authority, including, without limitation, staff costs and expenses, and the financing of liabilities paid out of the Office of the Communications Authority Trading Fund in respect of such a determination or determination process.

- 11.8 Except with the prior written approval of the Authority, the licensee shall not make use of raw directory information provided by another licensee other than for discharging its obligations under this Special Condition.
- 11.9 This Special Condition does not apply to the services described in Schedule 7 provided that –
- (a) the licensee (and where appropriate its agents, contractors and resellers) declares such service, in all promoting, marketing or advertising materials concerning such service, as a “Class 2 service” (where the materials are in English text) (or “第二類服務” where the materials are in Chinese text); or
 - (b) the licensee complies with such conditions as may be specified by the Authority in a direction that may be issued by the Authority.

12. EMERGENCY SERVICE

- 12.1 Where the licensee provides the services described in Schedule 7, the licensee shall provide a public emergency service by means of which any member of the public may, at any time and without incurring any charge, by means of compatible apparatus connected to the network of the licensees, communicate as quickly as practicable with the Hong Kong Police Emergency Centre or other entities as directed by the Authority to report an emergency.
- 12.2 The licensee shall not charge for the use of the public emergency services described in Special Condition 12.1.

- 12.3 Unless otherwise directed by the Authority, emergency messages sent by a person using compatible apparatus connected to the network of the licensee shall be treated by the licensee on an equal basis irrespective of whether or not such apparatus has been registered as that of a customer of the licensee.
- 12.4 Where the licensee provides a public emergency service pursuant to Special Condition 12.1, irrespective of whether the customer makes the call with the use of a fixed, mobile or potentially nomadic telecommunications service, the licensee shall in such manner as may be specified by the Authority maintain the location information of the customers at the time the call is made to the extent technically feasible and practicable and provide the information free of charge to the Police Force, the Fire Services Department and other relevant Government agencies handling the emergency service for the sole purpose of responding to that call and identification of the location of the customer making the call. Where the licensee is providing a potentially nomadic telecommunications service, unless otherwise directed by the Authority, the licensee shall provide a mechanism whereby the customers can update their location information and remind the customers to update their location information whenever they change the location from which the service is used.
- 12.5 Where the licensee provides a Short Message Service, the public emergency service referred to under Special Conditions 12.1, 12.2 and 12.4 shall include the Short Message Service.

13. RECORDS AND PLANS OF THE NETWORK

- 13.1 The Authority may disclose the network information in accordance with section 7I(3) of the Ordinance.
- 13.2 The licensee shall, at the reasonable request of any other licensee under the Ordinance if so authorized by the Authority, give reasonable access to its network information for the facilitation of network planning, maintenance and reconfiguration required for the purposes of Special Condition 3 and section 36AA of the Ordinance. The licensee shall be permitted to charge the requesting party so as to be fairly compensated

for the reasonable relevant costs incurred in the provision of such network information.

- 13.3 Where the licensee and any other licensee that has requested access to the network information in accordance with Special Condition 13.2 are unable to agree what amounts to reasonable access (including confidentiality requirements and fair compensation for the reasonable relevant costs incurred) or a reasonable request, the matter at issue may be referred by either the licensee or the other licensee to the Authority for determination. The licensee shall pay to the Authority, as it may require, any costs or expenses incurred by the Authority, including, without limitation, staff costs and expenses, and the financing of liabilities paid out of the Office of the Communications Authority Trading Fund in respect of such a determination or determination process.

14. NETWORK LOCATION

- 14.1 The licensee shall keep accurate records of the location of the network installed under, in, over or upon any land.
- 14.2 The licensee shall mark or otherwise identify every wire laid or telecommunications installation installed by the licensee or any contractor on its behalf throughout the course of the wire, or at the location of the installation, so as to distinguish it from any other wire or telecommunications installation laid or installed in Hong Kong.
- 14.3 The licensee shall provide, at such intervals as the Authority may determine, distinguishable surface markers of the underground position of the network.

15. CHANGES TO THE NETWORK

- 15.1 For the purposes of this licence, a change in the network is a material change where the implementation of the change would result in the network no longer being in compliance with any relevant technical standard which the Authority has power to issue.

- 15.2 The licensee shall notify the Authority of any proposals for material changes to the network and provide it with such information as the Authority reasonably requires.
- 15.3 The licensee shall not, without the prior consent in writing of the Authority, make any material changes which might reasonably be anticipated by the licensee to affect -
- (a) any telecommunications service or installation connected to the network;
 - (b) a person producing or supplying telecommunications apparatus for connection to the network;
 - (c) a licensee under the Ordinance;
 - (d) a licensee under the Broadcasting Ordinance (Cap. 562); or
 - (e) a customer or a consumer of goods and services provided by any person or entity,
- if the change is in the opinion of the Authority likely to require modifications or replacements to, or cessation in the production or supply of any of the telecommunications apparatus involved, or if the proposed alteration would require substantial network reconfiguration or rerouting.
- 15.4 The licensee shall prepare and publish, after consultation with the Authority, its procedures for consulting with and giving notice to persons likely to be affected materially by changes to its network which are required to be notified in accordance with Special Condition 15.2 and any other changes required to be notified pursuant to any technical standard which the Authority has power to issue. Subject to approval of the Authority, the notification procedures to each of the classes of persons likely to be affected under Special Condition 15.3 may differ having regard to the practicality and costs of notifying them.

16. REQUIREMENTS FOR ROAD OPENING

- 16.1 The licensee shall co-ordinate and co-operate with any other unified carrier licensee or fixed carrier licensee under the Ordinance and any other authorized person in respect of road openings and shall, after being consulted by the Authority, comply with any guidelines issued by the Authority.

17 – 20. Removed as per the Joint Statement of the Secretary and the Authority dated 10 March 2015.

21. WITHDRAWAL AND RETURN OF FREQUENCIES

- 21.1 Without prejudice to the generality of section 32H of the Ordinance, the Authority may by notice in writing withdraw any frequency previously assigned to the licensee if in the opinion of the Authority the licensee is not making efficient use of that frequency or in exceptional circumstances including where the public interest or international obligations of the Government so require, there is a serious breach of spectrum assignment conditions or serious interference between legitimate spectrum users has to be resolved or minimised.
- 21.2 The licensee may, subject to prior consent of and conditions specified by the Authority, return any frequency previously assigned to it.

22. UNIVERSAL SERVICE CONTRIBUTION

- 22.1 Where directed by the Authority, the licensee shall pay to one or more fixed carrier licensees or unified carrier licensees or other licensees with a universal service obligation, as the case may be, its relevant share of the universal service contribution to assist those licensees to meet their universal service obligations, if any.
- 22.2 Any universal service contribution shall be subject to periodic review by the Authority as to description and quantum and the licensee shall pay its relevant share of such universal service contribution as the Authority may direct following a review. On the completion of a periodic review, the Authority may supply the licensee such information

as the Authority is reasonably able to supply, and subject to any duty of confidentiality, as to the basis on which the universal service contribution is calculated.

22.3 For the purpose of Special Condition 22, the following definitions shall apply –

- (a) Universal service contribution is that sum calculated in accordance with a formula adopted periodically by the Authority, to ensure that any licensee with a universal service obligation (referred to as “universal service provider” in this Special Condition), receives a fair contribution from other licensees as specified by the Authority for serving customers with basic service whom would otherwise not be served because it is not economically viable to do so but who are required to be served under the universal service obligation.
- (b) Universal service obligation is the obligation by a licensee to provide, maintain and operate the relevant network in such manner as to ensure that a good, efficient and continuous basic service is reasonably available, subject to the Ordinance and the conditions of its licence, and to provide that basic service in such manner.

23. CIRCUMSTANCES OUTSIDE LICENSEE'S CONTROL

23.1 For the avoidance of doubt, General Condition 17.1 of this licence shall apply to these special conditions and the Authority may at its discretion, and on such conditions as it thinks fit, extend any time period within which the obligations of the licensee under these special conditions may be met.

23.2 In exercising its discretion under Special Condition 23.1 with respect to any of the special conditions of this licence, the Authority shall take into account including, without limitation, whether circumstances are such that it would be unreasonable to require compliance by the licensee with the relevant special condition.

24. INSURANCE

24.1 Throughout the currency of this licence, the licensee shall have and maintain a valid insurance policy with a reputable insurance company to cover its third party liabilities in respect of personal injury, death and damage to property, arising out of or in connection with the installation, maintenance and operation of the network or provision of the service. The amount of insurance shall be at least HK\$10,000,000 per occurrence or such sum as the Authority may notify in writing in future.

25. USE OF PUBLIC FACILITIES FOR PROVISION OF SERVICES

25.1 Without limiting or affecting in any way the licensee's obligations under any other condition of this licence, the licensee shall comply with any guidelines or codes of practice which may be issued by the Authority from time to time for the purpose of providing practical guidance to the licensee in respect of the use of Government facilities, facilities on Government property and unleased Government land and other facilities serving the general public for the provision of services under this licence.

26. LOCATION SERVICES

26.1 Without affecting the generality of General Condition 7, "information of a customer" referred to in General Condition 7.1 and "information provided by its customers or obtained in the course of provision of service to its customers" referred to in General Condition 7.2 shall include any information concerning the locations of customers obtained in the course of provision of the service.

26.2 Where the licensee provides services to customers using the information concerning the locations of the customers obtained in the course of provision of the service, the licensee shall ensure that –

- (a) no such services are provided without the prior consent of the relevant customers; and
- (b) the customers are capable of suspending the use of the information

from time to time.

27. PROVISION OF SERVICE TO SUSPECTED STOLEN RADIOTELCO APPARATUS

- 27.1 The licensee shall, where directed by the Authority, refuse to provide the service to any person who possesses or uses a radiotelsco apparatus which is stolen or suspected stolen goods.

28. BACKUP POWER SUPPLY

- 28.1 The licensee shall conform to any guideline or code of practice issued by the Authority in respect of the provision of backup power supply to the service.

- 28.2 Unless there is backup power supply available in such manner as may be specified by the Authority to maintain continuity of the service without any deterioration in quality of the service during interruption of mains power supply on the customer's premises, to the network, or to any system or equipment delivering the service to the customer, the licensee shall not provide the service to users whose "lifeline devices" are connected to the service.

- 28.3 Where no backup power supply is available in such manner as described in Special Condition 28.2, the licensee is deemed to have complied with Special Condition 28.2 if –

- (a) the customers have, before or upon subscription of service, confirmed that the service will not be used by lifeline users or connected with lifeline devices; and
- (b) the licensee has affixed a label to the wall socket panel or any equipment installed on the customers' premises or taken other reasonable steps to remind the customers that the service is not suitable for connection to lifeline devices.

- 28.4 In this Special Condition, a "lifeline device" means a medical alarm or

any other device for an elderly, infirm or invalid to summon assistance in the event of an emergency without having to dial manually the telephone number of the emergency service.

29. PAYMENT OF SPECTRUM UTILIZATION FEE

- 29.1 The licensee shall pay Spectrum Utilization Fees for spectrum assigned to the licensee as designated by the Authority by order and at such level or according to the method of determining the Spectrum Utilization Fees as prescribed by the Secretary by regulation. The licensee shall pay the Spectrum Utilization Fees to the Authority during the period while this licence remains in force. If the licensee fails to make the payment concerned when due, the Authority may charge interest on any overdue amount from the date on which the relevant amount is due until the date of actual payment (both days inclusive) at a rate determined by the Authority to compensate it for the payment being overdue.
- 29.2 Subject to Special Condition 29.1, the licensee shall pay the following Spectrum Utilization Fees in accordance with Schedule 9 [*Note: This SC will be applicable to the spectrum assignee who opts for payment of the Spectrum Utilization Fee by instalment.*] –
- ([x]) Spectrum Utilization Fee for frequencies assigned as specified in paragraph [X] of Schedule 3.

OR

On the date of issue of this licence, the licensee shall have paid the Spectrum Utilization Fees for use of the frequencies specified in paragraph [X] of Schedule 3 as designated by the Authority to be subject to the Spectrum Utilization Fees and assigned to the licensee, at such level as determined by auction or prescribed by the Secretary under the Ordinance. [*Note : This SC will be applicable to the spectrum assignee who opts for payment of the Spectrum Utilization Fee in lump sum.*]

30. PROVISION OF INFORMATION TO CUSTOMERS

- 30.1 Without prejudice to the other terms and conditions of this licence, the licensee shall provide or make available the following information to the customers when the services are offered –
- (a) Name of the licensee;
 - (b) Licence number of the licensee under this licence;
 - (c) Customer service hotline number(s);
 - (d) Where applicable, the access code(s) or number(s) (including any access password) used for obtaining the services;
 - (e) Instructions on how to access the services;
 - (f) The tariffs under which the services are offered; and
 - (g) The duration or validity period of the services offered.

31. ROLLOUT OF NETWORK

- 31.1 Save with the prior approval of the Authority in writing, the licensee shall comply with the network and service rollout requirement described in Schedule 8.
- 31.2 The licensee shall provide such information in such manner and at such times as the Authority may require to demonstrate its compliance with Special Condition 31.1.

31A. PERFORMANCE BOND FOR FREQUENCIES ASSIGNED AS SPECIFIED IN PARAGRAPH [X] OF SCHEDULE 3 FOR THE NETWORK AND SERVICE ROLLOUT REQUIREMENT

- 31A.1 On the date of issue of this licence, the licensee shall have provided to the Authority a duly issued performance bond in favour of the Government in Hong Kong dollars in the amount, on the Milestone and

with the Deadline for Compliance stipulated in the Annexe to the performance bond appearing in Schedule [A].

31A.2 The performance bond to be submitted pursuant to Special Condition 31A.1 shall be in the form appearing in Schedule [A] with only such amendments thereto as may previously have been agreed in writing by the Authority.

31A.3 The performance bond to be submitted pursuant to Special Condition 31A.1 shall be issued by a Qualifying Bank or other surety approved in writing by the Authority. If the licensee wishes to change to a different Qualifying Bank or another surety, the licensee shall seek the prior written approval of the Authority. For the purposes of Special Condition 31A.3, “Qualifying Bank” means an institution holding a full banking licence under the Banking Ordinance (Cap. 155) whose long term issuer rating is, or is higher than:

- (a) one or more of the following:
 - (i) Moody’s A2;
 - (ii) Standard & Poor’s A; or
 - (iii) Fitch Ratings’ A;

OR

- (b) a rating of a body other than a body listed in paragraph (a) which, in the opinion of the Authority, is equivalent to one or more of the ratings listed in that paragraph.

31A.4 Notwithstanding any other conditions of this licence:

- (a) upon failure by the licensee to provide or maintain any performance bond in accordance with the foregoing provisions of this condition, the Authority may cancel or revoke this licence notwithstanding that the licensee may have embarked on its performance;
- (b) any rights of or claim by the Government under the performance

bond submitted by the licensee pursuant to this condition, including any replacement thereof, shall be without prejudice to the other rights of the Authority under this licence and of the Authority, the Chief Executive in Council and the Chief Executive under the laws, regulations, guidelines and codes of practice affecting telecommunications in Hong Kong from time to time.

- 31A.5 The licensee shall upon demand by the Authority in writing submit proof in a form satisfactory to the Authority by a date specified by the Authority that it has complied with the Milestone by the Deadline for Compliance as specified in the Annexe to the performance bond shown in Schedule [A]. In the event the licensee fails to comply with the Milestone by the Deadline for Compliance as specified in the Annexe to the performance bond, the Government may in writing demand the Qualifying Bank or other surety to satisfy and discharge the bonded sum and any other sums as specified in the performance bond.
- 31A.6 All references to “Government” in Special Condition 31A shall be construed as the Government of the Hong Kong Special Administrative Region as represented by the Office of the Communications Authority.
- 31A.7 For avoidance of doubt, the liability under any performance bond submitted pursuant to Special Condition 31A shall not be prejudiced, affected, discharged, impaired or diminished by any performance or enforcement of or under any other performance bond(s) submitted pursuant to Special Conditions 31A and 31B.

[Note: SC 31B is applicable only to the spectrum assignee who opts for payment of the Spectrum Utilization Fee by instalment.]

31B. PERFORMANCE BOND(S) FOR THE FREQUENCIES SPECIFIED IN PARAGRAPH [X] OF SCHEDULE 3 FOR THE PAYMENT OF SPECTRUM UTILIZATION FEE

- 31B.1 On the date of the assignment of the frequencies specified in paragraph [X] of Schedule 3, the licensee shall have provided to the Authority duly issued performance bond(s) in favour of the Government in Hong Kong dollars in respect of the Relevant Amount of the Spectrum

Utilization Fee.

- 31B.2 The licensee shall at all times when any of the Spectrum Utilization Fee remain payable in accordance with Special Condition 29.2([x]) maintain in full force a five-year rolling performance bond for an aggregate amount equal to the Relevant Amount for the frequencies specified in paragraph [X] of Schedule 3. For the purpose of this Special Condition, “Relevant Amount” means the aggregate of the next 5 instalments of the relevant Spectrum Utilization Fee payable by the licensee (or where there are less than 5 remaining instalments of the Spectrum Utilization Fee, the total amount of all the remaining instalments). The licensee shall provide to the Authority the relevant performance bond on or before each of the anniversary of the assignment of the frequencies.
- 31B.3 The performance bonds pursuant to Special Conditions 31B.1 and 31B.2 shall be in the form appearing in Schedule [B] with only such amendments thereto as may previously have been agreed in writing by the Authority.
- 31B.4 The performance bonds to be submitted pursuant to Special Conditions 31B.1 and 31B.2 shall be issued by a Qualifying Bank or other surety approved in writing by the Authority. If the licensee wishes to change to a different Qualifying Bank or another surety, the licensee shall seek the prior written approval of the Authority. For the purposes of Special Condition 31B.4, “Qualifying Bank” means an institution holding a full banking licence under the Banking Ordinance (Cap. 155) whose long term issuer rating is, or is higher than:
- (a) one or more of the following:
 - (i) Moody’s A2;
 - (ii) Standard & Poor’s A; or
 - (iii) Fitch Ratings’ A;

OR

- (b) a rating of a body other than a body listed in paragraph (a) which, in the opinion of the Authority, is equivalent to one or more of the

ratings listed in that paragraph.

31B.5 Notwithstanding any other conditions of this licence:

- (a) upon failure by the licensee to provide or maintain any performance bond in accordance with the foregoing provisions of this condition, the Authority may cancel or revoke this licence notwithstanding that the licensee may have embarked on its performance;
- (b) any rights of or claim by the Government under the performance bond(s) submitted by the licensee pursuant to this condition, including any replacement thereof, shall be without prejudice to the other rights of the Authority under this licence and of the Authority, the Chief Executive in Council and the Chief Executive under the laws, regulations, guidelines and codes of practice affecting telecommunications in Hong Kong from time to time.

31B.6 All references to “Government” in Special Condition 31B shall be construed as the Government of the Hong Kong Special Administrative Region as represented by the Office of the Communications Authority.

31B.7 For the avoidance of doubt, the liability under any performance bond submitted pursuant to Special Condition 31B shall not be prejudiced, affected, discharged, impaired or diminished by any performance or enforcement of or under any other performance bond(s) submitted pursuant to Special Conditions 31A and 31B.

31B.8 The licensee shall maintain the performance bond(s) in accordance with this Special Condition notwithstanding that the period of validity of this licence has expired if any of the Spectrum Utilization Fees remain payable but unpaid in accordance with Special Condition 29.2.

32. DISPOSAL OF ASSETS

32.1 If a licensee is (1) in a dominant position (within the meaning defined in section 2 of the Ordinance) in the relevant telecommunications market; or (2) subject to a universal service obligation specified under

the Ordinance; or (3) required to pay spectrum utilization fee as prescribed under the Ordinance for the provision of mobile or wireless carrier services under this licence, unless with the prior written consent of the Authority (which consent shall not be unreasonably withheld or delayed), the licensee shall not during the validity period of this licence dispose or agree to dispose of any interest (as determined in accordance with Special Condition 32.2) in the assets or undertaking of the licensee which, cumulatively with the value of any and all disposals or agreements to dispose of interests in those assets or undertaking prior to the disposal or agreement in question and after the date of issue of this licence, exceeds 15% as at the date of the disposal or agreement in question of the net asset value of the licensee (as determined in accordance with Special Condition 32.2).

- 32.2 The value of any interest or undertaking, and the net asset value, of the licensee shall be determined by a certified public accountant (practising) (being one who has the qualifications as prescribed under the Professional Accountants Ordinance (Cap. 50)) as may be nominated, or whose appointment by the licensee is agreed in writing, by the Authority.
- 32.3 In the event of any dispute between the Authority and the licensee as to the value of the interest, undertaking or the net asset value referred to in Special Condition 32.1, the matter shall be settled by arbitration in accordance with the provisions of the Arbitration Ordinance (Cap. 609).
- 32.4 For the purpose of Special Condition 32.1,
 - (1) where the licensee is in a dominant position in the relevant telecommunications market, the interest in the assets or undertaking of the licensee shall be the relevant interest in the assets or undertaking of the licensee in relation to its dominant position in that relevant telecommunications market;
 - (2) where the licensee is subject to a universal service obligation, the interest in the assets or undertaking of the licensee shall be the relevant interest in the assets or undertaking of the licensee in relation to its operation that is subject to the universal service obligation; and

- (3) where the licensee is required to pay spectrum utilization fee as prescribed under the Ordinance for the provision of mobile or wireless carrier services under this licence, the interest in the assets or undertaking of the licensee shall be the relevant interest in the assets or undertaking of the licensee in relation to its operation that is subject to the payment of spectrum utilization fee for the provision of mobile or wireless carrier services under this licence.

33. ACCESS TO BUILDINGS

- 33.1 The licensee shall not enter into any agreement, arrangement or understanding, whether legally enforceable or not, with any person, or receive any unfair advantage from a business carried on by it or any other person (whether associated or affiliated with it or not), which, in the opinion of the Authority, has or is likely to have the purpose or effect of preventing or restricting fair and non-discriminatory access to any buildings for the installation, operation or maintenance of any cables, equipment or network for the provision of service similar to the service by other operators licensed by the Authority.
- 33.2 The licensee shall comply with any guidelines or codes of practice that may from time to time be issued by the Authority for the facilitation and coordination of fair, non-discriminatory and orderly access to buildings for the installation, operation or maintenance of any cables, equipment or network for the provision of the service and other services similar to the service by other operators licensed by the Authority.
- 33.3 Without prejudice and in addition to section 18 of the Ordinance and General Condition 9, the licensee shall not, in providing, establishing, operating, adjusting, altering, replacing, removing or maintaining any telecommunications line or telecommunications installation in, over or upon any land for the purposes of this licence, obstruct, interfere with, or cause or permit damage to, any other telecommunications line or telecommunications installation, or means of telecommunications or telecommunications service or any gas or water pipe or main or any drain or sewer or any tube, casing, duct, wire or cable for the carriage

of electrical current.

34. CHANNELS WITHIN IN-BUILDING COAXIAL CABLE DISTRIBUTION SYSTEMS

- 34.1 Subject to Special Conditions 34.2, 34.3, 34.4, 34.5, 34.6 and 34.7, the service operated over the in-building coaxial cable distribution systems (“IBCCDS”) of the network shall use only such channels as may from time to time be assigned by the Authority and for such purposes and under such conditions as may be specified by the Authority by notice in writing to the licensee.
- 34.2 The licensee shall accept that regulation of the use of channels within the IBCCDS of the network by the Authority is necessary because of the limitation in the number of channels available and the existence of competing demand for the channels.
- 34.3 The Authority may at any time, by giving not less than 12 months' notice in writing to the licensee, require it upon such date as may be specified in the notice to cease using any channel previously assigned to it to carry the service, if having given the licensee sufficient opportunities to make representations, the Authority forms the opinion that the licensee is not making efficient use of that channel.
- 34.4 The Authority may at any time, by giving not less than 12 months' notice in writing to the licensee, require it upon such date as may be specified in the notice to vary the purposes for which and the conditions under which the channels are to be used.
- 34.5 The Authority may at any time, by giving not less than 12 months' notice in writing to the licensee, require it upon such date as may be specified in the notice to cease using any channel previously assigned to it by the Authority to carry the service and to use such new channel at its own expenses as the Authority may assign.
- 34.6 The licensee shall comply with any notice that may from time to time be issued by the Authority under Special Condition 34.

- 34.7 The licensee shall comply with the guidelines and codes of practice issued by the Authority from time to time on the use of the IBCCDS channels.

35. INTERPRETATION

- 35.1 For the avoidance of doubt and for the purposes of these Special Conditions –

“mobile virtual network operator” means an operator which holds a licence for provision of mobile virtual network operator services;

“Notice” means the Notice dated [DATE] issued by the Authority in exercise of its powers conferred by section 32I of the Ordinance and the Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Cap. 106AG) and all other powers enabling it to specify the terms and conditions of the auction and the payment of the spectrum utilization fees; and

“services-based operator” means the holder of a services-based operator licence.

- 35.2 Any reference to an ordinance or a regulation, whether the word is used by itself or as part of any title to an ordinance or a regulation, shall mean that ordinance or regulation for the time being in force as well as any modification or substitution of that ordinance or regulation, in whole or in part, and all subsidiary legislation, regulations, directions, codes of practice and instruments made under that ordinance or regulation and for the time being in force.

- 35.3 The singular includes the plural and vice versa.

36. SERVICE CONTRACTS AND DISPUTE RESOLUTION

- 36.1 The licensee shall comply with all codes of practice issued by the Authority from time to time in respect of the requirements to apply in the contracting of telecommunications services to end users.

- 36.2 The contracting requirements referred to in Special Condition 36.1 may include the following –
- (a) the style, format and structure of service contract documentation;
 - (b) the manner of entering into and terminating service contracts;
 - (c) the information to be included in or in connection with service contracts and the performance of the services;
 - (d) the submission of disputes between end users and the providers of telecommunications services to independent dispute resolution, pursuant to a scheme approved by the Authority; and
 - (e) other terms and conditions or provisions for the protection of the interests of end users.
- 36.3 Before issuing any code of practice for the purposes of Special Condition 36.1, the Authority shall carry out such consultation as is reasonable in the circumstances.

37-43. Repealed or reserved for special conditions specific to the incumbent mobile network operators.

44. REGISTRATION FOR PUBLIC WIRELESS LOCAL AREA NETWORK SERVICES

- 44.1 Where the licensee provides public wireless local area network services, it shall register the following information with the Authority before the commencement of services –
- (a) the location in which the radiocommunications apparatus is established or maintained; and
 - (b) the frequency band employed by the radiocommunications apparatus.

- 44.2 The licensee shall update the registered information provided under Special Condition 44.1 before putting into effect any change to the registered details.
- 44.3 The licensee shall notify the Authority within one month after ceasing to provide public wireless local area network services.

45. JOINT AND SEVERAL RIGHTS AND OBLIGATIONS

- 45.1 Where this licence is held by more than one company,
 - (a) Each of the companies shall hold this licence jointly and shall not be treated as holding a separate licence.
 - (b) Each of the companies holding this licence shall have the rights and duties to carry out activities permitted under this licence and shall be jointly and severally liable for any duties, obligations and liabilities imposed by this licence.
 - (c) Each of the companies holding this licence shall be jointly and severally subject to all regulations and ordinances in force from time to time.

46. GROUP COMPANIES REQUIREMENT

- 46.1 Where the licence is held by more than one company, each of the companies licensed herein shall throughout the currency of this licence remain wholly and beneficially owned within the same group of companies within the meaning of the Companies Ordinance (Cap. 622). Such requirement may upon request of the licensee be waived at the discretion of the Authority.

47. COMPLIANCE WITH AUCTION RULES

- 47.1 The licensee shall comply with all the terms and conditions of the Notice including all the undertakings given by the licensee in its Bidder

Compliance Certificate submitted in the auction.

- 47.2 If the licensee is found, to the reasonable satisfaction of the Authority, to have been involved in an act, or omission of any act, constituting a breach of the terms and conditions of the Notice and the undertakings given by the licensee in its Bidder Compliance Certificate, then the Authority may cancel, withdraw or suspend this licence or the assignment of the relevant frequency band made under this licence. For the avoidance of doubt, the Authority's power to cancel, withdraw or suspend this licence or the assignment of the relevant frequency band is without prejudice, and in addition, to any rights or remedies of the Authority under any performance bond submitted by the licensee pursuant to this licence or its replacement and any other rights or remedies of the Authority, the Chief Executive, the Chief Executive in Council under this licence, the Ordinance, any regulations made under the Ordinance or any other law.

48. USE OF PAYPHONE KIOSKS FOR PROVISION OF PUBLIC TELECOMMUNICATIONS SERVICES

- 48.1 Without limiting or affecting in any way the licensee's obligations under any other condition of this licence, the licensee shall comply with any guideline or code of practice which may be issued by the Authority from time to time for the purpose of providing practical guidance in respect of the use of payphone kiosks for provision of public wireless local area network services, public mobile radiocommunications services and/or other public telecommunications services (collectively hereinafter referred to as "public telecommunications services").
- 48.2.1 Where the licensee is required, under the formula adopted by the Authority in calculating the universal service contribution under Special Condition 22.3(a), to pay a fee for the purpose of universal service contribution for using payphone kiosks for provision of the public telecommunications services, the Authority may review and determine from time to time such fee.
- 48.2.2 For the avoidance of doubt, the payphone kiosks referred to in this Special Condition are not limited to the payphone kiosks specified in a

list mentioned in Special Condition 48.5.

- 48.3 Where the licensee operates payphone kiosks, the licensee shall use all reasonable endeavours to ensure that access to facilities such as space and electricity supply at the payphone kiosks is provided promptly and efficiently, and at fair compensation to the licensee, so that other licensees, which are authorized by the Authority to provide the public telecommunications services, can install their own apparatus or equipment at the payphone kiosks for provision of such services.
- 48.4.1 In relation to the provision of access to facilities such as space and electricity supply at payphone kiosks referred to in Special Condition 48.3, the licensee shall:
- (a) not unduly discriminate against other licensees compared to its own business for the operation of the same kind of service; and
 - (b) negotiate in good faith in an attempt to reach agreement with other licensees and use all reasonable endeavours to enter into agreement with other licensees.
- 48.4.2 Where the licensee is unable to agree within a reasonable time with other licensee pursuant to Special Condition 48.4.1 for provision of access to any facilities at the payphone kiosks or on what amounts to fair compensation for provision of access to any such facilities, the matter at issue may be referred by either licensee to the Authority for determination.
- 48.5 For the purpose of Special Conditions 48.3 and 48.4.1 and subject to Special Condition 48.6, the licensee shall provide to the Authority, in such manner and at such times as the Authority may request, a list of payphone kiosks which are available to other licensees for installing their own apparatus or equipment as well as the technical information of such kiosks including the layout plan and structural design. The Authority may disclose the list and information in any manner he thinks fit.
- 48.6 The licensee shall not without any prior written approval by the Authority amend, revise, modify or otherwise reduce the number of

payphone kiosks referred to in Special Condition 48.5.

SCHEDULE 1

SCOPE OF THE SERVICE

[*Scope of service for mobile service*]

*** End of Schedule 1 ***

SCHEDULE 2

DESCRIPTION OF NETWORK

All such telecommunications installations established, maintained, possessed or used whether owned by the licensee, leased, or otherwise acquired by the licensee for the purpose of providing the public telecommunications network services specified in Schedule 1.

*** End of Schedule 2 ***

SCHEDULE 3

**TECHNICAL PARTICULARS OF RADIO STATIONS FOR
THE PROVISION OF THE SERVICE**

[X]. Frequencies with assignment period till [DATE] [15 years from the date of assignment]

[X.1] Frequency: Transmitting and receiving frequencies assigned by the Authority for each radiocommunications installation within the following frequency band and contained in the listing incorporated into Schedule 3 in accordance with section 8(3) of the Telecommunications Regulations (Cap. 106A):

Transmitting frequencies
[]

[X.2] Technical Standard: For the radio interface using the transmitting frequencies by the radio stations, the licensee shall use only widely recognized standards, unless a waiver is sought from the Authority as a temporary measure. The licensee shall submit proof to the satisfaction of the Authority that the technical standard used complies with the requirement under this Schedule.

- | | |
|---|----------------------------------|
| [X.3] Location: |) Details are contained in the |
| [X.4] Class of emission: |) listing incorporated into |
| [X.5] Type of modulation: |) Schedule 3 in accordance with |
| [X.6] Maximum frequency tolerance: |) section 8(3) of the |
| [X.7] Maximum effective radiated power: |) Telecommunications Regulations |
| [X.8] Aerial characteristics: |) (Cap. 106A). |

[X.9] Conditions of use

- (a) The frequencies in [X.1] shall be for indoor use only. The licensee or a person authorised by the licensee shall control the radiated power of the radio base stations to a sufficiently low level to restrict the service to indoor use only and comply with any specification applicable to the radio base stations which may be prescribed from time to time by the Authority.
- (b) The licensee shall not claim protection from harmful interference caused by any lawful telecommunications services already in existence and operating outdoors.

*** End of Schedule 3 ***

SCHEDULE 4

**REGULATORY ACCOUNTING
AND INFORMATION PROVISION REQUIREMENTS**

1. Accounting information according to the practices as directed by the Authority under Special Condition 5 for each service provided under this licence or as specified by the Authority.

*** End of Schedule 4 ***

SCHEDULE 5

TERMS OF DISCOUNT TO PUBLISHED TARIFFS

1. Prices of service after discount.
2. Duration of discount.
3. Duration of offer.
4. General description of promotion plan including but not limited to eligible customers and tie-in period.
5. Conditions governing premature termination.
6. Others as specified by the Authority.

*** End of Schedule 5 ***

SCHEDULE 6

**EXEMPTION FROM NOTIFICATION OF DISCOUNTS UNDER
SPECIAL CONDITION 8.1**

1. The service, the scope of which is described in Schedule 1.

*** End of Schedule 6 ***

SCHEDULE 7

**DESCRIPTION OF SERVICES
REFERRED TO IN SPECIAL CONDITIONS 11 AND 12**

An internal telecommunications service

- (a) for carrying real-time voice communications (which may be integrated with other types of communications) to and from parties assigned with numbers from the numbering plan of Hong Kong as stipulated in Special Condition 4.1; and
- (b) to which customers are assigned numbers from the numbering plan of Hong Kong as stipulated in Special Condition 4.1 by the licensee.

*** End of Schedule 7 ***

SCHEDULE 8

NETWORK AND SERVICE ROLLOUT REQUIREMENT

1. The licensee shall install, maintain and use equipment for the purposes of the network and the service such that where the scope of the service stipulated in Schedule 1 of this licence includes a mobile service, on or before [DATE (the expiry of 5 years from the issue of this licence)], a minimum of 400 indoor base stations shall be established, put into use and maintained thereafter, for the provision of the service.

*** End of Schedule 8 ***

SCHEDULE 9

SPECTRUM UTILIZATION FEES

[X.] Frequency spectrum specified in paragraph [X] in Schedule 3
[Applicable to the spectrum assignee who opts for payment of the Spectrum Utilization Fee by instalment.]

- [X.1] The licensee shall pay the Spectrum Utilization Fee annually in 15 instalments for use of the frequencies specified in paragraph [X] of Schedule 3 as designated by the Authority to be subject to payment of the Spectrum Utilization Fee and assigned to the licensee, at such level as determined by auction or prescribed by the Secretary under the Ordinance –
- (a) for the first instalment, it is an amount equal to the lump sum of the Spectrum Utilization Fee divided by 15; and
 - (b) for each subsequent instalment, it is an amount equal to the Spectrum Utilization Fee payable in the immediately preceding instalment increased by 2.5%.
- [X.2] The licensee shall have paid the first instalment of the Spectrum Utilization Fee on or before the date of the assignment of the frequencies specified in paragraph [X] of Schedule 3 and the subsequent instalments shall be payable on or before each of the anniversary of the assignment of the frequencies until no Spectrum Utilization Fee remains payable.

*** End of Schedule 9 ***

SCHEDULE [A]

FORM OF PERFORMANCE BOND

THIS PERFORMANCE BOND is made on [DATE]

BY:

(1) [**BANK**], a banking corporation incorporated in [] [with limited liability] whose [registered office/principal place of business in Hong Kong] is at [] (the “Bank”).

IN FAVOUR OF:

(2) **The GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION** as represented by the Office of the Communications Authority whose address is at 29th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong (the “Government”).

WHEREAS:

Pursuant to the terms and conditions of the Notice dated [DATE] issued by the Authority in exercise of its powers conferred by section 32I of the Ordinance and the Regulation and all other powers enabling it to specify the terms and conditions of the auction in which the Licensee has participated and Special Condition 31A of the unified carrier licence to be issued to the Licensee on the date of issue (the “Licence”), the Licensee is required to provide to the Authority a performance bond issued by a Qualifying Bank, in order to secure the due performance of the Milestone set out in the Annexe by the Licensee. The Bank is a Qualifying Bank.

1. INTERPRETATION

1.1 Definitions

In this Performance Bond:

“Authority” means the Communications Authority;

“Bonded Sum” means the amount set out in the Annex;

“Business Day” means a day other than a Saturday or Sunday on which the banks in Hong Kong are open for general business;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Licensee” means [] at [];

“Ordinance” means the Telecommunications Ordinance (Cap. 106, Laws of Hong Kong);

“Qualifying Bank” has the meaning given to it in Special Condition 31A.3 of the Licence; and

“Regulation” means the Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Cap. 106AG, Laws of Hong Kong).

1.2 **Construction**

In this Performance Bond, unless the contrary intention appears,

- (a) a provision of law is a reference to that provision as amended, extended or re-enacted;
- (b) a reference to any document shall include that document as it may be amended, novated or supplemented from time to time;
- (c) a clause is a reference to a clause of this Performance Bond;
- (d) a reference to any person shall include its successors and assigns; and
- (e) headings are for convenience only and are to be ignored in construing this Performance Bond.

2. PERFORMANCE BOND

- 2.1 In the event of default by the Licensee in respect of the Deadline for Compliance with the Milestone set out in the Annex the Bank shall upon demand made by the Government in writing and without proof or conditions satisfy and discharge without cavil or delay the Bonded Sum provided that the aggregate liability of the Bank under this Performance Bond in respect of the Milestone shall not exceed the Bonded Sum in respect of that Milestone set out in the Annex.
- 2.2 The obligations under this Performance Bond constitute direct primary, irrevocable and unconditional obligations of the Bank.
- 2.3 The liability of the Bank under this Performance Bond shall reduce, on each occasion on which the Bank pays any part of the Bonded Sum to the Government, the amount of such reduction being equal to the amount paid, and the Bank shall be discharged from all further liability under this Performance Bond upon such liability being reduced to zero or the issue of the certificate of completion by the Authority of the ultimate Milestone set out in the Annex.
- 2.4. The liability of the Bank under this Performance Bond shall cease on whichever of the following events first occurs:
- (a) payment by the Bank of all the Bonded Sum in full to the Government; or
 - (b) issue of any certificate of completion by the Authority in respect of the Milestone set out in the Annex.
- 2.5 This Performance Bond shall expire on [the date 120 days after the deadline for compliance specified in the Annex]. Any claim hereunder must be received by the Bank in writing before that date.

3. MAXIMUM LIMIT

The maximum amount for which the Bank shall be liable under this Performance Bond shall not exceed the aggregate of:

- (a) the Bonded Sum; and
- (b) the aggregate of all sums payable under clauses 4 and 7.

4. INTEREST AND COSTS

The Bank shall pay interest on the Bonded Sum from the date of demand to the date of payment in full (both dates inclusive) compounded quarterly (both before and after judgment) at 2 per cent per annum over the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time. The interest shall be payable on demand and accrue from day to day on the basis of the number of days elapsed and a 365-day year.

5. WAIVER OF DEFENCES

Subject to Clauses 2.3, 2.4 and 2.5, the liability of the Bank under this Performance Bond shall remain in full force and effect and not be prejudiced, affected, discharged, impaired or diminished by any act, omission or circumstance which, but for this clause, might prejudice, affect, discharge, impair or diminish that liability including, without limitation, and whether or not known to the Bank:

- (a) any time or waiver granted to, or release of or composition with, the Licensee or any other person;
- (b) any suspension, cancellation, revocation, withdrawal or amendment of, or variation to, the Licence (including, without limitation, extensions of time for performance) or any concession or waiver by the Authority, the Government, the Chief Executive in Council, the Chief Executive or, without limitation, any other person in respect of the Licensee's obligations under the Licence;
- (c) any forbearance or waiver of any right, power or remedy the Authority, the Government, the Chief Executive in Council or the Chief Executive or, without limitation any other person, may have against the Licensee;

- (d) any act or omission of the Licensee pursuant to any other arrangement with the persons referred to in (c) above or with the Bank; or
- (e) the liquidation, administration, dissolution, lack of capacity or authority, or any change in the name or constitution of the Licensee or the Bank.

6. ADDITIONAL SECURITY

This Performance Bond is in addition to and not in substitution for or prejudiced by any present and future guarantee, lien or other security held by the Government as security for the obligations of the Licensee. The Government's rights, powers and remedies under this Performance Bond are in addition to and not exclusive of those provided by law.

7. NO DEDUCTIONS AND TAXES

All sums payable under this Performance Bond shall be paid in full without set-off or counter-claim and free and clear of, and without deduction of or withholding for, or on account of, any present or future taxes, duties or other charges. If any payment is subject to any tax, duty or charge, or if the Bank is required by law to make any deduction or withholding, the Bank shall pay the tax, duty or charge and shall pay to the Government any additional amounts as shall result in the Government receiving a net amount equal to the full amount which it would have received had no payment, deduction or withholding been required.

8. PAYMENTS

All payments to be made by the Bank under this Performance Bond shall be made in immediately available funds in the currency and in the manner as the Government may specify.

9. WARRANTY

The Bank warrants that this Performance Bond constitutes its legally binding obligations enforceable in accordance with its terms (subject to insolvency laws and creditors' rights generally and principles of equity) and does not conflict with any law, regulation or instrument binding on or relating to the Bank and that this Performance Bond is within its powers and has been duly authorized by it.

10. INFORMATION AND CONSENTS

The Bank shall:

- (a) supply the Government with publicly available information as to itself and (if applicable) its subsidiaries as the Government may reasonably request;
- (b) promptly obtain all official and other consents, licences and authorizations necessary or desirable for the entry into and performance of its obligations under this Performance Bond, whether or not performance has become due; and
- (c) promptly notify the Government if the Bank ceases to be a Qualifying Bank.

The Bank warrants that all consents, licences and authorizations required or desirable under existing law in accordance with this clause have been obtained.

11. NOTICES

11.1 All documents arising out of or in connection with this Performance Bond shall be served:

- (a) on the Government, at 29th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong marked for the attention of the

Office of the Communications Authority; and

(b) on the Bank, at its address stated in this Performance Bond.

- 11.2 The Government and the Bank may change their respective nominated addresses for service of documents to another address in Hong Kong by giving not less than five Business Days' prior written notice to each other. All notices, demands and communications must be in writing.
- 11.3 Any notice, demand or communication sent to the Government or the Bank as provided in this clause shall be deemed to have been given, if sent by post, two Business Days after posting (and in proving delivery it shall be sufficient to provide that the notice, demand or communication was properly addressed and put in the post), if delivered by hand, at the time of delivery or, if sent by facsimile, at the time of despatch.

12. ASSIGNMENTS

The Bank shall not assign, transfer, novate or dispose of any of its rights and obligations under this Performance Bond. The Government may assign all or any part of its rights and benefits under this Performance Bond at any time without the consent of the Licensee or the Bank.

13. REMEDIES AND WAIVERS

No delay or omission of the Government in exercising any right, power or remedy under this Performance Bond shall impair that right, power or remedy or constitute a waiver of it nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise of it or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Performance Bond are cumulative and not exclusive of any rights, powers or remedies which the Government would otherwise have.

14. GOVERNING LAW AND FORUM

- 14.1 This Performance Bond shall be governed by laws for the time being in force in Hong Kong and the Bank agrees to submit to the non-exclusive jurisdiction of the courts of Hong Kong.
- 14.2 The Bank irrevocably appoints [] of [] as its agent for service of process in connection with proceedings in the Hong Kong Courts and agrees that any process shall be sufficiently and effectively served on it if delivered to that agent at that address, or in any other manner permitted by law. Nothing in this clause is to limit the right of the Government to take proceedings against the Bank in any other court of competent jurisdiction but this provision applies only to the extent that it does not prejudice the above agreement as to the jurisdiction of the Hong Kong Courts.
- 14.3 The Bank irrevocably and generally consents in respect of any legal action or proceedings anywhere (whether for an injunction, specific performance, damages or otherwise) arising out of or in connection with this Performance Bond to the giving of any relief or the issue of any process in connection with it including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order (whether or not pre-judgment) or judgment which may be made or given there, and irrevocably and unconditionally waives, in any such action or proceedings anywhere, any immunity from that action or those proceedings, from attachment of its assets prior to judgment, other attachment of assets and from execution of judgment or other enforcement.

15. COUNTERPARTS

This Performance Bond may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Performance Bond.

IN WITNESS whereof this Performance Bond has been executed and delivered as a deed on the date which appears first on page 1.

THE COMMON SEAL of []

was affixed hereto

in the presence of:

Director

Director/Secretary

OR

SIGNED, SEALED AND DELIVERED)

by []

for and on behalf of and as)

lawful attorney of)

[] pursuant to a power of)

attorney dated [] given by)

[])

in the presence of:)

[Name]

[Occupation]

(Note: For verification of the above execution, where the Bank executes under its common seal, please provide a certified true copy of the Bank's Memorandum and Articles of Association containing the relevant sealing provisions; where the Bank executes under a power of attorney, please provide a certified true copy of the relevant power of attorney or the equivalent of the Bank.)

Annexe

Milestone	Deadline for Compliance	Bonded Sum Payable
<p>Where the scope of the service stipulated in Schedule 1 of the Licence includes a mobile service, a minimum of 400 indoor base stations shall be established and put into use within five years from the issue of the Licence, and maintained thereafter for the provision of the service.</p> <p>The definitions in Schedule 8 of the Licence shall apply to the Milestone set out herein.</p>	[Date (the expiry of the 5 th year from the issue of the Licence)]	[A sum calculated by multiplying HK\$10 million by the number of relevant Frequency Blocks assigned]

*** End of Schedule [A] ***

SCHEDULE [B]

FORM OF THE PERFORMANCE BOND

THIS PERFORMANCE BOND is made on [DATE]

BY:

- (1) **[BANK]**, a banking corporation incorporated in [] [with limited liability] whose [registered office/principal place of business in Hong Kong] is at [] (the “Bank”).

IN FAVOUR OF:

- (2) **The GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION** as represented by the Office of the Communications Authority whose address is at 29th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong (the “Government”).

WHEREAS:

Pursuant to Special Condition 31B of the Unified Carrier Licence dated [] or [to be issued to the Licensee on the date of issue] (the “Licence”), the Licensee is required to provide to the Government a Performance Bond issued by a Qualifying Bank (as defined below) which shall remain in full force for the duration of the relevant frequency assignment when any of the Spectrum Utilization Fees remain payable. The Bank is a Qualifying Bank.

1. INTERPRETATION

1.1 Definitions

In this Performance Bond:

“Authority” means the Communications Authority;

“Bonded Sum” means an amount of HK\$[];

“Business Day” means a day other than a Saturday or Sunday on

which the banks in Hong Kong are open for general business;

“Hong Kong” means the Hong Kong Special Administrative Region of the People's Republic of China;

“Licensee” means [];

“Ordinance” means the Telecommunications Ordinance (Cap. 106);

“Qualifying Bank” has the meaning given to it in Special Condition 31B.4; and

“Regulation” means the Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Cap. 106AG Laws of Hong Kong).

1.2 Construction

In this Performance Bond, unless the contrary intention appears,

- (a) a provision of law is a reference to that provision as amended, extended or re-enacted;
- (b) a reference to any document shall include that document as it may be amended, novated or supplemented from time to time;
- (c) a clause is a reference to a clause of this Performance Bond;
- (d) a reference to any person shall include its successors and assigns; and
- (e) headings are for convenience only and are to be ignored in construing this Performance Bond.

2. PERFORMANCE BOND

- 2.1 On the occurrence of all or any of the following events:

- (a) failure of the Licensee to pay all or any of the Spectrum Utilization Fees due to insolvency of the Licensee or any other reasons;
- (b) surrender of the Licence by the Licensee;
- (c) a decision by the Chief Executive in Council to cancel or suspend the licence or the Authority to cancel, withdraw or suspend the Licence pursuant to section 34(4) of the Ordinance; or
- (d) the Licensee ceasing to provide telecommunications services over the telecommunications network pursuant to the Licence,

the Bank shall on demand made by the Government in writing and without evidence that the relevant events have in fact occurred pay, satisfy and discharge without cavil or delay the Bonded Sum.

- 2.2 The obligations under this Performance Bond constitute direct primary, irrevocable and unconditional obligations of the Bank.
- 2.3 This Performance Bond shall continue in full force and effect until payment by the Bank to the Government of the Bonded Sum in full in accordance with sub-clause 2.1 provided that no demand may be made under this Performance Bond after [DATE]. *[Note: the expiry date shall be [180] days after the due date of the payment of the last instalment covered by the Bonded Sum.]*
- 2.4 For the purposes of this clause, "insolvency" of the Licensee includes where the Licensee goes into liquidation whether compulsory or voluntary or if an order is made or a resolution is passed for the winding up or a receiver or an administrator is appointed or it enters into any arrangement or composition with its creditors generally or ceases to carry on business or to be able to pay its debts when they fall due or becomes subject to other proceedings analogous in purpose or effect including, without limitation, the appointment of a receiver, trustee or liquidator for any such purpose.

3. MAXIMUM LIMIT

The maximum amount for which the Bank shall be liable under this Performance Bond shall not exceed the aggregate of:

- (a) the Bonded Sum; and
- (b) the aggregate of all sums payable under clauses 4 and 7.

4. INTEREST AND COSTS

The Bank shall pay interest on the Bonded Sum from the date of demand to the date of payment in full (both dates inclusive) compounded quarterly (both before and after judgment) at 2 per cent per annum over the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time. The interest shall be payable on demand and accrue from day to day on the basis of the number of days elapsed and a 365 day year.

5. WAIVER OF DEFENCES

The liability of the Bank under this Performance Bond shall remain in full force and effect and not be prejudiced, affected, discharged, impaired or diminished by any act, omission or circumstance which, but for this condition, might prejudice, affect, discharge, impair or diminish that liability including, without limitation, and whether or not known to the Bank:

- (a) any time or waiver granted to, or release of or composition with, the Licensee or any other person;
- (b) any suspension, cancellation, revocation, withdrawal or amendment of, or variation to, the Licence (including, without limitation, extensions of time for performance) or any concession or waiver by the Authority, the Government of Hong Kong, the Chief Executive in Council, the Chief Executive or, without limitation, any other person in respect of the Licensee's

obligations under the Licence;

- (c) any forbearance or waiver of any right, power or remedy the Authority, the Government of Hong Kong, the Chief Executive in Council or the Chief Executive or, without limitation any other person, may have against the Licensee;
- (d) any act or omission of the Licensee pursuant to any other arrangement with the persons referred to in (c) above or with the Bank; or
- (e) the liquidation, administration, dissolution, lack of capacity or authority, or any change in the name or constitution of the Licensee or the Bank.

6. ADDITIONAL SECURITY

This Performance Bond is in addition to and not in substitution for or prejudiced by any present and future guarantee, lien or other security held by the Government as security for the obligations of the Licensee. The Government's rights, powers and remedies under this Performance Bond are in addition to and not exclusive of those provided by law.

7. NO DEDUCTIONS AND TAXES

All sums payable under this Performance Bond shall be paid in full without set-off or counter-claim and free and clear of, and without deduction of or withholding for, or on account of, any present or future taxes, duties or other charges. If any payment is subject to any tax, duty or charge, or if the Bank is required by law to make any deduction or withholding, the Bank shall pay the tax, duty or charge and shall pay to the Government any additional amounts as shall result in the Government receiving a net amount equal to the full amount which it would have received had no payment, deduction or withholding been required.

8. PAYMENTS

All payments to be made by the Bank under this Performance Bond shall be made in immediately available funds in the currency and in the manner as the Government may specify.

9. WARRANTY

The Bank warrants that this Performance Bond constitutes its legally binding obligations enforceable in accordance with its terms (subject to insolvency laws and creditors' rights generally and principles of equity) and does not conflict with any law, regulation or instrument binding on or relating to the Bank and that this Performance Bond is within its powers and has been duly authorised by it.

10. INFORMATION AND CONSENTS

The Bank shall:

- (a) supply the Government with publicly available information as to itself and (if applicable) its subsidiaries as the Government may reasonably request;
- (b) promptly obtain all official and other consents, licences and authorisations necessary or desirable for the entry into and performance of its obligations under this Performance Bond, whether or not performance has become due; and
- (c) promptly notify the Government if the Bank ceases to be a Qualifying Bank.

The Bank warrants that all consents, licences and authorisations required or desirable under existing law in accordance with this clause have been obtained.

11. NOTICES

- 11.1 All documents arising out of or in connection with this Performance Bond shall be served:
- (a) on the Government, at 29th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong marked for the attention of the Office of the Communications Authority; and
 - (b) on the Bank, at its address stated in this Performance Bond.
- 11.2 The Government and the Bank may change their respective nominated addresses for service of documents to another address in Hong Kong by giving not less than five Business Days' prior written notice to each other. All notices, demands and communications must be in writing.
- 11.3 Any notice, demand or communication sent to the Government or the Bank as provided in this clause shall be deemed to have been given, if sent by post, two Business Days after posting (and in proving delivery it shall be sufficient to provide that the notice, demand or communication was properly addressed and put in the post), if delivered by hand, at the time of delivery or, if sent by facsimile, at the time of despatch.

12. ASSIGNMENTS

The Bank shall not assign, transfer, novate or dispose of any of its rights and obligations under this Performance Bond. The Government may assign all or any part of its rights and benefits under this Performance Bond at any time without the consent of the Licensee or the Bank.

13. REMEDIES AND WAIVERS

No delay or omission of the Government in exercising any right, power or remedy under this Performance Bond shall impair that right,

power or remedy or constitute a waiver of it nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise of it or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Performance Bond are cumulative and not exclusive of any rights, powers or remedies which the Government would otherwise have.

14. GOVERNING LAW AND FORUM

- 14.1 This Performance Bond shall be governed by laws for the time being in force in Hong Kong and the Bank agrees to submit to the non-exclusive jurisdiction of the courts of Hong Kong.
- 14.2 The Bank irrevocably appoints [] of [] as its agent for service of process in connection with proceedings in the Hong Kong Courts and agrees that any process shall be sufficiently and effectively served on it if delivered to that agent at that address, or in any other manner permitted by law. Nothing in this clause is to limit right of the Government to take proceedings against the Bank in any other court of competent jurisdiction but this provision applies only to the extent that it does not prejudice the above agreement as to the jurisdiction of the Hong Kong Courts.
- 14.3 The Bank irrevocably and generally consents in respect of any legal action or proceedings anywhere (whether for an injunction, specific performance, damages or otherwise) arising out of or in connection with this Performance Bond to the giving of any relief or the issue of any process in connection with it including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order (whether or not pre-judgment) or judgment which may be made or given there, and irrevocably and unconditionally waives, in any such action or proceedings anywhere, any immunity from that action or those proceedings, from attachment of its assets prior to judgment, other attachment of assets and from execution of judgment or other enforcement.

15. COUNTERPARTS

This Performance Bond may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Performance Bond.

IN WITNESS of which this Performance Bond has been executed and delivered as a deed on the date which appears first on page 1.

EXECUTED as a deed by [BANK])

acting by [] and)

[])

.....
*** End of Schedule [B] ***

Communications Authority

Date: [DATE]

APPENDIX 2
Frequency Blocks, Eligibility Points and Minimum Fees

FREQUENCY BLOCKS, ELIGIBILITY POINTS AND MINIMUM FEES

Frequency Block	Frequency range (MHz)	Bandwidth of the Frequency Block	Eligibility Point attributed to the Frequency Block	Minimum Fee
C1	3300 – 3310	10 MHz	1	HK\$20 million
C2	3310 – 3320	10 MHz	1	HK\$20 million
C3	3320 – 3330	10 MHz	1	HK\$20 million
C4	3330 – 3340	10 MHz	1	HK\$20 million
C5	3340 – 3350	10 MHz	1	HK\$20 million
C6	3350 – 3360	10 MHz	1	HK\$20 million
C7	3360 – 3370	10 MHz	1	HK\$20 million
C8	3370 – 3380	10 MHz	1	HK\$20 million
C9	3380 – 3390	10 MHz	1	HK\$20 million
C10	3390 – 3400	10 MHz	1	HK\$20 million

APPENDIX 3
Deposit and Eligibility Points to be attributed to Bidders

DEPOSIT AND ELIGIBILITY POINTS TO BE ATTRIBUTED TO BIDDERS

Deposit	Eligibility Points to be attributed to Bidders
HK\$ 20 million	1
HK\$ 40 million	2
HK\$ 60 million	3
HK\$ 80 million	4

APPENDIX 4
Application Form

**AUCTION OF RADIO SPECTRUM
IN THE 3.3 GHz BAND
FOR THE PROVISION OF
PUBLIC MOBILE SERVICES**

APPLICATION FORM

THE OFFICE OF THE COMMUNICATIONS AUTHORITY

A. APPLICATION FORM**A.1 The Bidder****A.1.1 Details of the Bidder**

1. Registered name of the Bidder:

2. Company number:

3. Registered office address:

4. Correspondence address:

5. Company website:

6. Telephone number (general):

7. Fax number (general):

Signed:.....

Signed:.....

A.1.2 Contact details of the Bidder

Address:	
Telephone number:	
Fax number:	
E-mail address:	

A.1.3 Principal contacts of the Bidder

Contact 1	
Name:	
Title and/or position:	
Telephone number:	
Mobile number:	
Fax number:	
E-mail address:	

Signed:.....

Signed:.....

Contact 2	
Name:	
Title and/or position:	
Telephone number:	
Mobile number:	
Fax number:	
E-mail address:	

Contact 3	
Name:	
Title and/or position:	
Telephone number:	
Mobile number:	
Fax number:	
E-mail address:	

Signed:.....

Signed:.....

A.1.4 Bank account (for reimbursement of Deposit provided in cash)

Name of bank:	
Account name:	
Account number:	

A.1.5 Directors and principal officers of the Bidder

Name:	Title and/or position:

If additional space is required, please attach additional sheets labelled A.1.5(a), A.1.5(b) etc.

Signed:.....

Signed:.....

A.2 Bidder's Authorised Representatives

1.	Name:	
	Employer (or relationship between this representative and the Bidder):	
	Title and/or position:	
	Identity card/passport number:	
	Signature:	

2.	Name:	
	Employer (or relationship between this representative and the Bidder):	
	Title and/or position:	
	Identity card/passport number:	
	Signature:	

3.	Name:	
	Employer (or relationship between this representative and the Bidder):	
	Title and/or position:	
	Identity card/passport number:	
	Signature:	

Signed:.....

Signed:.....

4	Name:	
	Employer (or relationship between this representative and the Bidder):	
	Title and/or position:	
	Identity card/passport number:	
	Signature:	

5.	Name:	
	Employer (or relationship between this representative and the Bidder):	
	Title and/or position:	
	Identity card/passport number:	
	Signature:	

6.	Name:	
	Employer (or relationship between this representative and the Bidder):	
	Title and/or position:	
	Identity card/passport number:	
	Signature:	

Signed:.....

Signed:.....

A.3 Insiders

Name:	Employer:	Title and/or position:	Role:

Signed:.....

Signed:.....

A.4 Corporate and shareholding structures of the Bidder

If additional space is required, please attach additional sheets labelled A.4(a), A.4(b) etc.

Signed:.....

Signed:.....

A.5 Deposit submission form

	Amount of Deposit submitted by Bidder by cash or by a Letter of Credit	Eligibility Points to be attributed to Bidder	Please tick: (one box only)
1.	HK\$ 20 million	1	<input type="checkbox"/>
2.	HK\$ 40 million	2	<input type="checkbox"/>
3.	HK\$ 60 million	3	<input type="checkbox"/>
4.	HK\$ 80 million	4	<input type="checkbox"/>

Each Frequency Block will be attributed one Eligibility Point as specified in Appendix 2 of the notice dated 19 July 2019 for the auction in relation to the use of the frequency blocks in the 3.3 – 3.4 GHz band issued by the Authority (the “Notice”). The number of Eligibility Points attributed to a Bidder will determine (a) if there is no Bidding Stage, the number of Frequency Blocks that the Bidder may acquire; (b) if there is a Bidding Stage, (i) the number of Frequency Blocks that the Bidder may bid for in the first Round of Quantity Phase – Part 1; or (ii) the number of Frequency Blocks that the Bidder may acquire when the bidding starts with the Assignment Phase directly, as the case may be. Notwithstanding the Deposit provided by the Bidder, the maximum number of Eligibility Points to be attributed to each Bidder is subject to the Spectrum Cap.

For details, please refer to the terms and conditions of the Notice and the Information Memorandum dated 19 July 2019 for the Auction of Radio Spectrum in the 3.3 GHz Band for the Provision of Public Mobile Services.

Signed:.....

Signed:.....

A.6 Brief service and technical proposal

A.6.1 Please briefly describe the scope of service proposed to be provided using the Frequency Block(s).

If additional space is required, please attach additional sheets.

Signed:.....

Signed:.....

- A.6.2** Please provide a brief description of the technical configuration of the networks and systems to be deployed for the operation of the proposed service including network infrastructure and components, the technology to be employed, the likely choice of equipment and system design.

If additional space is required, please attach additional sheets.

Signed:.....

Signed:.....

A.6.3 Please provide a brief description of the technical expertise available for the operation of the proposed service.

If additional space is required, please attach additional sheets.

Signed:.....

Signed:.....

