Asian Pay Television Trust

ANNUAL REPORT 2018

TRUST PROFILE

Asian Pay Television Trust ("APTT" or the "Trust") 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's sole investment, Taiwan Broadband Communications Group ("TBC"), is a leading cable operator in Taiwan and has been owned and managed by APTT Management Pte. Limited (the "Trustee-Manager"), in its capacity as the Trustee-Manager of APTT, since 2013.

APTT is managed by APTT Management Pte. Limited, a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami") which is a Singapore registered company majority owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd. The Trustee-Manager is led by an executive management team that has extensive experience in the pay-TV and broadband industries and complementary skill sets in acquisition, asset and capital management.

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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PRC Investor Notice

Investors should note that there are limitations on the right of certain investors to own units in APTT under applicable Taiwan laws and regulations (the "Relevant Restrictions"). Such investors include PRC individuals and corporate entities, the Taiwan Government and political entities and other restricted entities and restricted persons (collectively, the "Restricted Persons"). Investors should note that the Deed of Trust constituting APTT dated 30 April 2013 (the "Trust Deed") provides that the Trustee-Manager may, in the case of a breach of the Relevant Restrictions, take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the Relevant Restrictions are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Restricted Person to dispose of their units in APTT and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), to arrange for the sale of the units. The Trustee-Manager is not required to provide any reason for, and is not liable or responsible for any losses incurred as a result of, exercising such power. For further information, investors should refer to the prospectus dated 16 May 2013 issued by APTT and the Trust Deed.

TRUST STRUCTURE

FINANCIAL HIGHLIGHTS

TOTAL REVENUE (S$)
313.9
MILLION

TOTAL ASSETS (S$)
2,791.5
MILLION

NET PROFIT (S$)
7.7
MILLION

EBITDA (S$)
184.6
MILLION

EBITDA MARGIN (%)
58.8%

DISTRIBUTIONS PER UNIT
5.175
(SINGAPORE CENTS)

CHAIR'S STATEMENT

Dear Unitholders,

Asian Pay Television Trust ("APTT" or the "Trust") delivered a creditable set of financial results for the financial year ended 31 December 2018 ("2018"), amidst competition and challenges that have negatively impacted the entire cable TV and telecommunications industry around the world.

In Taiwan, the industry has witnessed aggressive competition in markets like Taipei, where prices of cable TV and broadband services have fallen due to the media and data consumption choices presented by competing cable, IPTV and wireless data operators. Although we operate outside of Taipei and face less competition in our cable TV market, this development has nevertheless impacted pricing in our five franchise areas, where subscribers ("RGUs" or "revenue generating units") expect larger discounts for our service offerings.

Notwithstanding this tough operating environment, our EBITDA margin of 58.8% in 2018 continued to be one of the strongest in the industry. This is primarily driven by the strength of our asset, Taiwan Broadband Communications Group ("TBC"), Taiwan's third largest cable TV operator and the sole cable TV operator in our five franchise areas. Through TBC's fully owned hybrid fibre coaxial cable network, we deliver Basic cable TV, Premium digital cable TV and high-speed Broadband services to our subscribers.

CHAIR'S STATEMENT

> "Repositioned for the future"

Mindful of the saturated cable TV market environment, significant efforts were made to expand our Broadband market share in 2018, adding 13,000 subscribers to our fixed-line high-speed Broadband service by year end. This was achieved despite strong competition from the wireless data operators, all of whom offered low-priced unlimited wireless data plans.

In November 2018, decisive actions were taken to lower distributions to unitholders, starting from the fourth quarter of 2018. It is a prudent move to manage our debt levels. It will also give us greater balance sheet flexibility to compete more effectively in this challenging operating environment.

We are heartened to have successfully refinanced our outstanding debts ahead of maturity at lower interest margins and arrangement fees. This underscores the strong lender support and confidence in APTT's business and its management.

OPERATIONAL PERFORMANCE

The Trust reported total revenue and EBITDA on a consolidated basis of S$313.9 million and S$184.6 million in 2018, compared to S$334.8 million and S$201.4 million in 2017.

Basic cable TV RGUs declined for the first time in TBC's history (2018: 750,000; 2017: 762,000). With the switching off of analogue TV broadcasting in our franchise areas, there were no more TV piracy households to be converted to paying Basic cable TV RGUs. Competition from video piracy and aggressively priced IPTV has also led to some churn. As for non-subscription revenue, the contribution from channel leasing by third party home shopping networks was impacted by strong competition from internet retailing.

Premium digital cable TV RGUs increased to 196,000 in 2018 (2017: 193,000) but average revenue per user ("ARPU") was lower due to promotions and discounted bundled packages to compete with aggressively priced IPTV.

Broadband continued to show resilience and promise, with increase in RGUs. Notwithstanding the competitive market challenge from unlimited wireless data offerings by mobile operators, Broadband RGUs increased to 216,000 in 2018 (2017: 203,000), albeit at lower ARPUs due to consumer pressure for higher speed broadband plans at lower prices.

Collectively, the growth in Premium digital cable TV and Broadband RGUs more than offset the churn in Basic cable TV, raising TBC's total subscribers to 1,162,000.

BROADBAND TO DRIVE GROWTH

The saturated cable TV market in our franchise areas and the growing popularity of online TV and internet retailing will continue to put pressure on our cable TV revenue. It is therefore important to identify and develop new growth opportunities.

With the global trend for wider adoption of internet applications, broadband will become a key growth driver for our business. TBC has 100% ownership of the hybrid fibre coaxial cable network that passes over 1.2 million homes in our franchise areas. Our extensive network allows us to tap our existing subscriber base and expand our fixed line Broadband market share well beyond the current 29%. At the same time, this places us in a good stead to provide network support to the wireless operators in our franchise areas.

Deploying fibre deeper into the network remains a key investment initiative as it will help to increase our network speed and enhance our data backhaul infrastructure. Data backhaul through TBC's network is expected to become a material part of our Broadband business going forward as wireless carriers tap into TBC's network for their respective network rollouts.

CHAIR'S STATEMENT

Furthermore, beyond network speed and reliability, network providers like us will have to look at ways to enable a variety of new technologies that will benefit end consumers. For example, we introduced the new enhanced BandOTT box and its uptake amongst our subscribers has increased significantly over the past year.

DEBT MANAGEMENT PROGRAMME

Lower Distributions
Since the IPO in 2013, APTT has been paying a large distribution to unitholders for as long as it could. However, given the Trust's level of borrowings and the challenging environment, the Board has taken bold steps to manage our borrowings and to strengthen APTT's balance sheet. This includes using operational cash flows to fund growth capital expenditure to deploy fibre deeper into the network. A lower distribution to unitholders is therefore considered prudent as APTT repositions itself for the future.

The revised distribution guidance of 1.20 cents per unit per year for 2019 and 2020 will result in annual cash savings of over S$76 million. This should enable all capital expenditure to be self-funded while also allowing possibility for debt repayments.

Capital expenditure will remain elevated through 2019 as we enhance our fibre network infrastructure. From 2020 onwards, we expect capital expenditure to trend down.

Successful Refinancing
In late 2018, we completed the refinancing of our existing NT$29.0 billion onshore borrowing facilities with new seven-year facilities of NT$31.0 billion and extended the maturity date of our existing offshore facilities from July 2019 to July 2021.

With this done, interest margin on our onshore facilities decreased from 2.3% to 1.6%, representing total annual interest cost savings of approximately S$9 million from 2019. Lower arrangement fees of 1.25% compared to 1.60% at the last refinancing also translated to upfront savings of approximately S$5 million in 2018.

Additionally, to reduce the risk of rising interest rates, the Trust extended interest rate swaps on TAIBOR to the end of 2021 to fix over 80% of the outstanding onshore borrowing facilities. The average fixed rate on these TAIBOR swaps was 0.84%. Interest rate swaps will continue to be gradually entered into until 90% to 95% of outstanding onshore borrowings are hedged through to 2021.

REPOSITIONED FOR THE FUTURE

Our efforts to manage gearing and continued investment to grow our Broadband market share are aimed at building a stronger foundation for APTT to face the ongoing market challenges and to secure a firm footing for the future.

In an environment where ARPUs are under pressure, operating expenses will be managed tightly to protect our EBITDA margins. Capital expenditure will be limited to areas that will have the best potential in generating growth and sustainability for our business.

To manage cable TV churn, we will continue to offer superior content at competitive pricing, as well as improve upselling and cross-selling of services across our subscriber base.

ACKNOWLEDGEMENTS

I would like to thank the management team for their hard work in steering APTT through a very challenging year. Special appreciation also goes to my fellow directors on the Board of the Trustee-Manager for their dedicated service and support.

Finally, on behalf of the Trustee-Manager Board, I would like to thank you, our unitholders and other stakeholders, for your patience and continued support for APTT.

