

CLARIFICATION IN RESPONSE TO QUERIES RELATING TO THE AUCTION OF 1800 MHz SPECTRUM RIGHT

IMPORTANT NOTICE

Terms and expressions used in this document ("Clarification") are as defined in the Auction Rules relating to the Auction of 1800 MHz Spectrum Right released by IDA on 17 December 2008.

This Clarification sets out IDA's response to the queries submitted by the industry relating to the Auction. This Clarification is for informational purposes only and does not form any part of the Auction Rules or the Information Memorandum. Nothing in this Clarification shall be construed as imposing any binding legal obligation on IDA.

This Clarification is not intended to form any part of the basis of any investment decision or other evaluation of any decision to participate in the Auction and should not be considered as a recommendation by IDA or IDA's advisers to participate in the Auction. Each interested person must make its own independent assessment of the potential value of a 1800 MHz Spectrum Right after making such investigation as it may deem necessary.

While the information contained in this Clarification is believed to be accurate as at the time of posting on IDA's website, it has not been independently verified by IDA or its advisers. Neither IDA nor any of IDA's advisers nor any of their respective directors, partners, officers or employees make any representation or warranty (express or implied) nor has nor will have any responsibility or liability in relation to the accuracy or completeness of the information contained in this Clarification or any other written or oral information made available to any interested person or its advisers. Any responsibility or liability in respect of any such information or any inaccuracy in this Clarification or omission from this Clarification is expressly disclaimed.

Each recipient of this Clarification should consult its own professional advisers as to financial, legal, tax and other matters concerning any potential participation in the Auction or any grant of a 1800 MHz Spectrum Right.

1800 MHz Spectrum Right

Q1. Please clarify if there are any other conditions for the use of spectrum to provide LTE other than:

- 1) Amendment of existing Licences; and
- 2) Applicable FBO licence fees.

If so, please provide the details of such conditions as these would have implications on the “value” of the spectrum.

IDA’s Response: Other than technical related matters (e.g. transmission power limit, technical standards) and the above mentioned amendments, IDA does not foresee any additional conditions to be imposed specifically on the use of spectrum. For the avoidance of doubt, IDA may impose conditions on services provided by the licensee. For example, if a licensee provides voice services (whether over the spectrum or otherwise), IDA may at its discretion, impose additional conditions relating to such voice services.

Q2. Please confirm that paragraph 14.2 of Section A of the Information Memo only applies after the 8-year period when the Spectrum Right of the winning bidder ends. Specifically, if there is any new allocation exercise for the remaining 2 spectrum lots in the 1800 MHz frequency band, it should not affect the spectrum right granted to the winning bidder.

IDA’s Response: IDA’s discretion under Paragraph 14.2 of Section A of the Information Memorandum will only apply in respect to the allocation of spectrum beyond 31 March 2017.

Time Line

Q3. The milestones outlined by the IDA coincide with the festive seasons (Christmas, New Year and Chinese New Year). It would be challenging to meet milestones within the deadlines. We request to delay the proposed timeline by at least 1 month.

IDA’s Response: IDA has considered the feedback of interested bidders and will extend the deadline for the submission of the Application Form, Initial Offer and the Bank Guarantee for the Guaranteed Amount **by one week**. The new Application Date is 14 January 2009. The indicative date of the Auction will be moved **2 weeks back** to 4 February 2009. Please refer to Section C of the updated Information Memo released on 30 December 2008 for the revised indicative timelines of the Auction. The definition of Application Date has also been revised accordingly in the updated Auction Rules and the Appendix 3 Bank Guarantee released on 31 December 2008.

Pre-Auction

Q4. Is there any limit to the number of persons that can be named in the Disclosure List in the Application Form?

IDA's Response: There is no limit to the number of persons that can be named in the Disclosure List.

Q5. IDA requires the applicant to specify the specific spectrum for which it intends to submit an Initial Offer at the Reserve Price as opposed to indicating the lot of interest only at the time of auction. Given that with the submission of an Initial Offer document, the bidder has already submitted its commitment to participate in the auction, would IDA consider allowing bidders to indicate the specific Spectrum Lot at time of auction to provide them with more time to assess which is the most suitable for its own uses? Alternatively, can the Bidder change its "Specified Lot" after the submission of its valid "Initial Offer"? If so, how and when this can be done?

