40% Penetration of Mobile	2G Base year		3G Base Year									
Macroeconomic Assumptions	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Population	6843000	6998800	7154600	7310400	7466200	7622000	7777800	7933600	8089400	8245200	8401000	8556800
Population Growth (%)	1.87%											
Inflation (%)	5.00%	0%	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Inflation multiplier (%)		100%	100.00%	102.00%	104.04%	106.12%	108.24%	110.41%	112.62%	114.87%	117.17%	119.51
Estimated # of Operators		4	4	4	4	4	4	4	4	4	4	4

3G Assumptions												
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
3G Penetration	0	0	-	-		16,387	50,750	124,086	198,224	347,914	592,909	752,998
2G Penetration					1,254,322	1,427,662	1,575,258	1,611,389	1,576,388	1,466,030	1,255,311	1,129,498
3G ARPU (HK$/month) @ 103% CAGR					$0	405	$360	$371	$382	$393	$405	$417
3G ARPU (HK$/year) @ 103% CAGR				0	0	4,860	4,320	4,450	4,584	4,716	4,860	5,004
Total revenue @ ARPU 103% CAGR					0	79,640,820	219,240,000	552,133,066	908,658,816	1,640,762,424	2,881,537,740	3,768,001,992
3G ARPU (HK$/month) @ 106% CAGR					$0	405	$360	$382	$404	$429	$454	$482
3G ARPU (HK$/year) @ 106% CAGR				0	0	4,860	4,320	4,584	4,848	5,148	5,448	5,784
Total revenue @ ARPU 106% CAGR					0	79,640,820	219,240,000	568,810,224	960,989,952	1,791,061,272	3,230,168,232	4,355,340,432
3G GM (%)			50%	52%	54%	56%	58%	60%	62%	64%	66%	68%
3G SG&A expenses (% of rev)			0%	0%	15%	15%	15%	15%	15%	15%	25%	15%
3G growth in SG&A/yr			0%									
3G customer acquisition cost (%of rev)			18%	17%	16%	15%	14%	13%	12%	11%	10%	9%

Capex Requirements	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Initial Capex per 2G operator (HK$millions)			1700									
3G multiplier over 2G			0.88									
# of years to rollout network			4									
2G upgrade & maintenance/year (% of Initial capex)			10%									
2G upgrade & maintenance/year (HK$millions)			170									
3G multiplier over 2G			1									

Financing	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Initial Financing amount/operator (HK$millions).		100										
Interest rate % above inflation	5%											
Estimated Interest Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Tax rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%

Valuation	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
WACC	15%											

(HK$ millions) @ APRU 1043% CAGR	***2000***	***2001***	***2002***	***2003***	***2004***	***2005***	***2006***	***2007***	***2008***	***2009***	***2010***
Investment	0	-	-	(500)	(500)	(500)	(45)	(46)	(47)	(48)	(49)
EBITDA/Cash Flow	0	-	-	-	21	64	173	318	621	1,169	1,593
Net Cash In/Out	0	-	-	(500)	(479)	(436)	128	272	574	1,121	1,544
Cumulative Cash Flow	0	-	-	(500)	(979)	(1,416)	(1,284)	(1,012)	(435)	699	2,309
NPV	$722										

(HK$ millions) @ APRU 106% CAGR	***2000***	***2001***	***2002***	***2003***	***2004***	***2005***	***2006***	***2007***	***2008***	***2009***	***2010***
Investment	0	-	-	(500)	(500)	(500)	(45)	(46)	(47)	(48)	(49)
EBITDA/Cash Flow	0	-	-	-	21	64	182	337	680	1,326	1,915
Net Cash In/Out	0	-	-	(500)	(479)	(436)	137	291	633	1,278	1,866
Cumulative Cash Flow	0	-	-	(500)	(979)	(1,416)	(1,279)	(988)	(355)	923	2,789
NPV	$917										