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**Hutchison Telecom**  
Hong Kong Holdings

## **Hutchison Telecommunications Hong Kong Holdings Limited**

**和記電訊香港控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 215)**

### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that HTCL, a wholly-owned subsidiary of the Company, was successful in its bids for acquiring the Assigned Frequency Band A and the Assigned Frequency Band C (together as the Assigned Spectrum) and has been announced by the Communications Authority as the respective provisional successful bidder for the Assigned Frequency Band A and the Assigned Frequency Band C on 14 October 2019 and 6 November 2019, which in turn will become the successful bidder upon HTCL's compliance with various grant stage procedures.

Acquisitions of the Assigned Spectrum allows HTCL to provide mobile telecommunications services in Hong Kong for a period of 15-year term. The aggregate SUF and the estimated aggregate annual licence fee in respect of the Assigned Spectrum, and the pro rata share of contribution to the Fund in respect of the Assigned Frequency Band A, payable by HTCL to the Communications Authority are approximately HK\$401.53 million, HK\$63.04 million and HK\$6.4 million respectively.

As one or more of the relevant percentage ratios in connection with the Transactions in aggregate is or are more than 5% but all are less than 25%, the Transactions on an aggregate basis constitute a discloseable transaction for the Company and is subject to the Company's compliance with the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board is pleased to announce that HTCL, a wholly-owned subsidiary of the Company, was successful in its bids for acquiring the Assigned Frequency Band A and the Assigned Frequency Band C (together as the Assigned Spectrum) on 14 October 2019 and 6 November 2019 respectively amongst the total 380 MHz of radio spectrum (divided into Frequency Band A, Frequency Band B and Frequency Band C and different frequency blocks) which were recently made available by the Communications Authority for auctions.

Acquisitions of the Assigned Spectrum allow the holder to provide mobile telecommunications services in Hong Kong for a period of 15-year term.

The aggregate SUF and the estimated aggregate annual licence fee in respect of the Assigned Spectrum, and the pro rata share of contribution to the Fund in respect of the Assigned Frequency Band A, payable by HTCL to the Communications Authority are approximately HK\$401.53 million, HK\$63.04 million and HK\$6.4 million respectively.

The Communications Authority issued notices on 14 October 2019 and 6 November 2019 announcing HTCL as the respective provisional successful bidder for the Assigned Frequency Band A and the Assigned Frequency Band C, which in turn will become the successful bidder upon HTCL's compliance with various grant stage procedures.

## **CONDITIONS FOR THE GRANT OF THE ASSIGNED SPECTRUM**

### **Consideration**

The aggregate SUF for the Assigned Spectrum as determined at the Auctions is approximately HK\$401.53 million. HTCL may choose to pay the SUF in full as a lump sum upfront payment (by 14 January 2020 for Assigned Frequency Band A and within 25 business days after publication of the relevant provisional successful bidder notice for Assigned Frequency Band C) or annually in 15 instalments with the first instalment equivalent to the lump sum amount divided by 15 and each subsequent instalment amount equal to the SUF payable in the immediately preceding instalment increased by 2.5%. The SUF is currently intended to be satisfied by internal resources of the Group.

If HTCL chooses to pay the SUF by annual instalments, it is required to maintain at all times throughout the whole assignment period a rolling performance bond to guarantee payment of the SUF payable in the ensuing five years, or the SUF payable for the remaining duration of the assignment term if it is less than five years.

An annual licence fee, which is to be calculated by the Communications Authority based on, among others, the quantity of customer connections, the number of subscribers, base stations and frequencies assigned, will be payable by HTCL with respect to the Assigned Spectrum during the 15-year licence period.

The estimated aggregate licence fee for the 15-year assignment of the Assigned Spectrum in the sum of approximately HK\$63.04 million is to be satisfied by internal resources of the Group.

### **Subsidy Scheme**

As a condition to the grant of Assigned Frequency Band A, HTCL is required to contribute a sum of HK\$6.4 million towards the Fund for the Subsidy Scheme to support the upgrade of existing Satellite Master Antenna Television (SMATV) systems. Such sum will be paid in cash by HTCL before 25 November 2019.

### **Performance Bonds**

As a condition to the grant of the Assigned Spectrum, HTCL is required to provide to the Communications Authority two performance bonds issued by a qualifying bank in the aggregate sum of HK\$130 million to ensure the compliance with the network and service rollout requirement with respect to the Assigned Spectrum to achieve, within five years from the issue of the licence, minimum network and service coverage to an area where at least 45% of the population of Hong Kong live from time to time for the Assigned Frequency Band A and at least 400 indoor base stations to be established, put in use and maintained for the provision of services for the Assigned Frequency Band C. The Performance Bond is required to be provided by 14 January 2020 for the Assigned Frequency Band A and within 25 business days after publication of the relevant provisional successful bidder notice for the Assigned Frequency Band C.

