

TWELFTH NEW SCHEDULE 1A
TO
THE POI ESTABLISHMENT AGREEMENT
BETWEEN

AND

ON

Date: 1st October 2001

This Twelfth New Schedule 1A is supplementary to the previous New Schedule 1A's executed by the parties.

and agree to activate this Twelfth New Schedule 1A if the first 1848 TI have already been ordered under the previous New Schedule 1A's executed by the parties and are payable by the FTNS Operator under the Agreement. For clarity, the charges payable by the FTNS Operator for capacity provisioned under this Twelfth New Schedule 1A are in addition to those charges payable by the FTNS Operator for capacity provisioned under the previous New Schedule 1A's executed by the parties.

Under this Twelfth New Schedule 1A, increase in capacity ordered by the FTNS Operator may be achieved in two phases, namely Phase One and Phase Two. The terms and conditions which respectively apply to each phase are set out below. For the avoidance of doubt, this Twelfth New Schedule 1A is also subject to the terms and conditions contained in the body of the Agreement. Should there be any revision in the body of the Agreement, or any of the previous New Schedule 1A's executed by the parties as agreed between and the FTNS Operator, or as determined by the TA in future, the same revision will apply to this Twelfth New Schedule 1A retrospectively as appropriate.

Unless otherwise stated, the capacity of Interconnect Link stated in this Twelfth New Schedule 1A is in addition to the first 1848 T1 which would have already been ordered and provisioned under the previous New Schedule 1A's executed by the parties.

PHASE ONE -- up to 84 T1

This Phase One will become effective only after (a) the Signing Date, (b) the first 1848 T1 have already been ordered under the previous New Schedule 1A's executed by the parties and are payable by the FTNS Operator under the Agreement during the two years from the Signing Date, and (c) when accepts the first order beyond 1848 T1 from the FTNS Operator.

At any time during the two years from the Signing Date and after this Phase One becomes effective, the FTNS Operator may choose to order for capacity under the Agreement in accordance with the terms and conditions set out below for Phase One.

Part I: General

Under Phase One, the FTNS Operator may order capacity up to 84 T1.

FTNS Locations

Interconnect Gateway Exchanges

For the purpose of this Twelfth New Schedule 1A, Interconnect Gateway Exchange as defined in the Agreement includes:

(a) **Main Exchanges**

Already in use as ICG on the date of this Schedule:

(b) **Tandem Exchanges**

Provisioning Date

A maximum provision of 84 T1s will be provided on a date which is no less than 7 months from the date that Phase One comes into effect.

Minimum Service Period

36 months from the Installation Date in respect of the first capacity provisioned under Phase One of this Twelfth New Schedule 1A.

Minimum Required Capacity

The minimum capacity which must be ordered by the FTNS Operator in respect of Interconnect Equipment and capacity on Network is 28 T1.

Growth Conditions

1. Capacity may be ordered under this Phase One of the Twelfth New Schedule 1A, up to a maximum of 84 T1, in minimum blocks of 4 T1 respectively.
2. The FTNS Operator must give three (3) months advance written notice of any required increase in capacity, setting out the requested Provisioning Date in respect of that capacity. will provision the required capacity subject to that 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

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\$111,951 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\$1,332 per T1.

Recurrent Charges

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

HK\$23,345 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\$278 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\$776 per T1.

Recurrent Charges

2. **T1 Rental:**

HK\$1,219 per T1 per month.

Redeployment Charges

Agreed Pre-estimate of Redeployment Charges:

for termination on or before the end of first quarter following the third anniversary of the Installation Date: HK\$423,775.

for termination on or before the end of second quarter but after the first quarter following the third anniversary of the Installation Date: HK\$393,157.

for termination on or before the end of third quarter but after the second quarter following the third anniversary of the Installation Date: HK\$362,538.

for termination on or before the end of fourth quarter but after the third quarter following the third anniversary of the Installation Date: HK\$331,920.

for termination on or before the end of first quarter following the fourth anniversary of the Installation Date: HK\$301,821.

for termination on or before the end of second quarter but after the first quarter following the fourth anniversary of the Installation Date: HK\$270,684.

for termination on or before the end of third quarter but after the second quarter following the fourth anniversary of the Installation Date: HK\$240,066.

for termination on or before the end of fourth quarter but after the third quarter following the fourth anniversary of the Installation Date: HK\$209,448.

