

NEW SCHEDULE 1A (LOT 4) TO THE POI AGREEMENT

and

on

INTERCONNECT LINK

Introduction

- A. This New Schedule 1A (Lot 4) of the POI Establishment Agreement between the parties dated 31 July 1995 ("the Agreement") is signed between _____ and the FTNS Operator on 22 February 1999 ("Signing Date").
- B. This New Schedule 1A (Lot 4) is supplementary to the New Schedule 1A which governs capacity of the first lot of 336 T1, the New Schedule 1A (Lot 2) which governs capacity of the second lot of 84 T1 and the New Schedule 1A (Lot 3) which governs capacity of the third lot of 168 T1. With the exception of redeployment charges in relation to the New Schedule 1A (Lot 2) and New Schedule 1A (Lot 3), the charges payable by the FTNS Operator for capacity provisioned under this New Schedule 1A (Lot 4) is in addition to those charges payable by the FTNS Operator for capacity provisioned under the New Schedule 1A, New Schedule 1A (Lot 2) and New Schedule 1A (Lot 3).
- C. Under New Schedule 1A (Lot 4), increase in capacity ordered by the FTNS Operator may be ordered in two phases, namely Phase One and Phase Two and the FTNS Operator must order any capacity to be ordered under this Schedule 1A (Lot 4) within the 2 year period from the Signing Date.
- D. The terms and conditions which respectively apply to each phase are set out below. For avoidance of doubt, this New Schedule 1A (Lot 4) is also subject to the terms and conditions contained in the body of the Agreement. Should there be any revision to the body of the Agreement and New Schedule 1A, New Schedule 1A (Lot 2) and New Schedule 1A (Lot 3) as agreed between _____ & _____, or as determined by TA in future, the same revision will be applied to this New Schedule 1 A (Lot 4) retrospectively as appropriate.
- E. Unless otherwise stated, the capacity of _____ Interconnect Link stated in this New Schedule 1A (Lot 4) is in addition to the first lot of 336 T1 which would have already been ordered and provisioned under the New Schedule 1A, and the second lot of 84 T1 which would have already been ordered and provisioned under the New Schedule 1A (Lot 2) and the third lot of 168 T1 which would have already been ordered and provisioned under the New Schedule 1A (Lot 3).

Provisioning Date

The Provisioning Date is the date which is 7 months from the Signing Date.

Minimum Service Period

36 months from the Installation Date in respect of the first capacity provisioned under this Phase One.

Minimum Required Capacity

The minimum capacity which must be ordered by the FTNS Operator under this Phase One on or before the Provisioning Date in respect of Interconnect Equipment and capacity on Network is 28 T1.

Growth Conditions

1. The maximum capacity may be ordered under this Phase One of the New Schedule 1A (Lot 4) is 84 T1, in minimum blocks of 4 T1.
2. The FTNS Operator must give three months advance written notice of any capacity required under this Phase One, setting out the requested Installation Date in respect of that capacity. will provision the required capacity subject to the availability of the relevant capacity within its network and the FTNS Operator must pay in respect of that capacity in accordance with this Agreement.

Part II: Charges

Application of Charges

The Charges set out in this Part II apply in relation to T1 ordered under Phase One until the date on which Phase Two commences. Once has accepted an order under this New Schedule 1A (Lot 4) in excess of a total of 84 T1 the charges set out in Phase Two will apply as from and including the date of acceptance of such order in relation to all T1 ordered under this New Schedule 1A (Lot 4).

The redeployment charges under this Phase One replace the redeployment charges under the New Schedule 1A (Lot 2), New Schedule 1A (Lot 3) and apply in relation to all T1 ordered under the New Schedule 1A (Lot 2), New Schedule 1A (Lot 3) and this Phase One.

For avoidance of doubt all the charges other than the redeployment charge set out in New Schedule 1A (Lot 2) and New Schedule 1A (Lot 3) continue to apply in relation to T1 ordered under those Schedules.

Increase in Charges

All charges listed under Part II are subject to the provisions on increase in charges stated in the Agreement. For the purpose of clarification, the Interconnect Equipment one off installation charge and the Redeployment Charges are also subject to this adjustment.

