

Date: 18 March 2009

Letter of Intent

It is the mutual intent of _____ and _____ to negotiate and enter into an interconnection agreement ("**Interconnection Agreement**") which sets out the commercial arrangement on fixed and 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, the parties would like to set out the following intent and understanding with respect to the proposed fixed and mobile interconnection arrangement:
 - (a) Effective from 27 April 2009, there shall be no interconnection (i.e. origination or termination) charge to be settled between them in respect of the traffic that either party after that date originates for termination at the other's network ("**BAK Arrangement**");
 - (b) the cost of the transmission links for interconnection between the parties would be subject to separate commercial agreement to be mutually agreed;
2. Without prejudice to paragraph 4 below, the implementation of the aforesaid intent and understanding shall be conditional upon:
 - (a) Head office's approval of _____ ;
 - (b) The removal (effective on 27 April 2009) in its entirety of the existing regulatory guidance in respect of the MPNP Arrangement (including without limitation the relevant charging principles in relation to the fixed and mobile interconnection stated in TA Statement - Interconnection and Related Competition Issues Statement No.7 (Second Revision) "Carrier-to-Carrier Charging Principles" (such as paragraph 23 thereof));
 - (c) No subsequent introduction by the government (including OFTA or CEDB) of any regulatory guidance or determination result in favor of any fixed and mobile interconnection charging arrangement that is in the nature of the MPNP Arrangement ("re-regulated arrangement"). In the event that a re-regulated arrangement is introduced, _____ shall be entitled to the benefits of such arrangement without further or express agreement by _____. Parties shall effect such supplement to the Interconnection Agreement as may be necessary to give effect to the re-regulated arrangement.
3. Save for the introduction of re-regulated arrangement (which shall be governed by paragraph 2(c) above), 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 OFTA or CEDB) of any regulatory guidance on any charging arrangement; or
 - (b) any determination decision made by the TA under the Telecommunications Ordinance _____ that provides for any charging arrangement with respect to fixed and mobile interconnection which would put _____ in a worse-off financial position in relation to interconnection charge as compared to its position under the BAK Arrangement.

4. This letter of intent is only intended for the purpose of setting forth the parties' understanding so far and is not legally binding. Nothing herein shall impose any legal obligation or liabilities whatsoever on either party or oblige either party to sign any documents or enter into any binding arrangement with each other.

For and on behalf of

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