Yong Lum Sung
Chair

ASSET PORTFOLIO

TAIWAN BROADBAND COMMUNICATIONS GROUP ("TBC")

Asset description

Established in 1999, TBC is a leading cable operator in Taiwan. TBC's vision is to provide seamless access to the most compelling and competitive suite of media and communication products and services in Taiwan.

TBC owns 100% of the hybrid fibre coaxial cable network in its five closely clustered franchise areas in northern and central Taiwan with network coverage of more than 1.2 million homes. Through this network, TBC delivers Basic cable TV, Premium digital cable TV and high-speed Broadband services to subscribers in these areas. TBC has more than 1.1 million revenue generating units across its subscriber base, providing them the choice from over 175 channels of exciting local and international content on its digital TV platforms and a full range of quality high-speed broadband access packages with speeds ranging up to 500 Mbps.

TBC generates stable cash flows and has a promising growth profile.

NETWORK COVERAGE OF MORE THAN

1.2 million

homes

SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present APTT's second Sustainability Report.

Unconventional risks and opportunities, including information technology ("IT") and cyber security, data privacy, electricity shortage and accessibility to information and connectivity, are becoming increasingly impactful along the value chain. It is critical that we are prepared to respond to environmental, social and governance ("ESG") issues material to our business.

We continue to integrate ESG considerations into our strategy to proactively position APTT for sustainable growth. The Sustainability Steering Committee ("SSC"), comprising the senior management of both APTT Management Pte. Limited (the "Trustee-Manager") and Taiwan Broadband Communications Group ("TBC"), continues to support the Board of Directors of the Trustee-Manager (the "Board") on the monitoring and reporting of our sustainability agenda and performance. We have also reviewed our existing material ESG factors to ensure the relevance of our sustainability direction.

In 2018, we implemented various initiatives to better manage our material ESG factors. We strengthened our management approach and mechanisms around both IT security and customer privacy to ensure we maintain our record of zero breaches for the year. We carried out energy-saving initiatives to reduce our impacts on the environment. We also continued to support the communities in which we operate through contributing broadcasting airtime and sponsorship for local community initiatives.

We would like to thank the management team and all employees at TBC, our partners and stakeholders for supporting our endeavours to advance our sustainability agenda. We look forward to continue sharing our sustainability performance with you.

On behalf of the Board of Directors
APTT Management Pte. Limited
As Trustee-Manager of Asian Pay Television Trust

SUSTAINABILITY AT APTT

As a business trust, we are committed to invest and conduct business in a responsible manner. We also work with TBC, our sole investee company, to encourage adoption of sustainable practices and ensure its operations are carried out responsibly. We have identified seven material ESG factors that APTT and TBC need to manage well to achieve sustainability[1].

Material ESG Factors	Why It Matters to Our Business	2018 Performance Highlights
Economic Performance	As a business trust, APTT is responsible for generating returns for its unitholders. We will not be able to create value for our stakeholders and the society without stable returns. To continue to generate sustainable returns in the long run, we have incorporated considerations for environmental and social issues as part of our acquisition due diligence process. We also ensure APTT and TBC assets and businesses have appropriate environmental and social risk management frameworks in place.	• Revenue for the year of $313.9 million[2] • EBITDA for the year of $184.6 million • Implemented a number of initiatives contributing to long-term sustainability of our business
Socioeconomic Compliance	For both APTT and TBC, conducting business in accordance with all applicable laws and regulations is fundamental. Any violation could compromise our stakeholders' trust in us and our licence to operate.	• Maintained record of zero material non-compliant incidents concerning relevant laws and regulations
Energy	TBC will not be able to provide its TV and internet services without electricity. We are conscious of our reliance on energy and are working to reduce the amount of energy we consume.	• Adjusted our electricity contract capacity and switched to using blade servers to further our energy-saving efforts

[1] Please see Materiality Assessment section of the report for more details on the material ESG factors and our materiality assessment process.
[2] All figures, unless otherwise stated, are presented in Singapore dollars ("$").

SUSTAINABILITY REPORT

Material ESG Factors	Why It Matters to Our Business	2018 Performance Highlights
Employment	For APTT, we need to ensure we attract and retain the right talent pool that allows the Trust to make sound investment decisions. For TBC, we need to recruit and cultivate talent that can serve our subscribers and ensure the quality and reliability of our services.	• Reduced rate of employee turnover by 2% • Completed an average of 23 training hours per employee
IT Security	TBC's TV and internet services are highly dependent on the resilience of our IT infrastructure. Any breach can disrupt our services. We also need to make sure that our customers' data and privacy are safe when accessing our portal and services.	• Maintained record of zero material breaches of IT security
Customer Privacy	TBC serves more than 1.1 million revenue generating units ("RGUs") across its subscriber base, who entrust us with their personal information upon purchasing our services. We are serious about safeguarding our customers' personal information as we value our customers' trust and loyalty to us.	• Maintained record of zero formal claims concerning material breaches of customer personal information or privacy
Local Communities	As TBC is the sole cable TV operator in the five franchise areas that it serves in Taiwan, we recognise that we have a role to play in supporting the communities that we operate in. We are dedicated to bring relevant local content to our subscribers and support activities meaningful to the local communities.	• Dedicated 1,321 production hours to support local communities

Approach To Sustainability

The seven material ESG factors form the basis of our approach to sustainability. With a foundation solidified by sound economic performance, robust corporate governance and resilient IT infrastructure, we are poised for sustainable growth that will generate positive value for people, the environment and the society in which we operate.

SUSTAINABILITY REPORT

Managing Sustainability

To honour our sustainability commitment, sustainability at APTT is governed and spearheaded by the Board. Aligned with our risk management processes, the Audit Committee formulates our approach to sustainability, and oversees the determination, management and reporting of material ESG factors.

The SSC is responsible for driving the sustainability agenda set forth by the Audit Committee. The SSC is led by Mr Brian McKinley, Chief Executive Officer and Executive Director of the Trustee-Manager, and includes senior management of both the Trustee-Manager and TBC. The SSC meets and reports our sustainability performance and progress to the Audit Committee quarterly or more frequently, as required.

The Sustainability Task Force ("STF"), comprising TBC's heads of departments from different functions, supports the SSC by implementing sustainability initiatives and programmes that help manage our material ESG factors at the operational level.

SOLIDIFYING FOUNDATION FOR GROWTH

As an owner and operator of pay-TV and broadband businesses, sound economic performance, corporate governance and IT infrastructure are the backbone of our business. We ensure that our business is anchored by a strong financial position and responsible governance practices that will support our continual pursuit for growth.

ECONOMIC PERFORMANCE

We adopt a three-pronged approach to generate sustainable distributions for our unitholders. Firstly, we monitor market dynamics and survey opportunities for investment and acquisition to expand our portfolio. Secondly, we invest in initiatives that will enhance the competitiveness of our portfolio companies. Finally, we maintain the resilience of our financial structure by managing exposure to different financial risks.

In 2018, we implemented a number of initiatives that will contribute to the long-term sustainability of our businesses, including:

- We invested $19.9 million in the maintenance of TBC's hybrid fibre coaxial cable network. TBC owns 100% of the hybrid fibre coaxial cable network in its five franchise areas across Taiwan, and the quality of the network is instrumental to the provision of TBC's services.

- We also invested $55.5 million in TBC's network, Broadband and other capital expenditure initiatives. The deployment of fibre deeper into the network was a key investment for 2018 as it will increase network capacity to drive future growth. This investment is key to driving the Broadband business, positioning APTT to benefit from supporting wireless carriers in their network rollouts and to pursue other opportunities for the long-term success of the Trust.

- The Trustee-Manager is fully committed to navigating the challenges that APTT and the industry are facing. A key focus is to strengthen the balance sheet and cash flows to not only support operations, but to have the flexibility to effectively compete in this economic and operating environment. A focused debt management programme has been implemented to reduce the dependence on borrowings as APTT repositions itself for the future.

- In the fourth quarter of 2018, APTT successfully refinanced its existing borrowing facilities and extended its interest rate swaps, which collectively form an important part of its debt management programme as these will lower APTT's borrowing costs by approximately $9 million per year:

  (i) As part of the focused debt management programme, we successfully completed the refinancing of our existing NT$29.0 billion borrowing facilities ("Previous Facilities") with new seven-year facilities of NT$31.0 billion ("Onshore Facilities") and also extended the maturity date ("Amendment") of our existing offshore facilities from July 2019 to July 2021 ("Offshore Facilities") in November 2018. The successful refinancing at lower interest margin and arrangement fees demonstrates strong lender support and confidence in APTT's business and the management. More importantly, the refinancing will enable us to derive substantial savings through lower interest costs. It will also provide funding certainty for the next three years.