Interconnect Equipment Charges

One Off Charges

- 1a. **Interconnect Equipment One Off Installation Charge** (which includes charges for relevant labour, equipment and other costs and charges reasonably incurred by in relation to the planning, provisioning, installing and testing the required capacity and equipment):

HK\$113,024 for up to 84 T1.

- 1b. **One Off Charge Reduction** (This amount will be used in the calculation of the Payment Reduction and does not represent an additional payment by the FTNS Operator):

HK\$ 1,345 per T1.

Recurrent Charges

- 2a. **Interconnect Equipment Rental:**

HK\$23,569 per month for up to 84 T1.

- 2b. **Recurrent Charge Reduction** (This amount will be used in the calculation of the Payment Reduction and does not represent an additional payment by the FTNS Operator) :

HK\$281 per T1 per month.

Network Charges

One Off Charges

1. **T1 One Off Installation Charge** (which includes charges for relevant labour, equipment and other costs and charges reasonably incurred by in relation to the planning, provisioning, installing and testing the required capacity and equipment):

HK\$791 per T1.

Recurrent Charges

2. **T1 Rental:**

HK\$1,244 per T1 per month

Redeployment Charges

Agreed Pre-estimate of Redeployment Charges for termination prior to the beginning of :

first quarter following the third anniversary of the Installation Date for Phase One: **HK\$ 989,276.**

second quarter but after the beginning of first quarter following the third anniversary of the Installation Date for Phase One: **HK\$ 915,542.**

third quarter but after the beginning of second quarter following the third anniversary of the Installation Date for Phase One: **HK\$ 841,808.**

fourth quarter but after the beginning of the third quarter following the third anniversary of the Installation Date for Phase One: **HK\$ 768,074.**

first quarter following the fourth anniversary: but after the beginning of fourth quarter following the third anniversary of the Installation Date for Phase One: **HK\$ 694,342.**

second quarter but after the beginning of first quarter following the fourth anniversary of the Installation Date for Phase One: **HK\$ 620,608.**

third quarter but after the beginning of second quarter following the fourth anniversary of the Installation Date for Phase One: **HK\$ 546,874.**

fourth quarter but after the beginning of third quarter following the fourth anniversary of the Installation Date for Phase One: **HK\$ 473,140.**

Part III: Payment Reduction

The Payment Reduction is to be calculated as follows.

In respect of the one off charges, the sum of :

**(One off charges specified within Network Charges in Part II) x (Agreed Allocation for Network), and
(Interconnect Equipment One Off Installation Charge Reduction in Part II) x (Agreed Allocation for Interconnect Equipment).**

In respect of the recurrent charges, for each month the sum of:

(Recurrent charges specified within Network Charges in Part II) x (Agreed Allocation for Network), and

(Recurrent charge reduction per T1 specified within Interconnect Equipment Charges in Part II) x (Agreed Allocation for Interconnect Equipment).

Agreed Allocation

1. For Network

For the confirmed orders in respect of each Provisioning Date set out in Phase One of this Schedule, Agreed Allocation is 50% of the relevant confirmed order.

As a clarification, Agreed Allocation does not include capacity in relation to the interconnection between the FTNS Operator and

2. For Interconnect Equipment

For the confirmed orders in respect of each Provisioning Date set out in Phase One of this Schedule, Agreed Allocation is :

50% of (84 T1 excluded capacity in relation to the interconnection between the FTNS Operator and). This Agreed Allocation shall be in accordance with the following principles ("the Interconnect Equipment Agreed Allocation").

If the FTNS Operator initially only orders Interconnect Links for interconnection with Network, the Interconnect Equipment Agreed Allocation will be 42 T1.

