

CONFIDENTIAL

Letter of Intent

It is the mutual intent of _____ and _____ (“the Parties”) to negotiate and enter into an interconnection agreement (“**Interconnection Agreement**”) which sets out the commercial arrangement on fixed-mobile interconnection following the withdrawal of the existing regulatory guidance in respect of the “Mobile Party Network Pays” charging arrangement (“**MPNP Arrangement**”) effective on 27 April 2009.

1. To reflect the commercial discussion so far conducted and the commercial relationship between the Parties the Parties hereby set out the following intent and understanding with respect to the interconnection arrangement between them:
 - (a) Effective from 27 April 2009, there shall be no interconnection charge (i.e. origination or termination) to be settled between them in respect of the voice traffic originating in Hong Kong (excluding value added service calls, international incoming or outgoing calls and ICFS calls as determined by the Telecommunications Authority) that a Party after that date either:
 - (i) originates on one Party’s network for termination on the other Party’s network (**a Party’s network**), including where the voice traffic is transited through one or more other networks; or
 - (ii) in respect of conveying transit traffic across their respective networks when each is acting as the transit provider to a Party’s network, (**“Bill and Keep Arrangement”**);
 - (b) the cost of the transmission links for interconnection between the Parties is subject to separate commercial agreement to be mutually agreed; and
 - (c) The Parties agree to further negotiate in good faith on interconnection arrangement for value added services calls, international incoming or outgoing calls, between the Parties with the understanding that any arrangement agreed shall not take retrospective effect.
2. Subject to the terms of the Order Confirmation Form between the Parties which sets out the commercial agreement between them on transmission links for interconnection between the parties, each party (“**the first Party**”) shall accept and route in accordance with its standard traffic and network management policies voice calls which:
 - (a) originate on the other Party’s network and transit through the first Party’s network to terminate on a third party’s network;
 - (b) originate on a third party’s network and transit through the other Party’s network to terminate on the first Party’s network, or
 - (c) originates on a third party’s network, transits a Party’s network and one or more other Party’s networks (in whatever sequence), and terminates on a third party’s network, (**“transit traffic”**), including traffic which originates or terminates with third parties.
3. Without prejudice to paragraph 5 below, the implementation of the aforesaid intent and understanding shall be conditional upon the removal (effective on 27 April 2009) in its entirety of the existing regulatory guidance in respect of the MPNP Arrangement and without its replacement by an equivalent guidance (including without limitation the application of TA Statement - Interconnection and Related Competition Issues Statement No.7 (Second Revision) “Carrier-to-Carrier Charging Principles” to fixed-mobile interconnection (such as the deletion of the original paragraph 23 from, and the relevant modification of the original paragraphs 27-30, of Statement No.7).
4. The Interconnection Agreement to be entered into pursuant to the above intent and understanding shall remain binding on the Parties notwithstanding:
 - (a) the introduction by the government (including the Telecommunications Authority (“TA”) or the Commerce and Economic Development Bureau) of any regulatory guidance on any

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charging arrangement; or

- (b) any determination or decision made by the TA or the Competition Appeal Board under the Telecommunications Ordinance or by a court in respect of interconnection other than between the Parties that provides for any charging arrangement with respect to fixed and mobile interconnection which would put either Party in a worse-off financial position in relation to interconnection charge as compared to its position under the Bill and Keep Arrangement. The Parties each agree that neither Party shall make a request under section 36A or other relevant provisions of the Telecommunications Ordinance in respect of the charging arrangement and the applicable rate in relation to interconnection between their networks covered by this letter of intent for a determination which would put either or in a worse-off financial position in relation to interconnection charge as compared to its position under the Bill and Keep Arrangement.
5. This letter of intent is legally binding.
 6. This letter of intent shall be effective on 27th April 2009 ("Effective Date"). This letter of intent or the Interconnection Agreement shall be for a term of two (2) years from the Effective Date ("Initial Term"). Either Party may terminate this letter of intent or the Interconnection Agreement following expiry of the Initial Term by giving at least thirty (30) days written notice to the other Party.
 7. This letter of intent, the negotiation of the Interconnection Agreement and any information provided by either Party to the other Party shall be confidential and each Party undertakes not to use or disclose any such information to any third parties without the written consent of the other Party, save as required by law or disclosure to the TA.
 8. This letter of intent shall be construed and governed by the laws of Hong Kong Special Administrative Region ("SAR") and the Parties agree to submit to the exclusive jurisdiction of the courts of Hong Kong SAR for any disputes arising thereof.

For and on behalf of

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