  (ii) We used interest rate swaps to manage our exposure to interest rate movements on TBC's borrowing facilities by swapping a significant portion of its borrowings from a floating interest rate based on Taiwan's three-month Taipei Interbank Offered Rate ("TAIBOR") plus an interest margin, to a fixed rate. To reduce the risk of rising interest rates, we extended our interest rate swaps on TAIBOR to the end of 2021 to fix approximately 80% of the outstanding Onshore Facilities. The average fixed rate on these TAIBOR swaps was 0.84%. Interest rate swaps will continue to be gradually entered into until 90% to 95% of outstanding borrowings are hedged through to 2021.

SUSTAINABILITY REPORT

(iii) We also used foreign exchange contracts to manage APTT's exposure to foreign exchange movements of estimated future Taiwan dollar ("NT$") cash flows from distributions, principal payments and interest payments received by APTT from its subsidiaries.

- The revised distribution guidance of 1.20 cents per unit per year for 2019 and 2020, subject to no material changes in planning assumptions, will result in annual cash savings of over $76 million enabling us to use operational cash flows to fund our capital expenditure and reduce the dependence on borrowings.

- Capital expenditure in 2019 will remain elevated due to the key investment initiative to deploy fibre deeper into the network but it is expected to trend down from 2020 onwards.

- Overall, the Trust is heading in the right direction with its strategy to grow different segments in the Broadband business:

  (i) The number of Broadband subscribers has been steadily increasing. The Trust remains focused on growing its market share for Broadband by increasing RGUs through attractively priced packages to acquire new subscribers from competitors and to retain existing ones. At the same time, new initiatives to improve upselling and cross-selling of services across TBC's subscriber base will continue to be rolled out to drive growth in subscribers.

  (ii) Supporting wireless operators with their network development: TBC's network is already beginning to provide data backhaul to some of Taiwan's major wireless operators. With continued wireless network development, data backhaul through TBC's network is expected to become a material part of the Broadband business going forward as wireless carriers tap into TBC's network for their network rollouts.

  (iii) The Trust is making headway with its strategy to develop new market segments, including enterprise clients.

  (iv) The Trust will continue to introduce value-added solutions (e.g. IoT, smart home devices) that will leverage the Android gateway that many subscribers are now including in their broadband plans (c.62,000 BandOTT boxes deployed as at 31 December 2018 compared to c.18,000 boxes as at 31 December 2017).

APTT's Board and management meet at least quarterly to assess our operational and financial performance against the approved budget for the year. They also meet at least annually to review medium-term strategic initiatives to be implemented and our long-term strategy.

APTT reported consolidated revenue and EBITDA of $313.9 million and $184.6 million for the year ended 31 December 2018, compared to $334.8 million and $201.4 million for the previous year. Please refer to Operational and Financial Review on pages 24 to 31 and Financial Statements on pages 52 to 138 of this Annual Report for more details on our economic performance in 2018. A summary of our economic performance is presented below.

Group[1,2]	**Year ended**	**31 December**
Amounts in $'000	**2018**	**2017**
Total revenue	313,855	334,838
Total operating expenses[3]	(129,266)	(133,415)
EBITDA[4]	184,589	201,423
EBITDA margin[4]	58.8%	60.2%
Distributions declared to unitholders	74,354	93,392

1 Group refers to APTT and its subsidiaries taken as a whole.

2 All figures in this table are extracted from the audited Financial Statements approved by the Board.

3 Operating expenses presented here exclude depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts appearing in the consolidated statements of profit or loss on page 64, in order to arrive at EBITDA and EBITDA margin presented here.

4 EBITDA and EBITDA margin are non-IFRS financial measures. EBITDA is calculated by excluding the expenses as described in note 3 above. EBITDA margin is calculated by dividing EBITDA by total revenue.

SUSTAINABILITY REPORT

SOCIOECONOMIC COMPLIANCE

APTT is committed to operating within the laws and regulations of any jurisdiction in which it does business. To cultivate trust of our internal and external stakeholders, and to protect their interests, we conduct business with high standards of integrity and accountability.

The Trustee-Manager monitors and reviews laws and regulations relevant to our business, and maintains a compliance register for both APTT and TBC. The Trustee-Manager performs quarterly incident, compliance and Interested Person Transactions reporting to the Audit Committee.

Both the Trustee-Manager and TBC have adopted various policies and guidelines to set out clear expectations of ethical and responsible behaviours from all employees. Topics covered by the Trustee-Manager's Code of Conduct and TBC's Working Regulation Programme range from regulatory compliance, anti-bribery, anti-corruption, anti-money laundering and protection of intellectual property to workplace health and safety. The Trustee-Manager's Code of Conduct and TBC's Working Regulation Programme are continuously reviewed to meet the changing needs of the marketplace and regulatory requirements.

APTT	TBC
• Code of Conduct • Conflict of Interest Policy • Securities Trading Policy • Investor Relations Policy • Social Media Policy • Whistle-Blowing Policy	• Working Regulation Programme • Occupational Health and Safety Code

To ensure that our employees understand and abide by the Code of Conduct, all of the Trustee-Manager's employees are reviewed with specific reference to the Code of Conduct as part of the annual appraisal process. All employees at TBC are required to sign a Declaration of Agreement in support of the Working Regulation Programme upon joining TBC. They are also required to complete a Conflicts of Interest Questionnaire when requested by TBC.

Additionally, relevant training and open channels for reporting any concerns for misconduct have also been put in place to support all employees to uphold the personal and corporate integrity that APTT values. The Trustee-Manager ensures that employees and directors undergo an induction programme that includes introduction to the Code of Conduct. At TBC, compulsory compliance training is provided to all new employees, covering the Working Regulation Programme and other company policies.

In 2018, TBC conducted six regulatory compliance and update training sessions, covering topics such as Personal Information Protection Act, Consumer Protection Act, Protection of Children and Youth Welfare and Rights Act and occupational safety and health related laws and regulations.

Furthermore, TBC conducts regular internal audits to evaluate and ensure the enforcement of the Working Regulation Programme and Employee Working Rules. TBC's cable TV service also undergoes mandatory audit by the National Communications Commission ("NCC") in Taiwan every three years, which includes the audit of channel offerings, financial information, customer service, equipment and signal quality to ensure the operational soundness and compliance status of TBC.

Performance Data

	2018	2017
Number of incidents that resulted in significant fines or legal actions	Nil	Nil

In 2018, there were no material non-compliant incidents that resulted in significant fines or legal actions. We aim to maintain zero material non-compliant incidents for the forthcoming year, in addition to conducting training and awareness programmes for all of our employees about laws and regulations that are relevant to our business.

SUSTAINABILITY REPORT

IT SECURITY

The resilience of our IT infrastructure is vital to our business continuity. Any breach to our IT security could disrupt the provision of our services and cause a leak of confidential or personal data.

The Trustee-Manager has appointed an external service provider to manage and maintain its IT infrastructure, including back-up and recovery. TBC has received the ISO 27001 Information Security Management System ("ISMS") certification to help structure its management framework for IT security. TBC has also received certification for addenda issued to ISO 27001 and ISO 27011[1] in September 2018. Guided by ISO 27001, TBC has established a comprehensive management approach to ensure the security of its IT infrastructure, including data, systems, devices and equipment, and internet connections.

TBC's IT Security Management Approach

Information security policies

- Working Regulations Programme
- Standard operating procedures ("SOPs") in place for information security organisation and implementation, system and internet communication security management, fixed asset management, account management, business continuity planning ("BCP"), third-party outsourcing management, portable storage device usage management

Information security practices

- IT risk evaluation, including server, firewall, and end-user security monitoring
- Access control for fixed assets and accounts
- Measures in place to ensure security of connection to TBC website and online services via computers or mobile devices
- Data back-up for billing system
- Annual information security training
- Annual information security bulletin and regular information safety news updates on the intranet

IT system robustness checks

- External verification: ISO 27001 certification
- Compliance with additional checklist in NCC's Telecommunications Sector InfoComm Security Management Guidebook
- Internal audit on information security
- Annual BCP drills for IT infrastructure
- Third-party penetration and vulnerability testing for My TBC App and the TBC official website

Breach response protocols

- SOPs for data breach reporting
- SOPs for customer centre contingency process

In 2018, we have updated nine SOPs, conducted 10 IT-related BCP drills and attended relevant training sessions, such as a seminar on Domain Name System Security Extensions ("DNSSEC"), to ensure we continue to implement best practices to protect our IT systems. We achieved our target of zero incidents of material IT security breaches for the year.

Performance Data

	2018	2017
Number of material IT security incidents	Nil	Nil

In 2019, we are committed to maintaining no material incidents related to IT security as well as to implementing an IT Security Policy in accordance with ISO 27001.

[1] ISO 27011 sets out guidelines supporting the implementation of information security controls in telecommunications organisations.

SUSTAINABILITY REPORT

LOOKING AFTER PEOPLE

Our employees and customers are the cornerstone to our success, and we are committed to looking after their interests. We aim to create a workplace that nurtures our employees' commitment to grow with us, and we have established robust processes and procedures that safeguard our customers' personal information.

EMPLOYMENT

For the Trustee-Manager, emphasis for employment is placed on attracting and retaining a talent pool that allows us to identify and manage investments in the pay-TV and broadband industries. We have put in place a remuneration policy that ensures our directors' and key management personnel's remuneration is in line with the long-term interests of APTT.

At TBC, a wide range of Human Resources ("HR") policies have been adopted to create an incentivising and safe working environment for our employees, including policies on recruitment, promotion, annual performance appraisal, complaint mechanism, training and benefits. All HR policies are developed in compliance with the Labour Standards Act in Taiwan, and are continuously reviewed to ensure compliance with regulatory requirements and market practices. In 2018, policies on recruitment, complaint mechanism, resignation and leave without pay have been updated.

To further stipulate employment conditions for TBC's employees, we have also established the Employee Working Rules that cover topics such as working hours, remuneration, paid and maternity leave, types of training offered, eligibility for retirement benefits, compensation for occupational hazards and more. Additionally, TBC's Occupational Health and Safety Code has been put in place to ensure a safe working environment for our employees.

In addition to putting policies in place, we invest in occupational health and safety training to equip our employees to conduct work in a safe manner. Training sessions offered in 2018 include working at height, working underground and in confined spaces, prevention of electric shocks and a total of seven fire drills were conducted throughout TBC's five franchise areas. The average training hour per employee at TBC was 23 hours in 2018.

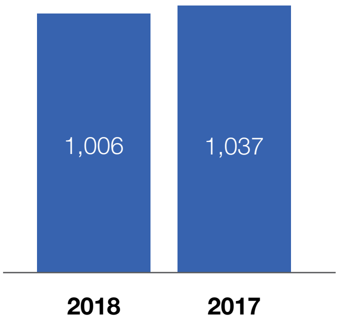
TBC also provides the following benefits to enhance the well-being of our employees:

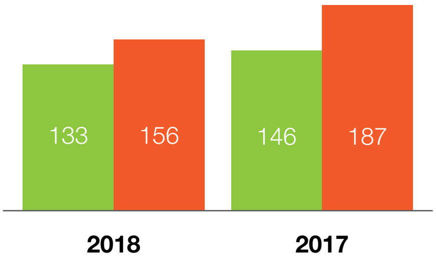
- Various insurance schemes, including labour insurance, health insurance, group life, medical and accident insurance
- Annual health screening
- Retirement benefits
- Holiday and special occasion bonus
- Year-end party and family day
- Employee discounts for TBC products and services

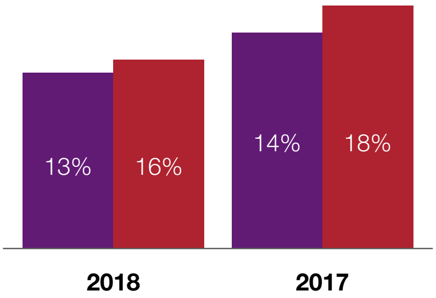
SUSTAINABILITY REPORT

In 2018, 133 new employees were recruited while 156 employees left TBC, translating to a new employee hire rate of 13% and an employee turnover rate of 16%. Compared to 2017, TBC's employee turnover rate has fallen by 2%.

Performance Data





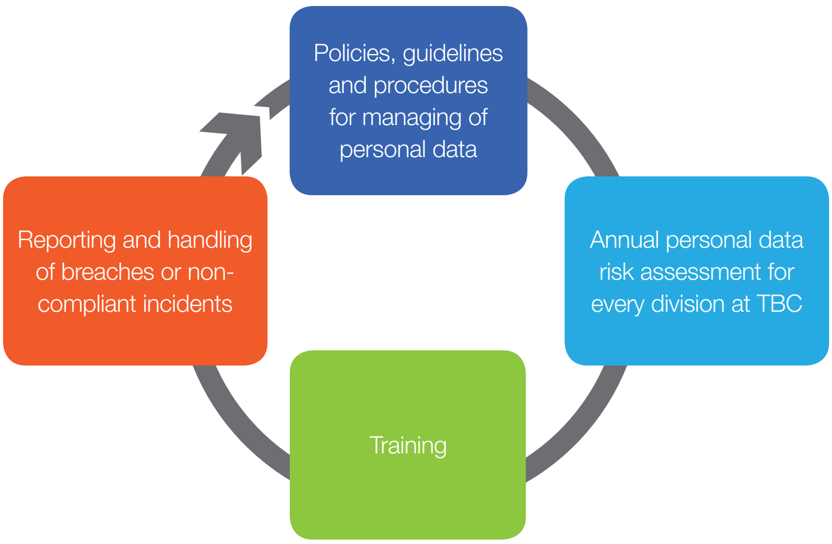


In 2019, we will continue to commit to the well-being of our employees. We will continue to deploy fair and transparent employment practices, as well as provide benefits and training to our employees.

CUSTOMER PRIVACY

We protect personal data that our customers entrust us with the utmost prudence. As stipulated by the Trustee-Manager's Code of Conduct and TBC's Working Regulation Programme, all persons are required to act with integrity when handling sensitive and confidential information. Furthermore, TBC has established a rigorous management approach to safeguarding customer privacy.

TBC's Customer Privacy Management Approach



[1] As at 31 December 2018 and 31 December 2017.
[2] Rate of new employee hires = total number of new employee hires during the financial year / total number of employees as at the last day of the financial year.
[3] Rate of employee turnover = total number of employee turnover during the financial year / total number of employees as at the last day of the financial year.

SUSTAINABILITY REPORT

In compliance with the Personal Information Protection Act in Taiwan, TBC has established a series of 20 SOPs for the collection, processing, utilisation and management of personal data. The SOPs also specify risk assessment procedures, training requirements, internal audit schemes, management key performance indicators ("KPIs") and reporting mechanisms for incidents of violation to monitor TBC's effectiveness in safeguarding personal information. The SOPs are regularly reviewed to ensure that they meet regulatory requirements. In 2018, TBC updated SOPs for managing violations of the Personal Information Protection Act and defining authorisation and responsibility for personal information management.

Every department at TBC is also required to conduct risk assessment for personal information safety annually. A total of 63 items are examined during the risk assessment to evaluate if the department is effective in preventing personal data breach or loss, such as whether the department conducts regular training, includes personal data safety into its business continuity plan, encrypts confidential information that needs to be transmitted, and more. Assessment results are satisfactory for all divisions in 2018.

Working with Our Outsourcing Vendors

To further TBC's efforts in safeguarding our customer's personal information, TBC's Engineering Department has established a SOP for the "Maintenance of Personal Information for Outsourcing Vendors" and implemented it in TBC's five franchise areas in May 2018.

As our contractors do have contact with our customers' personal information when they install set-top boxes at our subscribers' homes, we believe it is our responsibility to ensure that our contractors uphold the same level of prudence as us.

With the newly established SOP setting clear guidelines, we are committed to working with our outsourcing vendors to jointly prevent loss or breach of our customers' personal data.

To enhance our employees' knowledge in personal data protection, TBC conducted 14 training sessions related to customer privacy as per ISO 17002 and NCC requirements in 2018, which included proper maintenance of personal data safety, prevention of personal data breach, and proper usage of mobile devices. 72 employees clocked in a total of 1,104 training hours.

Through the aforementioned efforts, we achieved our target of receiving no formal claims concerning material breaches of personal information from customers, outside parties or regulatory bodies on privacy issues that resulted in significant fines or legal actions in 2018.

Performance Data

	2018	2017
Number of formal claims concerning material breaches of customer personal information or privacy that resulted in significant fines or legal actions	Nil	Nil

We aim to maintain the record of zero formal claims concerning material breaches of customer privacy and losses of customer data in 2019.

REDUCING IMPACTS ON THE ENVIRONMENT

We are mindful that the provision of TBC's services is dependent on the availability of electricity. We strive to reduce our impacts on the environment by enhancing the energy efficiency of our operations.

ENERGY

As a cable TV and broadband services provider, TBC works to strengthen the resilience of our electricity supply and decrease our reliance on electricity where possible. As prescribed by ISO 27001, we conduct regular maintenance and drills to ensure that all power generators function normally and that our services would not be interrupted should municipal electricity supply be temporarily disrupted. We also implement various energy-saving measures to reduce energy consumption of our headends, data centres and offices.

SUSTAINABILITY REPORT

Headends

- Gradually replace obsolete and inefficient equipment to save energy
- Install energy-efficient air-conditioning, switch mode rectifier and uninterrupted power supply equipment for newly built headends
- Routine maintenance to ensure equipment performance

Data Centres

- Install energy-efficient cooling systems
- Upgrade lighting to energy-efficient lighting
- Air-conditioning and lights controlled by small zones to reduce power consumption
- Redesign layout and place equipment in clusters to reduce usage of air-conditioning for cooling

Offices

- Promote energy-reduction practices as set out in "Guidelines for Electricity Usage in TBC Offices"
- Prioritise procuring energy-saving equipment and products
- Gradually replace old air-conditioning units with more energy-efficient units
- Raise awareness via our intranet

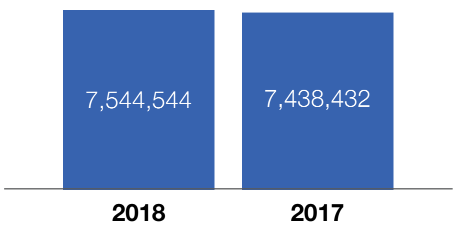
Additionally, we implemented the below initiatives in 2018 to further our energy-saving efforts.

Adjusting Contract Capacity	Switching to Blade Servers
To preemptively respond to electricity shortages in Taiwan, TBC has reassessed the contract capacity needed and removed unnecessary electricity meters in three of its franchise areas. Three electricity meters were removed and contract capacity for five meters were lowered. It is estimated that this will help TBC save NT$1.5 million in electricity bills.	TBC chose to install 16 virtual machines on blade servers instead of installing 16 physical servers in 2018. The blade servers are more energy-efficient, and are estimated to be able to reduce electricity consumption by 64%.

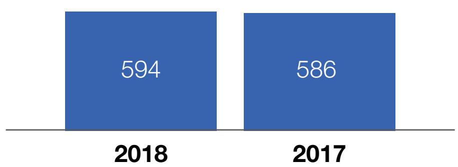
Management inspects our electricity bills every month to check for any abnormal usage. Our annual electricity consumption and Energy Use Index ("EUI") in 2018 increased by 1.4% compared to 2017 levels due to the following reasons:

- New equipment installation on our headends in Taichung.
- As our second data centre in Miaoli was completed in July 2017, we were only able to capture its electricity consumption for the latter half of 2017. 2018 is the first year we recorded its full-year of electricity consumption.
- As the effectiveness of air-conditioning units starts to deteriorate in our data centre in Hsinchu, we had to change from rotating the three air-conditioning units to having all three units turned on at all times.
- We have commenced mechanical and electrical improvement works in our data centre in Hsinchu. We will be able to start observing the results of these improvement works once completed.

Performance Data



Annual electricity consumption[1] (kWh)



Annual EUI[2] (kWh/m^2)

We will continue to implement energy-saving measures for our headends, data centres and offices to maintain our annual EUI at 2018 level in 2019.

[1] Electricity consumption encompasses all TBC premises in the Taoyuan, Hsinchu, Miaoli and Taichung regions, including total electricity consumption of offices, data centres, headends, network operating centres ("NOC"), repair and maintenance centres, warehouses and retail stores.

[2] EUI = total electricity consumption in a year / total surface area of TBC premises (kWh/m^2).

SUSTAINABILITY REPORT

SUPPORTING COMMUNITIES

We operate under the philosophy of "Giving Back to Society What Society Gives Us". We are committed to understanding and supporting the needs of our local communities so that we can better serve them and contribute as a responsible corporate citizen.

LOCAL COMMUNITIES

TBC supports the local communities that it operates in by leveraging the content, accessibility and affordability of its core products and services.

Content

- Provides airtime for public welfare related announcements on local news channels
- Offers specific local channels in the Hakka dialect and dedicated to the aboriginal populations in Taiwan
- Broadcasts content related to community development, such as live telecasts of key Taichung City Hall and City Council meetings

Accessibility

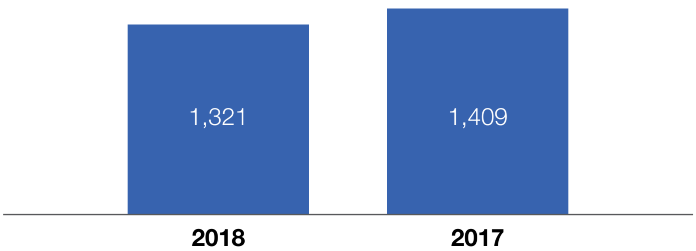
- Serves as the only news broadcast available for certain remote areas
- Sends service personnel to subscriber households in the remote areas

Affordability

- Provides subscription subsidies for low-income community members

In 2018, TBC supported over 51 TV programmes dedicated to support local communities, such as Community TaoHuaYuan (The Utopia of Community), My Home ING, rural village Plus, TeeBee GO Fun Travel, Faces of Neighborhood, Stream Note and others.

Performance Data



Production hours dedicated to support local communities

In addition to contributing through its products and services, TBC actively supported and sponsored various social, cultural and environmental initiatives for the local communities throughout its five franchise areas in 2018:

- Nan Tao Yuan Cable Television Co., Ltd. ("NTY") sponsored different activities that brought the community together, including the Tao Yuan Lantern Festival, Agriculture Expo, Charity Fair, 3-on-3 basketball games and Good Friends Picnic Day with Intellectual Development Disorders.

SUSTAINABILITY REPORT

- Best Cable Television Co., Ltd. ("Best") sponsored the Little Warrior of Water and Soil Conservation Camp, Beipu County's Persimmon and Hakka Mashed Tea Cultural Festival, Twin Festival of BaoShan County, and the Anchor Summer Camp for Smoke Control on Campus organised by the Health Bureau of Hsinchu County Government for elementary school students to help raise cultural and environmental awareness against smoking.
- Shin Ho Cable Television Co., Ltd. ("Shin Ho") and Chi Yuan Cable TV Co., Ltd. ("Chi Yuan") adopted and sponsored the maintenance of Sanja Site and road maintenance for Zhunan Township and Toufen City in Miaoli to support the infrastructure development of their local communities.
- Chun Chien Cable TV Co., Ltd. ("Chun Chien" or "CCTV") sponsored the Taichung City Hall New Year's Eve Grand Party Celebrations for the 18th year in 2018. Other initiatives we have supported to serve different members of the community include the provision of advertisement support for visually impaired massage services, sponsorship of pay-TV and broadband internet services for stores offering visually impaired massage services, internship programmes for students of Department of Mass Communication at Chaoyang University of Technology, Internet Celebrity Camp for elementary school students from Taichung City and Directors Summer Camp for students living in Lishan, one of the remote areas, and Ball Games for foreign workers, mostly from Indonesia, Philippines, Vietnam and Thailand.

In 2019, we will continue to be an active member of our local communities by supporting low-income community members, local governmental initiatives as well as other community initiatives.

ABOUT THIS REPORT

APTT's second Sustainability Report describes policies, practices, performance and targets for ESG factors material to its business and key stakeholders during the period of 1 January to 31 December 2018. The scope of information and data disclosed includes APTT, APTT Management Pte. Limited and TBC.

This report has been prepared in line with the requirements of SGX-ST Listing Rules 711A and 711B and SGX-ST Listing Rules Practice Note 7.6: Sustainability Reporting Guide. We have also prepared this report with reference to the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), as they represent the most widely used guide globally for reporting on ESG factors. This report references the following GRI Standards and topic-specific disclosures:

- Disclosure 201-1 from GRI 201: Economic Performance 2016
- Disclosures 302-1 and 302-3 from GRI 302: Energy 2016
- Disclosures 401-1 and 401-2 from GRI 401: Employment 2016[1]
- Disclosure 413-1 from GRI 413: Local Communities 2016
- Disclosure 418-1 from GRI 418: Customer Privacy 2016
- Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016

All information is reported in good faith and to the best of our knowledge. We will continue to report our sustainability progress annually. We look forward to receiving your feedback on our sustainability practices and sustainability reporting at contact@aptt.sg.

[1] For Disclosure 401-1, the total number and rate of new employee hires and employee turnover are disclosed in this report, without the breakdown by gender, age group and region.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We believe that understanding and addressing our stakeholders' interests is key to our success. We are committed to maintaining transparent and regular dialogues with our key stakeholders and collect their feedback via various channels and methods to improve the sustainability of our business.

