



Suruhanjaya Komunikasi dan Multimedia Malaysia
Malaysian Communications and Multimedia Commission

Marketing Plan No. 1 of 2005

Issued pursuant to Regulation 6 of the Communications and Multimedia
(Spectrum) Regulations 2000

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PREFACE

On Feb 5, 2002, the Minister of Energy, Communications and Multimedia determined via Ministerial Determination on Spectrum Reallocation, Ministerial Determination No. 1 of 2002 (“Ministerial Determination No. 1 of 2002”) the following frequency bands to be reallocated for spectrum assignment.

- a. 1920 MHz to 1965MHz ;
- b. 2110 MHz to 2155MHz; and
- c. 2010 MHz to 2025MHz

Subsequent to the Ministerial Determination No. 1 of 2002, the MCMC issued Marketing Plan No. 1 of 2002 and Applicant Information Package No. 1 of 2002 to effect the assignment of spectrum determined by the Minister by way of tender.

As a result of the process set out in Applicant Information Package No. 1 of 2002, the following spectrum were assigned on 1 April 2003 :

- a. 1950-1965MHz; 2140-2155MHz, and 2020-2025MHz (Referred to as Spectrum Assignment No. SA/01/2003)
- b. 1935-1950MHz; 2125-2140MHz; and 2015-2020MHz (Referred to as Spectrum Assignment No. SA/02/2003)

Based on the above assignments, the following remaining blocks are still available for assignment (hereinafter to be referred to as the “remaining blocks”):

- a. 1920-1935MHz;
- b. 2110-2125MHz, and
- c. 2010-2015MHz

As the services for the assigned spectrum have commenced by the respective operators, and the market is conducive and receptive to such services, the MCMC is now reconsidering the release of the remaining blocks to be marketed together with the available blocks.

Toward this effect, the Minister of Energy, Water and Communications has issued Ministerial Determination No. 1 of 2005 on 18 July 2005, which reallocated the following frequency bands for spectrum assignment (hereinafter to be referred to as the “new blocks”):

- a. 1965MHz -1980MHz;
- b. 2155MHz – 2170MHz; and
- c. 1915MHz – 1920MHz

Pursuant to Regulation 6 of the Communications and Multimedia (Spectrum) Regulations 2000, the Malaysian Communications and Multimedia Commission has prepared this Marketing Plan to assign the remaining blocks and the new blocks. Under Regulation 6(2) of the Communications and Multimedia (Spectrum)

Regulations 2000, the Marketing Plan is required to be made available to the public for comments.

The Commission now invites members of the public to provide feedback on this Marketing Plan. Submissions in writing or in electronic form should be received in full by the Commission by **12 noon, 5 August 2005**.

Submissions in hard copy should be addressed to:

*The Malaysian Communications and Multimedia Commission
Cyberjaya
63000 SELANGOR*

*Attention : IMT-2000 Task Force (Round 2)
Facsimile : +60 3 8688 1007*

Submissions in electronic form may be sent to:

Email : imt2000_round_2@cmc.gov.my

The Commission may consider the comments received before issuing the Application Information Package. Comments should be substantiated with facts, where appropriate. Commercially sensitive material should be provided under separate cover and clearly marked "**CONFIDENTIAL**", and will not be made publicly available. The Commission reserves the right to make extracts or entire submissions available to the public.

This Marketing Plan is issued by the Malaysian Communications and Multimedia Commission (the “*Commission*”) pursuant to Regulation 6 of the Communications and Multimedia (Spectrum) Regulations 2000 (the “*Spectrum Regulations*”), and shall be referred to as **Marketing Plan No. 1 of 2005** (the “*Marketing Plan*”).

SECTION ONE: METHOD, PROCEDURES AND TIMETABLE

METHOD

- 1 The frequency bands identified under the Ministerial Determination on Spectrum Reallocation, Determination No. 1 of 2005, shall be assigned **by way of tender**.

PROCEDURES

Eligible Person

- 2 A company incorporated under the Companies Act 1965 and as at the date of issuance of this Marketing Plan is in possession of valid :

- 2.1 Network Facilities Provider Individual (NFP(I)) licence, including radio transmitters and links, and

- 2.2 Network Service Provider Individual (NSP(I)) licence

shall be considered an Eligible Person. Companies which are related to or linked with the successful tenderers in the Applicant Information Package No.1 of 2002 are **discouraged** from applying.

