

# ASIAN PAY TELEVISION TRUST

(Registration No.: 2013005)

(A business trust registered under the Business Trusts Act)

## MINUTES OF ANNUAL GENERAL MEETING

CONVENED AND HELD BY WAY OF ELECTRONIC MEANS VIA “LIVE” AUDIO-VISUAL WEBCAST AND “LIVE” AUDIO-ONLY STREAM ON THURSDAY, 29 APRIL 2021 AT 10.00 A.M.

### PRESENT

: **Directors**  
(Present in person)

Yong Lum Sung (Chair and Independent Director)  
Brian McKinley (Chief Executive Officer and Executive Director)  
Richard Tan (Independent Director)  
Leong Shin Loong (Independent Director)  
Joanna Ong (Independent Director)

(Present via videoconference)

Daniel Chang (Executive Director and Chairman of TBC)  
Lu Fang-Ming (Vice-Chair and Non-Executive Director)

**Unitholders**  
(Present remotely)

- via “live” audio-visual webcast or “live” audio only stream, as set out in the attendance record maintained by the Trustee-Manager

### BY INVITATION

: (Present in person)

Somnath Adak (Chief Financial Officer)  
Yang Chi Chih, Audit Partner from Deloitte & Touche LLP

(Present remotely)

Invitees as set out in the attendance record maintained by the Trustee-Manager

### IN ATTENDANCE

: Kim Yi Hwa (Company Secretary) (via audio-visual webcast)

### CHAIR

The eighth Annual General Meeting (“AGM” or the “Meeting”) of Asian Pay Television Trust (“APTT” or the “Trust”) was convened and held by way of electronic means through “live” audio-visual webcast and “live” audio-only stream pursuant to and in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended and/or modified, the “Temporary Measures Order”).

The Meeting was chaired by Mr Yong Lum Sung.

### QUORUM

There being a quorum, the Chair called the Meeting to order and declared the Meeting open at 10.00 a.m. and welcomed Unitholders of APTT and other invitees to the Meeting.

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### **NOTICE**

As the notice convening the Meeting was in Unitholders' hands for the statutory period, the notice convening the Meeting was taken as read.

### **INTRODUCTION AND PRESENTATION**

The Chair introduced the Directors of APTT Management Pte. Limited (the "Trustee-Manager"), the Chief Financial Officer of the Trustee-Manager and the Audit Partner of APTT's Auditors, Deloitte & Touche LLP.

The Chair requested Mr Brian McKinley, Executive Director and Chief Executive Officer ("CEO") of the Trustee-Manager, to deliver the AGM presentation and provide an update on APTT. The AGM presentation that was presented in the Meeting was published on the SGX-ST and APTT websites prior to the AGM.

Unitholders were able to submit their questions in advance of the Meeting and also allowed to submit questions during the Meeting via an online chat box. Answers to all substantial and relevant questions received from Unitholders in advance of the Meeting were published on the SGX-ST and APTT websites prior to the Meeting. The CEO further responded to the substantial and relevant questions received from the Unitholders via the online chat box during the Meeting. The questions and answers via the online chat box during the Meeting are appended in Appendix A.

The Chair informed the Meeting that all Resolutions tabled at the Meeting were voted by proxy appointing the Chair of the Meeting as proxy. The proxy forms were submitted at least 48 hours before the Meeting by either post or email and in his capacity as the Chair of the Meeting, he would vote in accordance with Unitholders' instructions.

DrewCorp Services Pte Ltd and Boardroom Corporate & Advisory Services Pte. Ltd. were appointed as independent Scrutineer and Polling Agent respectively. The validity of the proxies submitted by Unitholders by the submission deadline of 10.00 a.m. on 27 April 2021 were reviewed and the votes of all such valid proxies were counted and verified.

The Chair proceeded with the ordinary and special businesses of the Meeting.

**1. ORDINARY BUSINESS:  
TO RECEIVE AND ADOPT THE REPORT OF THE TRUSTEE-MANAGER, STATEMENT BY THE TRUSTEE-MANAGER AND THE AUDITED FINANCIAL STATEMENTS OF APTT GROUP FOR THE YEAR ENDED 31 DECEMBER 2020 AND THE AUDITOR'S REPORT THEREON – ORDINARY RESOLUTION 1**

The Meeting proceeded to receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of APTT Group for the year ended 31 December 2020 and the Auditor's Report thereon.

The Chair proposed the motion as follows:

"That the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of APTT Group for the year ended 31 December 2020 and the Auditor's Report thereon be received and adopted."

The votes of Unitholders who had cast their votes by proxy appointing the Chair of the Meeting were counted and verified prior to the Meeting and based on the proxy votes received, the poll results of Ordinary Resolution 1 were as follows:

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	Number of votes	%
Number of votes "For"	472,265,833	99.96
Number of votes "Against"	180,073	0.04
Total number of valid votes cast	<u>472,445,906</u>	<u>100.00</u>

The Chair declared the motion carried.

It was **RESOLVED**:

"That the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of APTT Group for the year ended 31 December 2020 and the Auditor's Report thereon be received and adopted."

### 2. **ORDINARY BUSINESS: TO REAPPOINT DELOITTE & TOUCHE LLP AS THE AUDITOR OF APTT TO HOLD OFFICE UNTIL THE NEXT ANNUAL GENERAL MEETING AND TO AUTHORISE THE DIRECTORS OF THE TRUSTEE-MANAGER TO FIX ITS REMUNERATION – ORDINARY RESOLUTION 2**

The Meeting was informed that the next item on the Agenda was to reappoint Deloitte & Touche LLP as the Auditor of APTT to hold office until the next Annual General Meeting and to authorise the Directors of the Trustee-Manager to fix its remuneration. Deloitte & Touche LLP had expressed its willingness to accept reappointment.

The Chair proposed the motion as follows:

"That Deloitte & Touche LLP be reappointed as the Auditor of APTT to hold office until the next Annual General Meeting and the Directors of the Trustee-Manager be authorised to fix its remuneration."

The votes of Unitholders who had cast their votes by proxy appointing the Chair of the Meeting were counted and verified prior to the Meeting and based on the proxy votes received, the poll results of Ordinary Resolution 2 were as follows:

	Number of votes	%
Number of votes "For"	472,092,343	99.93
Number of votes "Against"	353,573	0.07
Total number of valid votes cast	<u>472,445,916</u>	<u>100.00</u>

The Chair declared the motion carried.

It was **RESOLVED**:

"That Deloitte & Touche LLP be reappointed as the Auditor of APTT to hold office until the next Annual General Meeting and the Directors of the Trustee-Manager be authorised to fix its remuneration."

### 3. **SPECIAL BUSINESS: GENERAL MANDATE TO ISSUE NEW UNITS IN APTT – ORDINARY RESOLUTION 3**

The Meeting was informed that the next item on the Agenda was to grant authority to the Trustee-Manager to issue new units in APTT not exceeding the limit as mentioned in the text of the resolution at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager shall deem fit.

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The Chair proposed the motion as follows:

“That the general mandate to issue units in APTT, the text of which was contained in the Notice of Meeting, be approved.”

The votes of Unitholders who had cast their votes by proxy appointing the Chair of the Meeting were counted and verified prior to the Meeting and based on the proxy votes received, the poll results of Ordinary Resolution 3 were as follows:

	Number of votes	%
Number of votes “For”	459,103,266	97.26
Number of votes “Against”	12,914,664	2.74
Total number of valid votes cast	472,017,930	100.00

The Chair declared the motion carried.

It was **RESOLVED**:

“That pursuant to Clause 6.1 of the deed of trust dated 30 April 2013 constituting APTT (the “Trust Deed”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (the “BTA”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), authority be and is hereby given to the Trustee-Manager to:

- (i) (a) issue Units, whether by way of rights, bonus or otherwise; and/or
- (b) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

- (ii) issue Units pursuant to any Instrument made or granted by the Trustee-Manager while this Resolution is in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued pursuant to Instruments made or granted pursuant to this Resolution) must not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);
- (B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) will be based on the number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
  - (I) new Units arising from the conversion or exercise of the Instruments which are issued and outstanding or subsisting at the time this Resolution is passed; and

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- (II) any subsequent bonus issue, consolidation or subdivision of Units;
- (C) in exercising the authority conferred by this Resolution, the Trustee-Manager must comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the BTA;
- (D) (unless revoked or varied by the unitholders in a general meeting) the authority conferred by this Resolution will continue in force until (i) the conclusion of the next Annual General Meeting of APTT or (ii) the date by which the next Annual General Meeting of APTT is required by law to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Trustee-Manager be and is hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of APTT to give effect to the authority conferred by this Resolution.”

## **CONCLUSION**

There being no other business to transact, the Chair declared the Meeting of the Trust closed at 10.47 a.m. and thanked everyone for their attendance.