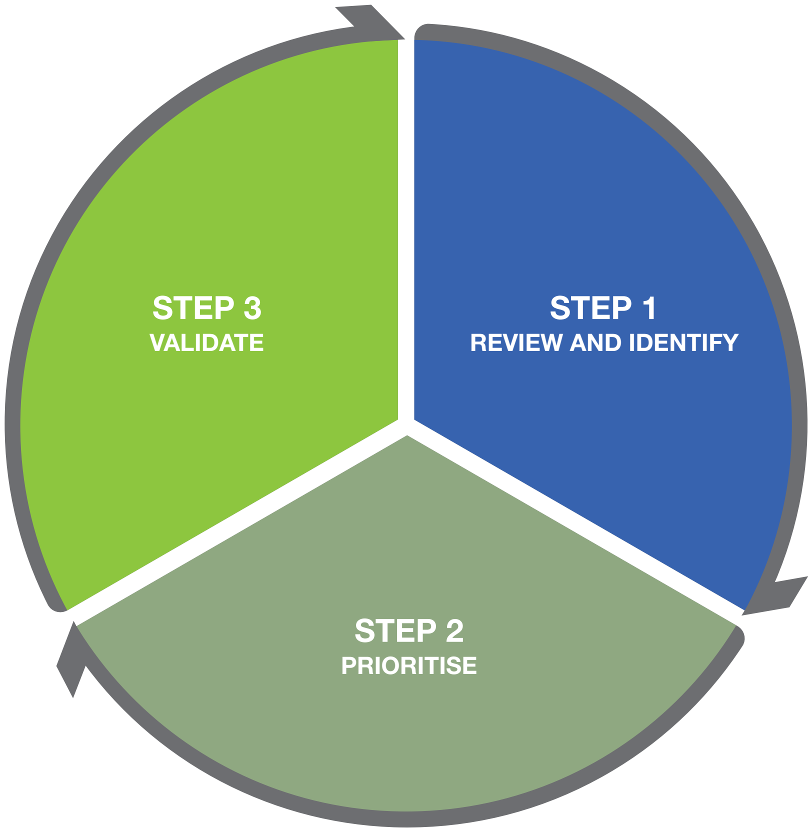
Key Stakeholders	Forms of Engagement	Engagement Frequency
Investors	• Financial results announcements • Timely updates of business developments and other relevant disclosures via corporate website and SGXNet • Investor meetings • Annual General Meeting	• Quarterly • Throughout the year • Throughout the year • Annually
Employees	• Training and development programmes, including induction programme for new employees • News and updates via intranet • Recreational and wellness activities • Employee feedback channel • Performance appraisals	• Throughout the year • Throughout the year • Throughout the year • Throughout the year • Annually
Customers	• Online customer service via TBC website and My TBC App • 24-hour customer service hotline • Retail stores	• Throughout the year • Throughout the year • Throughout the year
Government and Regulators	• Official correspondence • Document filings • Meetings and discussions	• Throughout the year • Throughout the year • Throughout the year
Industry Bodies	• Membership • Industry dialogues and forums	• Throughout the year • Throughout the year
Media	• Press releases	• Throughout the year
Advertisers	• Meetings and discussions	• Throughout the year
Local Communities	• Community announcements via local news channels • Community initiatives • Corporate volunteering	• Throughout the year • Throughout the year • Throughout the year

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

Materiality assessment is a critical process that allows us to identify and thereby manage ESG risks and opportunities most relevant to our long-term viability as a business. We conducted our first materiality assessment in 2017 based on the GRI Standards' Materiality Principle. Under the guidance of an external consultant, the SSC reassessed the materiality of our current list of ESG factors in 2018 via our three-step approach to ensure the pertinence of our material ESG factors. We have found that the seven material ESG factors identified in 2017 remain significant to our business operations and to the interests of our key stakeholders. The seven material ESG factors have been reviewed and approved by the Board. We will continue to review and evaluate the list of material ESG factors annually.

APTT's Materiality Assessment Process



REVIEW AND IDENTIFY	PRIORITISE	VALIDATE
We review and identify ESG factors that may be material to our business and stakeholders annually by surveying global sustainability trends in the infocommunications industry, our growth drivers and risks, and sustainability topics reported by our peers	The SSC evaluates each potential ESG factor's materiality based on its significance to our business operations and the level of concern for our key stakeholders and prioritises material ESG factors for disclosure	The Board reviews and approves the list of material ESG factors

SUSTAINABILITY REPORT

MATERIAL ESG FACTORS

Material ESG Factors		Disclosure Focus		Corresponding Topic-specific GRI Standards
		APTT	TBC	
Governance	Economic Performance	•		GRI 201: Economic Performance 2016
	Socioeconomic Compliance	•	•	GRI 419: Socioeconomic Compliance 2016
Environmental	Energy		•	GRI 302: Energy 2016
Social	Employment		•	GRI 401: Employment 2016
	IT Security		•	Not applicable (non-GRI topic)
	Customer Privacy		•	GRI 418: Customer Privacy 2016
	Local Communities		•	GRI 413: Local Communities 2016

OPERATIONAL AND FINANCIAL REVIEW

SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The selected financial information and operating data presented on pages 25 and 26 supports the distributions to unitholders and therefore are key financial and operating metrics that the Trustee-Manager focuses on to review the amount of distributions that will be paid to unitholders. Some of the selected financial information includes non-IFRS measures.

Non-IFRS measures

EBITDA and EBITDA margin are supplemental financial measures of the Group's performance and liquidity and are not required by, or presented in accordance with International Financial Reporting Standards ("IFRS") or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity under IFRS or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBITDA and EBITDA margin may not reflect all of the financial and operating results and requirements of the Group. In particular, EBITDA and EBITDA margin do not reflect the Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate EBITDA and EBITDA margin differently, limiting their usefulness as comparative measures.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense). In particular, EBITDA eliminates the non-cash depreciation expense that arises from the capital-intensive nature of the Group's businesses and intangible assets recognised in business combinations. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers.

OPERATIONAL AND FINANCIAL REVIEW

SELECTED FINANCIAL INFORMATION

Group[1,2]	**Year ended 31 December**	
Amounts in $'000	**2018**	**2017**
Revenue		
Basic cable TV	250,044	268,304
Premium digital cable TV	13,849	15,619
Broadband	49,962	50,915
Total revenue	**313,855**	**334,838**
Operating expenses[3]		
Broadcast and production costs	(60,049)	(64,288)
Staff costs	(28,056)	(30,781)
Trustee-Manager fees	(7,285)	(7,241)
Other operating expenses	(33,876)	(31,105)
Total operating expenses	**(129,266)**	**(133,415)**
EBITDA	**184,589**	**201,423**
EBITDA margin[4]	58.8%	60.2%
Capital expenditure		
Maintenance	19,903	18,870
Premium digital cable TV	-	47,392
Network, Broadband and other	55,480	19,351
Total capital expenditure	**75,383**	**85,613**
Maintenance capital expenditure as a % of revenue	**6.3**	**5.6**
Total capital expenditure as a % of revenue	**24.0**	**25.6**
Income tax paid, net of refunds	(16,742)	(19,118)
Interest and other finance costs paid	(53,536)	(56,039)

1 Group refers to APTT and its subsidiaries taken as a whole.

2 All figures, unless otherwise stated, are presented in Singapore dollars ("$").

3 Operating expenses presented here exclude depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts appearing in the consolidated statements of profit or loss on page 64, in order to arrive at EBITDA and EBITDA margin presented here.

4 EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by total revenue.

OPERATIONAL AND FINANCIAL REVIEW

SELECTED OPERATING DATA

Group	**As at 31 December**	
	2018	**2017**
RGUs ('000)		
Basic cable TV	750	762
Premium digital cable TV	196	193
Broadband	216	203

Group	**Year ended 31 December**	
	2018	**2017**
ARPU[1] (NT$ per month)		
Basic cable TV	500	519
Premium digital cable TV	127	146
Broadband	426	449
AMCR[2] (%)		
Basic cable TV	(0.8)	(0.7)
Premium digital cable TV	(3.2)	(5.1)
Broadband	(1.2)	(1.4)

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

[2] Average Monthly Churn Rate ("AMCR") is calculated by dividing the total number of churned RGUs for a particular service during a period by the number of RGUs for that service as at the beginning of that period. The total number of churned RGUs for a particular service for a period is calculated by adding together all deactivated subscriptions, including deactivations caused by failure to make payments for that service from the billing system for the period.

The table below sets out TBC's monthly Basic cable TV rates for its franchise areas from 2015 to 2019:

Franchise area **Amounts in NT$**	**2015**	**2016**	**2017**	**2018**	**2019**
South Taoyuan	530	530	510	510	510
Hsinchu County	570	570	570	570	570
North Miaoli	570	560	560	560	560
South Miaoli	570	560	560	560	560
Taichung City	565	550	550	550	550

OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF SELECTED FINANCIAL INFORMATION AND OPERATING DATA

Total revenue for the year ended 31 December 2018 of $313.9 million comprised: (i) Basic cable TV revenue of $250.0 million, (ii) Premium digital cable TV revenue of $13.8 million and (iii) Broadband revenue of $50.0 million.