Invitation

- 3 The Commission shall issue an Invitation inviting Eligible Persons to submit applications for the spectrum assignment. The Invitation will be published in two (2) National Language and two (2) English Language national daily newspapers for three (3) consecutive days. The Invitation will also be made available on the Commission website at ***www.mcmc.gov.my***.

TIMETABLE FOR THE SPECTRUM ASSIGNMENT

- 4 Applications for the Spectrum Assignments shall reach the Commission not later than 12 noon, 11 November 2005.
- 5 The Application Process Time Table will be as follows:

No.	Process	Date
1.	Publication of Invitation.	22 August 2005
2.	Applicant Information Package is available for purchase and/or download.	22 August 2005
3.	Close of Submission of Application.	12 noon, 11 November 2005
4.	Commission to announce result of applications.	February 2006

SECTION TWO: PRE-CONDITION

6 Applicants for the spectrum assignments shall be companies incorporated under the Companies Act 1965 and at the date of release of this Marketing Plan be in possession of valid NFP(I) licence including radio transmitters and links and NSP(I) licence. Companies which are related to or linked with the successful tenderers in the Applicant Information Package No.1 of 2002 are discouraged from applying.

SECTION THREE: TENDER EVALUATION CRITERIA

7 The Commission will evaluate the applications based on Applicant's proposed Business Plan. The Business Plan shall, in general, outline Applicant's proposals for utilizing the spectrum to be assigned throughout the period of spectrum assignment. Most importantly, the Business Plan shall demonstrate the Applicants' capability and capacity to fulfill specific requirements set by the Commission. The Business Plan shall be structured to reflect the following:

PART ONE: SERVICE ROLLOUT AND COVERAGE

7.1 The Applicant shall provide a rollout plan of the facilities required for service provision. The Applicant will be evaluated based on the following key parameters :

- (a) Coverage, which shall indicate number of transmitters, number of base station sites and their geographic distribution according to State and time frame for roll out, and whether the location is rural or urban¹;
- (b) Service launch timeline, which may include a pilot service by the end of 2007, and commercial service introduced in the quickest period thereafter in no less than five (5) distinct geographic locations;
- (c) Network plan, which exploits the use of existing GSM900 and GSM1800 network facilities to complement the new network facilities.

PART TWO: INFRASTRUCTURE SHARING

7.2 The Applicant shall demonstrate its capacity and capability to provide its commitment in infrastructure sharing. The key parameters are:

- (a) Sharing or allowing access to the use of airtime and network facilities with other licensees. Details shall include:
 - (i) sharing of physical facilities (i.e. in percentage in relation to number of sites and level of sharing i.e. tower, floor space, antenna at each site); and
 - (ii) network capacity and capabilities (i.e. traffic volume and access conditions to third parties).
- (b) Maximizing the use of existing network facilities including existing network capacity and capabilities, existing base stations sites, backbones, radio links, etc. in enhancing sharing and reducing duplication of network facilities.

7.3 The Applicant shall indicate prices chargeable for 7.2(a) above.

PART THREE: ROAMING

7.4 The Applicant shall demonstrate its commitment and capability to provide domestic roaming. A roaming plan shall be provided to indicate the

¹ Note: Urban Area is "Gazetted areas with their adjoining built-up areas which had a combined population of 10,000 or more at the time of the 2000 population census" as defined on page xxii of the Population and Housing Census of Malaysia 2000 issued by the Department of Statistics Malaysia.

timelines and the expected roaming capability that would be made available.

- 7.5 The roaming plan shall include explanation from the technical (including modification and upgrade) and commercial (charging) aspects; how roaming will be handled as well as the enhancements to service coverage, mobility, quality of service, and capacity and capability of the network.
- 7.6 The key parameters are:
- (a) Roaming between 2G (GSM900 & GSM1800), 2.5G and 3G networks;
and
 - (b) Roaming between 3G networks.

PART FOUR: FINANCIAL CONSIDERATIONS

- 7.7 The Applicant shall provide a financial plan that elaborates the Applicant's financial standing and projections. The information required shall be as follows :
- (a) Applicant's Audited Financial Statements for the past three (3) years², which shall include detailed and summary Profit and Loss Statements, Balance Sheet and Cashflow Statement.
 - (i) The above Audited Financial Statements shall be accompanied by financial evaluations elaborating, among others the company's working capital position, debt ratios, profitability, weighted average cost of capital, etc.
 - (b) Applicant's funding proposal for the project, which shall include information on proposed method of financing (for example, revolving loan, equity financing, vendor financing, etc) for the different requirements of the project.
 - (i) The above funding proposal shall indicate material terms attached to the financing, such as mark-up rate, coupon rate etc.