However if FTNS Operator subsequently orders say, an additional 10 T1 Interconnect Links consisting of Interconnect Equipment for interconnection with , the Interconnect Equipment Agreed Allocation will be reduced from 42 T1 to only $(84 - 10) / 2 = 37$ T1 ("the Reduction"). The Interconnect Equipment Agreed Allocation shall therefore be decreased proportionally such that the FTNS Operator will be charged an additional One Off Installation Charge and a new Recurrent Charge in respect of the difference between the Interconnect Equipment Agreed Allocation and the Reduction (ie. $42 \text{ T1} - 37 \text{ T1} = 5 \text{ T1}$).

Part IV: Provision of "FTNS facility link" for interconnection between the FTNS Operator and

For the purpose of completing the Interconnect Link, a "FTNS facility link" (as defined in Schedule 1B) is required between the FTNS Location and the relevant buildings in which the Interconnect Gateway Exchanges stipulated in Part I are located. The parties agree that the above terms and conditions set out for Phase One of this New Schedule 1A (Lot 4) are applicable to the "FTNS facility link", save and except for the Provisioning Dates set out in Part I and the entire Part III on Payment Reduction.

PHASE TWO - up to 168 T1

This Phase Two will become effective and shall commence only after the Signing Date and after accepts the first order in excess of the 84 T1 ordered under Phase One of this New Schedule 1A (Lot 4).

Part I: General

FTNS Location

Interconnect Gateway Exchange

For the purpose of this New Schedule 1A (Lot 4), Interconnect Gateway Exchange as defined in the Agreement includes:

(a) **Main Exchanges**

(b) **Tandem Exchanges**

Provisioning Date

The Provisioning Date is the date which is 7 months from commencing of Phase Two.

Minimum Service Period

36 months from the Installation Date in respect of the first capacity provisioned under this Phase Two.

Minimum Required Capacity

The minimum capacity which must be ordered by the FTNS Operator under this Phase Two in respect of Interconnect Equipment and capacity on Network is 28 T1. The minimum capacity must be ordered on or before the earlier of the date which is two years from the Signing Date and the Provisioning Date for Phase Two.

Growth Conditions

1. The maximum capacity may be ordered under this Phase Two is 84 T1 (that is 168 T1 including the 84 T1 ordered under Phase One), in minimum blocks of 4 T1.
2. The FTNS Operator must give three months advance written notice of any capacity required under this Phase Two, setting out the requested Installation Date in respect of that capacity. will provision the required capacity subject to the availability of the relevant capacity within its network and the FTNS Operator must pay in respect of that capacity in accordance with this Agreement.

Part II: Charges

Application of Charges

The Charges set out in this Part II apply in relation to all T1 ordered and provisioned under this New Schedule 1A (Lot 4) as from and including the date that Phase Two commences.

The redeployment charges under this Phase Two is in addition to the redeployment charges under Phase One and apply in relation to T1 ordered under Phase 2 of this New Schedule 1A (Lot 4) as from and including the date that Phase Two commences.

Increase in Charges

All charges listed under Part II are subject to the provisions on increase in charges stated in the Agreement. For the purpose of clarification, the Interconnect Equipment one off installation charge and the Redeployment Charges are also subject to this adjustment.

Interconnect Equipment Charges

One Off Charges

- 1a. **Interconnect Equipment One Off Installation charge** (which includes charges for relevant labour, equipment and other costs and charges reasonably incurred by in relation to the planning, provisioning, installing and testing the required capacity and equipment):

HK\$113,024 for up to 84 T1.

- 1b. **One Off Charge Reduction** (This amount will be used in the calculation of the Payment Reduction and does not represent an additional payment by the FTNS Operator):

HK\$ 1,345 per T1.

Recurrent Charges

- 2a. **Interconnect Equipment Rental:**

HK\$47,138 per month for up to 168 T1 (inclusive of the 84 T1 ordered under Phase One of this Schedule).

- 2b. **Recurrent Charge Reduction** (This amount will be used in the calculation of the Payment Reduction and does not represent an additional payment by the FTNS Operator) :

HK\$281 per T1 per month (including the 84 T1 ordered under Phase One of this Schedule).

Network Charges

One Off Charges

1. **T1 one off installation charge** (which includes charges for relevant labour, equipment and other costs and charges reasonably incurred by in relation to the planning, provisioning, installing and testing the required capacity and equipment):

HK\$791 per T1 ordered under this Phase Two.