Total revenue for the year ended 31 December 2018 was 6.3% lower than the prior corresponding period ("pcp"); in constant Taiwan dollar ("NT$") terms, total revenue for the year was 4.9% lower than the pcp. Foreign exchange contributed to a negative variance of 1.4% for the year compared to the pcp. Total revenue was influenced by a number of factors including the continued challenges in the economic and operating environment.

Total operating expenses of $129.3 million for the year ended 31 December 2018 comprised: (i) Broadcast and production costs of $60.0 million, (ii) Staff costs of $28.1 million, (iii) Trustee-Manager fees of $7.3 million and (iv) Other operating expenses of $33.9 million. The lower total operating expenses for the year were mainly due to lower broadcast and production costs and staff costs, partially offset by higher other operating expenses.

EBITDA and EBITDA margin for the year ended 31 December 2018 were lower than the pcp at $184.6 million and 58.8%.

Total capital expenditure of $75.4 million as a percentage of revenue for the year ended 31 December 2018 was 24.0%. Total capital expenditure for the year was lower than the pcp because of lower capital expenditure being incurred on Premium digital cable TV compared to the pcp partially offset by higher maintenance and network, Broadband and other capital expenditure compared to the pcp.

The deployment of fibre deeper into the network was a key investment initiative for 2018 as it will increase network capacity to drive future growth. This investment is key to driving the Broadband business, positioning APTT to benefit from supporting wireless carriers in their network rollouts and to pursue other opportunities for the long-term success of the Trust.

Capital expenditure in 2019 will remain elevated due to the key investment initiative to deploy fibre deeper into the network but it is expected to trend down from 2020 onwards.

TBC's network is already beginning to provide data backhaul to some of Taiwan's major wireless operators. With continued wireless network development, data backhaul through TBC's network is expected to become a material part of the Broadband business going forward as wireless carriers tap into TBC's network for their network rollouts.

Capital expenditure comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business.
- Premium digital cable TV capital expenditure to acquire digital set-top boxes to fully digitise TBC's subscriber base and switch off analogue broadcasting, installation related expenditure and digital headend upgrades which were completed in 2017.
- 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.

Basic cable TV RGUs of c.750,000 as at 31 December 2018 were lower than the pcp. Premium digital cable TV RGUs of c.196,000 and Broadband RGUs of c.216,000 as at 31 December 2018 were higher than the pcp. Basic cable TV ARPU of NT$500 per month, Premium digital cable TV ARPU of NT$127 per month and Broadband ARPU of NT$426 per month in 2018 were lower than the pcp.

OPERATIONAL AND FINANCIAL REVIEW

RECONCILIATION OF NET PROFIT TO EBITDA

Group	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Profit after income tax	**7,734**	**36,776**
Add: Depreciation and amortisation expense	78,613	63,197
Add: Net foreign exchange loss	1,053	6,196
Add: Mark to market (gain)/loss on derivative financial instruments	(2,642)	1,681
Add: Amortisation of deferred arrangement fees	23,125	8,916
Add: Interest and other finance costs	53,847	56,328
Add: Income tax expense	22,859	28,329
EBITDA	**184,589**	**201,423**
EBITDA margin	**58.8%**	**60.2%**

(A) REVIEW OF REVENUE

Total revenue comprised revenue generated from (i) Basic Cable TV, (ii) Premium digital cable TV and (iii) Broadband. An analysis of the revenue items is as follows:

(i) Basic cable TV

Basic cable TV revenue of $250.0 million for the year ended 31 December 2018 (31 December 2017: $268.3 million) comprised subscription revenue of $203.3 million (31 December 2017: $215.5 million) and non-subscription revenue of $46.7 million (31 December 2017: $52.8 million).

Subscription revenue was generated from TBC's c.750,000 Basic cable TV RGUs each contributing an ARPU of NT$500 per month in the year to access over 100 cable TV channels. The decline in Basic cable TV RGUs in 2018, which was the first in TBC's history, was due mainly to the cessation of analogue TV broadcasting and accordingly, there were no more analogue TV piracy households to convert to paying Basic cable TV RGUs. Video piracy issues and aggressively priced IPTV have also impacted the ability to attract new RGUs. In constant NT$ terms, subscription revenue for the year was lower than the pcp because of a lower number of subscribers and ARPU compared to the pcp.

Non-subscription revenue was 18.7% of Basic cable TV revenue for the year (31 December 2017: 19.7%). This was generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT$ terms, non-subscription revenue for the year was lower than the pcp mainly due to lower revenue generated from channel leasing partially offset by higher airtime advertising sales. The leasing of television channels is mainly to third-party home shopping networks which continue to be affected by the decline in demand for home shopping and heightened competition from internet retailing. Both trends have negatively impacted the channel leasing revenue not just for TBC, but for the entire cable industry in Taiwan.

(ii) Premium digital cable TV

While Premium digital cable TV RGUs increased, the lower ARPU has resulted in a decline in revenue. Premium digital cable TV revenue of $13.8 million for the year ended 31 December 2018 (31 December 2017: $15.6 million) comprised subscription revenue of $13.2 million (31 December 2017: $14.9 million) and non-subscription revenue of $0.6 million (31 December 2017: $0.7 million).

Subscription revenue was generated from TBC's c.196,000 Premium digital cable TV RGUs each contributing an ARPU of NT$127 per month in the year for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.3,000 but ARPU was lower compared to the previous year ended 31 December 2017 (RGUs: c.193,000; ARPU: NT$146 per month) 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 the ability to attract new RGUs and strengthen ARPU.

Non-subscription revenue was predominantly generated from the sale of electronic programme guide data to other system operators.

OPERATIONAL AND FINANCIAL REVIEW

(iii) Broadband

Despite the strong competition from mobile operators offering unlimited wireless data, Broadband RGUs increased during the year. Broadband revenue of $50.0 million for the year ended 31 December 2018 (31 December 2017: $50.9 million) comprised subscription revenue of $48.0 million (31 December 2017: $49.4 million) and non-subscription revenue of $2.0 million (31 December 2017: $1.5 million).

Subscription revenue was generated from TBC's c.216,000 Broadband RGUs each contributing an ARPU of NT$426 per month in the year for high-speed Broadband services. Broadband RGUs increased by c.13,000 but ARPU was lower compared to the previous year ended 31 December 2017 (RGUs: c.203,000 and ARPU: NT$449 per month). The availability of low-cost unlimited data offerings from the top mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

Non-subscription revenue was predominantly generated from the provision of installation and other services.

(B) REVIEW OF OPERATING EXPENSES

An analysis of the Group's expense items is as follows:

(i) Broadcast and production costs

Broadcast and production costs were $60.0 million for the year ended 31 December 2018 (31 December 2017: $64.3 million). Broadcast and production costs comprised: (i) the cost of acquiring Basic cable TV and Premium digital cable TV content, (ii) the cost of acquiring bandwidth (which consists of the leasing of domestic and international bandwidth capacity from operators to support TBC's Broadband services) and (iii) costs for producing the Group's own programming.

(ii) Staff costs

Staff costs were $28.1 million for the year ended 31 December 2018 (31 December 2017: $30.8 million). Staff costs for the year were lower mainly due to lower actual staff costs in constant dollar terms.

Staff costs comprised direct employee costs and general and administrative employee costs including salaries, bonuses, long term incentives and benefits.

The Group adopted a long-term incentive plan (the "LTIP") in 2013 for its senior management at TBC, under which TBC senior management are granted notional units of the Trust upon achieving prescribed performance targets. These notional units vest in tranches over a prescribed period of time initially commencing two years after the grant of the notional units. Upon vesting of such notional units under the LTIP, TBC's senior management receive a cash payment equal to the number of vested notional units multiplied by the market price of the units as determined in accordance with the LTIP.

A total of 31.2 million notional units have been granted under the LTIP since inception. Out of the total notional units granted since inception, 0.8 million notional units vested in 2015, 1.3 million notional units vested in 2016, 2.6 million notional units vested in 2017 and 3.9 million notional units vested in 2018. The remaining 22.6 million notional units remained unvested as at 31 December 2018.

LTIP expense attributable to the year has been recognised in the financial statements to reflect the estimate of the future obligations under the LTIP.

OPERATIONAL AND FINANCIAL REVIEW

(iii) Depreciation and amortisation expense

Depreciation and amortisation expense was $78.6 million for the year ended 31 December 2018 (31 December 2017: $63.2 million). The increase was mainly due to higher depreciation expense on network equipment and amortisation expense on programming rights for the year compared to the pcp.

Depreciation and amortisation expense comprised depreciation and amortisation of the Group's capital expenditures in relation to network equipment, set-top boxes, other plant and equipment, programming rights and software.

