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FIXED TELECOMMUNICATION NETWORK SERVICES LICENCE
TELECOMMUNICATION ORDINANCE (Chapter 106)

In accordance with General Condition 20 of the Fixed Telecommunication Network Services Licence, Reach Networks Hong Kong Limited hereby publishes the revised tariffs and the terms and conditions under which it will provide the following telecommunication services with effect from 5 September 2001.

Part I - International International Private Leased Circuit

Appendix IPLC_Px.I.I.1

INTERNATIONAL PRIVATE LEASE CIRCUIT (IPLC) Wholesale Discount Plan (B)

Terrestrial Duplex						
Minimum Commitment Period - 1 Year						
Speed	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6
56/64 Kbps	83.87%	80.27%	72.75%	87.40%	85.89%	76.32%
128 Kbps	80.30%	78.24%	68.44%	87.69%	86.21%	73.88%
192 Kbps	81.03%	77.95%	68.02%	88.14%	86.72%	73.54%
256 Kbps	77.60%	76.38%	65.75%	87.63%	86.15%	71.66%
320 Kbps	79.81%	75.52%	64.51%	87.38%	85.87%	70.63%
384 Kbps	72.92%	75.12%	63.92%	87.30%	85.77%	70.14%
448 Kbps	73.29%	74.65%	63.24%	87.14%	85.60%	69.58%
512 Kbps	74.32%	74.28%	62.70%	87.01%	85.45%	69.13%
576 Kbps	74.91%	74.42%	62.90%	87.12%	85.57%	69.30%
640 Kbps	74.64%	74.67%	63.27%	87.27%	85.74%	69.60%
704 Kbps	75.28%	74.74%	63.37%	87.32%	85.79%	69.69%
768 Kbps	74.73%	74.66%	63.26%	87.28%	85.75%	69.59%
832 Kbps	74.51%	74.68%	63.28%	87.29%	85.77%	69.61%
896 Kbps	74.76%	74.77%	63.42%	87.34%	85.82%	69.73%
960 Kbps	74.89%	74.93%	63.65%	87.41%	85.90%	69.91%
1024 Kbps	75.27%	75.14%	63.95%	87.50%	86.01%	70.16%
1088 Kbps	75.06%	75.38%	64.31%	87.62%	86.13%	70.46%
1152 Kbps	76.00%	75.66%	64.71%	87.75%	86.28%	70.79%
1216 Kbps	76.87%	75.97%	65.15%	87.89%	86.44%	71.16%
1280 Kbps	77.68%	76.29%	65.62%	88.04%	86.61%	71.55%
1344 Kbps	78.44%	76.62%	66.11%	88.20%	86.78%	71.95%
1408 Kbps	79.15%	76.97%	66.61%	88.36%	86.96%	72.37%
1472 Kbps	79.68%	77.18%	66.91%	88.45%	87.07%	72.62%
T1	80.13%	77.22%	66.96%	88.46%	87.07%	72.66%
1600 Kbps	79.02%	77.51%	67.38%	88.59%	87.22%	73.01%
1664 Kbps	79.46%	77.69%	67.66%	88.68%	87.32%	73.23%
1728 Kbps	79.88%	77.89%	67.94%	88.77%	87.42%	73.47%
1792 Kbps	80.29%	78.10%	68.25%	88.86%	87.52%	73.72%
1856 Kbps	80.67%	78.32%	68.56%	88.96%	87.63%	73.98%
E1	81.70%	78.95%	69.48%	89.25%	87.96%	74.74%
T3	92.63%	90.98%	86.92%	95.39%	94.84%	89.17%
STM-1	95.08%	93.99%	91.28%	96.93%	96.56%	92.78%
STM-4	95.70%	94.74%	92.37%	97.31%	96.99%	93.68%

Zonal Definition

Zone 1	China, Macau
Zone 2	Taiwan, Singapore, Malaysia, Philippines, Korea
Zone 3	Australia, Thailand, Indonesia, other South East Asia countries
Zone 4	Japan
Zone 5	North America
Zone 6	Europe, Indian Sub-continent, Middle East, & Rest of World

Note:

- (1) Monthly charges for wideband circuits will be calculated in step of E1 bearer, e.g. Monthly Basic Rental for one T3 equal to monthly rental for 21 x E1.
- (2) Please refer to Appendix IPLC_Px.I.I.3 for Guidance Notes of this discount plan.
- (3) An option to pay upfront is available to Customer pay yearly in advance.