IDA's Response: Bidders should carefully consider which specific Spectrum Lot they wish to obtain, and indicate it accordingly in their Initial Offers. During the Auction, Bidders will not need to specify the Spectrum Lot that they are bidding for. By default, the Winning Bidder will be provisionally awarded the 1800 MHz Spectrum Right in respect of its Specified Lot. Nonetheless, a Bidder which has been issued a Provisional Award Notice in accordance with Section 2.7.2 or Section 12.4 may apply to the IDA in writing to change its Specified Lot within 2 business days from the date of the Provisional Award Notice. The Bidder must provide a reason for requesting for the change, and the new Specified Lot must be one of the 3 Available Spectrum Lots.

Q6. Will Bidders be notified of the identity of all the Bidders and the corresponding choice of spectrum lots submitted in Initial Offers?

IDA's Response: Refer to Section 2.2.7 of the Auction Rules. IDA will inform registered Bidders of the identities of all other registered Bidders entitled to participate in the Auction. IDA does not intend to disclose Bidders' Specified Lots, but reserves the right to do so, at IDA's discretion.

Q7. Please clarify how IDA arrived at the Guaranteed Amount of S\$500,000.

IDA's Response: The Guaranteed Amount is set as such to cover the Reserve Price of \$300,000, the Application and Processing Fee and the Annual Charge for the first year, as well as to cater for increases in the price of the spectrum if the Auction proceeds.

Q8. Under Section 2.4.1(b) of the Auction Rules, applicants are to submit documentary evidence of the appointment of each Authorized Representatives as a person having authority to act alone on behalf of, and bind, the Bidder in the Auction. Please confirm that either a letter from the CEO or a representative of the Applicant, confirming the appointment of the Authorised Representatives, will suffice?

IDA's Response: Yes, a letter from either the CEO or a senior management representative of the Applicant confirming the appointment of the Authorised Representatives would suffice.

Q9. The IDA requires that any change in Authorised Representatives can be submitted anytime up to the Information Session. For the purpose of facilitating the bidders, we request that the IDA permit changes (where necessary) to be submitted up till the day before the commencement of the Auction.

IDA's Response: All Authorised Representatives have to attend the Information Session and complete a Training Session in order to be qualified to take part in the Auction. This is to ensure that Authorised Representatives are familiar with the Auction Process, to facilitate the smooth running of the Auction. Hence, any change in Authorised Representatives must be submitted before the Information Session.

Q10. The IDA limits the number of Authorised Representatives to no more than three (3) at any one time. Given that staff members may not always be available or may need to travel, we request that the IDA allows the bidder to submit names of up to 8 Authorised Representatives with its Application Form.

IDA's Response: IDA has considered the feedback of interested bidders and will allow Bidders to nominate up to five (5) Authorised Representatives. IDA limits the number of Authorised Representatives to ensure the smooth running and security of the Auction. The Bidders should ensure that their Authorised Representatives are available to participate in the Auction. In addition, given that the Auction will be conducted using an online Auction Software System, Authorised Representatives will be able to log in and participate in the Auction even if they are overseas. With the increase in the maximum number of Authorised Representatives that Bidders can nominate, IDA will also permit up to eight (8) representatives from each Bidder (including the Authorised Representatives of each Bidder) to attend the Information Session. The changes are reflected in the updated Auction Rules and the Appendix 2 Initial Offer Document released on 31 December 2008.

Auction

Q11. What information will be provided to the Bidders for each Round of the auction? Will Bidders know the number or identities of the Bidders who are logged into the Auction Software System during the Auction?

IDA's Response: Please note that the Auction is a single ascending auction. Unlike some of the previous spectrum auctions conducted by IDA, there are no "rounds". Instead, bidders will be allowed to outbid each other anytime before the Auction closes. The Auction will automatically close if there is no Valid Bid submitted within 10 minutes of the Prevailing Bid, unless the Auction is suspended or abandoned within that time.