**Confirmed As True Record Of Proceedings Held**



**Yong Lum Sung  
Chair**

APPENDIX A

Questions received from online chat box and Answers provided at  
APTT's Annual General Meeting held on 29 April 2021

No.	Questions	Answers
1.	<b>May I know the business outlook of APTT going forward?</b>	Mr Brian McKinley, the Chief Executive Officer (“CEO”) responded that as mentioned in his presentation, the focus would be on the Broadband growth strategy, focusing on existing subscribers to drive higher speed plans, to sell additional value-added services and to build on data backhaul services. At the same time, a key priority for management would be to strengthen the balance sheet, using excess operational cash flows to gradually pay down debt. That would be the focus and outlook for the business.
2.	<b>Telcos worldwide are consolidating. Has the Trust considered M&amp;As with others in similar industries, to save costs and improve long term shareholders’ value?</b>	The CEO responded that one of the outcomes from the strategic review (undertaken by the Trust) was the proposed transaction at the Trustee-Manager level with Da Da Digital Convergence Co., Ltd. This was one example where the Trustee-Manager would have co-owners who were also in the cable television industry in Taiwan. Whilst the businesses themselves were not merging, we would be able to leverage on each other’s expertise and our large subscriber base, for example to save on costs when purchasing fiber optic fixed assets. Going forward, it would add more value to APTT’s Unitholders.
3.	<b>Can the management comment or shed light on APTT’s largest unitholder Araedis Investment Pte Ltd as stated in the 2020 Annual Report holding 14.96% of interests in units. Is there any representation or contribution to the Board of Directors?</b>	The CEO responded that Araedis Investment Pte. Ltd. (“Araedis”) was an associate of the Da Da Digital Convergence group (“Da Da Digital”) . In addition to Da Da Digital proposing to take a 65% stake in the Trustee-Manager, Araedis had provided and was one of the undertaking unitholders during the Rights Issue of APTT in the second quarter of 2020 and has bought additional units since then to build a position of almost 15% in APTT. So, they are not only getting involved in the Trustee-Manager, but they have a strong alignment in the APTT as well. As disclosed in our public announcements they intend to increase their interest in APTT in the mid to long term, subject to regulations. It is a very good outcome where we have our Trustee-Manager’s sponsor also taking a large position in APTT, and a stated intention to increase their position over time. There is very strong alignment of interests with the owners of the Trustee-Manager.

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4.	<b>Why go through the process of a Rights Issue to only bring down debt by 2%?</b>	The CEO responded that 2% of debt was still a lot. Looking at the changing business landscape, the industry is different today than what it was in 2013, during the initial public offering (IPO) of the Trust. Over that time, our borrowings have increased. In the fourth quarter of 2018, the Board decided that we needed to change the approach moving forward and pay for capital expenditure with our existing operating cash flows and not to be dependent on borrowings, to really focus on gradually bringing down our borrowings. Given the changing landscape, when the opportunity presented itself, where four unitholders provided undertakings for the entire amount of the Rights Issue, it was an opportunity that the Board deemed was in the best interests of APTT and its Unitholders, that we pay down 20% of our offshore facilities. So, it was only 2% of our overall borrowings but it was 20% of our offshore borrowings, which are more costly, as mentioned in my presentation earlier. We would be looking to eventually bring the offshore borrowings to onshore, to save on interest costs. This was an opportunity for us to bring those borrowings down by 20%.
5.	<b>What is the target to bring down debt in the next few years?</b>	The CEO responded that it would be dependent on operational conditions at the time and so we have said that to the extent that there are excess operational cash flows over the next few years, we would use those to continue to gradually bring down debt. There is no specific target in mind, but where we are very firm is that we would no longer rely on borrowings for capital expenditure. Everything we spend, from capital expenditure to distributions, would be funded from operating cash flows, and we would use excess operational cashflows to gradually pay down debt. This is important so that we continue to strengthen the balance sheet.



# ANNUAL GENERAL MEETING

29 April 2021



# IMPORTANT NOTICES AND DISCLAIMERS

## **Disclaimers**

Asian Pay Television Trust (“APTT”) is a business trust registered under the Business Trusts Act (Chapter 31A of Singapore) and listed on the Main Board of the Singapore Exchange Securities Trading Limited. APTT Management Pte. Limited (“AMPL”) is the Trustee-Manager of APTT. AMPL is a wholly owned subsidiary of Dynami Vision Pte. Ltd. (“Dynami”), which is a Singapore-incorporated company. Dynami is fully owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

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## **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 APTT, 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 APTT. 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 APTT. Past performance is not a reliable indication of future performance.

Investors should note that there are limitations on the rights of certain investors to own units in APTT under applicable Taiwan laws and regulations. Such investors include individuals or certain corporate entities in the People’s Republic of China (“PRC”), the Taiwan Government and political entities and other restricted entities and restricted persons. For further information, investors should refer to the prospectus dated 16 May 2013 issued by APTT and the deed of trust constituting APTT dated 30 April 2013.

# AGENDA

1. BOARD OF DIRECTORS
2. BUSINESS OVERVIEW
3. 2020 RESULTS
4. OUTLOOK & STRATEGY
5. LIVE Q&A VIA ONLINE CHAT BOX
6. FORMAL PROCEEDINGS
7. APPENDIX

# BOARD OF DIRECTORS



# BOARD OF DIRECTORS

Independent directors comprise majority of the Board (4 out of 7); five are non-executive directors



**Yong Lum  
Sung**

—  
Chair,  
Independent  
Director



**Richard  
Tan**

—  
Independent  
Director,  
Remuneration  
Committee  
Chair



**Leong Shin  
Loong**

—  
Independent  
Director,  
Nominating  
Committee  
Chair



**Joanna  
Ong**

—  
Independent  
Director,  
Audit  
Committee  
Chair



**Lu  
Fang-Ming**

—  
Vice-Chair,  
Non-Executive  
Director



**Daniel  
Chang**

—  
Executive  
Director,  
Chairman of  
TBC



**Brian  
McKinley**

—  
Chief  
Executive  
Officer,  
Executive  
Director

# BUSINESS OVERVIEW



# OVERVIEW



**APTT is a business trust with a mandate to own & operate pay-TV & broadband businesses in Taiwan, Hong Kong, Japan & Singapore**

- Independent directors comprise majority of the Board of Directors (4 out of 7)
- **Sole investment in Taiwan Broadband Communications (“TBC”) – Taiwan’s third largest cable TV operator**



**Cable TV operator in five franchise areas in Taiwan, with network coverage of more than 1.2 million homes**

- Owns 100% of the advanced hybrid fibre coaxial cable network in the five franchise areas
- Resilient business with high barriers of entry due to high network roll out requirements
- Large customer base makes TBC attractive to local content providers; unique commercial arrangement with content providers
- Long standing relationship with subscribers; deep understanding of Taiwanese viewers’ preferences

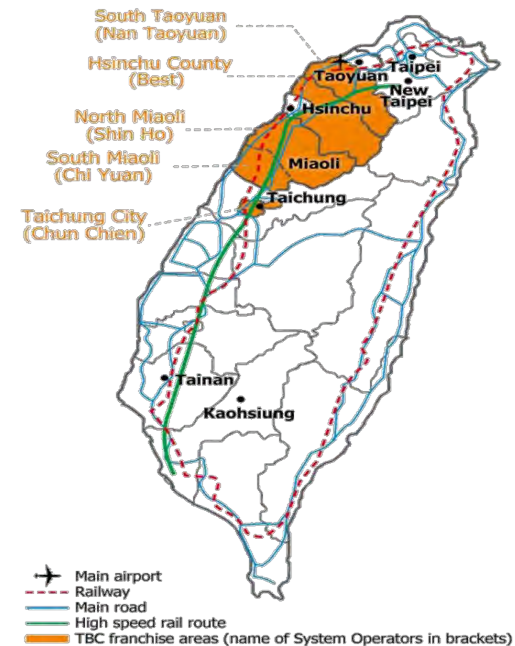
## PRODUCT OFFERINGS

*Approx. 84% of revenue is subscription-based from the three product offerings<sup>1</sup>*

BASIC CABLE TV	PREMIUM DIGITAL CABLE TV	BROADBAND
Over 100 channels on Basic cable TV; most of the popular channels are only available on cable TV	Up to 73 additional channels including 71 HD channels, through MPEG4 platform  34% Premium digital cable TV penetration <sup>1</sup> with large addressable market of 100% digital set-top box penetration	35% Broadband penetration <sup>1</sup> with ability to cross-sell to remaining market on 100% DOCSIS 3.1 enabled HFC network and current speed offerings up to 1 Gbps

Note: (1) As at 31 December 2020

## FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN



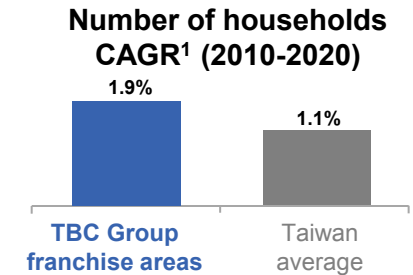
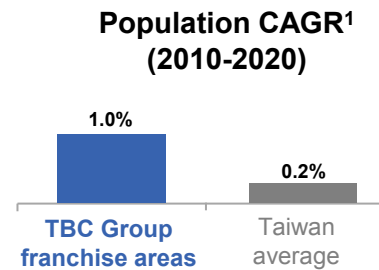
- Low churn rate of 0.6%<sup>1</sup> for Basic cable TV (709K<sup>1</sup> Revenue Generating Units)
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base



# TBC'S FRANCHISE AREAS

Network coverage of more than 1.2 million households across five franchise areas in four counties of Taiwan