INTERNATIONAL PRIVATE LEASE CIRCUIT (IPLC)

Wholesale Discount Plan (B)

VOLUME DISCOUNT

The Customer may choose either Circuit or Bandwidth Volume Discount Option to best fit her individual network expansion plan.

BANDWIDTH DISCOUNT OPTION			
<u>Average Bandwidth</u>			<u>Discount</u>
10	<	300Mbps	15%
300	<	800Mbps	18%
800	<	1400Mbps	20%
1400	<	2000Mbps	23%
Above 2000Mbps			25%

OR

CIRCUIT DISCOUNT OPTION			
<u>No. of Circuit</u>			<u>Discount</u>
4	-	50	15%
51	-	100	18%
101	-	200	20%
201	-	250	23%
Above 250			25%

OTHER INCENTIVES

Term Discount

- In the event that the Customer wishes to enter into a Minimum Commitment Period longer than one year, additional discount of 5%, 10%, 15%, 44% and 44% will be applied to Minimum Commitment Period of 2, 3, 5, 10 and 15 Years respectively.

Project Discount

- The corresponding discount percentage (Volume Discount) in respect to the committed project size of its network will be applied as soon as the first circuit is provisioned.

Bulk Order Discount

- In the event that the Customer place orders for multiple new circuits in one batch, an additional 3% discount per 3 circuit orders will be applied with maximum 9%. Total bandwidth for the application shall not be less than 6Mbps. This discount is only applied on the circuits of the subject orders.

Upgrade Discount

- An additional 10% discount will be applied on circuit upgraded between 56kbps and E1 provided that the circuit has a minimum in-service period of three months.

Bandwidth Growth Incentive

- Up to 25% discount will be granted to Customer who commit to expand their telecommunication network with the Company.

China Promotional Discount

- Till 31-Dec-2001, an additional 30% discount will be applied on all new installed circuits terminating to China with speed range between 64kbps and E1.

GUIDANCE NOTES FOR IPLC DDS WHOLESALE DISCOUNT PLAN (B)

1. General Rules

All full time use of the Digital Data Service (DDS) duplex circuits at speed 56Kbps and above will qualify for the IPLC DDS Wholesale Discount Plan (B) (here below called “Plan B”).

The customer may choose and apply this Plan B for his IPLC DDS network with circuit speed at 56Kbps and above. Customer may have the option to switch from other IPLC DDS Discount Plan to this Plan B provided that the Minimum Commitment Period is unchanged as a result of the plan change and the total bandwidth switched to this plan in relation to the Customer will grow by 40% within 6 months or a period of time agreed between the Company and the Customer. The cutover date to this Plan B will be on the 1st day of the following month.

All DDS Discount Plan’s incentive will be applied to the Monthly Basic Rentals. The calculation of discounts is on a discount-on-discount basis. i.e. $\text{Monthly Basic Rental} \times \{1 - \text{Discount A}\} \times \{1 - \text{Discount B}\} \dots = \text{Net Discounted Amount}$.

2. Wholesale Discount Plan (B)

- 2.1 This discount plan applies to full time DDS duplex circuits at speeds 56Kbps and above. All circuits which will be subject to this discount plan must have at least one year Minimum Commitment Period with the Company in order to qualify for the Plan B.
- 2.2 The Volume Discount under this Plan B is calculated on either option: (a) the number of circuits OR (b) the total bandwidth of the Customer’s full time IPLC DDS Network.
- 2.3 In calculating the number of circuits under the Volume Discount, any circuit at speed above 56Kbps will be counted as one circuit.

3. Additional Incentives

3.1 Term Discount

- 3.1.1 In the event that the Customer wishes, at the commencement of the Customer’s subscription to the Plan B, to enter into a Minimum Commitment Period longer than one year, additional discount of 5%, 10%, 15%, 44% and 44% will be applied to Minimum Commitment Period of 2, 3, 5, 10 and 15 Years respectively.

3.1.2 Cancellation Charge

In the event that the Customer cancels the Service before the expiry of the Minimum Commitment Period, the Customer shall be liable for payment of the cancellation charges as follows:

MCP of 1 year	100% of Monthly Rental payable for the remaining unexpired term.
MCP of 2 years and above	85% of Monthly Rental payable for the remaining unexpired term.

3.2 Project Discount

- 3.2.1 The Project Discount will only be offered to the Customer who has committed to and placed firm orders for a bundle of circuits (“Project Commitment Size”) to be established by phases within six months of the order placement or some other period as agreed between the Company and the Customer.