## **REASONS FOR, AND THE BENEFITS OF, THE ACQUISITION OF THE ASSIGNED SPECTRUM**

As a provider of mobile telecommunications services in Hong Kong, HTCL offers an array of advanced mobile devices and a rich portfolio of data services and applications. In order to embrace the new era of 5G mobile communications in Hong Kong, HTCL strives to maximise the value and usage of radio spectrum, which by its nature is a limited and scarce resource. The Board is of the view that the Assigned Spectrum will form an indispensable part of the mobile telecommunications business of HTCL for meeting customers' communications needs.

The Assigned Spectrum is a prerequisite for HTCL to deploy 5G technology, develop high-quality 5G network service and stay competitive as the telecommunications industry progresses towards the new 5G era. Long-term development of 5G technology requires different spectrum bands to complement each other and harnessing the beneficial attributes of each spectrum band will assist HTCL to meet the various demands for 5G applications – all in the best interests of company development and provision of a seamless 5G experience for both consumers and corporate enterprises.

The Board considers the terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **GENERAL**

The Group is a provider of mobile telecommunications services in Hong Kong and Macau.

The Communications Authority is an independent statutory body established under the CAO on 1 April 2012 to act as the regulator of the broadcasting and telecommunications industries in Hong Kong in accordance with the Broadcasting Ordinance (Chapter 562 of the Laws of Hong Kong), the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong), the CAO, the Unsolicited Electronic Messages Ordinance (Chapter 593 of the Laws of Hong Kong), and the Broadcasting (Miscellaneous Provisions) Ordinance (Chapter 391 of the Laws of Hong Kong). To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Communications Authority is a third party independent of the Company and its connected persons.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant percentage ratios in connection with the Transactions in aggregate is or are more than 5% but all are less than 25%, the Transactions on an aggregate basis constitute a discloseable transaction for the Company and is subject to the Company's compliance with the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Assigned Frequency Band A”	the radio frequency band specified in the frequency blocks of 3560 – 3570 MHz, 3570 – 3580 MHz, 3580 – 3590 MHz and 3590 – 3600 MHz, 40 MHz in total;
“Assigned Frequency Band C”	the radio frequency band specified in the frequency blocks of 3300 – 3310 MHz, 3310 – 3320 MHz and 3320 – 3330 MHz, 30 MHz in total;

“Assigned Spectrum”	the Assigned Frequency Band A and the Assigned Frequency Band C;
“Auctions”	the auctions of the Assigned Spectrum in which HTCL has participated for bidding;
“Board”	the board of Directors;
“CAO”	the Communications Authority Ordinance (Chapter 616 of the Laws of Hong Kong);
“Communications Authority”	Communications Authority of Hong Kong;
“Company”	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 215);
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules;
“Directors”	directors of the Company;
“Frequency Band A”	the radio frequency band specified in the frequency range of 3400 – 3600 MHz, with 200 MHz of spectrum in total;
“Frequency Band B”	the radio frequency band specified in the frequency range of 4840 – 4920 MHz, with 80 MHz of spectrum in total;
“Frequency Band C”	the radio frequency band specified in the frequency range of 3300 – 3400 MHz, with 100 MHz of spectrum in total;
“Fund”	the fund for the Subsidy Scheme, with contribution from all the provisional successful bidders (including HTCL) for Frequency Band A and the amount of contribution of each provisional successful bidder (including HTCL) to the Fund will be proportionate to the quantity of spectrum it acquired in the auction for Frequency Band A;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HTCL”	Hutchison Telephone Company Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“MHz”	megahertz or million hertz;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiary”	has the meaning ascribed to such term in Listing Rules;
“Subsidy Scheme”	the subsidy scheme to support the upgrade of existing Satellite Master Antenna Television (SMATV) systems;
“SUF”	spectrum utilisation fee;
“Transactions”	the acquisitions of the Assigned Spectrum; and
“%”	per cent.

By Order of the Board

**Edith SHIH**

*Non-executive Director and Company Secretary*

Hong Kong, 6 November 2019

As at the date of this announcement, the Directors are:

**Chairman and Non-executive Director:**

Mr FOK Kin Ning, Canning

**Co-Deputy Chairmen and**

**Non-executive Directors:**

Mr LUI Dennis Pok Man

Mr WOO Chiu Man, Cliff

**Executive Director:**

Mr KOO Sing Fai

**Non-executive Directors:**

Mr LAI Kai Ming, Dominic

*(also Alternate to Mr FOK Kin Ning, Canning and Ms Edith SHIH)*

Ms Edith SHIH

Mr MA Lai Chee, Gerald

*(Alternate to Mr LAI Kai Ming, Dominic)*

**Independent Non-executive Directors:**

Mr CHEONG Ying Chew, Henry

*(also Alternate to*

*Dr WONG Yick Ming, Rosanna)*

Dr LAN Hong Tsung, David

Dr WONG Yick Ming, Rosanna