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Asian Pay Television Trust

SGX-ST Release

RESPONSE TO SGX QUERIES ON APTT's THIRD QUARTER RESULTS ANNOUNCEMENT

Singapore - 23 November 2018

APTT Management Pte. Limited (the "Trustee-Manager"), as Trustee-Manager of Asian Pay Television Trust ("APTT" or the "Trust"), refers to the queries (see "**QUESTION**" below) received from the Singapore Exchange Securities Trading Limited on 21 November 2018 and wishes to respond to the queries as follows (see "**RESPONSE**" below).

QUESTION

We refer to Asian Pay Television Trust's (the "Trust") announcement of 14 November 2018.

It was disclosed that "The Trustee-Manager is in the process of discussing with the Group's lenders to refinance the existing borrowing facilities. APTT is targeting to close the refinancing of its borrowing facilities by 31 December 2018, ahead of its 2019 target. Despite rising debt levels, the Trust is optimistic that it can improve its interest margin and arrangement fees".

(i) Please explain for the "rising debt levels" by $58.5 million from $1.39 billion as at 31 Dec 2017 to $1.45 billion as at 30 Sep 2018; and

(ii) We note that PPE remained unchanged and intangible assets reduced. In addition, expenses fell by $40 million during the period from 31 Dec 2017 to 30 Sep 2018. Please disclose details and breakdown on the usage of additional $58.5 million borrowings raised.

RESPONSE

(i) As disclosed in the Trust's announcement of 14 November 2018, all capital expenditure will be self-funded from 2019 as the Trust does not intend to use borrowings to fund its capital expenditure going forward. In 2018 and prior years the Trust has used borrowings to fund a significant portion of capital expenditure.

The rising debt level by S$58.5 million from 31 December 2017 to 30 September 2018 can mostly be attributed to amounts incurred on capital expenditure. Given the fungible nature of cash, one should refer to the consolidated statements of cash flows on page 22 of the Trust's announcement of 14 November 2018 for a detailed breakdown in the movement of cash flows from 31 December 2017 to 30 September 2018. As presented in the consolidated statements of cash flows, cash outflow towards the acquisition of property, plant and equipment ("PPE") for the nine months ended 30 September 2018 was S$47.7 million; the majority of this amount was funded from borrowings.

The balance of the increase in borrowings of S$58.5 million not used to fund capital expenditure for the nine months ended 30 September 2018 was included in cash and cash equivalents as at 30 September 2018 to fund some capital expenditure for the quarter ending 31 December 2018. As presented in the consolidated statements of cash flows, cash and cash equivalents as at 30 September 2018 increased by S$13.6 million compared to cash and cash equivalents as at 31 December 2017.

(ii) The carrying value of PPE of S$320.9 million as at 30 September 2018, as presented in the Group's statements of financial position on page 14 of the Trust's announcement of 14 November 2018, remained unchanged compared to 31 December 2017. Referring to the detailed breakdown of the carrying value of PPE as presented on page 31 of the same announcement, PPE additions for the nine months ended 30 September 2018 were S$49.7 million. This increase in the carrying value of PPE was offset by depreciation and impairment, disposals and foreign exchange effect of S$49.7 million resulting in the net carrying value of PPE as at 30 September 2018 to remain unchanged from the carrying value of PPE as at 31 December 2017.

The carrying value of intangible assets of S$2,385.9 million as at 30 September 2018, as presented in the Group's statements of financial position on page 14 of the Trust's announcement of 14 November 2018, was lower compared to intangible assets of S$2,391.1 million as at 31 December 2017. Referring to the detailed breakdown of the carrying value of intangible assets as presented on page 33 of the same announcement, intangible assets additions for the nine months ended 30 September 2018 were S$13.8 million. This increase in the carrying value of intangible assets was more than offset by amortisation and foreign exchange effect of S$18.9 million, resulting in the net carrying value of intangible assets as at 30 September 2018 to be lower than the carrying value of intangible assets as at 31 December 2017.

Total operating expenses for the nine months ended 30 September 2018 of S$93.8 million, as presented in the report summary on page 2 of the Trust's announcement of 14 November 2018, were lower than total operating expenses for the prior corresponding period ended 30 September 2017 of S$100.5 million. Total operating expenses for the full year ended 31 December 2017, as presented in the report summary on page 2 of the Trust's announcement of 26 February 2018 were S$133.4 million.

The Trust has embarked on a cost management exercise since last year to manage operating margins. Nonetheless, operating profit for the nine months ended 30 September 2018 of S$85.9 million, as presented in the consolidated statements of profit or loss on page 15 of the Trust's announcement of 14 November 2018, was S$8.6 million lower than operating profit for the prior corresponding period ended 30 September 2017 of S$94.5 million. This negatively impacted the cash generated from operations for the nine months ended 30 September 2018 of S$136.8 million, as presented in the consolidated statements of cash flows on page 22 of the Trust's announcement of 14 November 2018, which was S$14.7 million lower than the cash generated from operations for the prior corresponding period ended 30 September 2017 of S$151.4 million. This resulted in lower operational cash flows available to fund capital expenditure during the nine months ended 30 September 2018. As a result, and as noted in response (i) above, the increase of S$58.5 million in borrowings from 31 December 2017 to 30 September 2018 can mostly be attributed to amounts incurred on capital expenditure.

The increase of S$58.5 million in borrowings from 31 December 2017 to 30 September 2018 represents the utilisation of existing borrowing facilities raised in 2016 and 2017. The Trust has not raised any additional borrowings during the nine months ended 30 September 2018.

ABOUT APTT

APTT is the first listed business trust in Asia focused on pay-TV 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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