² In the event that the company has a track record of less than three (3) years, all of the shareholders in the company shall submit their individual Financial Statements.

- (c) Applicant's financial projections, which shall include assumptions to the projections for the period of spectrum assignment. The financial projections shall provide information on the viability and profitability of the project, sensitivity analyses, etc.
 - (i) Among indicators that could be used in the financial projections are Net Present Value, Returns on Investment, payback period, earnings before/after tax and profitability margins, operational efficiency (operational expenditure against revenue).
 - (ii) Revenue projections shall be based on wholesale rates, which includes, among others, volume discounts.

7.8 The evaluation will be based on the following key parameters :

- (a) Good track record such as improved profitability, healthy debt position, strong liquidity;
- (b) Sufficient capital to fund the project roll out; and
- (c) Viability of the project based on wholesale operations.

PART FIVE: INDUSTRY DEVELOPMENT

7.9 The Applicant shall indicate how it plans to contribute towards development in the communications and multimedia industry, in relation to IMT-2000 technologies, applications and content applications services. The key parameters in evaluating this criteria are as follows:

- (a) Promotion of Research and Development activities;
- (b) Promotion of applications and content services development and commitment in the development of new and innovative business models (for example, wholesale and retail markets);
- (c) Promotion of Small and Medium Industries (SMIs), through strategic partnerships with local SMIs to manufacture or develop equipment, terminals or applications;
- (d) Promotion of human resource development, such as job creation, training programs, knowledge development;

7.10 The Applicant shall indicate its commitment for the above parameters by specifying the timeframe, desired outcomes and specific targets in fulfilling the parameters.

PART SIX: MANAGEMENT AND TECHNICAL EXPERIENCE

7.11 The Applicant shall demonstrate that its key management and technical personnel have the necessary experience in the communications and multimedia industry in the last five years particularly in mobile communications. The key parameters in evaluating this criteria will be based on, but not limited to:

- (a) Business and financial management;
- (b) Technical management;
- (c) Spectrum management; and
- (d) Management of wholesale channels and multi-service applications service providers.

7.12 In fulfilling this requirement, the Applicant shall submit its management and technical teams' curriculum vitae outlining their experience and level of involvement in the above parameters for the last five years.

SECTION FOUR: BASIS OF EVALUATION AND ASSIGNMENT

EVALUATION

Weightage

8 The Commission shall base its selection of suitable applicants in reference to the business plan submitted and weightage attributed to each of the Evaluation Criteria as follows:

No.	Basis	Weightage (%)
1.	Service Roll out and Coverage	35
2.	Infrastructure Sharing	20
3.	Roaming	12.5
4.	Financial Considerations	12.5
5.	Industry Development	10

6.	Management and technical experience	10
	TOTAL	100

SELECTION

- 9 The Commission, upon evaluation, may, select either one (1) or two (2) best applicants it considers having satisfied the Evaluation Criteria. The applicants shall have scored at least 60% of the total 100% of the Evaluation Criteria weightage points and must score at least 60% of the available marks in section 4 on Financial Considerations. Notwithstanding an overall score of 60% or more, failure to score 60% in the Financial Consideration section would constitute an overall failure.
- 10 The best applicant(s) will be announced as successful Applicant(s) for spectrum assignment.
- 11 In the event that the Commission receives only two (2) applications, **OR** less **OR** finds less than two (2) Applicants meeting the minimum score of 60%, the Commission reserves the right to issue only one (1) spectrum assignment or none at all. In the event none are successful, the Commission reserves the right to retender the spectrum at a time to be decided by the Commission.
- 12 Successful Applicants are subsequently required to submit to the Commission a Detailed Business Plan within six (6) months from the date of announcement of the award of assignment. Applicants are reminded that since the selection of the successful Applicants are based on the initial business plan, there should not be any material deviation from such business plan in the Detailed Business Plan to be submitted. The Commission reserves the right not to issue an assignment if, in its opinion, that the Detailed Business Plan has materially departed from the original Business Plan submitted on the Date of Application.

SECTION FIVE: ASSIGNMENT FEE

- 13 The price component for the assignment of each combination set of the spectrum set out in paragraph 20 herein, shall be RM55,000,000 (Ringgit Malaysia Fifty Five Million).

14 On the date of application, Applicants shall each submit to the Commission an Irrevocable Bank Guarantee, payable on demand for the amount of RM2,000,000 (Ringgit Malaysia Two Million), which shall be valid for one (1) year from the date of application, being the deposit for spectrum assignment. This deposit is refundable in the event the application is not successful.