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) x (
Agreed Allocation for Network), and

(Interconnect equipment one off installation charge Reduction) x (
Agreed Allocation for Interconnect Equipment)

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

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

(Recurrent charge reduction per T1 specified within Interconnect Equipment
Charges) 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 ½ 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 excluding capacity in relation to the interconnection between the FTNS
Operator and) (the "Interconnect Equipment Agreed Allocation").

The Interconnect Equipment Agreed Allocation shall be calculated in accordance with the
following principles:

- (a) If the FTNS Operator initially only orders Interconnect Links for interconnection
with network, the Interconnect Equipment Agreed Allocation will be
42 T1; or
- (b) If the 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

Calculated by reference to the difference between the Interconnect Equipment Agreed Allocation and the Reduction (i.e. 42 T1 - 37 T1 = 5 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 New 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 Twelfth New Schedule 1A 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 only (a) if 84 T1 have already been ordered under the Phase One of this Twelfth New Schedule 1A and are payable by the FTNS Operator under the Agreement during the two years from the Signing Date, and (b) when accepts the first order beyond the 84 T1 under the Phase One of this Twelfth Schedule 1A from the FTNS Operator.

Part 1: General

At any time during the two years from the Signing Date if 84 T1 have already been ordered under this Twelfth New Schedule 1A and are payable by the FTNS Operator under the Agreement, the FTNS Operator may order for additional capacity up to 168 T1 (inclusive of the said 84 T1) in accordance with the terms and conditions set out below.

FTNS Locations

Interconnect Gateway Exchange

The same provisions apply as for Phase One.

Provisioning Date

A maximum provision of 168 T1s (inclusive of the 84 T1 that must have been ordered prior to this Phase Two coming into effect) will be provided on a date which is no less than 7 months from the date that Phase Two comes into effect.

Minimum Service Period

36 months from the Installation Date in respect of the first capacity provisioned under Phase One of this Twelfth New Schedule 1A.

Minimum Required Capacity

The minimum capacity which must be ordered by the FTNS Operator in respect of Interconnect Equipment and capacity on Network is 112 T1 (including the 84 T1 that the FTNS Operator must have already ordered before Phase Two comes into effect).

Growth Conditions

1. Capacity may be ordered under this Agreement in accordance with this Twelfth New Schedule 1A, up to a maximum of 168 T1 (including 84 T1 that the FTNS Operator must have ordered before Phase Two comes into effect), in minimum blocks of 4 T1 respectively.
2. The FTNS Operator must give three months advance written notice of any required increase in capacity, setting out the requested Provisioning Date in respect of that capacity. will provision the required capacity subject to that 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

Increase in Charges

The same provisions apply as for Phase One.

Interconnect Equipment Charges

One Off Charges

The same provisions apply as for Phase One.

Recurrent Charges

2a. Interconnect Equipment Rental:

HK\$46,691 per month for up to 168 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\$278 per T1 per month.

Network Charges

The same provisions apply as for Phase One.

Redeployment Charges

Agreed Pre-estimate of Redeployment Charges:

for termination on or before the end of first quarter following the third anniversary of the Installation Date: HK\$494,352.

for termination on or before the end of second quarter but after the first quarter following the third anniversary of the Installation Date: HK\$457,506.

for termination on or before the end of third quarter but after the second quarter following the third anniversary of the Installation Date: HK\$420,661.

for termination on or before the end of fourth quarter but after the third quarter following the third anniversary of the Installation Date: HK\$383,815.

for termination on or before the end of first quarter following the fourth anniversary of the Installation Date: HK\$346,970.

for termination on or before the end of second quarter but after the first quarter following the fourth anniversary of the Installation Date: HK\$310,125.

for termination on or before the end of third quarter but after the second quarter following the fourth anniversary of the Installation Date: HK\$273,279.

for termination on or before the end of fourth quarter but after the third quarter following the fourth anniversary of the Installation Date: HK\$236,434.

Part III: Payment Reduction

The Payment Reduction is to be calculated in the same manner as for Phase One.

Agreed Allocation

1. For Network

The same provisions apply as for Phase One except that references to "Phase One" in those provisions are deemed to be replaced with references to "Phase Two".

2. For Interconnect Equipment

The same provisions apply as for Phase One except that references to "Phase One" in those provisions are deemed to be replaced with references to "Phase Two".

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

The same provisions apply as for Phase One.

Signed for and on behalf of

Signed for and on behalf of

Name:

Name:

Title:

Title: