

*AGREEMENT FOR OPERATION
OF
TELECOMMUNICATIONS SYSTEMS
AND
SHARING OF REVENUE
PT. BAJAM BINTAN TELEKOMUNIKASI
AND
PT. BINTAN INTI INDUSTRIAL ESTATE*

To: Mr. Alvin Choo Kok

**AGREEMENT FOR OPERATION
OF TELECOMMUNICATIONS SYSTEMS
AND SHARING OF REVENUE**

THIS AGREEMENT is made the 22nd day of April 2002
among the following parties:

- (1) **PT BATAM BINTAN TELEKOMUNIKASI** with its registered address at Jl. Markisa, Batamindo Industrial Park, Mukakuning – Pulau Batam 29433, The Republic of Indonesia ("PT BBT") of the first part;
- (2) **PT BINTAN INTI INDUSTRIAL ESTATE** with its registered address at 11th Floor, Wisma Indocement, Jl. Jend. Sudirman Kav. 70-71, Jakarta 12910, Indonesia ("PT BIIE") of the second part

WHEREAS:

- (1) PT BBT is the holder of an operating licence from the Indonesian authorities for the operation of fixed telephone line communication at Batamindo Industrial Park ("BIP"), Bintan Beach International Resort and Bintan Industrial Estate. . It is also the owner of the telecommunication system and infrastructure at BIP.
- (2) PT Bintan Resort Cakrawala ("PT BRC") and PT BIIE each own a telecommunications system & telecommunications infrastructure in Bintan Beach International Resort and in Bintan Industrial Estate respectively.
- (3) Each telecommunications system comprises an exchange and one link. The three telecommunications systems ("the telecommunications network") form a triangular radio link.
- (4) All telephone calls within the telecommunications network are currently routed through telecommunication system at BIP to and onward to Telkom and Indosat.
- (5) PT BBT and PT BIIE have agreed to record their ongoing business agreement relating to the exclusive appointment by PT BIIE of PT BBT in operating, maintaining and managing the telecommunications systems at Bintan Beach International Resort and at Batam Industrial Estate as follows.



NOW IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS

Gateway Facilities	Refers to those infrastructure and device owned by PT BRC allowing telecommunication signals to be channeled from PT BIIE to PT BBT
Gateway Fees	Fee charged to PT BIIE by PT BRC under the agreement made between PT BIIE and PT BRC for the use of the Gateway Facilities by PT BIIE
Indosat	The Indonesian international telecommunications company
Net Revenue	The balance of the Revenue collected by PT BBT after deduction of Operator's Costs and Gateway Fees.
Operator's Costs	The Operator's Costs shall consist of the following: <ul style="list-style-type: none">(a) the costs of the interconnection fee payable by PT BBT to any other telecommunications operator for the connection of calls from PT BIIE to any other domestic or international locations;(b) all taxes as required under any law, licence or permit, save for the income tax of PT BIIE;(c) "Biaya Hak Penyelenggaraan" ("BHP"), equivalent to 1 (one) percent of the Revenue, payable by a licensed telecommunication operator to the Directorate General of Post and Telecommunication of Ministry of Transportation.(d) Cost of "Frequency Allocation Permit" (Ijin Alokasi Frekuensi) payable by a licensed telecommunication operator to the Directorate General of Post and Telecommunication of Ministry of Transportation.(e) Cost of Universal Service Obligation ("USO") payable by a licensed telecommunication operator to the Indonesian Government.
The Parties	The parties to this Agreement, namely, PT BBT and PT BIIE
Project	The project management work to be undertaken by PT BBT as described in clause 6 for PT BIIE.



Project Fee	5% of the contract value of the Project excluding any tax to be paid as required by law. The contract value of the management project shall include but shall not be limited to the purchase of goods/equipment, contracting works, installation works or consultancy with any person or entity, either separately or in any combination.
PT Telkom	The Indonesian domestic telecommunications company
Revenue	All revenue and income shown in the invoices issued by PT BBT for the telephone calls to and from subscribers as listed in the subscribers' list of PT BIIE to any other domestic or international locations
Telecommunications System	The system of equipment and infrastructure combining and working together to perform the telecommunication functions of connecting telephone calls whether locally or internationally.
Telecommunication aspects of the Telecommunications System	Refers in respect to the Telecommunications System, to the exchange equipment, the telecommunication cables and the satellite dishes
Revenue Sharing	The division of the Net Revenue as set out in Article 4

1.2 This Agreement shall be deemed to have commenced on 1 July 1997.

2. TERM AND CONSIDERATION

- 2.1 PT BIIE affirms the appointment of PT BBT since 1 July 1997 and agree irrevocably to continue to appoint PT BBT to operate, maintain and manage the telecommunication aspects of the Telecommunications System of PT BIIE located at Bintan Industrial Estate. The duration of such appointment shall be for a period of 10 years commencing 1 July 1997 and ending on 30 June 2007.
- 2.2 In consideration of the aforesaid services rendered by PT BBT to PT BIIE, Parties hereto agree to share the Net Revenue as set out in Article 4 below.
- 2.3 Upon the expiry of the term of this Agreement, this Agreement shall be automatically renewed for a further term of five (5) years on the same terms and conditions save for the Revenue Sharing, and shall continue to be automatically renewed for the same term of years at the expiry of each renewed term unless either party notifies the other in writing not less than six (6) months prior to the expiration of the Agreement or each renewed term, as the case may be, that this Agreement shall not be renewed.



3. OBLIGATIONS OF PT BBT

- 3.1 In operating, maintaining and managing the telecommunications systems in Bintan Industrial Estate, PT BBT shall undertake the following functions:
- 3.1.1 operation of the fixed line telecommunications system at Bintan Beach International Resort and in Bintan Industrial Estate;
 - 3.1.2 administration of the billing and collection of revenue system of PT BIIE's telecommunication systems;
 - 3.1.3 process the application and connection of new subscriber lines for PT BIIE's Telecommunications System ;
 - 3.1.4 maintenance only of the telecommunications aspect of each of PT BIIE's Telecommunications Systems equipment, cabling and radio links (as set out in Appendix 1); and
 - 3.1.5 bear the costs of maintaining and operating the Telecommunication aspects of the Telecommunications Systems, review and provide upgrading proposals to PT BIIE when necessary.

4. PAYMENT OF OPERATING CHARGE AND OTHER FEES

- 4.1 The Net Revenue shall be divided between PT BIIE and PT BBT equally, ie 50% each.
- 4.2 The Revenue shall be collected by PT BBT. PT BIIE irrevocably authorize PT BBT to deduct directly without reference to them the following items of payment contemplated by the parties from its Net Revenue:
- 4.2.1 the Project Fee as provided in Clause 6.3.3 hereof;
 - 4.2.2 the payments made by PT BBT for and on behalf of PT BIIE in the purchase of the equipment listed in Article 5.3 below; and
 - 4.2.3 any other item which PT BIIE may agree with PT BBT.
- 4.3 PT BBT shall within thirty (30) days after the end of each quarter, issue PT BIIE a quarterly statement setting out the Net Revenue and the items as set out in Clause 4.2 above, and reflecting the status of payment due from or due to PT BIIE for the previous quarter.
- 4.4 Where the quarterly statement shows a positive figure after the deduction of all items mentioned in Clause 4.2 and any outstanding payment due from PT BIIE to PT BBT, PT BBT shall pay to PT BIIE such balance within thirty (30) days of the date of the statement issued by PT BBT.



- 4.5 Where the quarterly statement shows a negative Net Revenue, or a Net Revenue insufficient to cover all the items in Article 4.2, PT BIIE shall pay to PT BBT such amount as indicated in the quarterly statement issued by PT BBT within thirty (30) days of the date of the quarterly statement.
- 4.6 Any amount which remains owing by any party to the other after the date due for payment shall carry late payment interest at the rate of 15% per annum from the day after the last date for payment and the day of actual payment, payable by the party owing such amount, such interest shall be applicable whether before or after judgment.
- 4.7 All payments relating to the Net Revenue received by PT BBT as agents for PT BIIE shall be held on trust by PT BBT for PT BIIE and such Net Revenue shall not form part of the estate or assets of PT BBT in the event of the liquidation or receivership of PT BBT.
- 4.8 PT BBT shall exercise diligence in the collection of the Revenue for PT BIIE. PT BBT shall maintain and keep proper accounts showing in respect of the Revenue due and collected, and will render quarterly statements of such accounts and any other information relating thereto. PT BBT shall further permit inspection of such accounts by PT BIIE as and when required by PT BIIE.

5. OBLIGATIONS OF PT BIIE

- 5.1 In order that a reliable supply of telecommunications services may be maintained, PT BIIE shall have the following obligations:-
- 5.1.1 to diligently maintain all aspects other than the telecommunication aspects of the Telecommunications Systems at Bintan Industrial Estate; and
- 5.1.2 to regularly review the need for and to where appropriate upgrade, expand and replace all aspects of their Telecommunications Systems.
- 5.2 In the event that PT BBT ascertains that certain elements of the non-telecommunication aspects of the Telecommunication Systems of PT BIIE is not properly maintained such that in the opinion of PT BBT, the reliable supply of telecommunication services is/will be affected, PT BBT may (but shall not be obliged to) upon giving 7 days' notice to PT BIIE, at the cost and expense of PT BIIE carry out such works as may be necessary to rectify the situation/maintain such elements of the non-telecommunications aspects of the Telecommunications Systems. In this connection, PT BIIE acknowledge that PT BBT shall be entitled to deduct/retain from its respective Net Revenue such sums as may be necessary to effect such maintenance/rectification work ("Developer's Maintenance Costs"). Where the Net Revenue is inadequate for the retention or deduction of such sums, PT BIIE agree to pay the cost of such works, as the case may be, within thirty (30) days of receipt of PT BBT's invoice to them Provided Always that such sums shall not be greater than S\$5,000. PT BBT shall obtain the approval from PT BIIE for any amount over and above the aforesaid limit of S\$5,000.



- 5.3 PT BIIE acknowledge that the equipment and the work done as set out in Appendix 2 has been purchased and performed by PT BBT for and on behalf of PT BIIE for the proper functioning of the Telecommunication Systems of PT BIIE, and that the titles of the equipment are held by PT BIIE. PT BIIE agrees to repay to PT BBT all such payments made by PT BBT in connection with the said purchase of the equipment and the work done.
- 5.4 PT BIIE acknowledge further that PT BBT has been appointed by PT BRC to collect the Gateway Fees charged by PT BRC to PT BIIE for the use by PT BIIE of the Gateway Facilities of PT BRC. PT BIIE hereby authorize PT BBT to make such deductions from the Revenue all Gateway Fees which PT BIIE may be liable to pay PT BRC under the agreement made between PT BRC and PT BIIE.
- 5.5 PT BIIE undertakes that during the term of this Agreement and any renewed term made under Article 2.3 above, PT BIIE shall not terminate or cause the agreement made between PT BRC and PT BIIE to be terminated without the written consent of PT BBT.

6. **APPOINTMENT OF PT BBT AS TELECOMMUNICATIONS PROJECT MANAGER FOR PT BIIE**

- 6.1 PT BBT may from time to time inspect and make studies of the telecommunications aspects of PT BIIE's Telecommunications System and make recommendations for the upgrading and replacement of the same. PT BIIE shall consider the recommendations or proposals of PT BBT and within 14 days of such recommendation notify PT BBT whether such recommendations or proposals are accepted.
- 6.2 Upon the acceptance of the proposal by PT BIIE, PT BIIE shall pay to PT BBT such reasonable costs and fee for their services provided in Clause 6.1 hereof upon receipt of the invoice from PT BBT in respect thereof.
- 6.3 Upon PT BIIE's agreement to the recommendations of PT BBT's to upgrade and replace the telecommunications aspects of its system, PT BIIE shall use all best endeavours to carry into effect such recommended upgrading and replacement works ("Projects")
- 6.4 PT BIIE agrees with PT BBT to appoint PT BBT exclusively to provide management services for such Projects. In consideration of the Project Fee to be paid to PT BBT for such services, PT BBT accepts the appointment. The management services aforesaid shall include:
- 6.4.1 the nomination of the contractors and suppliers for the Projects, with whom PT BIIE shall contract for supply of works or goods/equipment for the Projects;
- 6.4.2 managing the implementation of the Projects, including the management of any consultants for the Projects; and



- 6.4.3 any other aspects of the Project management as PT BIIE may agree with PT BBT
- 6.5 PT BIIE shall:-
- 6.5.1 extend to PT BBT a copy of all contracts or written agreements entered into by PT BIIE and any other party in connection with the Projects within seven (7) days of them being signed or within such reasonable time period as may be agreed between PT BIIE and PT BBT;
- 6.5.2 confirm the scope of works as agreed to be undertaken by PT BBT in the management of the Project within a reasonable period of time prior to the commencement of the Project or at such time as may be agreed to between PT BIIE the Developer and PT BBT; and
- 6.5.3 undertake to settle the payments due to the contractors, suppliers and any other parties in relation to the Projects promptly.
- 6.6 The Project Fee shall be paid to PT BBT by PT BIIE as follows:
- 6.6.1 PT BIIE shall pay PT BBT 50% of the Project Fee within fifteen (15) days upon the signing by PT BIIE of the contract or letter of appointment for the supply of goods and/or services including but not limited to the purchase of goods/equipment, contracting works, installation works or consultancy with any person or entity and in the absence of a formal agreement or letter, the commencement of such works by the person or entity appointed to carry out such services and/or supply of goods; and
- 6.6.2 PT BIIE shall pay to PT BBT the balance 50% of the Project Fee within fifteen (15) days upon the handing over of the Project which shall include the delivery of the goods/equipment and/or full installation of goods/equipment, completed contracting works or the presentation by PT BIIE of a certification of completion of the Project by a suitably qualified person as the case may be.
- 6.6.3 In the event that PT BIIE fails to make payments of the Project Fee as aforesaid, PT BBT shall, upon giving PT BIIE seven (7) days' notice, be entitled to deduct such sums of money from PT BIIE's Net Revenue as may be sufficient to settle such payments of the Project Fee.
- 6.7 All payments to be made in respect of the Project shall be paid by PT BIIE and PT BIIE undertakes to make such payments promptly. PT BBT shall at no time be obliged to effect payment on behalf of PT BIIE. In this connection, PT BBT shall be fully indemnified by PT BIIE for any costs, expenses or loss incurred as a result of the management of the Project. PT BBT shall be entitled to deduct such costs, expenses or loss incurred from PT BIIE's respective Net Revenue.
- 6.8 PT BBT shall extend to PT BIIE all invoices received by it from the suppliers, contractors or such other contracting parties of PT BIIE in the Project for verification and payment against such of the completed scope of works for the



Project in accordance with the terms of PT BIIE agreement with its contracting party in the Project.

7. NOTICES

Any notice required to be given in this Agreement by any party to this Agreement shall be in writing and sent to the address and/or facsimile numbers of the respective party as indicated below, and be deemed received at the expiration of three (3) working days after it is posted whether or not received, or if by facsimile, one (1) working day after dispatch to the correct fax number of the party. Each party shall notify the others of any change of address or fax number within two (2) working days of such change.

To PT BATAM BINTAN
TELEKOMUNIKASI:

Jl. Markisa, Batamindo Industrial Park,
Mukakuning – Pulau Batam 29433,
The Republic of Indonesia

Facsimile No:

(62) 770 612200

To PT BINTAN INTI
INDUSTRIAL ESTATE:

Wisma Indocement
11th Floor, Jalan Jenderal Sudirman
KAV 70-71, Jakarta 12910
Indonesia

Facsimile No:

(62) 770 696832

8. TERMINATION

8.1 Subject to Articles 8.2 and 8.3, either party shall be entitled to terminate the Agreement by giving the other party six (6) months' notice in writing under the following circumstances:

8.1.1 If the other party does not pay any money it owed to the party giving notice under the terms of this Agreement and such sums remain outstanding for a period of six (6) months; or

8.1.2 If the other party is or is in the process of being wound-up or ceases to exist as a legal entity;



8.2 Where:

- (a) there is a change in the law of Indonesia rendering PT BBT unable to hold the fixed telephone line communications licence or rendering it illegal for PT BBT to undertake the terms of this Agreement; or
- (b) if PT BBT's licence to operate the fixed line communications system for PT BIIE's Telecommunications Systems is terminated,

PT BBT shall be entitled to give such length of shorter notice as may be required by law or the authorities, or necessary under the circumstances to terminate this Agreement.

8.3 Where PT BIIE is in breach of Article 5.5 above, PT BBT shall be entitled to terminate this Agreement immediately by notice in writing to PT BIIE.

8.4 PT BIIE acknowledge that PT BBT shall be under no obligation to compensate for any losses or damage suffered by for such termination under Article 8.2.

8.5 During any renewed term of this Agreement pursuant to Clause 2.3 above, any party may by giving the other party six (6) months' notice in writing of its intention to terminate this Agreement. The Agreement shall absolutely terminate at the expiry date of such notice. The termination of the Agreement in this manner shall not affect any rights and obligations which have accrued prior to the termination.

8.6 For termination under this Article or any other Article in this Agreement:-

8.6.1 there is no necessity to comply with the provisions of Article 1266 Indonesian Civil Code requiring reference to a judicial body for such termination, which provisions the parties waive; and

8.6.1 such termination is without prejudice to the accrued rights of either party or to their rights in respect of any antecedent breach.

9. **FORCE MAJEURE**

9.1 Neither party shall be liable for any delay or default in the performance of its obligations under this Agreement caused by circumstances beyond the control and without the fault or negligence of such party, including but not restricted to acts of God, act of the public enemy, perils of navigation, fire, hostilities, war (declared or undeclared), blockade, labour disturbances, strikes, riots, insurrections, civil commotion, earthquakes, accidents or other cause(s) beyond the party's control. In any of the events mentioned above, the Parties shall, for the duration of such event, be relieved of any such obligation under this Agreement as is affected by said event.

9.2 PROVIDED THAT where the duration is more than thirty (30) days the Parties to this Agreement shall agree on certain interim measures to be taken in respect of the obligations of the respective Parties and determine whether the Agreement



may be terminated. As regards all other provisions of this Agreement, they shall remain in force as far as they are not affected by such event.

- 9.3 All Parties shall resume their full obligations under this Agreement upon the cessation of such event.

10. GOVERNING LAW AND DISPUTE SETTLEMENT

- 10.1 This Agreement shall be governed by and construed in accordance with the laws of the Republic of Indonesia and this Agreement and any right or obligation granted or to be performed herein is subject to all relevant prevailing laws and regulations of Batam, Indonesia.

- 10.2 In the event that any Article or part of an Article in this Agreement shall, for any reason, be determined by a court or arbitral tribunal to be invalid or unenforceable then:-

10.2.1 the remaining Articles or part Article shall not be affected, impaired or invalidated, shall remain in full force and effect and shall continue to be binding upon the parties; and

10.2.2 so far as possible, the said Article or part Article shall be deemed to be modified to the last degree possible so as to comply with the applicable law or regulation and be valid and enforceable.

- 10.3 Without prejudice to the right of PT BBT to terminate this Agreement as provided elsewhere herein, if any dispute arises between any or all the parties in connection with this Agreement, including without limitation its validity, enforcement, performance, termination or expiration, which cannot be settled amicably by mutual agreement within thirty (30) calendar days, such dispute shall be finally settled by arbitration in accordance with (i) the Rules of Arbitration promulgated by Badan Arbitrase Nasional Indonesia in force on the date of the notice of arbitration, and (ii) this Article.

- 10.4 The parties expressly agree that (i) the arbitration tribunal shall decide the matter as expeditiously as possible, (ii) the second part of Article 631 of the R.V. (Reglement op de Rechtsvordering) shall not apply, and that accordingly the arbitrators shall only reach their decision by applying strict rules of law and shall not purport to resolve any dispute ex aequo et bono except to the extent the rules of law allows it, (iii) the arbitration shall be conducted in the English language, in Batam Island and/or at such other place or places in Indonesia as the arbitration tribunal may elect, (iv) the decisions of the arbitration tribunal shall be by majority vote, (v) the party in whose favor the arbitral award is rendered shall be entitled to recover reasonable costs and expenses relating to the arbitration including but not limited to the costs and expense of administration of the arbitration proceedings, travel and related expenses and reasonable attorney's fees.

- 10.5 The parties expressly agree to waive Article 641 of the R.V. and Articles 15 and 108 of Law Number 1 of the year 1950 (one thousand nine hundred and fifty), the Undang-Undang Mahkamah Agung Indonesia and/or any other laws and



regulations replacing or amending the laws and regulations referred to above, so that accordingly there shall be no appeal to any court from the decision of the arbitrators.

- 10.6 The parties agree not to dispute or question the validity, before any judicial or other authority in Indonesia, or elsewhere, of such award or any enforcement action taken by the party in whose favor the award was rendered. The parties shall not be entitled to commence or maintain any action in a court of law upon any matter in dispute until such matter shall have been submitted and determined as provided herein and then only for the enforcement of such arbitral award.
- 10.7 Pending the submission to arbitration and thereafter until the Board of Arbitration publishes its award, the parties shall, except in the event of termination, continue to perform all their obligations under this Agreement without prejudice to a final adjustment in accordance with the said award.
- 10.8 The Board of Arbitration shall state clearly the reasons for its decision. The parties shall extend to the Board of Arbitration all reasonable facilities for obtaining any information for the proper determination of the dispute. Wherever appropriate, decisions in arbitration proceedings hereunder shall specify the time for compliance therewith.
- 10.9 Any decisions rendered by the Board of Arbitration may be entered in any competent court. Subject to Article 24(3)(v) and until the award is rendered by the Board of Arbitration, each Party hereto shall pay the expenses of its own arbitrator and the expenses of the arbitration proceeding shall be shared equally between the parties in dispute.

11. APPENDICES

The Appendices to this Agreement shall constitute an integral part hereof and shall have the same legal effect as the Articles in this Agreement.

12. OTHERS

- 12.1 Unless otherwise stated in the Articles of this Agreement, any amendment to the content of this Agreement shall be in writing and signed by the Parties hereto.
- 12.2 In the event that any provision of this Agreement is declared unenforceable or invalid, such unenforceability or invalidity shall not affect the enforceability or validity of the remainder of the terms hereof. The Parties shall negotiate in good faith new provisions to restore, as best as possible, the original intent and effect of this Agreement.



LIST OF EQUIPMENT

1 Getway of Telecommunication Network (Re - Configuration)

a Transmission Link

2 Supply and Installation of Y2K Audit and Correction

a Upgraded TLWS/LWS

b PC For OMT Backup+UPS 1Kva

3 CCS#7

a Switching Equipment

b Spare Module

4 ISDN Project

a RDLU Lobam 16 sst ISDN BRA

b TV -View