Recurrent Charges

2. **T1 Rental:**

HK\$1,244 per T1 per month (inclusive of the 84 T1 ordered under Phase One of this Schedule).

Redeployment Charges

Agreed Pre-estimate of Redeployment Charges for termination prior to the beginning of:

first quarter following the third anniversary of the Installation Date for Phase Two: **HK\$ 437,419.**

second quarter but after the beginning of first quarter following the third anniversary of the Installation Date for Phase Two: **HK\$ 405,815.**

third quarter but after the beginning of second quarter following the third anniversary of the Installation Date for Phase Two: **HK\$ 374,211.**

fourth quarter but after the beginning of the third quarter following the third anniversary of the Installation Date for Phase Two: **HK\$ 342,607.**

first quarter following the fourth anniversary but after the beginning of fourth quarter following the third anniversary of the Installation Date for Phase Two: **HK\$ 311,539.**

second quarter but after the beginning of first quarter following the fourth anniversary of the Installation Date for Phase Two: **HK\$ 279,399.**

third quarter but after the beginning of second quarter following the fourth anniversary of the Installation Date for Phase Two: **HK\$ 247,796.**

fourth quarter but after the beginning of third quarter following the fourth anniversary of the Installation Date for Phase Two: **HK\$ 216,192.**

Part III: Payment Reduction

The Payment Reduction is to be calculated as follows.

In respect of the one off charges, the sum of:

(One off charges specified within Network Charges in Part II) x (Agreed Allocation for Network), and

(Interconnect Equipment One Off Installation charge Reduction in Part II) x (Agreed Allocation for Interconnect Equipment)

In respect of the recurrent charges, for each month the sum of:

(Recurrent charges specified within Network Charges in Part II) x (Agreed Allocation for Network), and

(Recurrent charge reduction per T1 specified within Interconnect Equipment Charges in Part II) x (Agreed Allocation for Interconnect Equipment).

Agreed Allocation

1. For Network

For the confirmed orders in respect of each Provisioning Date set out in Phase Two of this Schedule, Agreed Allocation is 50% of the relevant confirmed order.

As a clarification, Agreed Allocation does not include capacity in relation to the interconnection between the FTNS Operator and

2. For Interconnect Equipment

For the confirmed orders in respect of each Provisioning Date set out in Phase Two of this Schedule, Agreed Allocation is :

50% of (84 T1 excluded capacity in relation to the interconnection between the FTNS Operator and). This Agreed Allocation shall be in accordance with the following principles ("the Interconnect Equipment Agreed Allocation").

If the FTNS Operator initially only orders Interconnect Links for interconnection with Network, the Interconnect Equipment Agreed Allocation will be 42 T1.

However if FTNS Operator subsequently orders say, an additional 10 T1 Interconnect Links consisting of Interconnect Equipment for interconnection with , the Interconnect Equipment Agreed Allocation will be reduced from 42 T1 to only $(84 - 10) / 2 = 37$ T1 ("the Reduction"). The Interconnect Equipment Agreed Allocation shall therefore be decreased proportionally such that the FTNS Operator will be charged an additional One Off Installation Charge and a new Recurrent Charge in respect of the difference between the Interconnect Equipment Agreed Allocation and the Reduction (ie. $42 \text{ T1} - 37 \text{ T1} = 5 \text{ T1}$).

Part IV: Provision of "FTNS facility link" for interconnection between the FTNS Operator and _____

For the purpose of completing the Interconnect Link, a "FTNS facility link" (as defined in Schedule 1B) is required between the FTNS Location and the relevant buildings in which the Interconnect Gateway Exchanges stipulated in Part I are located. The parties agree that the above terms and conditions set out for Phase Two of this New Schedule 1A (Lot 4) are applicable to the "FTNS facility link", save and except for the Provisioning Dates set out in Part I and the entire Part III on Payment Reduction.

Signed for and on behalf of

Name:

Title:

Signed for and on behalf of

Name:

Title: