

SmarTone-Vodafone successfully bids for additional 1800 MHz spectrum

Implementation of 4G LTE on 1800 MHz becoming easier and more cost effective

(Hong Kong, 10 June 2009) SmarTone-Vodafone announces that it is one of the provisional successful bidders for the auction of radio spectrum in the 1800 MHz band. Together with the existing 1800 MHz spectrum, the additional spectrum enables SmarTone-Vodafone to implement 4G LTE (Long Term Evolution) on 1800 MHz in a more effective and efficient way.

SmarTone-Vodafone successfully bid for two frequency bands, each with a bandwidth of 0.8 MHz x 2. The Spectrum Utilisation Fee consists of an upfront fee of HK\$14.54 million determined by the auction and annual fee of HK\$464,000 for the period from 30 September 2009 to 29 September 2011 and HK\$4.64 million or 5% of the network turnover in the year concerned (whichever is the higher) for the period from 30 September 2011 to 29 September 2021.

With the additional 1800 MHz spectrum, SmarTone-Vodafone's implementation and migration to 4G LTE can be made easier and smoother. This will also generate substantial savings in CAPEX budgeted to be incurred in the migration process as there is now no need to migrate customers' traffic from 1800 MHz to 900 MHz spectrum. Further savings in spectrum utilisation fee can be achieved by returning an equivalent amount of 900 MHz spectrum in the future.

"The investment in new spectrum further demonstrates our long term commitment to 4G LTE on 1800 MHz," said Mr. Douglas Li, CEO of SmarTone-Vodafone. "Our implementation of 4G LTE on 1800 MHz instead of 2500/2600 MHz offers the benefit of better radio in-building coverage, an important advantage in the Hong Kong cityscape. It also provides the best values for our shareholders and customers."

In January 2009, SmarTone-Vodafone ceased to continue with the BWA spectrum auction at HK\$453 million as that had exceeded the cost difference between implementing 4G LTE on 2500/2600 MHz spectrum and implementing 4G LTE on 1800 MHz spectrum.

SmarTone-Vodafone has announced a few months ago its world's first MIMO pilot implementation project for maximising performance and bandwidth as part of its upgrade path to even higher speed and greater capacity with both HSPA+ and 4G LTE. HSPA+ provides a speed of up to 80 Mbps while 4G LTE will further increase the speed to 160 Mbps.

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