- Well connected via major railways, road transportation and/or international airports
- Increasing population due to workforce seeking employment in TBC Group's franchise areas
- Population growth in the five franchise areas (1.0%) outstrips national average (0.2%); Growing number of new households as more young Taiwanese set up families



## South Taoyuan



- Home to Taiwan Taoyuan International Airport and close proximity to Taipei
- Service area covers 918 square km and constitutes over 75% of the total area in Taoyuan County
- Approx. 430K households and population of close to 1.2 million

## Hsinchu



- Hsinchu Science Park is home to high tech companies, the city has one of the highest income levels in Taiwan
- Approx. 206K households and population of 571K

## Miaoli (North & South)



- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 193K households and population of 545K

## Taichung City

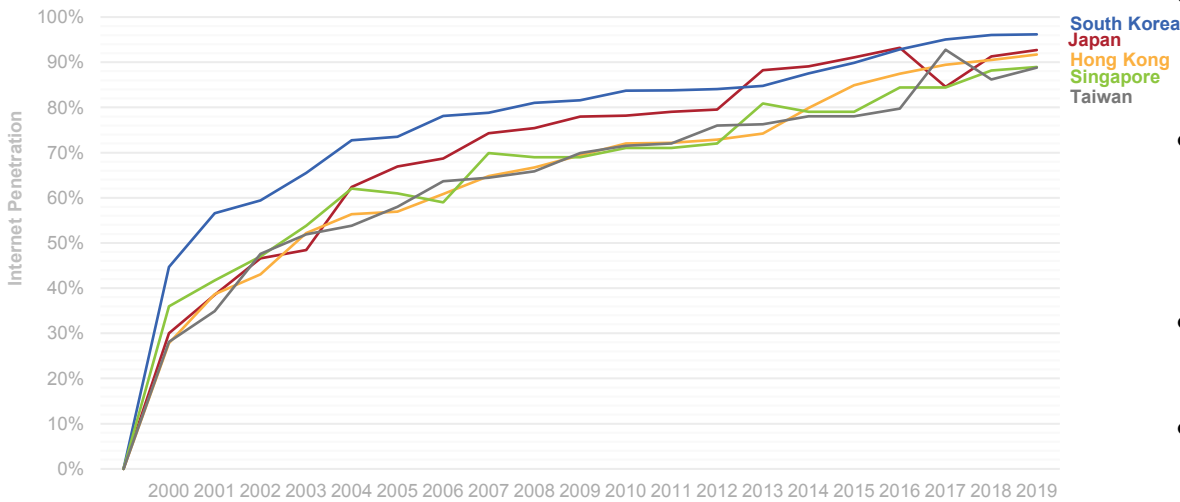


- One of the most populous cities in Taiwan; home to Taichung International Airport
- Vibrant, diverse economy: large industrial areas and a thriving commercial sector that incorporates traditional businesses, small family-run shops and factories
- Approx. 460K households and population of 1.2 million

# TAIWAN MARKET – POTENTIAL IN BROADBAND



## Relatively lower internet penetration and speed compared to other developed APAC markets



- Internet penetration has increased significantly in South Korea, Japan, Hong Kong, Singapore and Taiwan; but remains lowest in Taiwan, compared to the four markets
- While Taiwan’s average internet speed has improved, it is ranked last among the developed APAC markets at approx. 142.69 Mbps; there is room for Taiwan subscribers to further increase internet speed
- TBC’s Broadband penetration in its five franchise areas is approx. 35% as at 31 December 2020
- Opportunity for TBC to gain more market share and meet rising demand for higher-speed broadband plans due to rapidly growing demand for data

International Telecommunications Union

Region	Number of Internet users (million)	Average speed of fixed internet connections (Mbps)	Year-on-year change in average speed of fixed internet connections
<b>Asia-Pacific</b>			
Taiwan	21.45	142.69	+3.5%
South Korea	49.75	171.33	+18.6%
Japan	117.4	150.27	+43.7%
Singapore	5.29	245.31	+22.6%
Hong Kong	6.92	226.80	+37.6%



# GROWING BROADBAND MARKET PENETRATION



## TBC's broadband penetration in its franchise areas: 35% in 2020 vs 33% in 2019

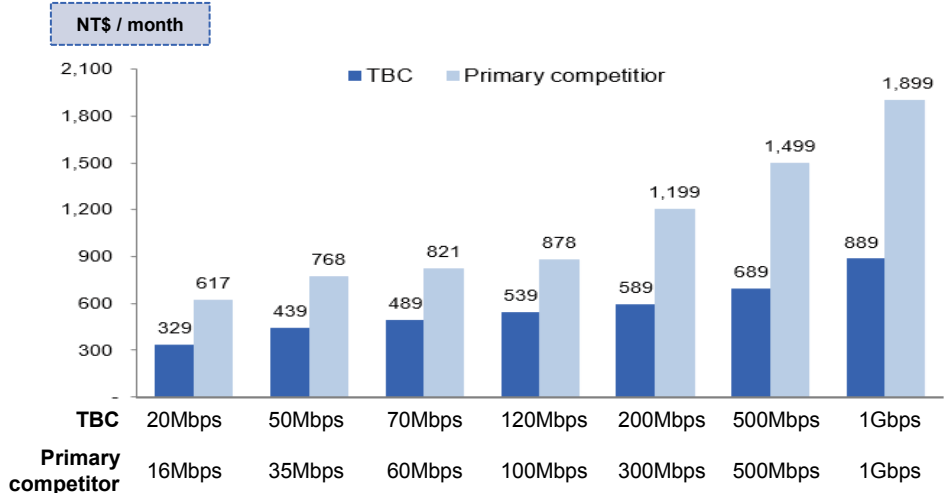
### Broadband RGUs ('000) and penetration

2010-20 Broadband RGU CAGR: 5.0%



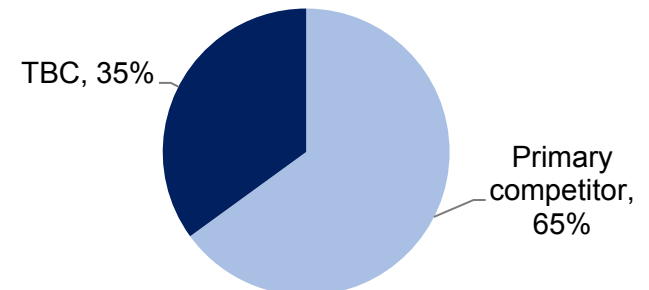
- DOCSIS 3.1 enabled network that meets consumer demand for high-speed internet; 1 Gbps launched in Q4 2019
- Competitive pricing and optional bundling with digital TV
- Launch of value-added services including Android OTT gateway and karaoke singing box. Will continue to introduce value-added solutions (e.g. IoT, smart home devices) that will leverage the Android gateway
- Develop new market segments, including enterprise clients
- Support wireless operators with their network development by leveraging TBC network for data backhaul

### TBC Group offers competitive prices<sup>1</sup> with reliable services



Note: (1) Primary competitor pricing based on NCC data

### Approx. market penetration of Broadband in TBC's five franchise areas



## Building a better future



### Rights Issue pared down 20% of outstanding Offshore Facilities

- Listed 361,270,970 new units in the second quarter of 2020, at an issue price of S\$0.128 each
- Net proceeds of S\$45.0 million pared down 20% of outstanding Offshore Facilities, translating to annual interest cost savings of approx. S\$2.9 million



### Lowered gearing

- From 53.8% in 2019 to 51.7% in 2020
- Aim is to use cash generated from operations to gradually pay down debt



### Subscriber base surpassed 1.2 million RGUs

- Wide subscriber base places us in a good position to intensify our Broadband growth strategy – driving higher speed plans, developing new market segments and rolling out value-added solutions that leverage the Android gateway



### Significantly increased fibre density

- Fibre density has reached a level that can adequately deliver higher speed plans, and at the same time, support wireless operators in their 5G network rollout
- Increased fibre density from an average of more than 750 end-homes per fibre node 3 years ago to less than 250 end-homes per fibre node
- Data backhaul investments are past the peak; while network investment will continue, we expect to spend less capital expenditure compared to the last 3 years

# 2020 RESULTS



# RESULTS HIGHLIGHTS

**Total number of subscribers reached c.1,203,000, driven by continued growth in Premium digital cable TV and Broadband**



## Full year 2020 revenue higher than pcp

- Revenue for the year up 5.0% to S\$307.4 million
- EBITDA improved 3.7% for the year to S\$181.0 million
- ARPU continues to be under pressure due to a saturated cable TV market, video piracy issues, heightened competition from IPTV and from mobile operators offering unlimited wireless data



## Growth momentum for Premium digital cable TV and Broadband increased total subscriber base to more than 1.2 million

- Premium digital cable TV and Broadband subscribers have been steadily increasing over the past 11 quarters, which more than offset Basic cable TV churn
- Total number of subscribers surpassed the 1.2 million mark to reach c.1,203,000



## Broadband growth strategy is showing results

- 16% increase in Broadband subscribers over the last 24 months
- Low churn rates, averaging 0.9% in 2020 (2019: 1.1%)
- Registered revenue growth in S\$ and NT\$ in full year 2020, compared to pcp
- Continued efforts to drive higher speed plans and capitalise on data backhaul opportunities



## Distributions

- Re-affirmed distribution guidance for 2021
- Distribution is expected to be 1.0 cent per unit for 2021, to be paid in quarterly instalments of 0.25 cents per unit, subject to no material changes in planning assumptions

# KEY OPERATING METRICS

Premium and Broadband RGUs have been steadily increasing over the last 11 quarters, which more than offset Basic cable TV churn, raising total subscriber base to c.1,203,000

	RGUs <sup>1</sup> ('000)		ARPU <sup>2</sup> (NT\$ per month)	
	As at 31 Dec		Year ended 31 Dec	
	2020	2019	2020	2019
Basic cable TV	709	729	484	490
Premium digital cable TV	244	214	96	112
Broadband	250	238	359	383

- **Basic cable TV:** Saturated cable TV market in Taiwan resulting in RGUs declining by 2.7% to c.709,000 as at 31 December 2020; ARPU declined marginally by NT\$6. RGUs were impacted by i) a saturated cable TV market; ii) video piracy issues, iii) competition from aggressively priced IPTV, iv) growing popularity of online video and v) expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's five franchise areas, particularly in the Taipei region
- **Premium digital cable TV:** RGUs increased by 14.0% to c.244,000 as at 31 December 2020. ARPU was lower due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs. Video piracy issues and aggressively priced IPTV have also impacted ARPU
- **Broadband:** RGUs increased by 5.0% to c.250,000 as at 31 December 2020. The continued focus on TBC's broadband growth strategy, in the face of competitive market conditions from unlimited wireless data offerings from mobile operators, led to an increase in the number of RGUs in the year. The availability of low-cost unlimited data offerings from mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs. Broadband churn rates remained very low, averaging around 0.9% in 2020

Notes: (1) RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably

(2) Average Revenue Per User ("ARPU") is calculated by dividing the subscription revenue for Basic cable TV or Premium digital cable TV or Broadband, as applicable, by the average number of RGUs for that service during the period

# FINANCIAL RESULTS

**Broadband revenue increased in S\$ and NT\$ in full year 2020; Group EBITDA higher for the full year; ARPU to remain under pressure**

Group <sup>1</sup> (S\$'000)	Year ended 31 Dec		
	2020	2019	Variance <sup>2</sup> (%)
<b>Revenue</b>			
Basic cable TV	243,590	232,151	4.9
Premium digital cable TV	12,976	12,797	1.4
Broadband	50,812	47,677	6.6
<b>Total revenue</b>	<b>307,378</b>	<b>292,625</b>	<b>5.0</b>
<b>Total operating expenses<sup>3</sup></b>	<b>(126,412)</b>	<b>(118,165)</b>	<b>(7.0)</b>
<b>EBITDA</b>	<b>180,966</b>	<b>174,460</b>	<b>3.7</b>
EBITDA margin	58.9%	59.6%	

**Total Revenue (FY2020)**  
**S\$ 307.4 million**  
 ↑ 5.0%

**EBITDA (FY2020)**  
**S\$181.0 million**  
 ↑ 3.7%

**EBITDA Margin (FY2020)**  
**58.9%**  
 ↓ 0.7 PPT

**In constant Taiwan dollars (“NT\$”), total revenue down 1.1% for the year; foreign exchange contributed to a positive variance of 6.1% for the year compared to the pcp**

- **Basic cable TV:** Down 1.2% for the year in constant NT\$ mainly due to lower subscription revenue, driven by a lower number of subscribers and ARPU compared to the pcp. Non-subscription revenue for the year was higher mainly due to higher revenue generated from channel leasing and airtime advertising sales
- **Premium digital cable TV:** Down 4.7% for the year in constant NT\$. Generated predominantly from TBC’s Premium digital cable TV RGUs each contributing an ARPU of NT\$96 per month during the year for Premium digital cable TV packages and bundled DVR or DVR-only services
- **Broadband:** Up 0.5% for the year in constant NT\$. Generated predominantly from TBC’s Broadband RGUs each contributing an ARPU of NT\$359 per month during the year for high-speed Broadband services

**Total operating expenses:** Higher operating expenses for the year primarily due to the impact of foreign exchange, higher staff costs and other operating expenses. In constant NT\$, broadcast and production costs for the year remained stable

Notes: (1) Group refers to APTT and its subsidiaries taken as a whole

(2) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group

(3) Total operating expenses exclude one-time settlement of programming fees, depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts, in order to arrive at EBITDA and EBITDA margin

# NET PROFIT



Net profit includes non-cash items such as depreciation and amortisation expense, foreign exchange, mark to market movements and deferred taxes

Group <sup>1</sup> (S\$'000)	Year ended 31 Dec		
	2020	2019	Variance <sup>2</sup> (%)
<b>Total revenue</b>	<b>307,378</b>	<b>292,625</b>	<b>5.0</b>
<b>Operating expenses</b>			
Broadcast and production costs	(56,883)	(53,431)	(6.5)
Staff costs	(31,280)	(28,836)	(8.5)
Trustee-Manager fees	(7,359)	(7,315)	(0.6)
Other operating expenses	(30,890)	(28,583)	(8.1)
<b>Total operating expenses</b>	<b>(126,412)</b>	<b>(118,165)</b>	<b>(7.0)</b>
<b>EBITDA</b>	<b>180,966</b>	<b>174,460</b>	<b>3.7</b>
<b>Other expenses</b>			
Settlement of programming fees <sup>3</sup>	(5,360)	-	(100)
Depreciation and amortisation expense	(89,745)	(86,563)	(3.7)
Net foreign exchange gain/(loss)	492	(847)	>100
Mark to market (loss)/gain on derivative financial instruments	(1,386)	582	(>100)
Amortisation of deferred arrangement fees	(3,642)	(3,339)	(9.1)
Interest and other finance costs	(47,542)	(50,161)	5.2
Income tax expense	(16,106)	(14,719)	(9.4)
<b>Total other expenses</b>	<b>(163,289)</b>	<b>(155,047)</b>	<b>(5.3)</b>
<b>Net profit</b>	<b>17,677</b>	<b>19,413</b>	<b>(8.9)</b>

Notes: (1) Group refers to APTT and its subsidiaries taken as a whole

(2) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group

(3) Represent a one-time programming cost following final negotiations between TBC and the agent in relation to the content programming discussions TBC had been facilitating between its programming vendors and agent since 2019

# SELECTED FINANCIAL INFORMATION



## Selected financial information<sup>1</sup> are key financial metrics of APTT's business

Group <sup>2</sup> (S\$'000)	Year ended 31 Dec		
	2020	2019	Variance <sup>3</sup> (%)
<b>Revenue</b>			
Basic cable TV	243,590	232,151	4.9
Premium digital cable TV	12,976	12,797	1.4
Broadband	50,812	47,677	6.6
<b>Total revenue</b>	<b>307,378</b>	<b>292,625</b>	<b>5.0</b>
<b>Total operating expenses<sup>4</sup></b>	<b>(126,412)</b>	<b>(118,165)</b>	<b>(7.0)</b>
<b>EBITDA</b>	<b>180,966</b>	<b>174,460</b>	<b>3.7</b>
EBITDA margin <sup>5</sup>	58.9%	59.6%	
<b>Capital expenditure</b>			
Maintenance	19,398	21,772	10.9
Network, Broadband and other	36,692	53,085	30.9
<b>Total capital expenditure</b>	<b>56,090</b>	<b>74,857</b>	<b>25.1</b>
Income tax paid, net of refunds	(7,925)	(10,182)	22.2
Interest and other finance costs paid	(47,958)	(50,330)	4.7

Notes: (1) Some of the selected financial information includes non-IFRS measures

(2) Group refers to APTT and its subsidiaries taken as a whole

(3) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group

(4) Total operating expenses exclude one-time settlement of programming fees, depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts, in order to arrive at EBITDA and EBITDA margin

(5) EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by total revenue



## Debt management programme continues to strengthen balance sheet

Group (S\$'000)	As at 31 Dec	
	2020	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	96,996	79,101
Trade and other receivables	14,434	11,956
Other assets	2,845	17,895
	<b>114,275</b>	<b>108,952</b>
<b>Non-current assets</b>		
Property, plant and equipment	330,490	338,796
Intangible assets	2,509,476	2,390,549
Other assets	1,572	1,232
	<b>2,841,538</b>	<b>2,730,577</b>
<b>Total assets</b>	<b>2,955,813</b>	<b>2,839,529</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings from financial institutions	190,874	15,400
Trade and other payables	23,550	39,278
Income tax payable	6,109	7,582
Other liabilities	68,604	54,502
	<b>289,137</b>	<b>116,762</b>
<b>Non-current liabilities</b>		
Borrowings from financial institutions	1,337,314	1,511,288
Deferred tax liabilities	97,948	84,793
Other liabilities	39,521	42,156
	<b>1,474,783</b>	<b>1,638,237</b>
<b>Total liabilities</b>	<b>1,763,920</b>	<b>1,754,999</b>
<b>Net assets</b>	<b>1,191,893</b>	<b>1,084,530</b>

- **Cash and cash equivalents:** Cash balance of S\$97.0 million
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
  - Buildings: 3-50 years
  - Leasehold improvements: 3-10 years
  - Network equipment: 2-10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2-5 years
  - Right-of-use assets: Lease period

# BORROWINGS

**Lowered gearing to 51.7% (2019: 53.8%) as Rights Issue in June 2020 pared down S\$45.0 million of Offshore Facilities; deriving annual interest cost savings of approx. S\$2.9 million; successfully extended maturity date of Offshore Facilities by two years**

Group debt		As at 31 Dec	
		2020	2019
Total size available	S\$ million	1,676	1,628
Total outstanding	S\$ million	1,543	1,545
Effective interest rate - constant dollar	% p.a.	Full year - 2.6	Full year - 2.7
Effective interest rate - SGD	% p.a.	Full year - 3.1	Full year - 3.3
Net debt / EBITDA <sup>1</sup>	Multiple	8.0	8.4
Interest cover <sup>2</sup>	Multiple	3.8	3.5
Gearing <sup>3</sup>	%	51.7	53.8

- Interest rate swaps in place to hedge approx. 96% of outstanding Onshore Facilities through to 2021. The average fixed rate on TAIBOR swaps is approx. 0.82%
- Offshore Facilities pared down by S\$45.0 million from the Rights Issue in June 2020, deriving annual interest cost savings of approx. S\$2.9 million.
- Successfully extended maturity date of Offshore Facilities by two years in March 2021, on the same major terms
- Approx. S\$77 million of revolving facilities are available to fund future initiatives, if required
- Discussions underway to refinance Onshore Facilities ahead of maturity
- Aim is to use excess cash generated from operations to gradually pay down debt

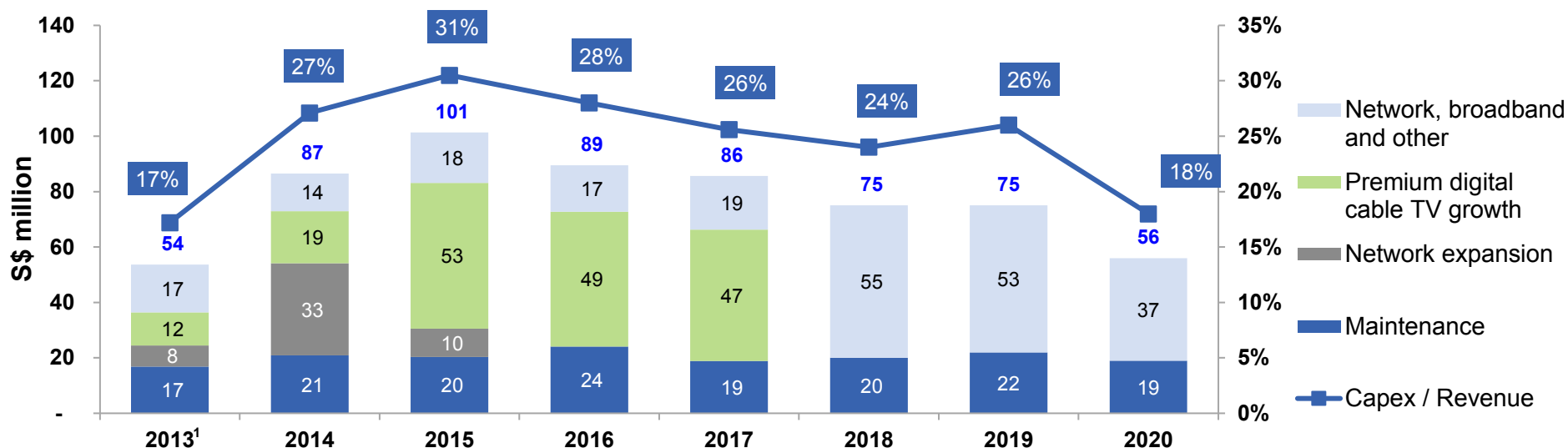
Notes: (1) Total debt outstanding less cash divided by LTM EBITDA

(2) LTM Interest and other finance costs divided by LTM EBITDA

(3) Total debt outstanding (net of unamortised arrangement fees) divided by total assets

# CAPITAL EXPENDITURE

Capital expenditure is trending down; more cash generated from operations may be available to make debt repayments, subject to operating conditions



- Capital expenditure was higher from 2015 to 2017 due to the regulatory requirement to switch-off analogue broadcasting and complete the digitisation of TBC's subscriber base by 2017
- The deployment of fibre deeper into the network continues to be a key investment initiative, to drive the Broadband business, as it will help to increase network capacity, speed and enhance data backhaul infrastructure. This in turn enables APTT to meet the growing demand for data and high-speed broadband services, support wireless carriers in their network rollouts, and pursue other opportunities for the long-term success of the Trust
- Capital expenditure is trending down from 2020; more cash generated from operations may be available to make debt repayments, subject to operating conditions
- Focus will continue to be on areas that have the best potential in generating growth and sustainability for the long-term

## Capital expenditure in 2020 comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business
- Network, Broadband and other capital expenditure included items related to expanding the fibre network such as cabling, additional equipment to upgrade the headends, backbone and fibre nodes, DOCSIS and GPON deployments for higher speed customers, high-speed broadband modems and cable line extensions for new buildings

# OUTLOOK & STRATEGY



# POSITIONED FOR THE MID TO LONG-TERM

Initiatives to strengthen operations and drive growth, against an increasingly challenging and competitive environment

## Capital Management

- Interest rate swaps covering ~96% of outstanding Onshore Facilities hedged through to 2021
- Average fixed rate on TAIBOR swaps is ~0.82%
- Lowered gearing to 51.7% as at 31 Dec 2020 (2019: 53.8%)
- Successfully extended the maturity date of Offshore Facilities by two years, on the same major terms
- Step up on debt management programme

## Key Investments

- Investments to focus on:
  - Increasing network capacity and driving higher speed plans
  - Positioning APTT to benefit from Taiwan's 5G rollout and drive data backhaul business

## Strengthen Balance Sheet

- Cash generated from operations to continue funding capital expenditure; stopped using bank borrowings to fund capital expenditure since 2019
- Capital expenditure is trending down and more cash generated from operations may then be available to make debt repayments, subject to operating conditions
- Data backhaul investments are past the peak; network investments expected to be lower than the past 3 years
- Limit capital expenditure to only what is necessary, and on areas that can support Broadband growth

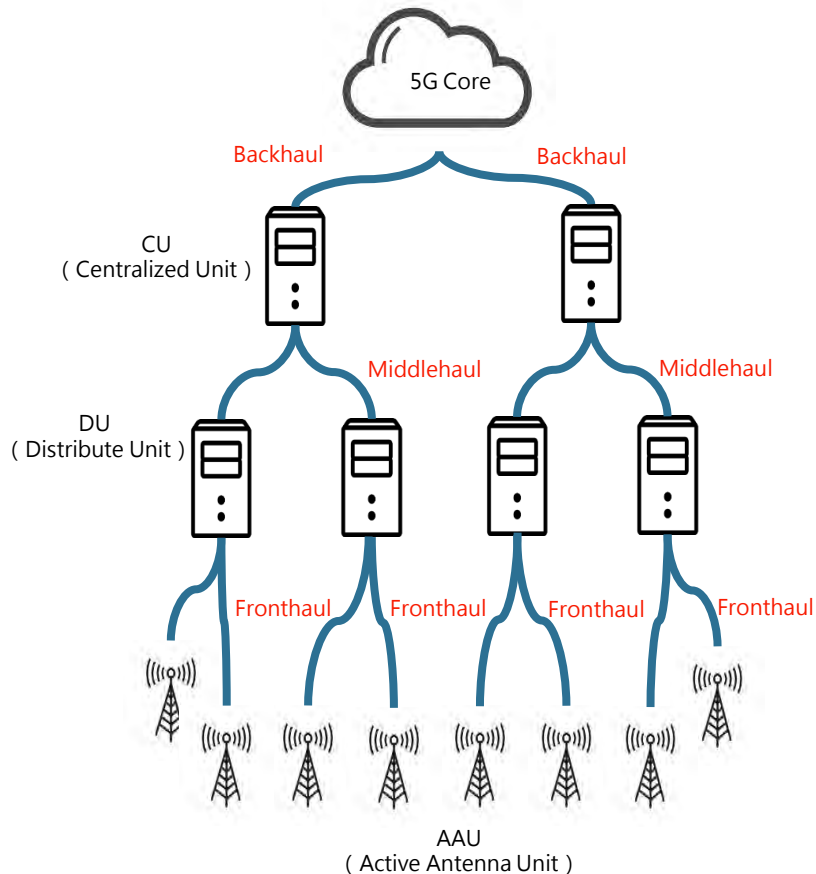
## Broadband Growth Strategy

- Be data-backhaul ready; data backhaul through TBC's network is expected to become a key component of the broadband business within the next few years as wireless carriers tap into TBC's network for their network rollout; multi-year investment for the wireless operators
- Develop new market segments, including enterprise clients
- Increase value-added solutions (e.g. IoT, smart home devices) that leverage the Android gateway

# 5G DATA BACKHAUL OPPORTUNITIES

## HOW DATA BACKHAUL WORKS?

For data to move from one point to another on the internet, there needs to be fibre nodes that allow these points to interface with each other.



## WHY WIRELESS OPERATORS IN TBC'S FIVE FRANCHISE AREAS NEED DATA BACKHAUL SERVICES?



*Demand for higher speed continues to increase*



*Spectrum is expensive, while wireless competition is intense. CAPEX and OPEX for 5G infrastructure are costly for a wireless operator*

- TBC is one of two players in its five franchise areas that owns underground fibre; TBC does not compete in the wireless space
- More efficient for 5G wireless operators to work with a 5G data backhaul partner (via 10GPON or DOCSIS3.1) to deliver higher speed/lower loss and interference end-to-end 5G network transmission
- TBC has been increasing fibre density (putting in more fibre nodes) from an average of over 750 end-homes per fibre node 3 years ago to less than 250 end-homes per fibre node today; speeds ranging up to 1 Gbps
- TBC's increased fibre density can adequately support wireless operators, removing network congestion and allowing data to be transmitted at a high speed; allows 5G wireless operators who are building their small cell stations to tap into TBC's high speed fibre data backhaul
- As a proof-of-concept, TBC has been providing data backhaul for 4G networks to a few wireless operators; although its contribution is still not significant, revenue from data backhaul over the last two years has been gradually increasing

## **Impact of the COVID-19 pandemic on TBC has been limited to date due to the subscription-based nature of its business**

- While the COVID-19 outbreak in Taiwan is relatively contained as compared to other countries, Taiwan's outlook remains uncertain as the expected downturn in other countries will invariably have an impact on Taiwan's export-driven economy and GDP growth. A significant and prolonged deterioration in the national GDP, disposable income or overall economic conditions could in turn adversely affect TBC's ability to grow or maintain revenues, and its financial position.
- The Trustee-Manager will continue to:
  - Monitor developments of COVID-19 and their related impact on operations; and
  - Exercise prudence by managing operational and capital expenditure and strengthening APTT's debt management programme. A stronger balance sheet will provide APTT with the flexibility to navigate and compete more effectively in today's uncertain economic climate.
- TBC and the Trustee-Manager have activated their respective Business Continuity Plans that adhere to all regulations and guidelines in their respective jurisdictions.



## APTT is positioned to grow in a measured way

### GROWTH DRIVERS



#### UP-SELL & CROSS-SELL

- Continue to build on the up-sell & cross-sell initiatives across TBC's subscriber base to drive growth in future cash flows
- Leverage TBC's product offerings and strong subscriber base for growth



#### BROADBAND RGU GROWTH

- To navigate the competitive market environment, especially with mobile operators offering unlimited wireless data, continue to focus on Broadband RGU growth by offering discounted packages in order to acquire new RGUs from competitors and to retain existing RGUs
- High fixed broadband penetration in Taiwan; opportunity to gain more market share
- Rising demand for higher-speed broadband plans due to rapidly growing demand for data



#### SCALABLE & EFFICIENT COST STRUCTURE

- Headroom in network capacity that allows provision of additional services at limited incremental cost
- Support inorganic growth in future



#### PREMIUM DIGITAL TV

- Continue to ride on the growth momentum for Premium digital TV RGUs by stepping up marketing efforts to attract new RGUs
- Consumer preference for better quality video and interactive services
- Growing number of HD television sets in Taiwan

### OPERATING ENVIRONMENT



#### CHALLENGING ENVIRONMENT

- Total RGUs expected to increase in 2021
- ARPUs continue to remain under pressure due to growing popularity of online TV, challenges from video piracy issues, aggressively priced IPTV and competition from mobile operators offering unlimited wireless data
- Decline in demand for home shopping and competition from internet retailing negatively impacting channel leasing revenue for cable industry



#### HIGHLY REGULATED

- Basic cable TV rates for 2021 across all five franchise areas have been maintained at the same rates as 2020<sup>1</sup>
- 3 licences due for renewal in 2021: 1 renewed until 2030; submitted renewal applications and corresponding business plans for the other 2; approvals expected before expiry dates

*While Premium digital cable TV and Broadband RGUs are expected to grow, total revenue will be influenced by the ability to maintain ARPUs which will remain under pressure; total operating expenses in 2021 expected to be in line with 2020*



# LIVE Q&A VIA ONLINE CHAT BOX



# FORMAL PROCEEDINGS



# SUMMARY OF RESOLUTIONS

## Ordinary Business

- To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of APTT Group for the year ended 31 December 2020 and the Auditor's Report thereon
- To reappoint Deloitte & Touche LLP as the Auditor of APTT to hold office until the next Annual General Meeting and to authorise the directors of the Trustee-Manager to fix its remuneration

## Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

- General mandate to issue units in APTT

## ORDINARY RESOLUTION 1

Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited financial statements of APTT Group for the year ended 31 December 2020 and the Auditor's Report thereon

## ORDINARY RESOLUTION 1

Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited financial statements of APTT Group for the year ended 31 December 2020 and the Auditor's Report thereon

	No. of Votes	Percentage
For	472,265,833	99.96%
Against	180,073	0.04%

## ORDINARY RESOLUTION 2

Reappointment of Deloitte & Touche LLP as the Auditor of  
APTT

## ORDINARY RESOLUTION 2

### Reappointment of Deloitte & Touche LLP as the Auditor of APTT

	No. of Votes	Percentage
For	472,092,343	99.93%
Against	353,573	0.07%

# ORDINARY RESOLUTION 3

Authority to issue new units in APTT



## ORDINARY RESOLUTION 3

### Authority to issue new units in APTT

	No. of Votes	Percentage
For	459,103,266	97.26%
Against	12,914,664	2.74%

# APPENDIX



# DISTRIBUTIONS

## Total distributions to date

- **29 distributions paid to date totalling 45.855 cents per unit**  
*(including Q4 2020 distribution of 0.25 cents per unit)*
- 4-year distribution record:  
*FY2017: 6.5 cents per unit*  
*FY2018: 5.175 cents per unit*  
*FY2019: 1.2 cents per unit*  
*FY2020: 1.05 cents per unit*

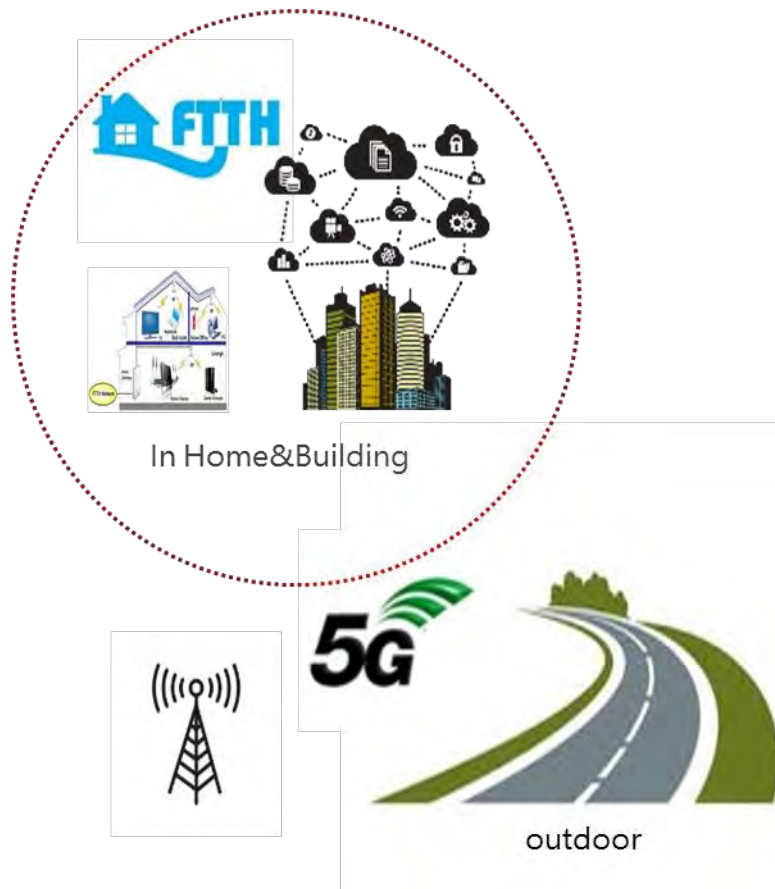
## Distribution guidance for 2021

- Distribution of **0.25 cents per unit** declared and paid for Q4 2020
- The distribution is expected to be **1.0 cent per unit for 2021**, subject to no material changes in planning assumptions
- It is anticipated that the distribution will continue to be paid quarterly

# 5G DATA BACKHAUL OPPORTUNITIES

## OPPORTUNITIES FOR TBC AS 5G DATA BACKHAUL PROVIDER

*TBC's advanced hybrid fibre coaxial network supports both indoor and outdoor coverage*



- Taiwan government's push for faster build up of 5G networks
  - National Communications Commissions is providing substantial subsidies to telco operators with a goal of building 39,000 5G base stations in 2.5 years
- 5G network investment is a multi-year investment for wireless operators; flexibility to add fibre circuits from TBC as their wireless networks expand over time
- Explore partnerships with wireless 5G operators to tender for government projects
  - 10GPON and DOCSIS3.1 are used as heterogeneous network backup in private 5G networks
- Explore a packaged suite of hybrid network environment and office applications to target the business community

END



## **SGX-ST Release**

### **ASIAN PAY TELEVISION TRUST EIGHTH ANNUAL GENERAL MEETING RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS**

#### **Singapore – 29 April 2021**

APTT Management Pte. Limited (the “Trustee-Manager”), as Trustee-Manager of Asian Pay Television Trust (“APTT”), refers to the announcement dated 9 April 2021 in relation to the Annual General Meeting (“AGM”) to be held by way of electronic means today, 29 April 2021, at 10.00 a.m. (Singapore time).

The Trustee-Manager would like to thank all unitholders who have submitted their questions in advance of the AGM. We have endeavoured to address all substantial and relevant questions, grouped into the key topics as shown below. Questions posed by the Securities Investors Association (Singapore) (“SIAS”) have also been included.

1. Authority to issue new units (*Page 2*)
2. Data backhaul (*Page 2*)
3. Borrowings (*Page 3*)
4. Capital expenditure (*Page 4*)
5. Distributions (*Page 4*)
6. Financials (*Page 5*)
7. Strategic review (*Page 6*)
8. Rights Issue (*Page 6*)
9. Business, strategy, outlook (*Page 7*)
10. Others (*Page 8*)

As there were several overlapping questions, and to avoid repetition, we have summarised and answered each question only once. Please refer to the responses in the following pages.

Key questions will also be addressed by Mr Brian McKinley, CEO of the Trustee-Manager, during his presentation at the AGM. Unitholders who are participating in the AGM electronically may also type their questions in the online chat box. The Board of the Trustee-Manager will address the substantial and relevant questions during the AGM.

Please refer to all AGM related documents on APTT’s corporate website at the URL <https://www.aptt.sg/news/news-2021/>.

Following the conclusion of the AGM, the voting results of the AGM will be made available on the website of the SGX-ST and on APTT’s corporate website.

## AUTHORITY TO ISSUE NEW UNITS

- 1) **APTT conducted a fund-raising exercise last year via a rights issue. Why is there a need to seek for authority to issue new units again? How do you plan to use the additional funds being raised if new units are issued?**

Granting authority to issue new units is a common mandate often sought by listed companies and listed trusts, to give flexibility and efficiency to raise capital within the limits of the mandate, in case the need arises, without requiring the time and financial resources of convening an extraordinary general meeting each time.

## DATA BACKHAUL

- 2) **Management has been expecting data backhaul to be a key component of the broadband business. How big is the data backhaul market?**

For data to move more efficiently from one point to another in a wireless network, there needs to be a fibre backbone that allows these points to interface with each other.

While there is no publicly available data on the size of the data backhaul market, it is important to understand the backdrop: wireless operators have had to spend a lot on 5G spectrum, while at the same time wireless competition is intense. It will be a multi-year investment for the wireless operators to build out their 5G networks and they will need to be as efficient as possible given this landscape.

In our five franchise areas, TBC is one of two players that owns a distributed and dense underground fibre network that could be leveraged in a 5G build-out. Most importantly, we do not compete in the wireless space, unlike the other player which does compete in the wireless space and is also our main fixed-line broadband competitor.

This is an attractive proposition for the wireless operators. Being able to lease our fibre network for data backhaul, versus building out their own or leasing from the competitor, will be a way that wireless operators can efficiently plan out their networks.

We are working with the c-suite from the wireless operators to ensure utilising TBC's network is in their planning process. Although its contribution is not yet significant, revenue from data backhaul over the last two years has been gradually increasing. We are confident that data backhaul will be a key component of our Broadband business within the next few years.

- 3) **When can TBC start providing its data backhaul network to wireless operators as they roll out their 5G services?**

TBC is already using its network to provide data backhaul services to wireless operators. Although its contribution is not yet significant, revenue from data backhaul over the last two years has been gradually increasing.

It will be a multi-year investment for the wireless operators to build out their 5G networks. We are confident that data backhaul will be a key component of our Broadband business within the next few years.

- 4) **Will data backhaul be able to contribute as much, if not more, revenue than current home-based broadband business? By which year do you expect 5G data backhaul to start to meaningfully contribute to revenues?**



As this is an emerging area, the Trustee-Manager is not in a position to provide projected revenue contributions. Although its contribution is not yet significant, revenue from data backhaul over the last two years has been gradually increasing. We are confident that data backhaul will be a key component of our Broadband business within the next few years.

**5) When will 5G networks be launched in TBC's five franchise areas? Will TBC be able to compete effectively in the 5G broadband segment?**

The first round of 5G licences were awarded at the beginning of 2020 and while some initial 5G services are gradually being launched, it will be a multi-year investment for the wireless operators.

Taiwan's 5G rollout translates to opportunities for TBC to provide data backhaul to wireless operators who prefer tapping into our fibre network, rather than working with our main competitor as it also competes with these operators in the wireless broadband segment.

Over the last three years, we have invested significantly in our network. To give you an idea, we have increased fibre density from an average of more than 750 end-homes per fibre node 3 years ago to less than 250 end-homes per fibre node – removing network congestion and allowing data to be transmitted at higher speeds.

We believe we have reached a level that can adequately deliver higher speed plans, and at the same time, support wireless operators in their 5G network rollout.

**6) I understand that 4G data backhaul revenue is currently not significant. May I know where is this revenue currently captured? Will it be under Broadband non-subscription revenue? Please advise.**

Data backhaul revenue is captured in Broadband subscription revenue. Wireless operators lease a number of fibre circuits to provide data backhaul; the revenue is recurring and subscription-based in nature.

## **BORROWINGS**

**7) Can the Trustee-Manager comment if the lenders for the Offshore Facilities were unwilling to refinance without the lump sum repayment of S\$45 million?**

The Rights Issue and the extension of the Offshore Facilities were unrelated transactions. Even under the existing economic and operating environment, with continued pressures on APTT's EBITDA, four unitholders stepped forward to provide undertakings for the Rights Issue. Since this opportunity presented itself, we exercised prudence by paying down debt.

It was in the best interests of APTT and unitholders that we continue to lower gearing.

**8) It was disclosed that the Offshore Facilities bear a floating interest rate of Singapore Interbank Offered Rate plus an interest margin of 4.1% to 5.5% (2019: 4.1% to 5.5%) per annum based on the leverage ratio of the Group. Please clarify if a lower spread was secured, given the S\$45 million repayment under the new loan amendment agreement.**

Interest margin on the Offshore Facilities ranges from 4.1% to 5.5% based on the degree of leverage. As repayments are made and the leverage ratio decreases, the interest margin will automatically decrease based on the pre-agreed ranges of leverage ratio and interest margin.



**9) Did the Trustee-Manager look for other sources of financing?**

Yes, and the existing Onshore and Offshore Facilities are the most cost efficient sources of financing currently available to the Trust.

**10) When is the first tranche of the onshore debt maturing? How confident are you to be able to roll over all or a significant part of the onshore debt repayable in tranches by 2025, without affecting the dividend payment?**

Most of the onshore debt is in Facility A and this facility includes a principal repayment schedule that began one quarter after the refinancing in 2018. The repayment schedule gradually escalates over the period of the seven-year facility until maturity at the end of seven years when there would be 50% of the facility still outstanding.

We have begun discussions to refinance our onshore facilities ahead of maturity in 2025. We are confident that we can successfully refinance the onshore facilities within the next 12 months with no impact on the distribution, subject to no material changes in planning assumptions.

We will make announcements as and when appropriate.

**CAPITAL EXPENDITURE****11) What determines the pace of capital expenditure for the Trust in the next 18 – 24 months?**

Our capital expenditure comprises two main parts: (i) Maintenance capital expenditure which is necessary to support TBC's existing infrastructure and business; and (ii) Network and Broadband investments to drive growth.

Our network investments are past the peak. Unless there are new regulatory requirements that require mandatory capital expenditure, we expect capital expenditure to continue trending down.

The level of capital expenditure will be closely monitored to focus on areas that will have the best potential in generating growth and sustainability for the long-term.

**DISTRIBUTIONS****12) Given that capital expenditure is expected to trend down in 2021, will the Board consider increasing the distribution to unitholders?**

For 2021, the Board has reaffirmed distribution guidance of 1 Singapore cent per unit, to be paid in quarterly instalments of 0.25 cents, subject to no material changes in planning assumptions.

The Board has not guided on distributions beyond 2021.

Our aim is to continue to strengthen the balance sheet by using cash generated from operations to make debt repayments. We are working hard to mitigate the impact of lower ARPUs by growing our subscriber base and yielding results from our Broadband strategy.

As and when appropriate, we certainly hope to increase distributions to unitholders. The Trustee-Manager and its owners have a stake in APTT. There is a strong alignment of interests if we can increase distributions.

## FINANCIALS

### 13) Cash and cash equivalents are at a record high, what is the reason for this?

A significant portion (S\$34 million) of cash at 31 December 2020 represents collections received in advance to provide Basic cable TV, Premium digital cable TV and Broadband subscription services in future periods.

We maintain cash balances to fund the daily cash requirements of our business, including to i) pay for operating expenses; ii) service our existing debt facilities, in the form of interest payments and scheduled debt repayments; iii) fund capital expenditure to support our existing infrastructure, albeit at a lower level compared to previous years; and iv) pay distributions to unitholders.

Some cash is being reserved as we prepare to make higher scheduled principal repayments in 2021 of approx. S\$23m. As is normal course, we are exercising prudence in spending capital expenditure and deferring some payments to the second half of the year.

### 14) ARPU for Premium digital cable TV and Broadband has dropped by NT\$16 and NT\$24 respectively in 2020. Please clarify the reason. Did ARPU decrease so as to increase customer base? Are you reducing prices further in 2021?

Yes, the lower prices form part of our marketing strategy to attract new customers and retain existing ones.

Premium digital cable TV ARPU was lower due to promotions and discounted bundled packages to compete with pirated content and aggressively priced IPTV, while Broadband ARPU declined as we continue to offer higher speed plans at competitive prices to acquire new RGUs and re-contract existing ones. This is to compete with the many mobile operators offering inexpensive unlimited wireless data.

In the face of intense competition, it is important to keep our pricing competitive. We expect ARPUs to remain under pressure.

### 15) Please explain the "settlement of programming fees" of S\$5,360,000, as mentioned in Consolidated Statements of P&L for the year 2020.

Since 2019, TBC had been in the process of facilitating certain content programming discussions between its programming vendors and agent and had placed a refundable deposit of NT\$359 million (approximately S\$16.9 million) with the programming vendors to ensure no interruption of service while the discussions were in progress.

In January 2020, again to ensure no interruption of service, the Group utilised the refundable deposit to pay programming fees of NT\$359 million (approximately S\$16.9 million) directly to its programming vendors, such sum being claimable against the agent.

Following final negotiations between TBC and the agent in April 2020, TBC agreed to bear an additional programming cost of NT\$113 million (approximately S\$5.4 million) from the agent. This was recognised as a one-time settlement of programming fees in 2020.

### 16) Was the forex movement of S\$64.5 million, as indicated in Note 12 for the year 2020, recognised as part of movement in reserves in the Statement of Financial Position. If it is not, where is it recognised in the balance sheet and profit and loss?

The foreign exchange movement of S\$64.5 million, as indicated in Note 12 to the Financial Statements in the Annual Report, was recognised as part of movement in 'Reserves' in the Statement of Financial Position.

In accordance with Note 2(e)(iii) to the Financial Statements in the Annual Report, for entities within APTT group, that have a functional currency other than SGD, all assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of financial position. All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserves.

Refer to Note 19(i) to the Financial Statements in the Annual Report for foreign currency translation reserves movements during the year. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity, giving rise to such reserve.

## STRATEGIC REVIEW

### 17) Will there be further follow-up action on the strategic review after your last announcement?

The strategic review process ended with the proposed ownership changes at the Trustee-Manager level and the successful completion of the Rights Issue in the second quarter of 2020.

The Trustee-Manager and the Board of Directors remain committed to protecting unitholders' interests and growing the partnership with the incoming majority owner of the Trustee-Manager, Da Da Digital Convergence Co., Ltd. ("Da Da Digital") to extract greater value for unitholders.

### 18) What was the cost of the strategic review and is the Trustee-Manager satisfied with the outcome?

Total professional fees incurred in relation to the Strategic Review were approximately S\$400,000.

The Strategic Review Committee is of the view that Da Da Digital's proposed acquisition of a 65% interest in the Trustee-Manager, if approved, will be a win-win solution for all parties, including for APTT unitholders. There is potential to create synergies between APTT and Da Da Digital, especially on the back of industry changes from Taiwan's 5G rollout.

Da Da Digital also indicated its interest to increase its stake in APTT in the mid to long term, while adhering to the necessary regulations in both Taiwan and Singapore.

The Trustee-Manager is also satisfied with the outcome of the Rights Issue. Even under the existing economic and operating environment, with continued pressures on APTT's EBITDA, four unitholders stepped forward to provide undertakings for the Rights Issue. Since this opportunity presented itself, we exercised prudence by paying down debt. It was in the best interests of APTT and unitholders that we continue to lower gearing.

## RIGHTS ISSUE

### 19) Has the Board carried out a review to understand the reasons for the low valid acceptances by unitholders (other than the undertaking unitholders)?

Valid acceptances and excess applications were received for 474,661,223 Rights Units, representing 131.4% of the 361,270,970 Rights Units available under the Rights Issue. This included acceptances and excess applications by the Undertaking Unitholders for an aggregate of 361,270,970 Rights Units.

The Board is of the view that the Rights Issue was a more inclusive option to raise funds, compared to other fund-raising methods like private placements which would have been entirely dilutive to existing unitholders.

The Trustee-Manager is satisfied with the outcome of the Rights Issue; it was in the best interests of APTT and unitholders that we continue to lower gearing.

**20) Did the Board consider the attractiveness of the rights issue, given that the net proceeds were mainly to be used to reduce debt?**

Yes, reducing debt is a key priority for the Trust.

Coupled with capital expenditure trending down, we strive to use cash generated from operations to continue to make debt repayments, and further strengthen our balance sheet. A stronger balance sheet will provide us with the flexibility to navigate and compete more effectively in today's uncertain economic climate.

## **BUSINESS, STRATEGY & OUTLOOK**

**21) What is the Trustee-Manager doing to reduce Basic cable TV churn and to maintain the ARPU? With the current trend in the basic cable TV segment, would the group be able to generate sufficient cash flow to meet the Trust's cash flow needs?**

It is important to note that the churn in Basic cable TV was more than offset by the growth in Premium digital cable TV and Broadband RGUs. The net effect is that we are still growing our subscriber base despite the Basic cable TV churn. With our marketing efforts, we expect this growth momentum to continue.

The subscription-based nature of our business model generates strong cash flows. We continue to focus on our core strategy which is to drive cash flow generation through operating TBC's business, generate growth in cash flows through up-selling and cross-selling of our services across our subscriber base, and driving our broadband initiatives.

To note also is that there is a higher operating cash flow contribution from Broadband RGUs since there is no content cost involved as with cable TV.

**22) Two other growth areas identified by the management are enterprise client and value-added solutions that leverage the Android gateway. Can the management elaborate more on the current competitive landscape, the potential market size and plans to capture these 2 markets? Any major cost or capex required?**

These two segments are a natural extension as we continue to increase our network capacity. In the Enterprise segment, we are looking to target small and medium sized businesses already within our network footprint. We are not looking to expand our network into industrial parks and where the competition is already crowded with the nation's three large carriers.

As we continue to offer higher speed plans at competitive rates, our strategy is to move existing subscribers up the speed plans with value added services such as select OTT content over the Android gateway. There is no major cost or capex required. Our yearly capex to increase network capacity and speed supports these two segments.

**23) Three cable TV licences are up for renewal in 2021. One licence has already been renewed until 2030. What is the status of the other two licences?**

We have submitted renewal applications and corresponding business plans for the other two licences. Based on the successful renewal history for us and the industry as a whole, there is no reason to believe that the remaining two licences will not be renewed.

We expect approvals before the licence expiry dates later this year.

**24) What are the Board's concrete plans to increase long-term unitholder value?**

We are confident of the strength of our Broadband growth strategy. To extract greater value from our key asset – a fully owned advanced hybrid fibre coaxial cable network across TBC's five franchise areas, we will continue with our network investment. Not only will this enable us to meet consumers' growing demand for more data and higher speed plans, but it also lays the ground for TBC to be fully data-backhaul ready for the wireless operators when they roll out 5G services.

In particular, we are very focused on executing our:

- Broadband growth strategy to i) tap consumers' growing demand for higher internet speed; and ii) wireless operators' demand for data backhaul.
- Debt management programme; we have lowered our gearing from 53.8% a year ago to 51.7%. We strive to use cash generated from operations to make debt repayments to strengthen our balance sheet.

We will also continue to drive cash flow generation through operating TBC's business, generate growth in cash flows through up-selling and cross-selling of our services across our subscriber base, and driving our Broadband growth initiatives.

## **OTHERS**

**25) Why is the unit price trending down? What are your plans to revive the business and hence the unit price?**

APTT's unit price is affected by a number of external factors that are outside of our control. What is within our control is the management of APTT.

We own a pay-TV business in five franchise areas across Taiwan. Our business model generates strong cash flows. We continue to focus on our core strategy which is to drive cash flow generation through operating TBC's business, generate growth in cash flows through up-selling and cross-selling of our services across our subscriber base, and driving our Broadband growth initiatives.

A key priority is also to continue to manage debt levels and strengthen the balance sheet. A stronger balance sheet will provide APTT with the flexibility to navigate and compete more effectively in today's uncertain economic climate.

**26) Since the entire business of APTT is in Taiwan, will the Trustee-Manager consider a dual listing on the Taiwan Stock Exchange?**

A dual listing is not being considered at this time, however it could remain a possibility for the future.

**ABOUT APTT**

APTT is the first listed business trust in Asia focused on pay-TV and broadband businesses. APTT has an investment mandate to acquire controlling interests in and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore. APTT is managed by its Trustee-Manager, APTT Management Pte. Limited. The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders and managing the business conducted by APTT. The Trustee-Manager manages APTT's business with an objective of providing Unitholders with stable and sustainable distributions.

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