3.2.2 The corresponding discount level (Volume Discount) in respect of the Project Commitment Size of the Customer's network will be applied as soon as the first circuit has been provisioned and is in service.

3.2.3 In the event that the Customer fails to meet the Project Commitment Size by the end of six months or some other period as agreed between the Company and the Customer, the Customer shall be liable to a cancellation charge based on the following formula:

$$\text{Billed Amount} \times \frac{\text{Granted Discount Percentage} - \text{Achievable Discount Percentage}}{1 - \text{Granted Discount Percentage}}$$

where: Billed Amount is the total amount billed by the end of six months or some other period as agreed between the Company and the Customer.

Granted Discount Percentage is based on the Project Commitment Size

Achievable Discount Percentage is based on the actual network project size by the end of six months or some other period as agreed between the Company and the Customer.

3.2.4 The offer of a Project Discount will be subject to the availability of Capacity.

3.3 Bulk Order Discount

3.3.1 An additional 3% discount per 3 circuit orders placed in one batch will be applied to the subject circuits up to a maximum additional discount of 9% provided that (a) total bandwidth for the application shall not be less than 6Mbps and (b) all circuits shall be established within 6 months of the order placement or some other period as agreed between the Company and the Customer.

3.3.2 Bulk Order Discount in respect of the order volume will be applied as soon as the first circuit has been provisioned and is in service.

In the event that Customer cancels any circuit order in the batch before all circuits establishment, the Bulk Order Discount for all circuits in the batch shall be cancelled and the Customer shall be liable to return the applicable discount amount to the Company.

3.4 Upgrade Discount

3.4.1 The Upgrade Discount applies to full time IPLCs at speeds between 56Kbps and E1.

3.4.2 To qualify for the Upgrade Discount, each circuit subject to the Upgrade Discount must have been in service for at least three months.

3.5 Bandwidth Growth Incentive Scheme

3.5.1 The Bandwidth Growth Incentive Scheme applies to full time IPLC DDS network with circuit speeds of 56kbps and above and will only be offered to Customers for establishing or expanding their regional telecommunications hub in Hong Kong.

3.5.2 The Incentive Scheme will be in a form of discount percentage calculated based on the following formula :

Incentive Percentage

$$= \left\{ 0.15 * |G_1|_0^{0.5} + 0.15 * |G_2|_0^{0.5} \right\} + \left\{ 0.25 * |G_3|_0^{0.2} + 0.25 * |G_4|_0^{0.2} \right\} * 100\%$$

where $|G_n|_{\min}^{\max}$ denotes the maximum and minimum limit of the factor, and

G_n denotes the Customer committed growth rate in network bandwidth in year(n) starting from the date which the Customer joins the Scheme.

3.5.3 Bandwidth Growth Incentive Scheme is mutually exclusive with Volume Discount options and the Minimum Scheme Period is either 2 years or 4 years.

3.5.4 In the event that Customer fails to meet the Committed Growth Rate or cancels the Incentive Scheme during the Minimum Scheme Period, the Customer shall be liable to a cancellation charge which equals to the total incentive amount being granted from the first date of joining this Scheme.

4. Payment

4.1 In the event that the Customer wishes to pay up-front, a discount factor will be applied as agreed between the Company and the Customer. The discount factor is capped by the following formula:

$$\text{Maximum UpFront Payment Discount Per Annum} = 12\text{-Month Exchange Fund Bill Rate} + 10\%$$

5. Customized Routing

In the event that the Customer request for special routing arrangement, Customer must, if required by the Company pay any additional charges or all costs incurred by the Company in relation to provide the requested routing.

Calculation method for the “Customised Routing” charges :

Direct labour cost	(a)
Departmental overhead (Remark 1)	(b)

Labour cost with dept. overhead	(c) = (a) + (b)
The customised network cost	(d)
Repair and maintenance cost	(e)

	(f) = (c) + (d) + (e)
Company overhead	(g) = (f) x company overhead recovery rate

	(h) = (f) + (g)
	(i) = (h) x Markup % (Remark 2)

Amount chargeable	(j) = (h) + (i)
Monthly charge	(k) = (j) divided by number of months in contract period.

Remarks :

1. Departmental overhead is arrived at by dividing the aggregate sum of departmental supervisory costs and office expenses with total no. of direct man-hour of the department.
2. Markup rate at 20%.

6. Conditions of Service

This discount plan is made available by the Company to the Customer subject to the Company’s General Conditions of Service and the Special Conditions of International Private Lease Circuit Service.