A.7 Checklist

		Please tick:
1.	Complete sections A.1, A.2, A.3, A.4, A.5 and A.6 of the Application Form.	<input type="checkbox"/>
2.	Sign each page of the Application Form by two Authorised Representatives who are directors of the Bidder.	<input type="checkbox"/>
3.	Provide a certified true copy of the Articles of Association of the Bidder or equivalent documents.	<input type="checkbox"/>
4.	Provide certified true copies of the Certificate of Incorporation and the Business Registration Certificate of the Bidder.	<input type="checkbox"/>
5.	Provide the signed Bidder Compliance Certificate in the format set out at Appendix 5 of the Notice.	<input type="checkbox"/>
6.	Provide the signed declaration in section A.8.	<input type="checkbox"/>
7.	Confirm either: (a) that the Deposit has been provided together with this Application Form as a Letter of Credit in the same format as set out at Appendix 6 of the Notice; or (b) that the Deposit has been provided in cash (cleared funds) to the Authority's Account by telegraphic transfer.	<input type="checkbox"/> <input type="checkbox"/>
8.	Confirm either: (a) that a certified true copy of the relevant power of attorney or the equivalent of the issuing bank is submitted together with the Letter of Credit; or (b) that a pay-in slip consisting of the registered name of the Bidder which proves the payment of the Deposit in cash is submitted.	<input type="checkbox"/> <input type="checkbox"/>

Signed:.....

Signed:.....

		Please tick:
9.	Provide one business card of each of the Bidder's Authorised Representatives.	<input type="checkbox"/>
10.	Confirm that the amount of the Deposit conforms with the selection made by the Bidder in the Deposit submission form (section A.5).	<input type="checkbox"/>
11.	Provide one copy of the latest annual reports and accounts of the Bidder and the Listed Companies pursuant to B.4 of the Application Form instructions.	<input type="checkbox"/>
12.	Provide five copies (one original and four copies) of the Application Form. All supporting documents must be included in each copy, except for the business cards provided pursuant to B.2 and the annual reports and accounts provided pursuant to B.4 of which only a single set is required.	<input type="checkbox"/>

Signed:.....

Signed:.....

A.8 Declaration

We, and, the undersigned, as directors and Authorised Representatives of the Bidder, confirm and acknowledge that:

- (a) this Application, once submitted to the Authority, cannot be withdrawn other than in accordance with the Notice;
- (b) this Application commits the Bidder and its Insiders to comply with the terms and conditions of the Auction;
- (c) this Application commits the Bidder to
 - (i) if there is no Bidding Stage, acquire at least one Frequency Block; or
 - (ii) if there is a Bidding Stage,
 - (a) submit a Valid Bid for at least one Frequency Block in the first Round of Quantity Phase – Part 1; or
 - (b) acquire at least one Frequency Block when the bidding starts with the Assignment Phase directly,

as the case may be; and

- (d) in case the Bidder is the only Qualified Bidder, the Bidder may, subject to the terms and conditions of the Notice, become the Provisional Successful Bidder of the Frequency Block(s) it wishes to acquire in descending order starting from Frequency Block C10, (subject to the Spectrum Cap, and the amount of Deposit it submitted) and that this Application commits the Bidder to comply with all the relevant terms and conditions.

We confirm that the factual information provided in, or in support of, the Application is, to the best of the Bidder's knowledge, information and belief, true, accurate and has no material omissions and that any opinion expressed is honestly held.

Signed:

Authorised Representative
(name and title)

Authorised Representative
(name and title)

Company seal affixed

Date: _____

END OF APPLICATION FORM

B. APPLICATION FORM INSTRUCTIONS

Instructions are set out below on the information required in the Application Form, and the form of its presentation. Unless otherwise stated, terms used in the Application Form and these instructions have the meaning given to them in the Notice.

B.1 The Bidder

B.1.1 Details of the Bidder

Please provide the registered name of the Bidder, its company number appearing on the Certificate of Incorporation issued by the Companies Registry of Hong Kong, registered office address (and principal place of business if different) and official fax and telephone numbers.

Separately, please provide certified true copies of the Certificate of Incorporation and the Business Registration Certificate of the Bidder.

B.1.2 Contact details of the Bidder

Please provide the address, telephone number and fax number within the Hong Kong Special Administrative Region at which the Bidder can be reached between 9:00 am and 6:00 pm Hong Kong time. This address will be considered as the Bidder's official address for written correspondence for matters relating to the Auction and will generally be used for non-time critical communication.

B.1.3 Principal contacts of the Bidder

Please provide the names, titles (e.g. executive director) and/or positions (e.g. Head of Telecom) and contact details (telephone number, mobile number, fax number and e-mail address) for three persons that the Authority may contact directly for urgent or time-critical communication. These contacts must be fully authorised under law and the Bidder's constitutional documents to represent the Bidder for all acts that may be related to the Auction and to the grant of a Licence. The contacts should be listed in the order in which the Bidder would prefer the Authority to contact them. Such persons should be aware that the Authority may contact them outside normal working hours.

B.1.4 Bank account (for reimbursement of Deposit provided in cash)

Where the Deposit is provided in cash, please provide the details of the Bidder's bank account into which the Deposit should be returned in accordance with the provisions of the Notice.

B.1.5 Directors and principal officers of the Bidder

Please provide the names, titles and/or positions of all the directors and principal officers (such as Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Chief Technical Officer, or equivalent) of the Bidder.

B.2 Bidder's Authorised Representatives

Please provide the name, employer, title and/or position (together with one business card), identity card number or passport number and specimen signature of each Authorised Representative who is authorised to provide confirmations, submit bids and act in any other way necessary on behalf of the Bidder during the Auction. The table in section A.2 of the Application Form will be used by the Authority to verify the signatures for matters relating to the Auction.

If any Authorised Representative is not an employee of the Bidder, please state clearly its relationship with the Bidder in the “employer” section.

If the Bidder wishes to substitute one or more of its Authorised Representatives, it shall give the Authority at least one Business Day prior written notification of the details of such change.

B.3 Insiders

Please provide the names, employer, title and/or position, and roles of all the Insiders to the Application and the Bidder’s participation in the Auction. If any of the Insiders is not an employee of the Bidder, then the information provided must state clearly the relationship between this Insider and the Bidder. The description of the role must be sufficient for the Authority to determine what function that Insider has played or will play during the Auction.

B.4 Corporate and shareholding structures of the Bidder

Please provide, in the format described hereafter, the following information regarding the ownership structure of the Bidder:

- (a) Detailed information on corporate and shareholding structures of the Bidder including each person (which may be individual or body corporate; see the interpretation of “person” given in the Notice):
 - (i) which has a shareholding of more than 15% in the Bidder;
 - (ii) in which the Bidder has a shareholding of more than 15%; and
 - (iii) which shareholding of more than 15% is held by another person who also holds a shareholding of more than 15% in the Bidder.

Please also indicate which of the companies appeared in the corporate and shareholding structures are listed on a stock exchange (“Listed Companies”), the exchange on which they are listed, and the percentage of each class of their shares which form a public or free float. Please provide the latest annual reports and accounts of the Bidder and the Listed Companies.

- (b) Detailed information of all parties who have a material interest, as defined in the Notice, in the Bidder. Bidders should note that, a material interest in the form of an indirect interest (e.g. interest held through nominees or custodians) and a conditional entitlement (e.g. interest conditional on terms of a loan agreement) must be disclosed.

The information provided should state clearly the nature of the material interest (e.g. percentage shareholding, voting control, board representation, management agreement etc). If more than one factor apply, each of such factors should be clearly stated.

For the avoidance of doubt, the Bidder is required to provide information of each person (which may be individual or body corporate; see the interpretation of “person” given in the Notice) who holds a material interest in it. For this purpose, the Bidder may provide more than one diagram. (The Bidder is not required to provide information of any other interest (e.g. shareholding of less than 25%) which does not amount to a material interest as defined in the Notice.)

- (c) Please also indicate which of the parties provided pursuant to B.4 (a) and (b) above are Insiders to the Bidder.

The information provided pursuant to B.4 (a) and (b) above will be disclosed to other Bidders to assist each of the Bidders to assess whether it is a Connected Bidder in relation to another Bidder. In disclosing such information, the relevant parts of each Application Form will simply be copied to the other Bidders. If the Bidder wishes particular ownership information that is not in the public domain to be kept confidential, that Bidder should ask the Authority to treat such information as confidential and such information should be clearly identified to the Authority on the Application Form. That Bidder should also provide a separate abbreviated version that can be disclosed by the Authority to other Bidders. Any confidential information should be provided on separate sheets of paper so that it can be separated from the other information to be copied to other Bidders (if this is done, the Application Form must make the Bidder’s overall ownership structure clearly and easily comprehensible). Bidders should note that the request will only be accommodated if the Authority considers that the request is reasonable in the interests of that Bidder and not disclosing such information would not unfairly prejudice other Bidders or be detrimental to the Auction.

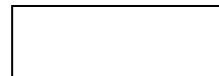
The information required in this section of the Application Form should be provided in diagrammatic form as follows. Each shape should contain the registered name of the relevant entity.

Bidder

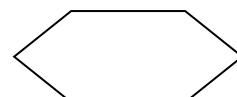


Company or other undertaking (e.g. partnership, trust).

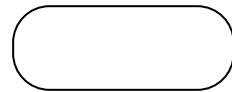
If the entity is not a company, please provide a numbered footnote explaining the entity’s status



Individuals/family



Company(ies) controlled by private individual or family
(see illustration below)

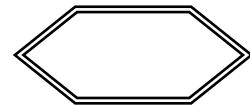


Where such entities are Insiders, the shape should be double-lined as follows:

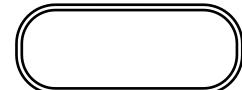
Company or other entity which is an Insider



Individual/family that is an Insider



Company(ies) controlled by private individual
or family that is an Insider

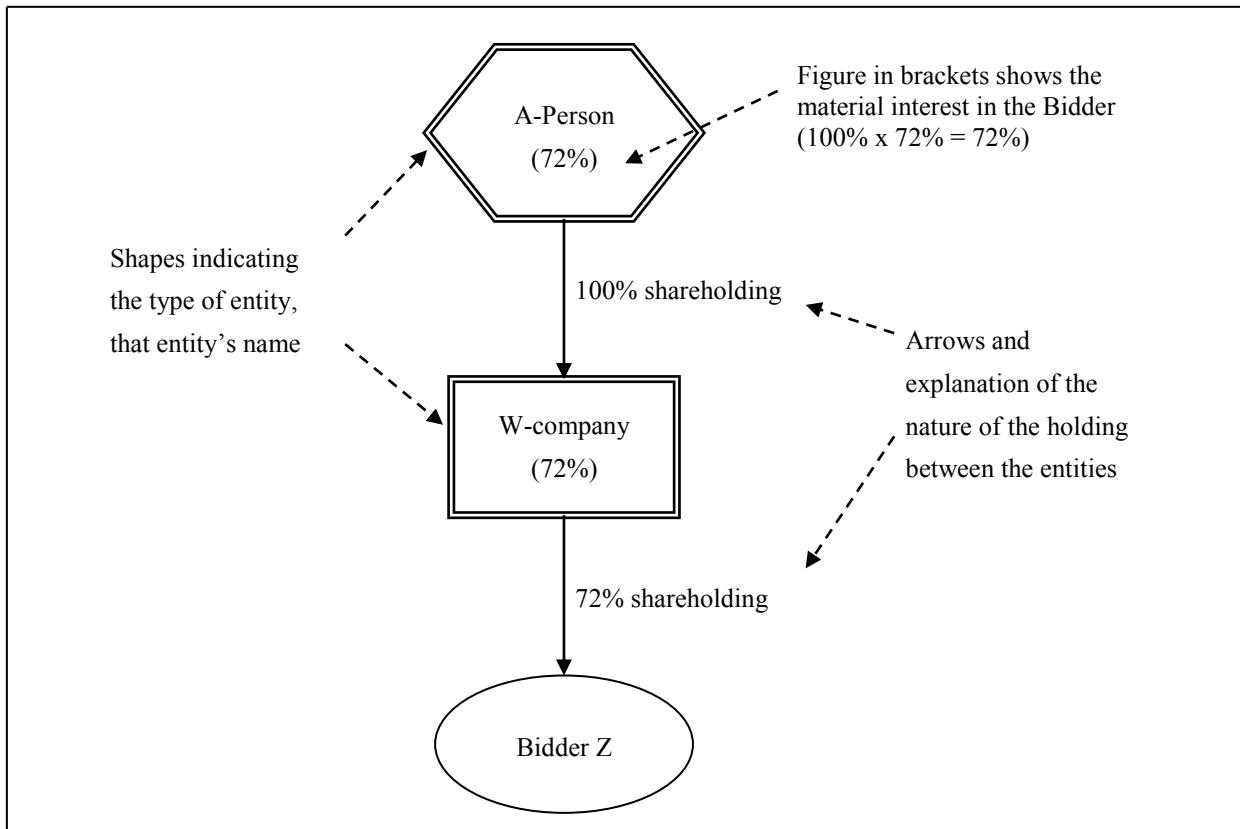


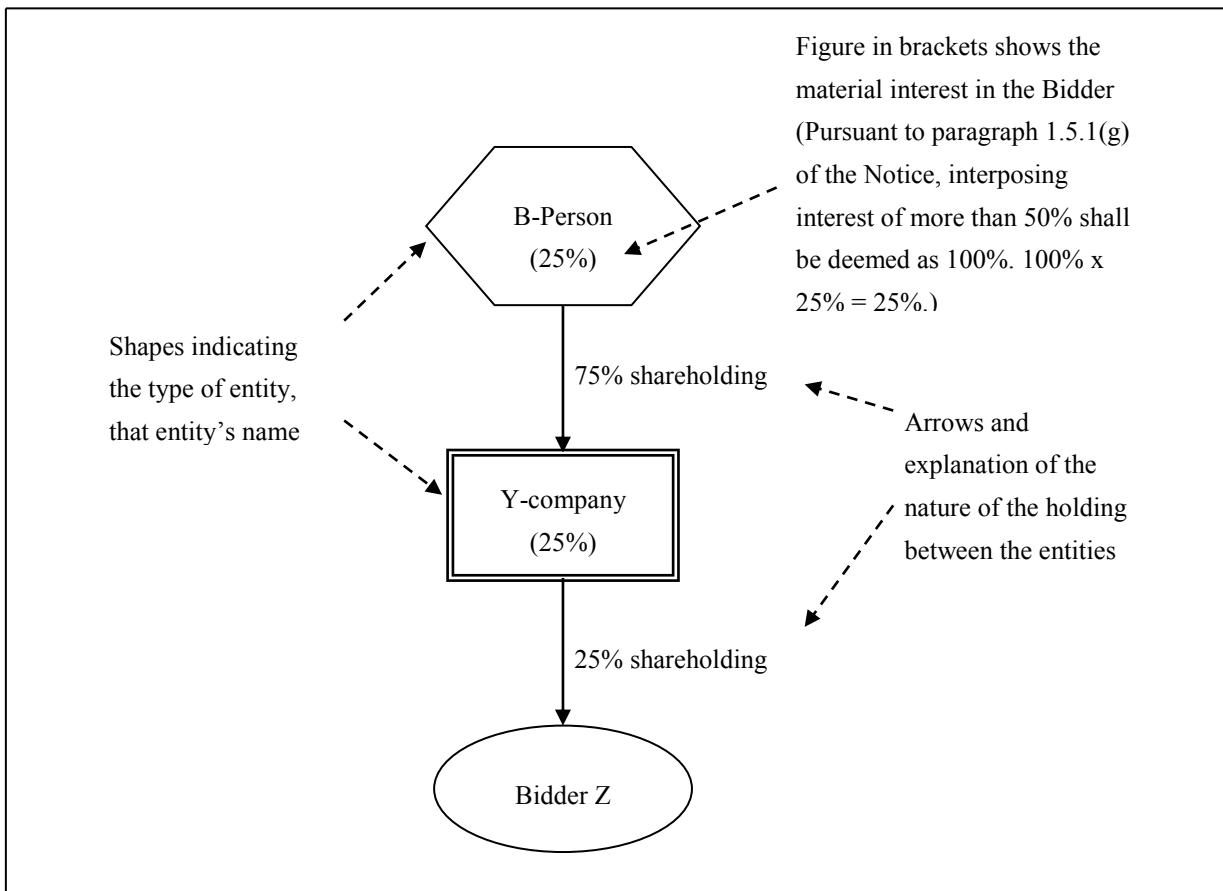
The Bidder is assumed to be an Insider, so it is not necessary to double-line the Bidder's shape.