15 Upon the issuance of assignment, the price component shall be payable as follows:

(a) RM10,000,000 (Ringgit Malaysia Ten Million), being the first payment of the price component for the assignment of the spectrum payable upon award of spectrum assignment; and

(b) The remaining RM45,000,000 (Ringgit Malaysia Forty Five Million) shall be paid on equal instalments of RM11,250,000 (Ringgit Malaysia Eleven Million Two Hundred and Fifty Thousand) per year for four (4) years. The first payment of the instalment shall commence on the first anniversary of the spectrum assignment.

(c) Alternatively, the assignment holder can pay a lump sum of RM50,000,000 (Ringgit Malaysia Fifty Million) being payment for the price component immediately prior to the issuance of assignment of spectrum.

16 In addition to the fees stated above, the assignment holder shall pay an annual fee component to contribute to the maintenance of the spectrum as more particularly set out in the Communications and Multimedia (Spectrum) Regulations 2000 ("*Spectrum Regulations*"). An example of how this fee shall be calculated is as follows:

EXAMPLE

a. FDD portion = RM840.00 x 2 x number of transmitters

b. TDD portion = RM840.00 x 1 x number of transmitters

Note : 1. FDD portion in (a) above is multiplied by 2 since it is a paired spectrum where transmitter and receiver are required
2. TDD portion in (b) above is multiplied by 1 as it only utilizes one part of spectrum.

Example: If the network requires 4,000 transmitters for FDD, and another 4,000 for TDD, the maintenance fee would be:

$$[\text{RM}840 \times 2 \times 4,000] + [\text{RM}840 \times 1 \times 4,000] = [\text{RM}6.72 \text{ million}] + [\text{RM}3.36 \text{ million}] \\ = \text{RM}10.0 \text{ million.}$$

The above calculations are for illustration purposes only. The exact amount shall be determined by the Commission when it issues the actual invoice. The Commission audits the number of transmitters every year.

- 17 The Commission shall issue an invoice two (2) months prior to the anniversary of the spectrum assignment and payment is due within thirty (30) days thereafter.

SECTION SIX: SPECTRUM TO BE ASSIGNED

18 The spectrum to be assigned shall consist of four (4) blocks as follows:

Frequency Band	Block	Sub-block
1920 MHz to 1935 MHz paired with 2110 MHz to 2125 MHz	A	Divided into 3 paired sub-blocks of 5MHz each
1965 MHz to 1980 MHz paired with 2155 MHz to 2170 MHz	D	Divided into 3 paired sub-blocks of 5MHz each
1915MHz to 1920MHz	E	1 sub-block of 5MHz
2010MHz to 2015MHz	F	1 sub-block of 5MHz

19 The above frequency bands shall be allocated on a nationwide basis.

20 The above frequency bands shall be assigned in two (2) combination sets as follows :

Combination Set	Blocks
SA3	A and E
SA4	D and F

21 Applicants may indicate their preference of a particular set, either Combination Set SA3 **OR** Combination Set SA4. The Commission, however, reserves the right to decide on the final allocation set.

SECTION SEVEN: CONDITIONS TO ASSIGNMENT

- 22 The validity period for the spectrum assignment issued shall be for a period from the date of issuance of spectrum assignment until 1 April 2018.
- 23 An assignment holder is subject to all the relevant provisions in relation to spectrum assignment as provided for in the Communications and Multimedia Act 1998 (“CMA”), the Spectrum Regulations, and instruments thereunder that may be issued by the Commission from time to time.
- 24 An assignment holder is prohibited from transferring or otherwise dealing with the whole or any part of the spectrum assignment.
- 25 For use of the spectrum assignment 10km from national border areas, an assignment holder is required to submit technical details of apparatus installation for coordination with neighbouring countries and the spectrum assignment use is subject to successful coordination.

PENALTIES AND OTHER CONDITIONS TO SPECTRUM ASSIGNMENT

- 26 The Detailed Business Plan as required in Section Eight below shall form part of the conditions of this spectrum assignment and shall be final and binding upon issuance of this spectrum assignment.
- 27 There shall be no material change in the shareholding of the assignment holder without the prior approval of the Commission for a period of five (5) years from the date of the assignment of the spectrum or until the price component of the spectrum assignment has been fully paid up, whichever is later.
- 28 Any non-compliance to the commitments made pursuant to the Detailed Business Plan submitted shall be a breach of the condition of assignment and attract the penalties outlined in the Spectrum Regulations. The penalties may include cancellation of the spectrum assignment as well as recovery of any money due to the Commission including the full price component of the spectrum assignment.