The Auction Software System will display the Going Price, but will not display the identity of the Bidder which submitted the Prevailing Bid. However, the Auction Software System will inform the bidder that submitted the Prevailing Bid that it holds the lead.

Bidders will not be informed of the number and identities of the Bidders that are currently logged into the Auction Software System.

Q12. Are there any requirements in order for a Bidder to remain active in the auction?

IDA's Response: There are no "activity rules". Once the Auction has commenced, Bidders may submit their bids anytime before the Auction closes.

Q13. How can a Bidder exit an auction once the auction process has started?

IDA's Response: A Bidder can refrain from bidding at any point during the Auction. However, its Initial Offer and any Valid Bid submitted will remain legally binding until IDA issues a Provisional Award Notice of the 1800 MHz Spectrum Right in respect of any of the Available Spectrum Lots.

Q14. Can the Recess be extended to at least the next Business Day to allow Bidders sufficient time to seek senior management's approval for any revised budget for spectrum acquisition?

IDA's Response: Bidders are advised seek the necessary budget approval prior the start of the Auction. Nonetheless, in view of the feedback, IDA will extend the duration of the Recess from 30 minutes to 60 minutes. The change is reflected in the updated Auction Rules.

Q15. In the event of an extended auction period, will there be a break for lunch? If the auction is not closed by 5pm, will it be suspended, and resumed the next day?

IDA's Response: In the event that the auction does not close by 6pm on the Auction Start Date, IDA will suspend the auction, and inform Bidders of the date and time at which the Auction will continue. There will not be a lunch break.

Q16. In the scenario of a random draw under Section 10.2c of the Auction Rules, can a Bidder withdraw its bid (since it is not the stated auction bidding procedure as per section 6)?

IDA's Response: Section 10.2c of the Auction Rules can only be applied if the Auction closes with no bids submitted. Therefore, there are no bids for Bidders to withdraw. Nonetheless, the Initial Offers submitted by Bidders will remain legally binding.

Q17. Please clarify the specific scenarios or situations under which IDA would restart an auction. How does IDA assure Bidders that its decision to re-start an auction would be impartial, non-discriminatory; and based on fundamentally sound and objective factors?

IDA's Response: IDA will restart the auction in the following circumstances:

- 1) If IDA considers it necessary to abandon the Auction due to any circumstance during the Auction; or
- 2) Within 24 hours of the close of the Auction where an error which has material impact has occurred.

IDA will provide an explanation to Bidders for the restart of the Auction.

Q18. How does IDA ensure that there is no “gaming” under the excuse of “technical issue of on-line Bidding”? What are the procedural safeguards or processes in place to prevent this?

IDA's Response: The Auction Software System will allow two Authorised Representatives to log into the system concurrently. IDA requires that at least one Authorised Representative from each Bidder be present at and log in from IDA's Auction Centre. Hence, if a Bidder encounters technical difficulties from its own premises, its Authorised Representative at the Auction Centre can continue to bid on its behalf. Each Bidder is also allowed to request for a 60 minute Recess, which can be used to resolve technical difficulties. However, in the event of a technical difficulty which affects the Auction Manager or more than one Bidder, IDA reserves the right to suspend the Auction.

Others

Q19. Can the Winning Bidder in the current auction participate in future allocations of the remaining two lots of 1800 MHz spectrum?

If so, how can the following be prevented or safeguarded:

- 1) Bidding of another lot by the Winning Bidder to deprive competitor from acquiring a contiguous spectrum lot for growth or expansion.
- 2) Gaming by Winning Bidder to intentionally increase the spectrum acquisition cost for a contiguous lot by competitor.

IDA's Response: At this point, IDA does not foresee that it would be able to release any more 1800 MHz spectrum for PCMTS on long term assignments in the near future. Nonetheless, should there be further industry demand for 1800 MHz spectrum for PCMTS on long term assignments after this allocation exercise, IDA will duly consider the requests. IDA would seek industry feedback on any proposal to issue more long term spectrum rights in the 1800 MHz band before making its final decision on the issue.