Links (whether by ownership or some other form of control or arrangement) between entities should be shown as an arrow between holder and held entities, together with a description of the amount of ownership or form of arrangement. Each entity's shape should also contain in brackets a figure (or other explanatory note) stating that entity's material interest in the Bidder itself.

Illustrative example 1:

Each of Person A, Person B, Company W and Company Y has more than 15% interest directly or indirectly in Bidder Z. Bidder Z must disclose the interest of Person A, Person B, Company W and Company Y in diagrams as follows:





Bidder Z, however, is not required to disclose the names of other shareholders who do not hold more than 15% interest in it (e.g. Person C holding the remaining 3% shareholding interest in Bidder Z).

For the avoidance of doubt, Bidder Z is required to disclose any body corporate in which it has a shareholding of more than 15%.

If the form of interest in the Bidder is not readily explainable in the format set out above, provide additional arrows together with explanatory text either in the diagram or in a footnote.

If these diagrams do not fit legibly onto a single sheet of paper, please provide additional sheets (which can be larger than A4 if necessary) to make the requested information clear.

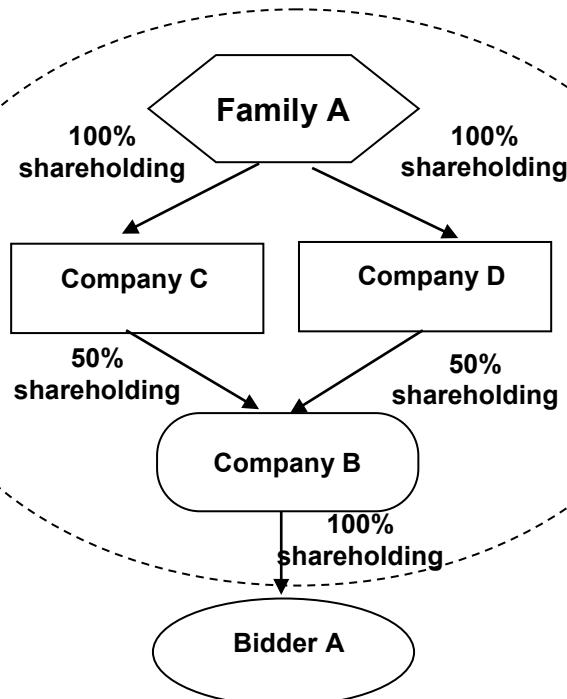
The diagrams below illustrate how shareholding information that the Bidder wishes to keep confidential should be presented.

Illustrative example 2:

Bidder A is 100% owned by a company (Company B) which in turn is owned by two companies (Companies C and D), each holding 50% of Company B, and these two companies are 100% owned by a family (e.g. Family A). The following diagram illustrates how Bidder A is permitted to present its shareholding structure diagram:

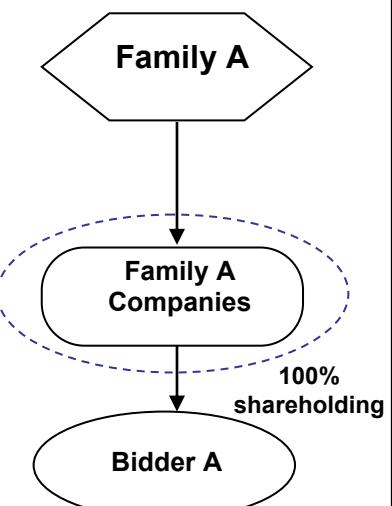
**On a separate sheet marked
“Confidential”**

Actual structure



**On the main diagram(s) of the
Bidder's shareholding structure**

Abbreviated structure (for
disclosure to other Bidders)



B.5 Deposit submission form

Please confirm by ticking the relevant box in the Deposit submission form at A.5 of the Application Form the amount of Deposit provided by the Bidder.

B.6 Brief service and technical proposal

Please provide a brief proposal summarizing in a concise manner the significant and salient points of the scope of service proposed to be provided using the Frequency Block(s), the technical details of the facilities and relevant experience of the Bidder in the Application Form.

B.7 Checklist

Please submit all the documents set out in the checklist in the Application Form and confirm by ticking the relevant check-boxes in the checklist to confirm that they have been provided by the Bidder.

B.8 Application Dates

The Application Dates shall be 12 September 2019 and 13 September 2019.

B.9 Declaration

Please read carefully and sign the declaration.

B.10 Submission instructions

The Application Form and all declarations, consents and certificates must be prepared in the English language.

Each Bidder must provide five copies (one original and four copies) of its Application Form.
All supporting documents must be included in each copy, except for:

- business cards provided pursuant to B.2; and
- the annual reports and accounts provided pursuant to B.4;

of which only a single set is required.

Applications must be sealed in a non-transparent envelope or envelopes marked:

“For the attention of the Communications Authority”

No other mark should appear on the envelope.

The Application must be delivered in person by hand to the Assistant Director (Market and Competition) of OFCA who will deposit the Application into the tender box in the presence of the person delivering the Application. The Application must be received by the Authority between 9:00 a.m. and 5:30 p.m. on either of the Application Dates. Bidders are advised to contact the secretary of the Assistant Director (Market and Competition) by phone on 2961-6289 in advance for the exact time and location to submit the Application.

Further details on submission of Application may be placed on the OFCA’s website from time to time.

B.11 Signatures

The Application Form must be signed by two Authorised Representatives who are directors of the Bidder, and affixed with the company seal of the Bidder. Each page of the Application Form must also be signed by these two Authorised Representatives.

Please note that any additional papers provided as part of the Application Form should be signed by the two Authorised Representatives signing the main body of the Application Form. Any such additional sheets should also be numbered after the section to which they relate (e.g. A.1.5(a), A.1.5(b), etc).

B.12 Notes on Personal Data (Privacy) Ordinance

All personal data provided in this Application Form will be used by the Authority for the purposes of the Auction and for facilitating communication between the Authority and the Bidder. Personal data includes names, relationship with the Bidder, title, position, identity card numbers and passport numbers of persons listed in the Application Form. Personal data will be handled in accordance with the relevant provisions of the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong).

APPENDIX 5
Bidder Compliance Certificate

**AUCTION OF RADIO SPECTRUM
IN THE 3.3 GHZ BAND
FOR THE PROVISION OF
PUBLIC MOBILE SERVICES**

BIDDER COMPLIANCE CERTIFICATE

TO : The Communications Authority (the “Authority”)

The Office of the Communications Authority

29th Floor, Wu Chung House

213 Queen’s Road East

Wanchai

Hong Kong

FROM: [Name and address of Bidder] (the “Bidder”)

DATE : [] 2019

Dear Sirs,

We refer to the notice dated 19 July 2019 for the auction in relation to the use of the frequency blocks in the 3.3 – 3.4 GHz band issued by the Authority in exercise of the powers conferred by section 32I of the Ordinance and the Regulation and all other powers enabling it to specify the terms and conditions of the Auction and the payment of the Spectrum Utilization Fees (the “Notice”).

1. The Bidder hereby certifies and undertakes to the Authority that:

- 1.1. the Authorised Representatives of the Bidder have read and understood the Licence, the Ordinance, the Regulation, the Telecommunications (Designation of Frequency Bands subject to Payment of Spectrum Utilisation Fee) Order, the Notice and the Information Memorandum dated 19 July 2019 for the Auction of Radio Spectrum in the 3.3 GHz Band for the Provision of Public Mobile Services, and that it has complied, and will comply, with the Conditions and the Notice including the Schedules and Appendices to the Notice as appropriate;
- 1.2. it is legally capable of bidding in the Auction and has in place all necessary approvals, consents, permissions and board approvals including, without limitation, any approvals, consents, permissions and board approvals from its

- holding company(ies) under any law or rules and regulations issued by any governmental or regulatory or supervisory body in any competent jurisdiction other than an Approval;
- 1.3. it agrees with and accepts the Conditions and is legally and financially capable of satisfying the Conditions in accordance with their terms including, without limitation:
 - a. the obligation with respect to coverage of network and service in accordance with Special Condition 31 of the Conditions;
 - b. the obligation to provide the Performance Bond to the Authority in accordance with Special Condition 31A of the Conditions; and
 - c. where applicable, the obligation to provide the Performance Bond to the Authority in accordance with Special Condition 31B of the Conditions;
 - 1.4. it will provide a network that is technically secure, reliable, and compatible with the local environment in accordance with the Conditions;
 - 1.5. it will arrange sufficient managerial and technical expertise to provide a satisfactory service under the Licence;
 - 1.6. the factual information provided in, or in support of, the Application (including without limitation the list of Insiders) is, to the best of the Bidder's and its respective Insiders' knowledge, information and belief, true, accurate and has no material omissions and that any opinion expressed is honestly held;
 - 1.7. it will inform the Authority immediately if it becomes aware that any change has occurred which has affected the information submitted in the Application, including without limitation the list of Insiders;
 - 1.8. it will comply, and ensure, to the best of its ability, that all of its Insiders will comply, with the terms and conditions of the Notice including, without limitation, and in particular with the terms and conditions under Part 6 of the Notice relating to the confidentiality of information provided to them by the Authority during the course of the Auction;
 - 1.9. it will not and none of its Insiders will co-operate, collaborate, collude or discuss with, or disclose any information (including Confidential Information) to, any other Bidder or any of that other Bidder's Insiders for any purpose relating to the Auction including, without limitation, in connection with the substance of that Bidder's bidding strategy, nor manipulate, attempt to manipulate or make any arrangements to manipulate the Auction in any way with a view to achieving a particular result or outcome of the Auction;

- 1.10. none of the Bidder nor any of its Insiders have in place any arrangements or understanding with any other Bidder or any of that other Bidder's Insiders to co-operate, collaborate, or collude or otherwise manipulate or attempt to manipulate the outcome of the Auction;
- 1.11. to the best of its knowledge, information and belief, having made all reasonable enquiries, no person who is a director, employee or agent of the Bidder or any of the Bidder's Insiders and who is also a director, employee or agent of any other Bidder or of any of that other Bidder's Insiders:
 - a. has taken part, or will take part, in preparing any of the Bidders or their respective Insiders for participation in the Auction;
 - b. has passed, or will pass, Confidential Information relating to one Bidder to another Bidder or its Insiders;
 - c. has been, or will be, an Authorised Representative of any of the Bidders; or
 - d. has taken part or participated, or will take part or participate in the Auction;
- 1.12. there is no petition presented against it or a proceeding commenced or an order made or an effective resolution passed for the winding-up, insolvency, administration, reorganisation, reconstruction, dissolution or bankruptcy of the Bidder or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of the Bidder over all or any part of the business or assets of the Bidder and no circumstances have arisen which entitle any person to take any action, commence any proceeding, obtain any order or appoint any person of the type specified in this paragraph;
- 1.13. none of its directors nor its principal officers, none of its Insiders and none of any persons who have the power, by shareholding or under any power conferred by the articles of association or any other instrument regulating the Bidder, to ensure that the affairs of the Bidder are conducted in accordance with the wishes of that person, has a petition presented against it or a proceeding commenced or an order made or an effective resolution passed for its winding-up, insolvency, administration, reorganisation, reconstruction, dissolution or bankruptcy or for the appointment of a liquidator, receiver, administrator, trustee or similar officer over all or any part of the business or assets of the Bidder and no circumstances have arisen which entitle any person to take any action, commence any proceeding, obtain any order or appoint any person of the type specified in this paragraph, which may be expected to have a material adverse impact on the Bidder's ability to participate in the Auction or to satisfy the Conditions of any Licence granted to the Bidder;

- 1.14. none of the Bidder nor its Insiders, and none of their respective directors, officers or representatives, are the subject of criminal investigations or proceedings in Hong Kong or in any other jurisdiction, or has engaged or engages in any act or activity (such as bribery, false accounting, corruption or dishonesty) which might reasonably be expected to adversely affect their business or materially affect the Bidder's ability to participate in the Auction or to satisfy the Conditions of any Licence granted to the Bidder, and that there is no reason to believe that any investigations or proceedings might occur during the Auction;
- 1.15. none of the Bidder nor its Insiders have had any telecommunications or radiocommunications licence, consent, authority, permission, concession agreement, or other document or allocation of radio spectrum in Hong Kong withdrawn, cancelled or suspended owing to the default or breach by the Bidder or its Insiders of the conditions of that licence, consent, authority, permission, concession agreement, or other document for allocation of radio spectrum in Hong Kong;
- 1.16. none of the Bidder nor its Insiders is a party to any civil litigation or proceedings which may be expected to have a material adverse impact on the Bidder's ability to participate in the Auction or to satisfy the Conditions of any Licence granted to the Bidder; and
- 1.17. it has submitted only one Application to the Authority.

2. Words and expressions used in this certificate have the same meaning as given in the Notice, unless the context otherwise requires.

Yours faithfully,

Signed:

Authorised Representative
(name and title)

Authorised Representative
(name and title)

Company seal affixed:

(Note: This certificate must be signed by two Authorised Representatives who are directors of the Bidder, and affixed with the company seal of the Bidder.)

ANNEX B

APPENDIX 6
Letter of Credit for Payment of the Deposit

Annex B

Appendix 6 Letter of Credit for Payment of the Deposit

LETTER OF CREDIT

TO : The Communications Authority (the “**Beneficiary**”)

The Office of the Communications Authority
29th Floor, Wu Chung House
213 Queen’s Road East
Wanchai
Hong Kong

FROM : [Name and address of issuing bank] (the “**Issuing Bank**”)

DATE : [2019]

The Issuing Bank issues this irrevocable standby letter of credit in the favour of the Beneficiary on the following terms on the application and request of [**Name of the Bidder**] (the “**Bidder**”) pursuant to the notice dated 19 July 2019 for the auction in relation to the use of the frequency blocks in the 3.3 – 3.4 GHz band issued by the Communications Authority (the “**Notice**”) in exercise of the powers conferred by section 32I of the Telecommunications Ordinance (Cap. 106), the Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Cap. 106AG) and all other powers enabling it to specify the terms and conditions of the auction and payment of the spectrum utilization fees.

IRREVOCABLE STANDBY LETTER OF CREDIT NO []

DATED [] 2019

BENEFICIARY The Communications Authority

EXPIRY DATE 31 January 2020

**AMOUNT OF HK []
STANDBY LETTER
OF CREDIT**

AVAILABLE	Subject to the Additional Conditions below, within three (3) Business Days (as defined in the Notice) of receipt by the Issuing Bank of the Beneficiary's certificate in the form set out below
BY	Payment into the account specified by the Beneficiary

BENEFICIARY'S CERTIFICATE

TO : [] (the "Issuing Bank")

FROM : The Communications Authority
(the "Beneficiary")

The Office of the Communications Authority
29th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

DATE : []

**Irrevocable Standby Letter of Credit No. [] dated []
(the "Standby Letter of Credit")**

1. We claim HK\$ [] under the Standby Letter of Credit.
2. This amount has become due and payable to us by the operation of the terms and conditions of the Notice.
3. We request payment from the Issuing Bank of the amount specified in paragraph 1 within three (3) Business Days (as defined in the Notice) after the date of this

certificate to [*details of the Beneficiary's account*] in our favour.

SIGNED BY

.....