SECTION EIGHT: DETAILED BUSINESS PLAN

29 Successful Applicants announced by the Commission shall submit a Detailed Business Plan, which further elaborates the submission of Section Three of this Document, within six (6) months from the date of announcement of successful application by the Commission. For example, the Detailed Business Plan will provide a list of specific tower sites (owned or shared), calculation of population coverage, coverage maps, etc.

30 The Detailed Business Plan shall be for the entire duration of the spectrum assignment and shall incorporate the key deliverables and timelines as submitted in the initial tender submission on 11 November 2005.

SECTION NINE: INSTRUCTIONS TO ELIGIBLE PERSONS

31 Upon the publication of the Invitation as indicated in Paragraph 3 above, an eligible person may request a hard-copy of the Application Information Package (the "AIP") from the Commission by paying a Document Fee of RM100 (Ringgit Malaysia One Hundred). The AIP can also be downloaded free of charge from the Commission's website at www.mcmc.gov.my.

STRUCTURE OF THE APPLICATION

32 The Application shall incorporate the following:

- (a) Letter of Application (to be furnished in the AIP);
- (b) Declaration Form (to be furnished in the AIP);
- (c) Application Form (to be furnished in the AIP);
- (d) Summary of Application, which outlines the merits of the application;
- (e) The Business Plan as set out in Section Three;
- (f) Supporting Documents as required in the Application Form;
- (g) Supplementary Documents to support Applicant's proposals;
- (h) Fees, Deposits and Guarantees.

FEES AND DEPOSITS

33 Upon application, Applicants shall provide the following:

33.1 Spectrum Assignment Application Fee

(a) The Spectrum Assignment Application fee of RM5,000 (Ringgit Malaysia Five Thousand) by way of crossed cheque made payable to Malaysian Communications and Multimedia Commission. This fee is not part of the Price Component Fee for the Spectrum Assignment, and is non-refundable.

33.2 Guarantee for payment of Spectrum Assignment Fee

(a) An Irrevocable Bank Guarantee, payable on demand for the amount of RM2,000,000 (Ringgit Malaysia Two Million), which shall be valid for one (1) year from the date of application being deposit for spectrum assignment. This deposit is refundable in the event the application is not successful OR in the case of a successful Applicant, upon receipt of the Spectrum Assignment Fee (Price Component) Deposit of RM10,000,000.

34 Prior to the assignment of the spectrum, the Successful Applicants shall provide the following:

34.1 Spectrum Assignment Fee (Price Component) Deposit of RM10,000,000 (Ringgit Malaysia Ten Million) and a Spectrum Assignment Fee (Price Component) Payment Guarantee :

(a) RM10,000,000 (Ringgit Malaysia Ten Million) by way of banker's cheque made payable to Malaysian Communications and Multimedia Commission;

(b) An Irrevocable Bank Guarantee, payable on demand, for the amount of RM45,000,000 (Ringgit Malaysia Forty Five Million), which shall be valid for five (5) years from the date of Assignment.

34.2 Alternatively, the Successful Applicant can opt to pay the full amount of Spectrum Assignment (Price Component) of RM50,000,000 (Ringgit Malaysia Fifty Million) in one payment prior to the issuance of the spectrum assignment.

SUBMISSION OF THE APPLICATION

35 The Application shall be submitted to the Commission, in hard copy, in the following manner:

35.1 The Application shall be provided in six (6) sets hard copy, including one original. The Application shall also be submitted in electronic form.

35.2 The Application shall be deposited in the Tender Deposit Room (Marked “**Application for IMT-2000 Spectrum Assignment-Round 2**”) located at the Commission’s office lobby at:

***Malaysian Communications and Multimedia Commission
Cyberjaya
63000 SELANGOR***

DATE AND TIME OF SUBMISSION OF APPLICATION

36 The complete Application shall reach the Commission before **12 noon** on **11 November 2005**.

EVALUATION OF APPLICATION

37 The Commission shall announce the successful Applicants on or before **February 2006**.

38 In the event the Commission requires additional information from the Applicants, the Commission may request for such information, by writing to the Applicant. The information requested is to be forwarded to the Commission within a stipulated time to be determined by the Commission.

DISCLOSURE

39 Applicants shall indicate, other than the Summary of Application, the parts which Applicants considers private and confidential, and such parts should be marked as “**CONFIDENTIAL**”.

/end