



Taiwan Broadband Communications

Business Overview

Macquarie International Infrastructure Fund Limited (MIIF)

25 July 2007



Disclaimer



Disclaimer

Macquarie International Infrastructure Fund Limited (MIIF) is a Bermudan registered mutual fund company listed on the Singapore Exchange Securities Trading Limited. Macquarie Infrastructure Management (Asia) Pty Limited (MIMAL) is the manager of MIIF. MIMAL is a wholly owned subsidiary of Macquarie Bank Limited (MBL).

Investments in MIIF are not deposits with or other liabilities of MBL or of any entity in the Macquarie Bank Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither MIIF, nor any member of the Macquarie Bank Group, including MIMAL, guarantees the performance of MIIF, the repayment of capital or the payment of a particular rate of return on MIIF securities.

This presentation has been prepared based on available information. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, neither MBL, MIIF, MIMAL, their directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of MBL, MIIF, MIMAL or their directors, employees or agents.

In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in the information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Each recipient of the information should make its own independent assessment of the information and take its own independent professional advice in relation to the information and any action taken on the basis of the information.

General Securities Warning

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MIIF, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling, securities or other instruments in MIIF. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of MIIF. Past performance is not a reliable indication of future performance.



Agenda



- Executive Summary
- Industry Overview
- Overview of Products
- Network, IT & Operations
- Financial Highlights



Notes



- All data in New Taiwan Dollars (NT\$) unless otherwise stated
- Assumed exchange rate of NT\$21.23 : S\$1.00¹
- All years on calendar year basis (January – December)
- TBC financials based on unaudited management accounts prepared in accordance with local requirements
- As at 31 December 2006, Taiwan had approximately 7.4 million households and a population of 22.8 million people²

¹ Source: Bloomberg - 31 Dec 2006

² Source: Global Insights – Taiwan Report



Glossary



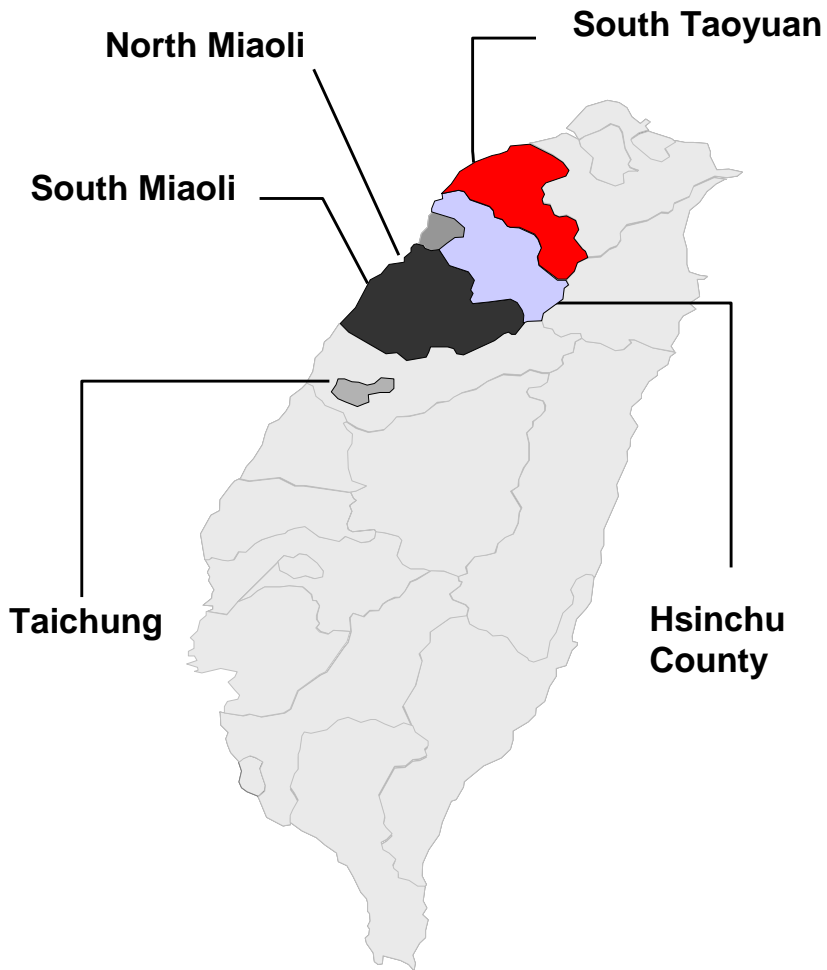
- ARPU: Average Revenue per User
- Churn: Calculated as the total number of disconnects as a percentage of subscribers at the beginning of the period
- DTH: 'Direct to Home' – Satellite Television intended for home broadcast
- IPTV: Internet Protocol Television - system where a digital television service is delivered by using Internet Protocol (i.e. Internet TV)
- RGU: Revenue Generating Units
- Subs: Subscriptions



Executive Summary



Overview of TBC



Market Information

Cable TV systems	5
Sole operator markets	5

Subscribers¹ and ARPU

Basic TV	670,200
Broadband internet	94,998
Premium TV	17,004
Cable telephony	14,372
Basic ARPU per month ²	NT\$569(S\$27.54 ³)

¹ Subscribers as at 31 Mar 2007

² Average revenue per user per month from basic TV subscriptions for six months to 31 Dec 2006

³ All currency conversions at S\$1.00: NT\$21.23; Source: Bloomberg - 31 Dec 2006



TBC Product Offering



Basic TV

- Subscribers: 670,200
- ARPU¹: NT\$569 (S\$27) per month per basic subscriber
- Approximately 107 channels

Digital TV

- Subscribers: 17,004
- ARPU¹: NT\$162 (S\$8) per month per digital subscriber
- Expanded offerings of 31 video and 30 music channels

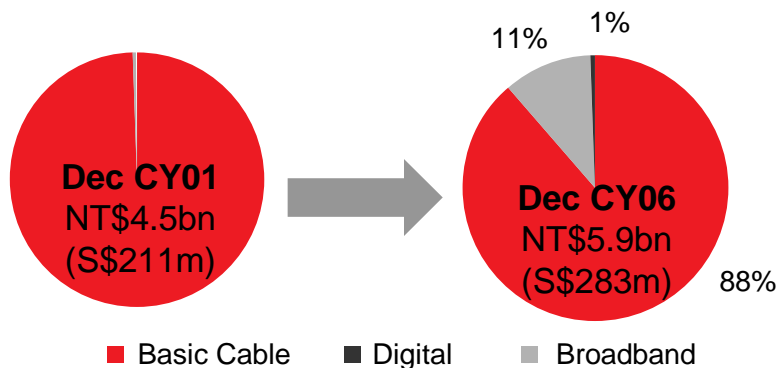
Broadband

- Subscribers: 94,998
- ARPU¹: NT\$555 (S\$26) per month per broadband subscriber
- Offers 5 speeds ranging from 256 Kbps to 10 Mbps

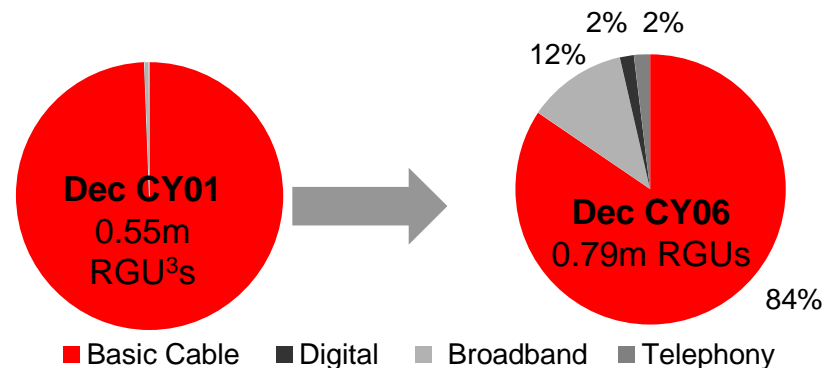
Telephony

- Subscribers: 14,372
- ARPU¹ included in broadband ARPU
- Competitive telephony solutions to complete quad play offering

Breakdown of Revenue² by Product



Breakdown of Subscribers by



¹ ARPU for six months to 31 Dec 2006 only includes revenues from the various services provided

² Revenue relates to onshore Taiwan operations only

³ Revenue Generating Units



Competitive Advantage & Strategy



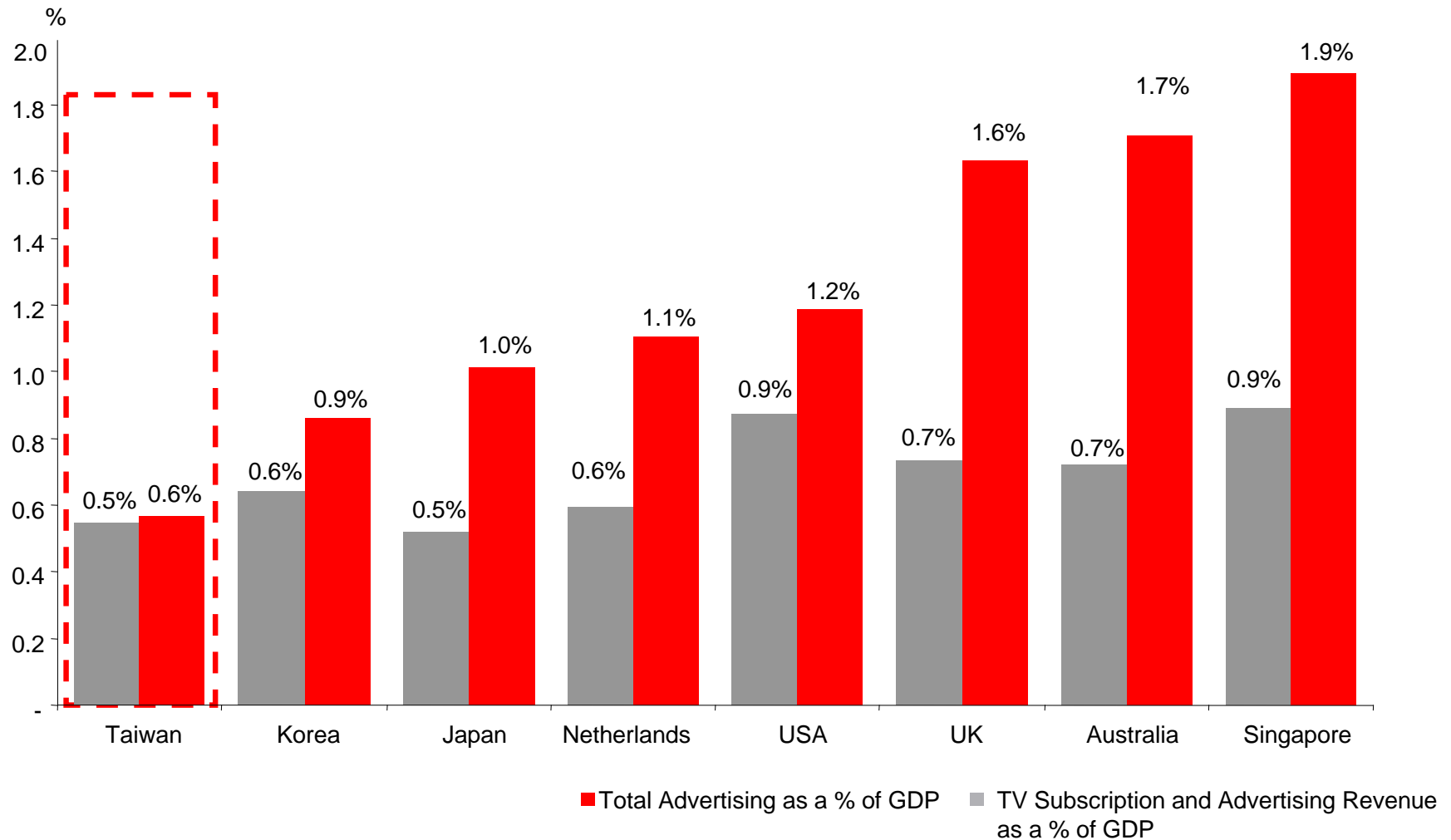
Competitive Advantages	Strategy	Objectives
<ul style="list-style-type: none">▪ High quality, near completed upgraded network▪ Industry cost leadership▪ Well-clustered, wholly-owned cable operations in attractive demographic markets▪ Market-leading TV, broadband and telephony offerings▪ Highly experienced management team	<ul style="list-style-type: none">▪ Optimise core business (convergence, digitisation, network utilisation)▪ Move into adjacent growth businesses (value-added services, interactivity)▪ Continually enhance community and industry reputation through engagement (local news services) and lobbying	<ul style="list-style-type: none">▪ Digitise entire subscriber base▪ Increase penetration of value-added services to global best practice levels (i.e. take-up of bundled offering)▪ Improve industry cost leadership position through network utilisation and operational consolidation



Industry Overview



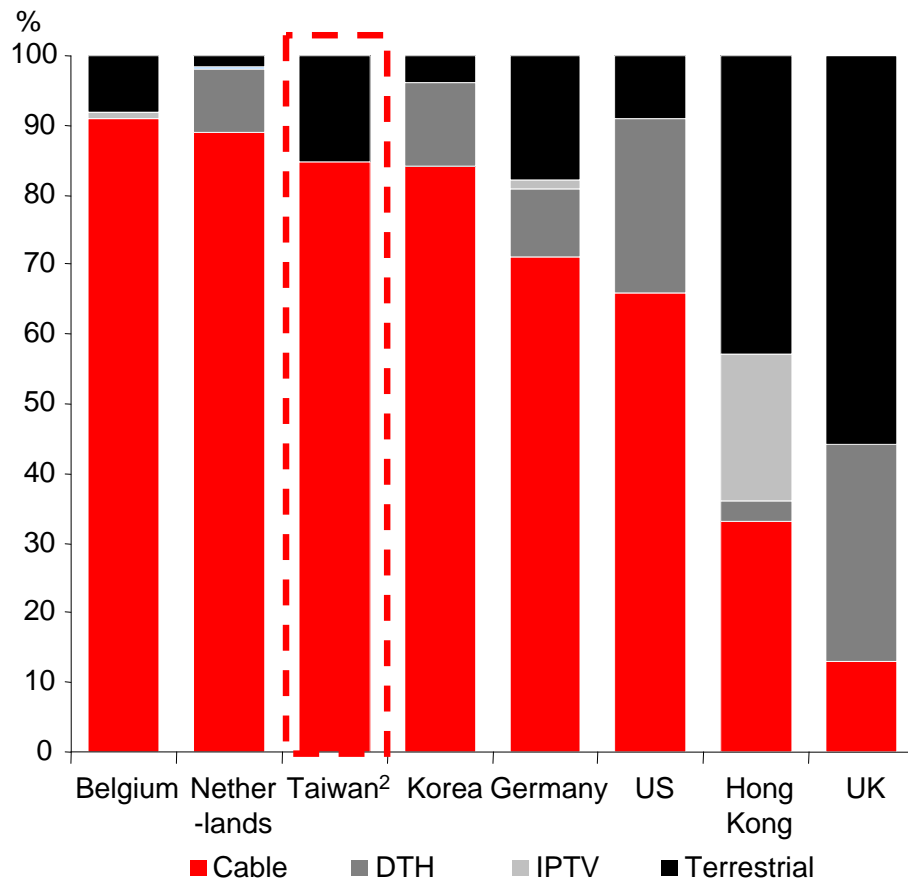
TV and Advertising Revenue as a Percentage of GDP



Source: Informa Telecoms and Media 2006 , CEASA (Australia)



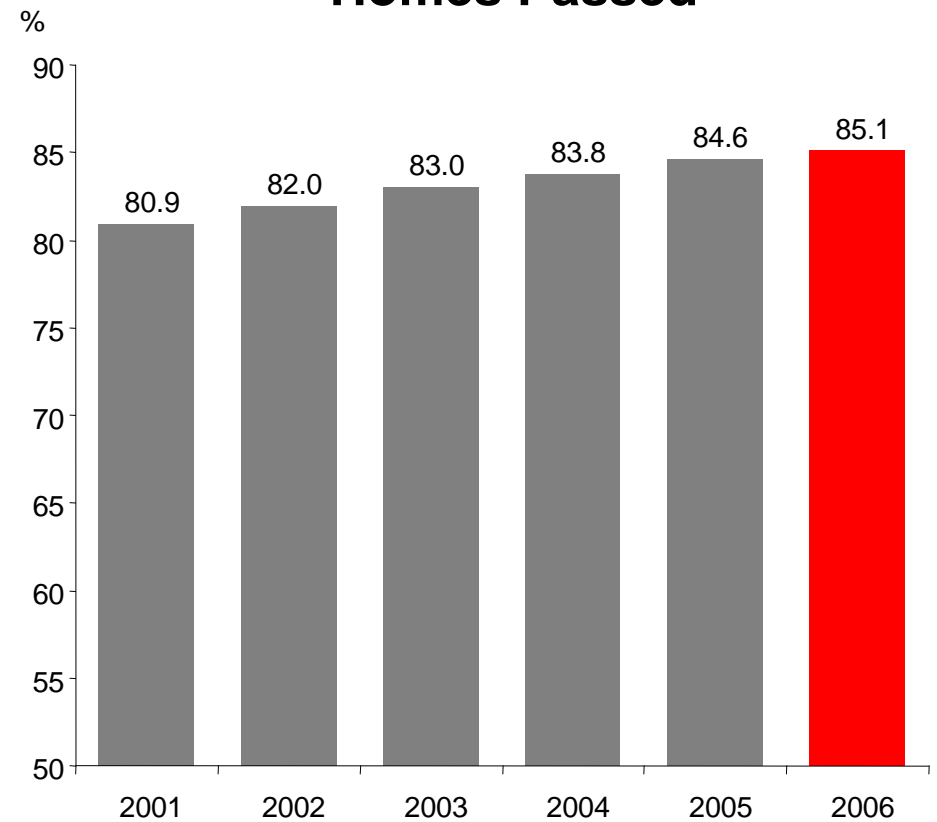
TV Penetration by Distribution Platform¹



¹ Source: Informa Telecoms and Media 2006 (Data as at 31 Dec 2005)

² Taiwan figures reflect a degree of technology overlap

Taiwan Cable TV Penetration of Homes Passed¹



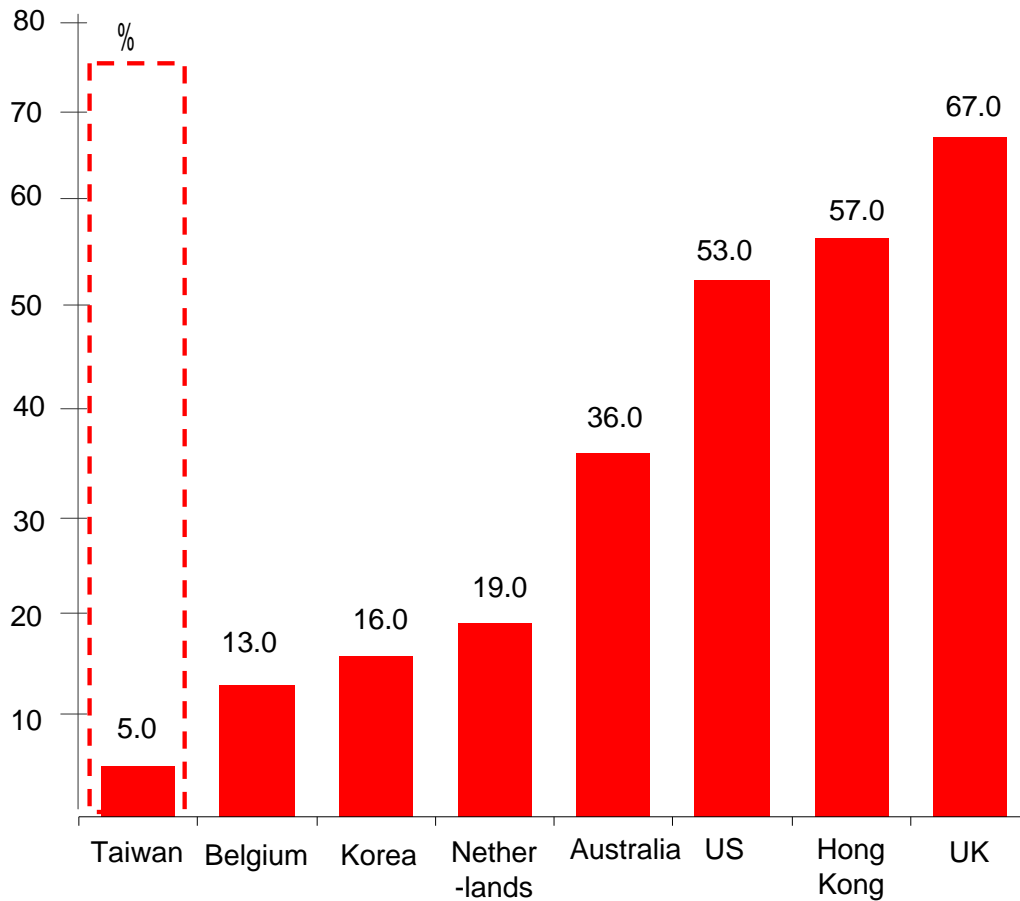
¹ Includes non-paying subscribers; Source: Media Partners Asia 2006



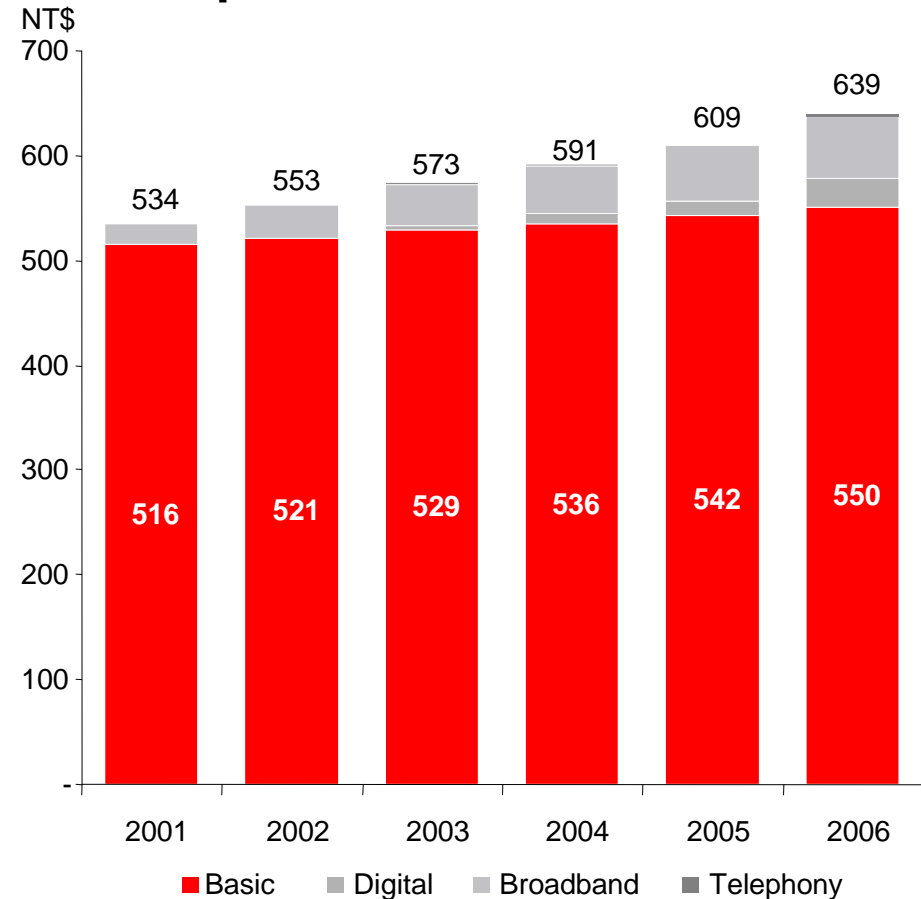
Stable ARPU with Digital Upside



Total Digital TV Penetration by Market



Taiwan Total Cable ARPU per month per Basic Subscriber

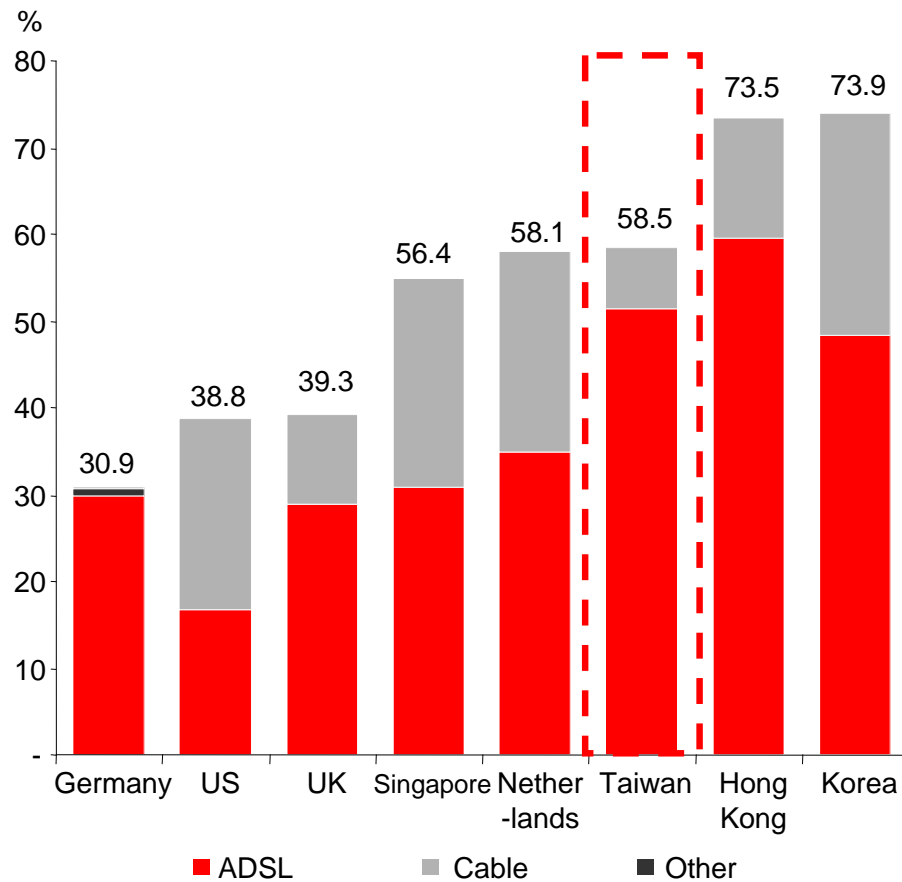


Source: Informa Telecoms and Media 2006

Source: Media Partners Asia 2006

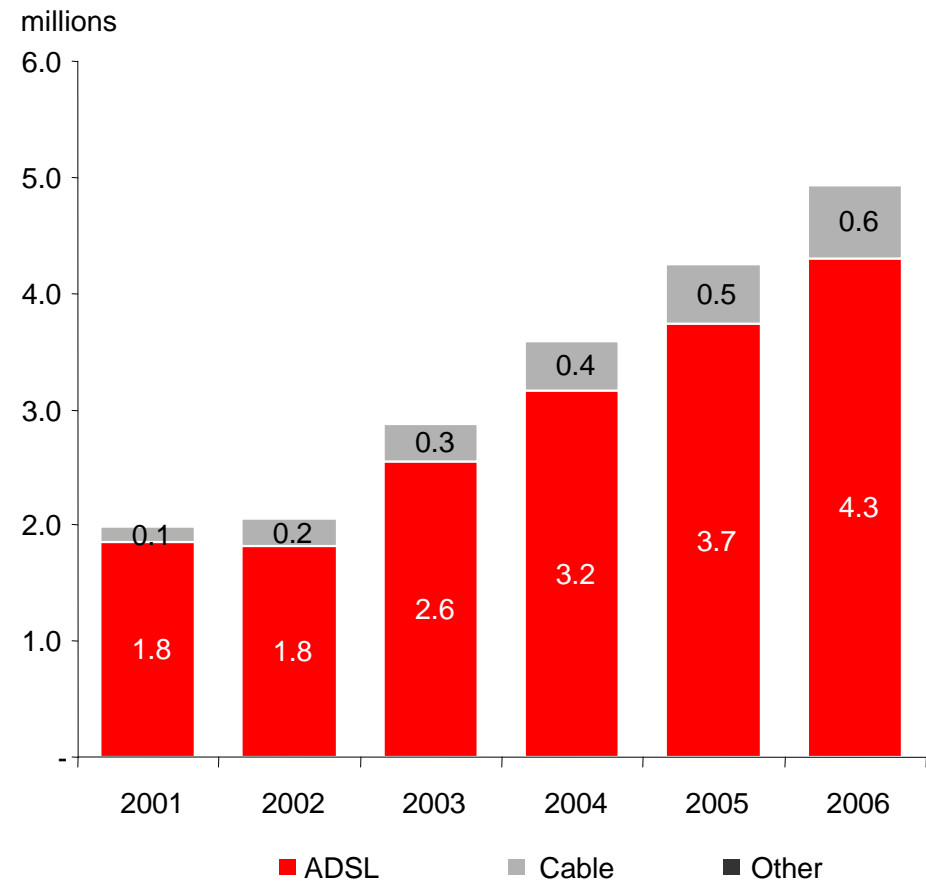


Broadband Penetration by Market



Source: Media Partners Asia, Informa Telecoms and Media
(Data compared as at 31 Dec 2005)

Taiwan Broadband Subscribers by Platform



Source: Media Partners Asia 2006



Comparison of Key Players



MSO	Description	Number of Majority Owned Systems	Number of Sole Operator Systems	Basic Subs ¹	National Market Share	Digital Subs ¹	Broadband Subs ¹
CNS	Coverage in Northern and Southern Taiwan with a focus on Taipei and Kaohsiung City	15	11	c.1,168,000	26%	c.38,000	c.40,000
EMC	Organised into five regional clusters concentrated in Taipei City and Hsinchu City	13	7	c.1,090,000	24%	c.52,000	c.150,000
TBC²	Five sole operator systems in the Taoyuan, Hsinchu, Miaoli and Central regions	5	5	670,200	15%	17,004	94,998
Fu Yang	Predominantly focused in Taipei County and Kaohsiung	7	7	c.435,000	10%	-	c.38,000
TINP	Formed by a group of independent cable systems in central Taiwan	5	3	c.282,000	6%	-	c.55,000
Other	There are 22 independent system operators in Taiwan	22	16	c.840,000	19%	Na	c.62,000

¹ Asia Pacific Pay-TV & Broadband Markets 2006

² TBC data as at 31 Mar 2007



Industry Challenges / Opportunities



Issue	Challenges	Opportunities
Piracy	<ul style="list-style-type: none"> Estimated national penetration of piracy ~ 15 - 20% 	<ul style="list-style-type: none"> Digitisation expected to help eliminate piracy
Digitisation	<ul style="list-style-type: none"> Slowed by limits on scale, approval process and lack of quality digital content 	<ul style="list-style-type: none"> Potential to facilitate additional premium content and services to drive ARPU growth
Consolidation	<ul style="list-style-type: none"> Small, independent players control ~ 19% of the market 	<ul style="list-style-type: none"> Increasing market share limit could help drive consolidation and promote digitisation
Convergence	<ul style="list-style-type: none"> Execution by whole cable industry Potential threat of IPTV 	<ul style="list-style-type: none"> Potential for quad play offering to reduce churn and increase 'share of wallet'
Regulatory Reform	<ul style="list-style-type: none"> Changing regulatory structure 	<ul style="list-style-type: none"> NCC is a national regulator with an understanding of the market
Packaging and Pricing	<ul style="list-style-type: none"> Execution by whole cable industry 'Completeness' of basic package 	<ul style="list-style-type: none"> Potential for 'bundling' of value-added services to drive digitisation and reduce churn



Overview of Products



TBC Business Overview



TBC Multi Systems Operator (MSO)

- Corporate strategy and policy
- Content procurement
- Channel leasing services
- Digitisation
- Engineering planning
- Lobbying government and regulator
- Financial management
- Overall and capex budgeting
- Marketing strategy

TBC System Operators

- Maintaining relationships with local governments
- Advertising sales and marketing
- Technical operations
- Network maintenance
- Collections
- Customer services
- Local news production

TBC Management Approach

Transparent corporate governance

- Consolidated financial reporting
- Centralised financial accounting and cash management

Strict performance management

- Clear financial & operational targets
- Application of benchmarks

International management structure

- International experience
- Matrix structure



Attractive Coverage Area

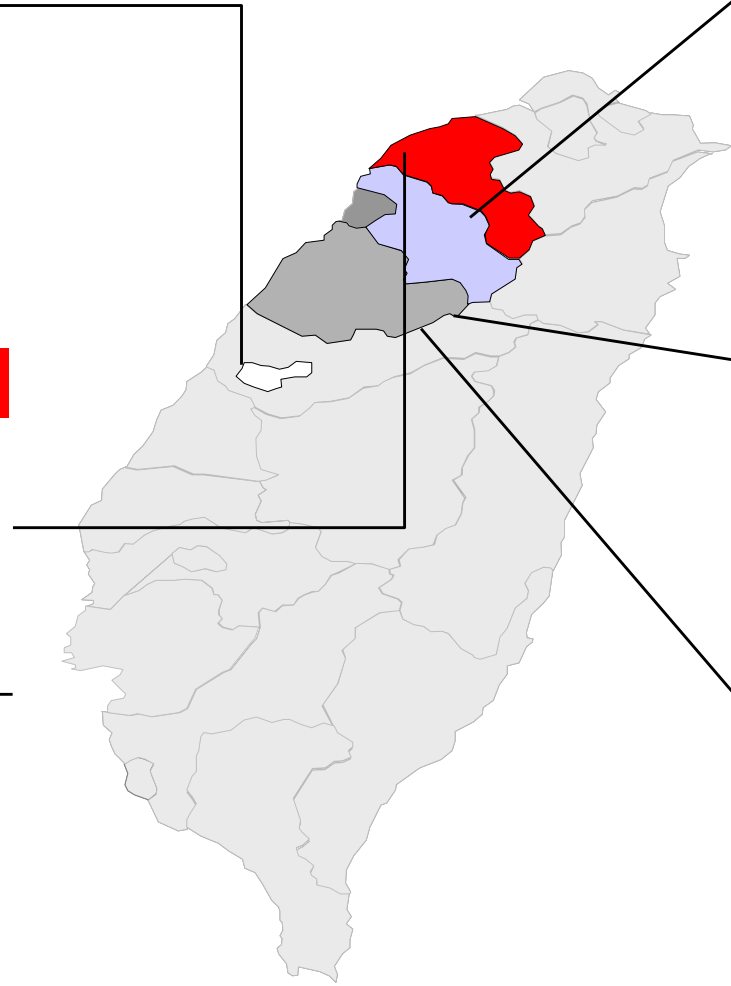


Taichung¹

Name	Chun Chien Cable TV
Homes passed	418,626
Basic subscribers	263,001
Penetration	62.8%
Competing system operators	None

South Taoyuan¹

Name	Nan Taoyuan Cable TV
Homes passed	322,628
Basic subscribers	210,404
Penetration	65.2%
Competing system operators	None



Hsinchu County¹

Name	BEST Cable TV
Homes passed	133,426
Basic subscribers	97,749
Penetration	73.3%
Competing system operators	None

North Miaoli¹

Name	Shin Ho Cable TV
Homes passed	56,415
Basic subscribers	41,424
Penetration	73.4%
Competing system operators	None

South Miaoli¹

Name	Chi Yuan Cable TV
Homes passed	90,873
Basic subscribers	57,622
Penetration	63.4%
Competing system operators	None

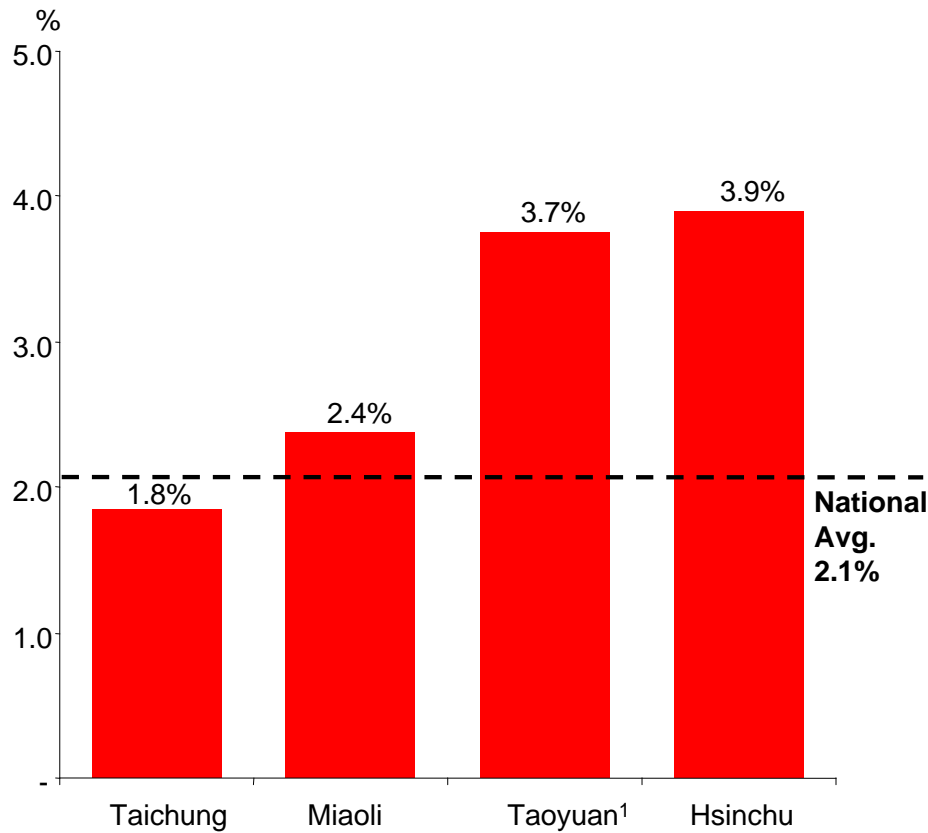
¹ All data as at 31 March 2007



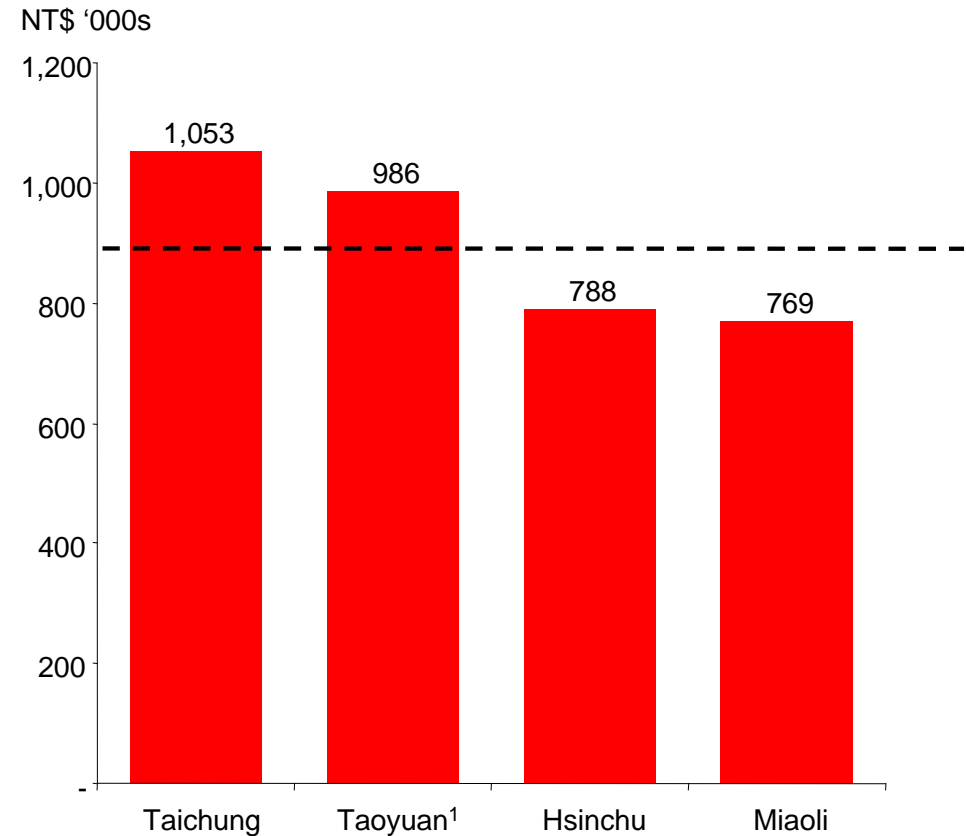
Attractive Coverage Areas (cont.)



Growth in Number of Households (CAGR 2000 – 2006)



Disposable Income per Household p.a. (2005)



¹ Nan Taoyuan Cable TV only operates in part of the Taoyuan region

Source: Directorate General of Budget, Accounting and Statistics, Taiwan Provincial Government



TBC Products



Basic TV

- Subscribers: 670,200
- ARPU¹: NT\$569 (S\$27) per month per basic subscriber
- Approximately 107 channels

Digital TV

- Subscribers: 17,004
- ARPU¹: NT\$162 (S\$8) per month per digital subscriber
- Expanded offerings of 31 video and 30 music channels

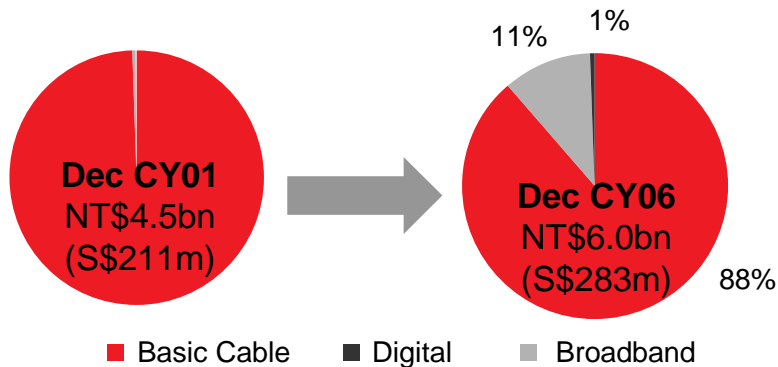
Broadband

- Subscribers: 94,998
- ARPU¹: NT\$555 (S\$26) per month per broadband subscriber
- Offers 5 speeds ranging from 256 Kbps to 10 Mbps

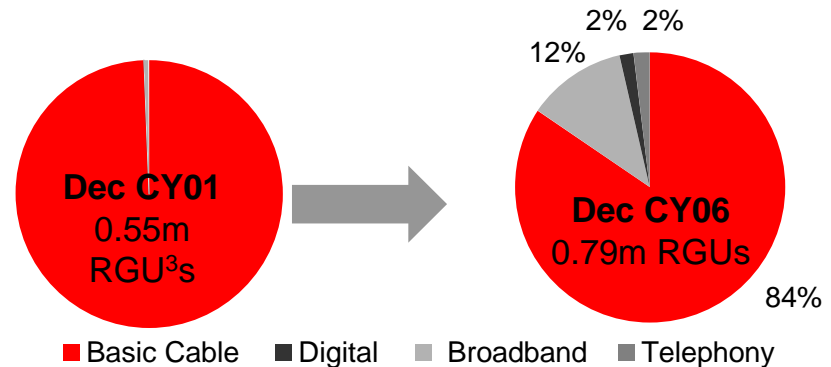
Telephony

- Subscribers: 14,372
- ARPU¹ included in broadband ARPU
- Competitive telephony solutions to complete quad play offering

Breakdown of Revenue² by Product



Breakdown of Subscribers by



¹ ARPU for six months to 31 Dec 2006 only includes revenues from the various services provided

² Revenue relates to onshore Taiwan operations only

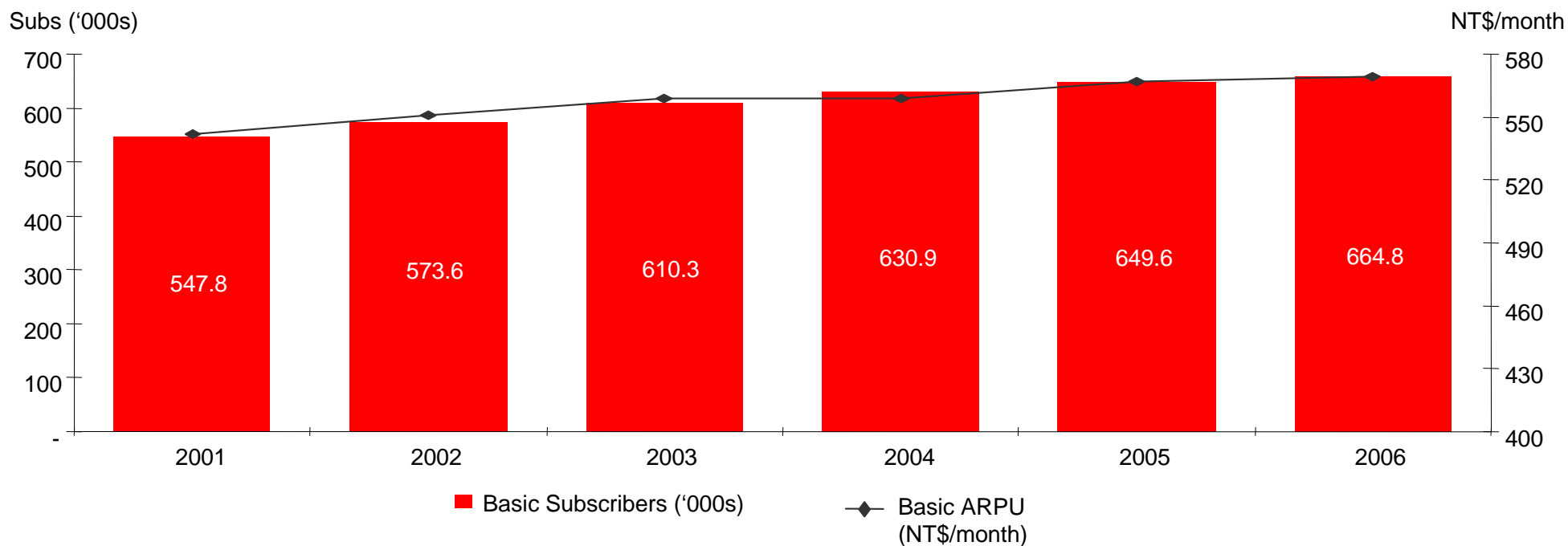
³ Revenue Generating Units



Television



Solid Basic Subscriber & ARPU Growth



Item (Calendar Year)	2001	2002	2003	2004	2005	2006
Ending Subs	547,794	573,633	610,345	630,903	649,583	664,785
% Growth on pcp	nm	4.7%	6.4%	3.4%	3.0%	2.5%
% Churn ¹	15.9%	14.7%	13.0%	10.7%	10.2%	2.3% ³
Basic TV ARPU ² (NT\$)	542	551	559	559	567	569 ³

¹ Calculated as the total number of disconnects as a percentage of subscribers at the beginning of the period


















² Average revenue per user per month from basic TV services

³ Data as at 30 Jun 2006



Comprehensive Channel Offering













Channel Category in Basic Cable TV Service	Number of Channels ¹	Examples
Chinese Variety and General Entertainment	24	 
Foreign Variety and General Entertainment	3	
Local News	11	 
International News	1	
Drama	7	
Chinese Movie	4	 
Foreign Movie	8	
Sports	3	  
Home Shopping	8	
Business and Stock Information	11	 
Documentary, Recreating and Information	4	 
Kids and Cartoon	3	
Music	2	 
Religious	6	
Public Channel	5	 
Other	6	
Total	106	

¹ All data as at 30 Sep 2006



Digital TV Channel Offering



Channel Category	Basic Digital Package ¹	HBO Multiplex Package ¹	Examples	
HBO Multiplex	Not included	10		
Foreign Movie	1	NA		
Foreign Entertainment and News	7	NA		
General Entertainment	5	NA		
Kids and Cartoons	4	NA		
Adults	4	NA		
Total Video Channels	21 channels	10 channels		
Total Music Channels	30 channels	30 channels		
Cost per Month²	NT\$250	NT\$600		

¹ All data as at 30 Sep 2006

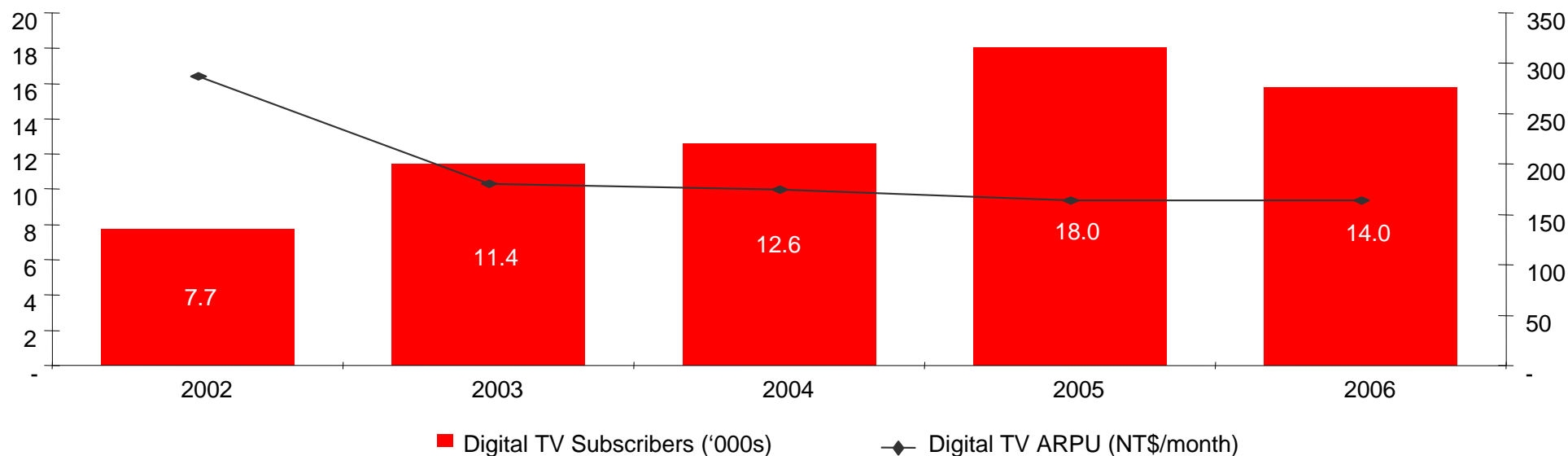
² Before discounts if purchased as part of a bundled package



Digital TV Roll Out



Subs ('000s)



Item	2002	2003	2004	2005	2006
Ending Subs	7,733	11,433	12,571	18,038	16,009 ¹
% Growth on pcp	nm	47.8%	10.0%	43.5%	(11.2)%
% Churn ²	44.0%	145.5%	55.1%	61.3%	28.9% ⁴
Digital TV ARPU ³ (NT\$)	287	180	175	164	164 ⁴

¹ Includes HBO Multiplex Tier subscribers

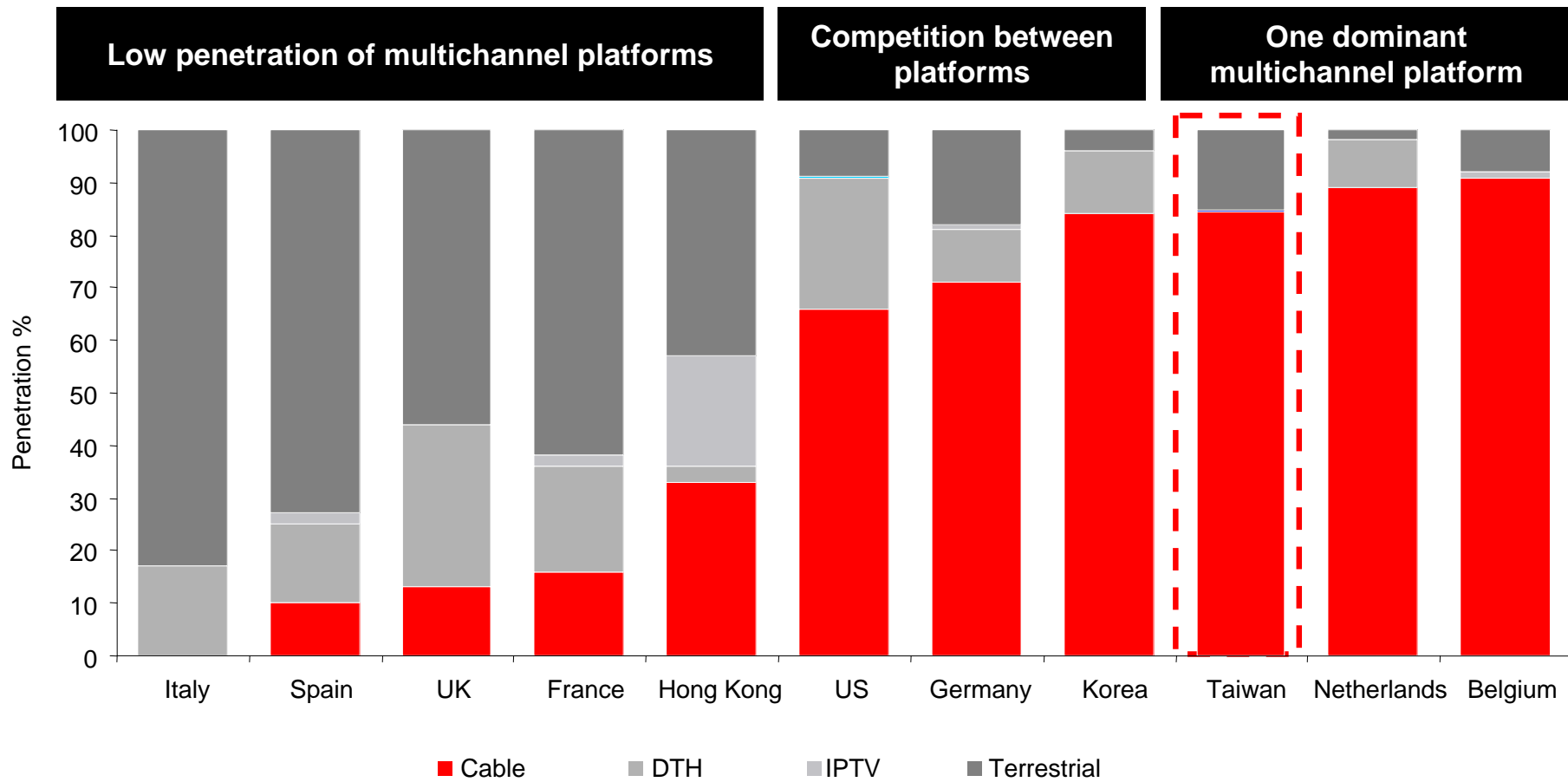
² Calculated as the total number of disconnects as a percentage of subscribers at the beginning of the period

³ Average revenue per user per month from digital TV services

⁴ Data as at 30 Jun 2006



Strong Cable Market Resistant to IPTV



Source: Media Partners Asia, Informa Telecoms and Media
(Data as at 31 December 2005)



IPTV Challenged to Reach Parity with Cable TV in Taiwan



Price

- Difficult to better value proposition of cable's low cost basic service - NT\$569(S\$27.54)¹ per month

Content

- Cable offers 106² channels, including premium content (some exclusive) and local news; Deep relationship between cable operators and programmers

Regulatory

- Chunghwa ability to offer broadcast service uncertain at law

Execution

- Chunghwa capture of multimedia-on-demand service subscribers way below expectations and forecasts; Offer generally complimentary

Equipment

- IPTV service requires a high speed DSL connection and a set-top-box per TV; Deployment and execution challenges exist

Cable is a natural TV distribution platform with strong consumer preference and market position

¹ Data as at 31 Mar 2007

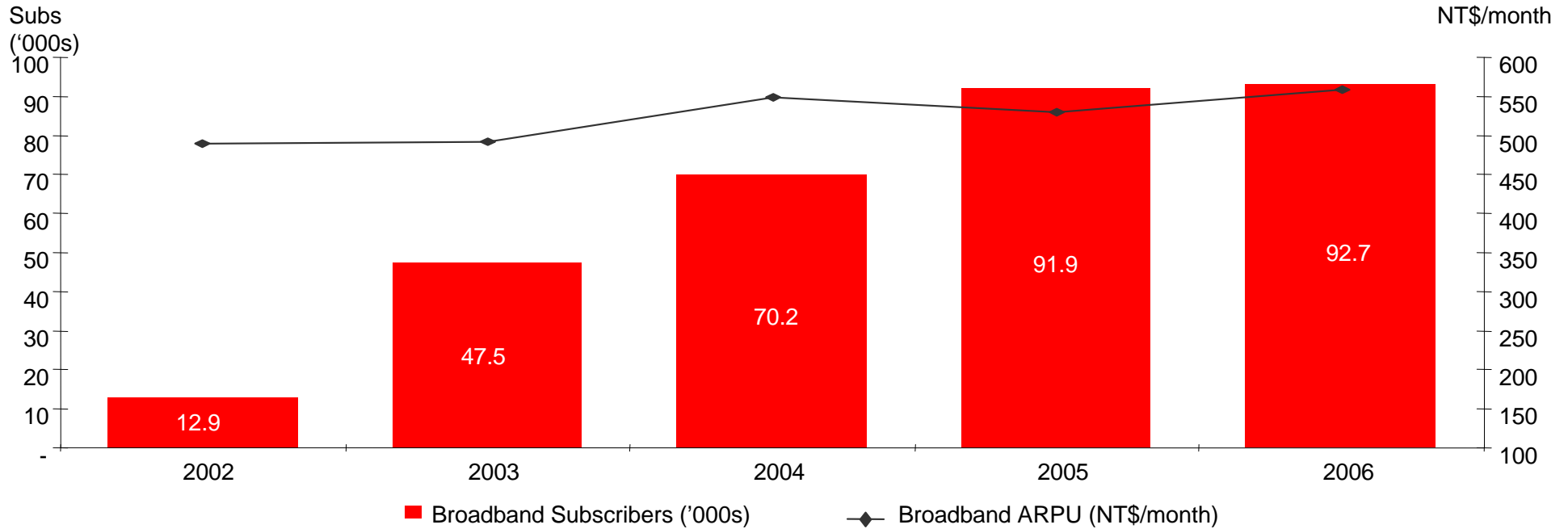
² Data as at 30 Sep 2006



Broadband



Broadband Internet Rollout



Item	2002	2003	2004	2005	2006
Ending Subs	12,870	47,476	70,167	91,891	92,723
% Growth on pcp	nm	268.9%	47.8%	31.0%	0.9%
% Churn ¹	109.7%	39.0%	46.8%	34.2%	16.4% ³
Broadband ARPU ² (NT\$)	490	492	549	530	559 ³

¹ Calculated as the total number of disconnects as a percentage of subscribers at the beginning of the period

² Average revenue per user per month from broadband services

³ Data as at 30 Jun 2006



Price Advantage over Chunghwa



Comparison of Broadband Tariffs¹ (NT\$ per month)

Download ²	Upload ²	Chunghwa (HiNet + ADSL) ³	TBC
256k ⁴	64k	349	300
384k	64k	-	550
1M ⁴	64k/96k	820	650 (North region only)
2M	256k	880	650 (South Region only)
2M	334k/512k	1,298	750
3M	384k	-	1,050
6M	512k	-	750
8M	640k	1,200	800 – 850 (varies by region)
10M	512k	1,380	1,050
12M	1M	1,380	-
ARPU⁴		748	559

¹ Tariffs are presented on a monthly basis in NT\$ and exclude installation costs and service penalties

² k = Kbps, M = Mbps

³ Stated Chunghwa tariffs exclude fixed-type HiNet monthly fees and customer loyalty discounts

⁴ Average revenue per user per month from broadband services as at 30 Jun 2006



Telephony



Telephony Product Offering



- Telephony (fixed line) communications is an attractive NT\$80 billion market in Taiwan¹
- Telephony product launched in August 2004 to complete quad play offer – an important step towards increasing ARPU and reducing churn
- Telephony is the price-fighting element in TBC's quad play bundle – ARPU is not expected to be material in the medium term
- Provided through a strategic alliance with Eastern Broadband Telecommunications (EBT) on a revenue-share basis

¹ Company estimate



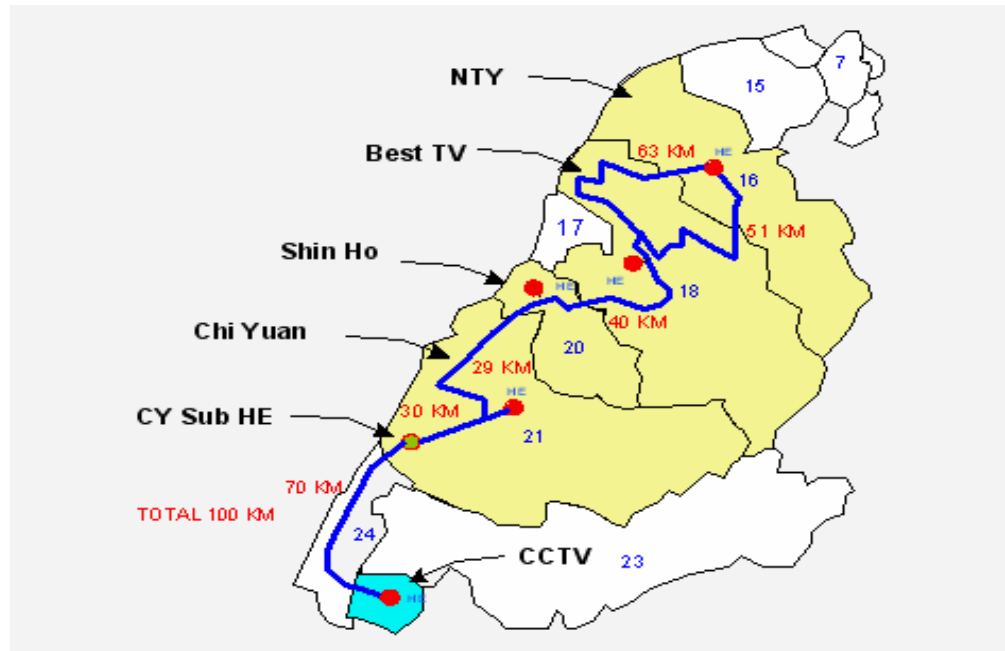
Network, IT & Operations



Leading Network in Taiwan



- Two-way network available to 85% of subscribers and 750MHz available to 92% of subscribers, covering highest density areas in all five franchise areas
- Remaining upgrades to be based on consumer demand
- All five cable systems linked by own fibre backbone



All data as at 30 Jun 2006



Licenses



Franchise Area	System Name	Licences ¹	Validity	Permitted Operations
South Taoyuan	Nan Taoyuan	Cable TV licence	February 2008	<ul style="list-style-type: none"> Cable system operation
		Type 1 licence	2018	<ul style="list-style-type: none"> HFC network circuit leasing Telecommunications
Hsinchu County	BEST	Cable TV licence	February 2008	<ul style="list-style-type: none"> Cable system operation
		Type 1 licence	2019	<ul style="list-style-type: none"> HFC network circuit leasing Telecommunications
North Miaoli	Shin Ho	Cable TV licence	February 2009	<ul style="list-style-type: none"> Cable system operation
		Type 1 licence	2019	<ul style="list-style-type: none"> Telecommunications
South Miaoli ²	Chi Yuan	Cable TV licence	February 2009	<ul style="list-style-type: none"> Cable system operation
		Type 1 approval in progress		
Taichung City	Chun Chien	Cable TV licence	February 2009	<ul style="list-style-type: none"> Cable system operation
		Type 1 licence	2018	<ul style="list-style-type: none"> HFC network circuit leasing Telecommunications
TBC		Type 2 licence	2011	<ul style="list-style-type: none"> Internet access / ISP

¹ Type 1 licences are required by parties that own network lines and transmission facilities; Type 2 licences are required by internet access providers

² South Miaoli's Type 1 licence technical examination approval is currently in progress



Financial Highlights



Summary Financials



NT\$ millions	2001	2002	2003	2004	2005	1H2006 ¹
Revenue	3,992	4,319	4,769	5,306	5,757	2,978
COGS	(1,390)	(1,212)	(1,248)	(1,300)	(1,391)	(740)
Gross Profit	2,602	3,107	3,521	4,006	4,366	2,238
SG&A	(916)	(1,020)	(1,045)	(1,114)	(1,160)	(512)
EBITDA	1,686	2,087	2,476	2,891	3,206	1,726
EBITDA margin	42.2%	48.3%	51.9%	54.5%	55.7%	58.0%
Capex ²	(770)	(559)	(607)	(436)	(438)	(214)
EBITDA less Capex	916	1,528	1,869	2,455	2,768	1,512

Note:

Revenue (CY2006): NT\$5,970 million

EBITDA (CY2006): NT\$3,475 million

¹ All 2006 results are based on unaudited management accounts

² Capex does not include any of TBC's acquisition related investments