(name and title)

for the Beneficiary

ADDITIONAL CONDITIONS

1. The Beneficiary may make any number of demands for payment up to the Amount of this Standby Letter of Credit as reduced from time to time by the payments made by the Issuing Bank before the Expiry Date.
2. The Issuing Bank shall not be required to investigate the authenticity of any certificate presented by the Beneficiary or the Beneficiary's capacity or entitlement to make any certificate and each certificate issued by the Beneficiary of sums due shall be conclusive, save for manifest error.
3. All payments under this Standby Letter of Credit shall be made in full to the Beneficiary without any deduction or withholding (whether in respect of set off, counterclaim, duties, present or future taxes, charges or otherwise) and shall not be withheld for whatever reason. Nothing in any agreement between the Issuing Bank and any third party shall prejudice the operation of this Standby Letter of Credit.
4. The Issuing Bank may not assign or transfer all or any of its rights and obligations under this Standby Letter of Credit to another person without the prior written consent of the Beneficiary.
5. This Standby Letter of Credit is subject to the International Standby Practices 1998 (to the extent not inconsistent with the terms of this Standby Letter of

ANNEX B

Credit) and is governed by, and shall be construed in accordance with, Hong Kong law.

SIGNED BY:

.....

(*Insert name and title of first representative of the Issuing Bank*)

For (*name of the Issuing Bank*)

SIGNED BY:

.....

(*Insert name and title of second representative of the Issuing Bank*)

For (*name of the Issuing Bank*)

COMPANY SEAL / CHOP OF ISSUING BANK AFFIXED:

(*Note: For verification of the above execution, please provide a certified true copy of the relevant power of attorney or the equivalent of the Issuing Bank.*)

APPENDIX 7
Connected Bidder Statutory Declaration

**AUCTION OF RADIO SPECTRUM
IN THE 3.3 GHZ BAND
FOR THE PROVISION OF
PUBLIC MOBILE SERVICES**

CONNECTED BIDDER STATUTORY DECLARATION

(Note 1: This Connected Bidder Statutory Declaration is to be completed by the Bidder after the Authority publishes a Bidder Notice pursuant to paragraph 3.1.1 of the Notice.

Note 2: After the end of the Bidding Stage, the Authority will publish a Provisional Successful Bidder Notice. Within two Business Days after publication of the Provisional Successful Bidder Notice, each Provisional Successful Bidder must complete and submit to the Authority this Connected Bidder Statutory Declaration pursuant to paragraph 4.22.2 of the Notice.)

I, [] of []
 being [] of [] (the
 “Bidder”) refer to the notice dated 19 July 2019 for the auction in relation to the use of the frequency blocks in the 3.3 – 3.4 GHz band issued by the Authority in exercise of the powers conferred by section 32I of the Ordinance and the Regulation and all other powers enabling it to specify the terms and conditions of the Auction and the payment of the Spectrum Utilization Fees (the “Notice”).

I do solemnly and sincerely declare that, to the best of my knowledge, information and belief, having made all due enquiries of any person -

- (a) who holds a material interest in the Bidder,
- (b) whom the Bidder holds a material interest, and
- (c) whom another person who has a material interest in the Bidder also holds a material interest;

and having informed them of the relevant provisions of the Regulation, the Notice and the Information Memorandum dated 19 July 2019 for the Auction of Radio Spectrum in the

3.3 GHz Band for the Provision of Public Mobile Services, **there is no other Bidder / Provisional Successful Bidder*** which is a **Connected Bidder** in relation to the Bidder other than as set out below nor has the Bidder nor any of the persons specified in (a) to (c) above taken any steps deliberately to arrange for, or assist in arranging, any other Bidder / Provisional Successful Bidder* to be a **Connected Bidder** in relation to the Bidder.

(* Please delete as appropriate.)

Connected Bidder

Name : []

Address/Registered office : []

Unless otherwise stated or the context otherwise requires, words and expressions used in this statutory declaration have the same meaning as that given to them in the Notice.

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Ordinance (Cap. 11, Laws of Hong Kong).

DECLARED at

Dated

Before me

(Signature and designation

i.e. Justice of the Peace/Notary Public/
Commissioner of Oaths/Solicitor)

APPENDIX 8
Frequency Block Acquisition Form

AUCTION OF RADIO SPECTRUM IN THE 3.3 GHZ BAND FOR THE PROVISION OF PUBLIC MOBILE SERVICES

FREQUENCY BLOCK ACQUISITION FORM

(Note: This Frequency Block Acquisition Form is to be completed by the Qualified Bidder who receives a notification from the Authority under paragraph 3.6.2 or 4.17.2 (as the case may be) of the notice dated 19 July 2019 for the auction in relation to the use of the frequency blocks in the 3.3 – 3.4 GHz band issued by the Authority (the “Notice”). Unless otherwise stated or the context otherwise requires, words and expressions used in this form have the same meaning as that given to them in the Notice.)

1. Instructions to Bidder

Please provide the details required in section 2 below and indicate clearly in section 3 below the number of Frequency Block(s) the Bidder wishes to acquire. This form must be signed by two Authorised Representatives who are directors of the Bidder, and affixed with the company chop of the Bidder. Each page of this form must also be signed by these two Authorised Representatives.

The number of Frequency Block(s) the Bidder indicate in section 3 **must not** exceed the Eligibility Points attributed to the Bidder based on the amount of its Deposit, and **must not** be less than one. The total bandwidth of the number of Frequency Block(s) the bidder wishes to acquire **must not** exceed the Spectrum Cap.

2. Details of the Bidder

Registered name of the Bidder:

Registered office address:

Telephone number :

Fax number :

Signed:

Signed:

Authorised Representative
(name and title)

Authorised Representative
(name and title)

3. Number of Frequency Block(s) the Bidder wishes to acquire

Number of Frequency Block(s) in the 3.3 - 3.4 GHz band the Bidder wishes to acquire :	
---	--

Signed:

Signed:

Authorised Representative
(name and title)

Authorised Representative
(name and title)

Company seal affixed:

(Note: This form must be signed by two Authorised Representatives who are directors of the Bidder, and affixed with the company seal of the Bidder.)

Date:

APPENDIX 9
Application Withdrawal Form

**AUCTION OF RADIO SPECTRUM
IN THE 3.3 GHZ BAND
FOR THE PROVISION OF
PUBLIC MOBILE SERVICES**

APPLICATION WITHDRAWAL FORM

TO : The Communications Authority (the “Authority”)

The Office of the Communications Authority

29th Floor, Wu Chung House

213 Queen’s Road East

Wanchai

Hong Kong

FROM: [Name and address of Bidder] (the “Bidder”)

DATE : [] 2019

Dear Sirs,

We refer to the notice dated 19 July 2019 for the auction in relation to the use of the frequency blocks in the 3.3 – 3.4 GHz band issued by the Authority in exercise of the powers conferred by section 32I of the Ordinance and the Regulation and all other powers enabling it to specify the terms and conditions of the Auction and the payment of the Spectrum Utilization Fees (the “Notice”).

1. The Bidder, being a provisional successful bidder of the 3.5 GHz Band Auction or 4.9 GHz Band Auction, hereby :
 - 1.1. withdraws the Application in accordance with paragraph 3.2.2 of the Notice; and
 - 1.2. confirms that it will continue to comply with the terms and conditions of the Notice.

2. Words and expressions used in this form have the same meaning as given in the Notice, unless the context otherwise requires.

Yours faithfully,

Signed:

Authorised Representative

(name and title)

Authorised Representative

(name and title)

Company seal affixed:

(Note: This form must be signed by two Authorised Representatives who are directors of the Bidder, and affixed with the company seal of the Bidder.)

ANNEX C

ANNEX C WORKED EXAMPLE OF THE AUCTION

WORKED EXAMPLE OF THE AUCTION

Introduction

This annex sets out the illustrative and non-exhaustive example of the bidding scenarios that may occur during the bidding process.

The worked example is intended to provide step-by-step illustration of the Bidding Stage and the application of the auction rules set out in the Notice. For this purpose, the worked example is simplified and is not intended to predict or reflect the actual behaviour of Bidders and the actual situation of the Auction.

The worked example is for reference only. Readers should not construe the worked example as any projections, estimates or expectations of any plan, decision or action by the Authority or the Government. The worked example does not prejudice the operation of the auction rules set out in the Notice and the exercise by the Authority of any power thereunder.

Assumptions of the worked example

The worked example is based on the following assumptions –

- (a) There are ten Frequency Blocks (C1 to C10) in the 3.3 GHz Band available for auction. Each Frequency Block has a bandwidth of 10 MHz and is attributed with one Eligibility Point (“EP”). The Minimum Fee (i.e. the reserve price) is set at HK\$20 million per Frequency Block.
- (b) Five qualified Bidders (Bidders M, N, O, P and Q) participate in the auction. The number of EPs attributed to each Bidder is determined by the amount of Deposit it has submitted to the Authority (i.e. one EP for every HK\$20 million of Deposit). In the light of the Spectrum Cap, the maximum number of EPs that each Bidder may be given is four EPs. For the purpose of the worked example, the EPs given to the Bidders are assumed to be those given in Table 1 below.

Table 1: Bidders’ Deposits and EPs

Bidders	Deposits submitted	EPs given
M	HK\$ 80 million	4
N	HK\$ 80 million	4
O	HK\$ 40 million	2
P	HK\$ 80 million	4
Q	HK\$ 60 million	3

As the sum of Bidders' attributed EPs exceeds ten EPs, the Bidding Stage will start with Quantity Phase – Part 1.

Quantity Phase – Part 1

At Quantity Phase – Part 1, Bidders M, N, O, P and Q will bid for the number of Frequency Blocks they wish to acquire in Rounds at the Round Price set by the Authority. The Round Price in the first Round will be set at the Minimum Fee level. Rounds of bidding will continue as the Round Price increases until the Total Demand is equal to or less than the Total Supply.

Before the start of each Round, the Authority will notify each Bidder of the following information –

- (a) the date on and the time at which the Round will start and end;
- (b) the Round Price;
- (c) save for in the first Round, the Total Demand in the immediately preceding Round;
- (d) the EPs attributed to the Bidder at the beginning of the Round; and
- (e) the total number of (remaining) Extension Rights that may be exercised by the Bidder.

Table 2 below summarises the Bidders' actions and results at Quantity Phase – Part 1. It concludes in Round 6 where the Total Demand (i.e. eight Frequency Blocks) is less than the Total Supply (i.e. ten Frequency Blocks).

Table 2: Quantity Phase – Part 1
Bidders' actions and results

Round	1	2	3	4	5	6
Round Price (HK\$ million)	20	24	28	32	36	40
Bidders	Bidders' Valid Bids (number of Frequency Blocks)					
M	4	4	4	4	3	2
N	4	3	3	3	3	3
O	2	2	2	2	2	0
P	4	3	2	1	1	1
Q	3	3	3	3	3	2
Total Demand	17	15	14	13	12	8
Excess Demand / (Excess Supply)	7	5	4	3	2	(2)

Table 3 below summarises the Spectrum Utilization Fee payable by each Bidder in respect of Quantity Phase – Part 1, which is the Round Price in Round 6 (i.e. HK\$40 million) multiplied by the number of the Frequency Blocks the Bidder has successfully bid for in that Round.

Table 3: Spectrum Utilization Fees payable in respect of Quantity Phase – Part 1

Bidders	Spectrum Utilization Fees payable in respect of Quantity Phase – Part 1
M	HK\$40 million x 2 = HK\$80 million
N	HK\$40 million x 3 = HK\$120 million
O	HK\$40 million x 0 = HK\$0
P	HK\$40 million x 1 = HK\$40 million
Q	HK\$40 million x 2 = HK\$80 million

Quantity Phase – Part 2

Quantity Phase – Part 2, in the form of one single round of bidding, will take place as there are two unsold Frequency Blocks after the conclusion of Quantity Phase – Part 1.

A Bidder is eligible to participate in Quantity Phase – Part 2 only when the number of Frequency Blocks it bid for in the penultimate Round of Quantity Phase – Part 1 is more than the number of Frequency Blocks it bid for, if any, in the last Round of Quantity Phase – Part 1. Table 4 below summarises the maximum number of unsold Frequency Blocks that Bidders M, N, O, P and Q may bid at Quantity Phase – Part 2.

Table 4: Quantity Phase – Part 2
Eligibility of Bidders for bidding unsold Frequency Blocks

Bidders	No. of Frequency Blocks bid for in the penultimate Round of Quantity Phase – Part 1 (Round 5) (A)	No. of Frequency Blocks bid for in the last Round of Quantity Phase – Part 1 (Round 6) (B)	Maximum no. of unsold Frequency Blocks allowed to bid at Quantity Phase – Part 2 (A) - (B)
M	3	2	1
N	3	3	0
O	2	0	2
P	1	1	0
Q	3	2	1

Prior to the start of Quantity Phase – Part 2, the Authority will notify each Bidder which was eligible to participate in the last Round of Quantity Phase – Part 1 of the following information –

- (a) the date on and the time at which the Round will start and end;
- (b) the number of unsold Frequency Blocks available in the Round;
- (c) the Round Prices of the penultimate Round and the last Round of Quantity Phase – Part 1;
- (d) the number of Frequency Blocks which the Bidder has successfully bid for, if any, at the end of Quantity Phase – Part 1; and
- (e) whether the Bidder is eligible to participate in Quantity Phase – Part 2 and, if eligible, the maximum number of unsold Frequency Blocks for which the Bidder is allowed to bid.

In Quantity Phase – Part 2, the Valid Bid submitted by Bidders M, O and Q for each unsold Frequency Block should be at least the Round Price in the penultimate Round (i.e. HK\$36 million in Round 5) but less than the Round Price of the last Round (i.e. HK\$40 million in Round 6) of Quantity Phase – Part 1. In this connection, Bidder O submits two Valid Bids (HK\$39 million and HK\$38 million) based on its eligibility. Bidders M and Q each submits one Valid Bid at HK\$38 million and HK\$36 million respectively. As the number of Valid Bids received (i.e. four Valid Bids) is more than the unsold number of Frequency Blocks (i.e. two unsold Frequency Blocks), the Valid Bids are ordered from highest to the lowest so that the unsold number of Frequency Blocks will be acquired by the Bidders placing the higher Valid Bids. Where two or more Valid Bids have the same bidding amount (e.g. the HK\$38 million placed by Bidders M and O), the order among these Valid Bids will be determined at random by the Authority. Table 5 below summarises the Bidders' actions and results at Quantity Phase – Part 2.

Table 5: Quantity Phase – Part 2
Bidders' actions and results

Bidders	Valid Bids	Successful Valid Bids
M	HK\$38 million	Yes (at random)
O	HK\$39 million HK\$38 million	Yes No (at random)
Q	HK\$36 million	No

Completion of Quantity Phase

Quantity Phase completes after the end of Quantity Phase – Part 2. Table 6 below summarises the Spectrum Utilization Fee payable by each Bidder in respect of the Quantity Phase, which is the Round Price in Round 6 of Quantity Phase – Part 1 (i.e. HK\$40 million) multiplied by the number of Frequency Blocks it bid for in that Round plus the sum of successful Valid Bids it placed at Quantity Phase – Part 2.

Table 6: Spectrum Utilization Fees payable in respect of the Quantity Phase

Bidders	Spectrum Utilization Fees payable in respect of Quantity Phase – Part 1	Spectrum Utilization Fees payable in respect of Quantity Phase – Part 2	Total Spectrum Utilization Fees payable in respect of the Quantity Phase
M	HK\$80 million	HK\$38 million	HK\$118 million
N	HK\$120 million	-	HK\$120 million
O	-	HK\$39 million	HK\$39 million
P	HK\$40 million	-	HK\$40 million
Q	HK\$80 million	-	HK\$80 million

Assignment Phase

Assignment Phase, in the form of a single round of bidding, will take place to determine the specific and contiguous Frequency Blocks to be assigned to Bidders which have successfully bid for Frequency Blocks at the Quantity Phase.

Prior to the start of the Assignment Phase, the Authority will notify each Bidder which has successfully bid for Frequency Blocks at the completion of the Quantity Phase of the following information –

- (a) the date on and the time at which the Round will start and end; and
- (b) the number of Frequency Blocks which the Bidder has successfully bid for at the completion of Quantity Phase.

Bidders M, N, O, P and Q may each submit one Valid Bid for determining the Assignment Priority with specific and contiguous blocks in descending order starting from Frequency Block C10. The Valid Bids are ordered from the highest to the lowest for the purpose of setting the priority. Where two or more Valid Bids have the same bidding amount (e.g. the HK\$10 million placed by Bidders O and P in Table 7 below), the order among these Valid Bids will be determined at random by the Authority. The Bidder which has submitted the highest Valid Bid will be assigned the highest Assignment Priority.

Table 7 below summarises the Bidders' actions and results at the Assignment Phase. Bidder N has the highest Assignment Priority as it has placed the highest Valid Bid (HK\$27 million) among all Bidders. Accordingly, Bidder N will be assigned Frequency Blocks C8 to C10 at the Assignment Phase. Conversely, Bidder Q has the lowest Assignment Priority as it is deemed to have submitted a Valid Bid of HK\$0 for taking no action at the Assignment Phase. Bidder Q will be assigned Frequency Blocks C1 and C2.

Table 7: Assignment Phase
Bidders' actions and results

Bidders	No. of Frequency Blocks successfully bid for at the Quantity Phase	Valid Bids for Assignment Priority at the Assignment Phase	Assignment Priority at the Assignment Phase
M	3	HK\$18 million	2
N	3	HK\$27 million	1
O	1	HK\$10 million	3 (at random)
P	1	HK\$10 million	4 (at random)
Q	2	Deemed HK\$0	5

Completion of Assignment Phase

Table 8 below summarise the results at the Assignment Phase. The Spectrum Utilization Fees payable in respect of the Assignment Phase for all Bidders will be the amount of the lowest Valid Bid among them (i.e. HK\$0).

Table 8: Assignment Phase results

Bidders	No. of Frequency Blocks successfully bid for at the Quantity Phase	Frequency Blocks assigned at the Assignment Phase	Spectrum Utilization Fees Payable in respect of the Assignment Phase
M	3	C5 to C7	HK\$0
N	3	C8 to C10	HK\$0
O	1	C4	HK\$0
P	1	C3	HK\$0
Q	2	C1 to C2	HK\$0

Conclusion of Bidding Stage

The Bidding Stage ends upon completion of the Assignment Phase. The Bidders which are assigned Frequency Blocks at the Assignment Phase will become Provisional Successful Bidders. The total Spectrum Utilization Fees payable by each Bidder is the sum of the Spectrum Utilization Fees payable by the Bidder in respect of the Quantity Phase and the Assignment Phase. Table 9 below summarises the total Spectrum Utilization Fees payable by the five Bidders.

Table 9: Total Spectrum Utilization Fees payable by Bidders

Bidders	Frequency Blocks assigned	Spectrum Utilization Fees payable in respect of the Quantity Phase	Spectrum Utilization Fees payable in respect of the Assignment Phase	Total Spectrum Utilization Fees Payable
M	C5 to C7	HK\$118 million	HK\$0	HK\$118 million
N	C8 to C10	HK\$120 million	HK\$0	HK\$120 million
O	C4	HK\$39 million	HK\$0	HK\$39 million
P	C3	HK\$40 million	HK\$0	HK\$40 million
Q	C1 to C2	HK\$80 million	HK\$0	HK\$80 million

ANNEX D

ANNEX D GLOSSARY OF TERMS

ANNEX D

GLOSSARY OF TERMS

For the purpose of this Memorandum, terms and expressions used therein are as defined in the Notice (Annex B of this Memorandum) and in this Annex, unless the context otherwise requires. In case of any discrepancy, the Notice prevails over this Annex.

3.5 GHz Band Auction	The auction in relation to the frequency blocks in the 3.5 GHz band (in the frequency range of 3.4 – 3.6 GHz) specified in the notice dated 19 July 2019 issued by the Authority;
4.9 GHz Band Auction	The auction in relation to the frequency blocks in the 4.9 GHz band (in the frequency range of 4.84 – 4.92 GHz) specified in the notice dated 19 July 2019 issued by the Authority;
Application	An application submitted by a Bidder to the Authority in writing in accordance with Part 2 of the Notice;
Application Dates	12 September 2019 and 13 September 2019;
Application Form	The form specified in Appendix 4 of the Notice;
Application Stage	The stage specified in Part 2 of the Notice;
Application Withdrawal Form	The form specified in Appendix 9 of the Notice;
Approval	Any shareholder approval which is required by law or any regulatory authority before a Licence is granted to a Bidder and which is not capable of being reasonably obtained prior to the date on which the Application by that Bidder is submitted in accordance with Part 2 of the Notice;

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Assignment Phase	The phase specified in Part 4B of the Notice;
Assignment Priority	The priority of assigning specific and contiguous Frequency Blocks to each Bidder at the Assignment Phase, as described in paragraph 4.20.2(a) of the Notice;
Auction	The procedure specified in the Notice;
Authorised Representative	The person authorised by a Bidder to submit a Bid in the Auction whose name and signature have been provided to the Authority in the Application submitted by the Bidder under Part 2 of the Notice or in a notification under paragraph 7.7.1 of the Notice;
Authority	The Communications Authority established under the Communications Authority Ordinance (Cap. 616, Laws of Hong Kong) on 1 April 2012, or if the context refers to any performance of a function or exercise of a power by the Authority's predecessor before that date, it means the former Telecommunications Authority;
Authority's Account	The designated account of the Authority in the name of "Office of the Communications Authority" at the Deposit Bank, namely the account 012-899-1-003883-3 at Bank of China or the account 004-048-203558-292 at HSBC;
Authority's Office	The Office of the Communications Authority, 29 th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong;
Authority's Website	Refers to either the website of the Communications Authority at https://www.coms-auth.hk or the website of the Office of the Communications Authority at https://www.ofca.gov.hk , as the case may be;

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Banking Ordinance	The Banking Ordinance (Cap. 155, Laws of Hong Kong);
Bid	The amount of Spectrum Utilization Fee, expressed in Hong Kong Dollars, a Bidder wishes to offer in relation to a Frequency Block or Frequency Blocks in the Auction, and/or the number of Frequency Blocks a Bidder wishes to acquire in the Auction;
Bidder	A body corporate which submits or has submitted an Application;
Bidder Compliance Certificate	The certificate specified in Appendix 5 of the Notice;
Bidder Notice	The notice published by the Authority in accordance with paragraph 3.1.1 of the Notice;
Bidding Stage	The stage specified in Part 4 of the Notice;
Bidding Stage Notice	The notice published by the Authority in accordance with paragraph 4.3.1 of the Notice;
Business Day	A full day other than a Saturday or a Sunday on which banks in Hong Kong are open for general business;
Competition Ordinance / CO	The Competition Ordinance (Cap. 619, Laws of Hong Kong);
Conditions	The General Conditions and Special Conditions to which the Licence is subject, substantially in the form set out in Appendix 1 of the Notice and as may be modified or amended as the Authority considers necessary;
Confidential Information	The information defined in paragraph 6.5.5 of the Notice;
Connected Bidder	A Bidder that has a Connection to another Bidder;

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Connected Bidder Statutory Declaration	The statutory declaration referred to in paragraph 3.1.2 or paragraph 4.22.2 of the Notice and in the form specified in Appendix 7 of the Notice;
Connected Provisional Successful Bidders	The Bidders defined in paragraph 4.22.3 of the Notice;
Connection	A company (Company A) is taken to have a Connection to another company (Company B) if - (a) Company A holds a material interest in Company B; (b) Company B holds a material interest in Company A; or (c) a person holds a material interest in both Company A and Company B;
Customer Complaint Settlement Scheme / CCSS	A mediation scheme set up by the telecommunications industry that aims to resolve billing disputes in deadlock between telecommunications service providers and their customers;
Deposit	A sum in cash or by a Letter of Credit from a Qualifying Bank;
Deposit Bank	Bank of China, Hong Kong Branch at Ground Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong ("Bank of China") or The Hongkong and Shanghai Banking Corporation Limited, Hopewell Centre Branch at Shop 2A, 2 nd Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong ("HSBC");
Domestic Roaming	The roaming of domestic subscribers between mobile networks in Hong Kong;
Eligibility Points / EPs	A number of points defined in paragraph 4.9 of the Notice;
Extension Period	A period as defined in paragraph 4.10.4 of the Notice;

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Extension Right	A right as construed in accordance with paragraph 4.10.1 of the Notice;
Fixed-Mobile Number Portability / FMNP	The capability of telecommunications networks enabling a customer to retain his / her assigned or allocated number(s) / access code(s) when changing the subscription from a fixed network operator to a mobile network operator, or vice versa;
Frequency Block	A frequency block specified in Appendix 2 of the Notice;
Frequency Block Acquisition Form	The form specified in Appendix 8 of the Notice;
Gazette	The print medium where Government decisions are announced;
Government	The Government of the Hong Kong Special Administrative Region of the People's Republic of China;
Grant Stage	The stage specified in Part 5 of the Notice;
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China;
Hong Kong Dollars / HK\$	The valid currency for the time being of Hong Kong;
Insider	Any person, in relation to a Bidder, to whom Confidential Information is disclosed directly or indirectly by a person - (a) who is an officer, employee, agent, adviser or associate of that Bidder; (b) who controls, or is controlled by, or is under common control with, that Bidder, or the officer,

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employee, agent, adviser or associate, partner or co-partner of that person; or

- (c) who is an Insider in relation to that Bidder;

Letter of Credit	A letter of credit in the form specified in Appendix 6 of the Notice for payment of the Deposit;
Licence	A unified carrier licence, incorporating the Conditions issued by the Authority under the TO for the establishment or maintenance of a telecommunications network for carrying communications to or from the public in Hong Kong and using a Frequency Block assigned by the Authority;
Licensee	A holder of a Licence;
Memorandum	This Information Memorandum and its annexes as supplemented, amended, updated or replaced from time to time by the Authority;
Minimum Fee	The minimum amount of Spectrum Utilization Fee specified by the Secretary and set out in Appendix 2 of the Notice;
Mobile Number Portability / MNP	The capability of mobile telecommunications networks enabling a customer to retain his / her assigned or allocated number(s) / access code(s) when changing the subscription from one mobile network operator to another mobile network operator;
Mobile Party's Network Pays	The charging arrangement under which the mobile network carrier pays the interconnection charge to the fixed network counterpart when an access customer of a mobile network receives a call from, or send a call to, a fixed network;
Notice	The terms and conditions of the Auction given in Annex B of this Memorandum;

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OFCA	The Office of the Communications Authority, the executive arm of the Authority established on 1 April 2012, or if the context refers to any performance of a function or exercise of a power by OFCA's predecessor before that date, it means the former Office of the Telecommunications Authority;
Open Network Access	The opening up of a certain percentage of the Licensee's network capacity for access by non-affiliated licensees;
Operator Number	The capability of fixed telecommunications networks
Portability / ONP / Fixed Number Portability	enabling a customer to retain his / her assigned or allocated number(s) / access code(s) when changing the subscription from one fixed network operator to another fixed network operator;
Order	Telecommunications (Designation of Frequency Bands subject to Payment of Spectrum Utilization Fee) Order (Cap. 106Y, Laws of Hong Kong);
Penalty	A sum which may be forfeited by the Authority under the terms and conditions of the Notice;
Performance Bond	A performance bond in the form determined by the Authority substantially <ul style="list-style-type: none">(a) in the form specified in Schedule A to Appendix 1 of the Notice for network and service rollout requirement, which is to be provided to the Authority in accordance with paragraph 5.2.1 of the Notice; or(b) in the form specified in Schedule B to Appendix 1 of the Notice for payment of Spectrum Utilization Fee by annual instalments, which is to be provided to the Authority in accordance with paragraph 5.2.3 of the Notice; as the case may be;

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Prevention of Bribery Ordinance	The Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong);
Provisional Successful Bidder	The Bidder determined as such in accordance with paragraph 3.6.2 or paragraph 4.20.4 of the Notice, as the case may be;
Provisional Successful Bidder Notice	The notice published by the Authority in accordance with paragraph 3.6.2 or paragraph 4.22.1 of the Notice, as the case may be;
Qualification Stage	The stage specified in Part 3 of the Notice;
Qualified Bidder	A Bidder determined as such in accordance with Part 3 of the Notice;
Qualified Bidder Notice	The notice published by the Authority in accordance with paragraph 3.4.1 of the Notice;
Qualifying Bank	An institution holding a full banking licence under the Banking Ordinance which long term issuer rating is, or is higher than - (a) one or more of the following - (i) Moody's A2; (ii) Standard & Poor's A; (iii) Fitch Ratings' A; or (b) a rating of a body other than a body listed in subparagraph (a) which, in the opinion of the Authority, is equivalent to one or more of the ratings in that subparagraph;
Quantity Phase	The phase specified in Part 4A of the Notice;
Quantity Phase – Part 1	A part of the Quantity Phase as defined in paragraph 4.6.2(a) of the Notice;
Quantity Phase – Part 2	A part of the Quantity Phase as defined in paragraph 4.6.2(b) of the Notice;

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Regulation	The Telecommunications (Method for Determining Spectrum Utilization Fee) (Spectrum for Auction) Regulation (Cap. 106AG, Laws of Hong Kong);
Revised Provisional Successful Bidder Notice	The notice published by the Authority in accordance with paragraph 4.23.9 of the Notice;
Round	In respect of - <ul style="list-style-type: none">(a) Quantity Phase – Part 1, a period of time specified by the Authority, plus the Extension Period if a Qualified Bidder is deemed to have exercised an Extension Right, during which that Qualified Bidder is entitled to submit a Valid Bid in accordance with the procedure set out in Part 4A of the Notice;(b) Quantity Phase – Part 2, a period of time specified by the Authority during which a Qualified Bidder is entitled to submit a Valid Bid in accordance with the procedure set out in Part 4A of the Notice; or(c) the Assignment Phase, a period of time specified by the Authority during which a Qualified Bidder is entitled to submit a Valid Bid in accordance with the procedure set out in Part 4B of the Notice;
Round Price	An amount of Spectrum Utilization Fee in Hong Kong Dollars specified by the Authority at which Qualified Bidders are invited to offer for a Frequency Block in a Round at Quantity Phase – Part 1;
Secretary	Secretary for Commerce and Economic Development;
Spectrum Cap	A total amount of 40 MHz, being the maximum amount of spectrum among the Frequency Blocks that may be assigned to a Bidder or a group of Connected Bidders;
Spectrum Release Plan /	A plan published by the Authority showing the potential

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SRP	supply of spectrum through an open, competitive bidding or tendering process in a rolling three-year period;
Spectrum Utilization Fees	The sum payable in respect of the use of Frequency Blocks as determined in accordance with the Notice;
Sub-Auction	The procedures specified in paragraphs 4.23.3 to 4.23.8 of the Notice;
Successful Bidder	The Bidder determined as such in accordance with paragraph 5.4.1 of the Notice;
Successful Bidder Notice	The notice published by the Authority in accordance with paragraph 5.4.1 of the Notice;
Telecommunications Ordinance / TO	The Telecommunications Ordinance (Cap. 106, Laws of Hong Kong);
Total Demand	At Quantity Phase – Part 1, the sum of the number of Frequency Blocks specified in each Valid Bid across all Valid Bids received in a Round;
Total Supply	The total number of Frequency Blocks specified in Appendix 2 of the Notice;
Trade Descriptions Ordinance / TDO	The Trade Descriptions Ordinance (Cap. 362, Laws of Hong Kong);
Unified Carrier Licence / UCL	A carrier licence issued on or after the commencement of the Telecommunications (Carrier Licences) (Amendment) Regulation 2008 and pursuant to that Regulation, but does not include a space station carrier licence; and
Valid Bid	A Bid as defined in paragraph 4.5 or paragraph 4.23.5 of the Notice, as the case may be.