(iv) Trustee-Manager fees

The Trustee-Manager is entitled to base fees and performance fees as specified under the Trust Deed.

The Trustee-Manager base fees were $7.3 million for the year ended 31 December 2018 (31 December 2017: $7.2 million). There were no performance fees payable to the Trustee-Manager for the year ended 31 December 2018 (31 December 2017: nil).

The base fees are payable semi-annually in arrears for every six months ending 30 June and 31 December of each year. Payment of the base fees, whether in the form of cash and/or units, shall be made out of the Trust property within 30 days of the last day of every six months (or such other period as may be determined by the Trustee-Manager at its discretion).

(v) Net foreign exchange loss

Net foreign exchange loss for the year ended 31 December 2018 was $1.1 million (31 December 2017: $6.2 million). Net foreign exchange loss included unrealised foreign exchange movements from translations at the subsidiary level which are not expected to be realised.

(vi) Mark to market gain/(loss) on derivative financial instruments

The Group uses foreign exchange contracts to manage its exposure to foreign exchange movements as discussed in Note 9 of Financial Statements on page 105 of this Annual Report. For the year ended 31 December 2018, the period end mark to market gain on foreign currency contracts was $2.6 million (31 December 2017: loss of $1.7 million). Mark to market gain/(loss) on derivative financial instruments included gain of $0.6 million on NT$ foreign exchange contracts settled during the year (31 December 2017: loss of $3.1 million).

(vii) Other operating expenses

Other operating expenses were $33.9 million for the year ended 31 December 2018 (31 December 2017: $31.1 million).

Other operating expenses for the year ended 31 December 2018 were higher mainly due to provisions for additional pole rental expenses of $1.6 million and provisions for fines imposed by the Taiwan regulators of $0.9 million. While both issues have not been concluded, the Trust has taken a prudent approach by making provisions for these exposures. Additional legal and professional fees were incurred during the year to complete the refinancing of the borrowing facilities as discussed in Note 11 of Financial Statements on page 106 of this Annual Report.

Other operating expenses include rent for office buildings, fibre and utility poles, legal and professional fees, non-recoverable value added taxes, marketing and selling expenses, general and administrative expenses, local and National Communications Commission of Taiwan ("NCC") fees, repairs and maintenance charges and other expenses.

OPERATIONAL AND FINANCIAL REVIEW

(viii) Amortisation of deferred arrangement fees

The Group pays financing fees to the lenders when entering into debt facilities or refinance existing facilities. At inception, the financing fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. Amortisation of deferred arrangement fees was $23.1 million for the year ended 31 December 2018 (31 December 2017: $8.9 million). Amortisation of deferred arrangement fees for the year was higher compared to the pcp due to the write-off of unamortised arrangement fees of $14.7 million on the Previous Facilities of NT$29.0 billion which were refinanced during the year and the write-off of unamortised arrangement fees of $1.2 million associated with the Offshore Facilities as at the date of Amendment which were amended during the year. Refer to Note 11 of Financial Statements on page 106 of this Annual Report for more details.

(ix) Interest and other finance costs

Interest and other finance costs were $53.8 million for the year ended 31 December 2018 (31 December 2017: $56.3 million). These comprised interest expense and commitment and other fees on the Group's debt facilities.

(x) Income tax expense

The Group is subject to income tax in several jurisdictions. Significant judgment is required in determining provisions for income tax, including a judgment on whether tax positions are probable of being sustained in income tax assessments. There are certain transactions and calculations for which the ultimate income tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated income tax issues based on estimates of whether additional taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recorded, these differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Trustee-Manager evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulations are subject to interpretation. The income tax liabilities are recognised when it is more likely than not that certain tax positions may be changed upon review by income tax authorities. The Group believes that the final tax outcome of these positions can differ from those initially recognised when reviews or audits by tax authorities of tax returns are completed. Benefits from tax positions are measured at the single best estimate of the most likely outcome. At each statement of financial position date, the tax positions are reviewed and to the extent that new information becomes available that causes the Trustee-Manager to change their judgment regarding the adequacy of existing income tax liabilities, these changes to income tax liabilities are duly recognised as income tax expense in the year in which the determination is made.

In January 2018, it was announced that the Income Tax Law in Taiwan has been amended and, starting from 2018, the corporate income tax rate was adjusted from 17% to 20%. This has impacted the Group's deferred tax liabilities as at 1 January 2018 by a one-time adjustment of $11.5 million, which was recognised as income tax expense in the consolidated statements of profit or loss during the year ended 31 December 2018. Refer to Note 15 of Financial Statements on page 114 of this Annual Report for more details.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

YONG LUM SUNG

Chair and Independent Director

Yong Lum Sung is an independent director and chair of the Board of the Trustee-Manager. He was appointed on 29 April 2013. Mr Yong was formerly the Chief Operating Officer of StarHub Ltd from 2002 to 2006 and President of Singapore Cable Vision Ltd from 1998 to 2002. Since 2007, he has served as a Board member of several companies. Mr Yong holds a Master of Engineering degree from the University of Singapore and a Certified Diploma in Accounting and Finance from the Chartered Association of Certified Accountants, United Kingdom. He has also attended the Advanced Management Program at Harvard Business School.

TAN CHUNG YAW, RICHARD

Independent Director

Tan Chung Yaw, Richard is an independent director of the Trustee-Manager. He was appointed on 29 April 2013. Mr Tan is a Consultant with TPG Telecom Pte. Ltd. From 2008 to 2018, he held various senior leadership positions in PT Smartfren Telecom Tbk and was primarily responsible for corporate strategy and product development. From 2011 to 2016, Mr Tan also served as the Chairman and an independent director of Polaris Ltd. In 2008, Mr Tan held the post of Director of Commerce at PT Telekomunikasi, Indonesia ("Telkomsel") where he was responsible for sales and marketing. From 2001 to 2007, Mr Tan was Vice President (Wholesale) at Singtel Ltd., where he was responsible for the wholesale of voice and data products. Mr Tan holds a Bachelor of Engineering in Electrical Engineering (Honours) and Master of Science in Electrical Engineering from the National University of Singapore, as well as a Graduate Certificate in International Arbitration from the National University of Singapore.

LEONG SHIN LOONG

Independent Director

Leong Shin Loong is an independent director of the Trustee-Manager. He was appointed on 29 April 2013. He was an executive officer of New Asurion Singapore Pte. Ltd from 2015 to 2016. From 2011 to 2014, he was Chief Executive Officer of PT Berca Global Access. From 1997 to 2011, Mr Leong was a Vice President at Singtel. From 2002 to 2004 and 2008 to 2011, he was seconded to PT Telkomsel, Indonesia, where he was Director of Commerce responsible for sales and marketing. From 2005 to 2006, he was seconded to AIS, Thailand where he was Executive Vice-Chair responsible for investment monitoring. Mr Leong is also a member of the Singapore Institute of Directors. Mr Leong holds a Bachelor of Science in Electrical and Electronic Engineering from Northwestern University and a Master of Engineering (Computer and Systems Engineering) from Rensselaer Polytechnic Institute. He has also attended the Advanced Management Program at Harvard Business School.

ONG JOO MIEN, JOANNA

Independent Director

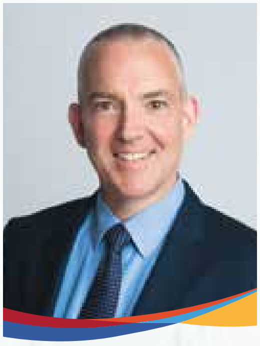
Ong Joo Mien, Joanna is an independent director of the Trustee-Manager. She was appointed on 1 July 2015. From 2010, she started her corporate services business which provides a wide range of finance and management consultancy business to SMEs. From 2002 to 2006, she was the Vice President Finance of StarHub Limited and responsible for all finance matters under a division that managed top major product groups and services including pay-TV, broadband internet, the consumer marketing department and all sales streams within the consumer market. Ms Ong holds a Bachelor of Accountancy from National University of Singapore and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

LU FANG-MING

Vice-Chair and Non-Executive Director

Lu Fang-Ming is a non-executive director and vice-chair of the Board of the Trustee-Manager. He was appointed on 13 April 2017. Mr Lu has been a Corporate Executive Vice President of Hon Hai/Foxconn Technology Group since the intelligent hub and switch products ODM manufacturing company he founded was acquired by Hon Hai/Foxconn Technology Group in May 2000. In 2014, Mr Lu took over as Chairman of Asia Pacific Telecom Group, Taiwan's fourth largest mobile carrier. Prior to joining Hon Hai/Foxconn Technology Group, Mr Lu was a Vice President and General Manager at Cirrus Logic/Crystal Semiconductor in charge of its Asia Pacific operations. Mr Lu spent the first twenty years of his career at Hewlett-Packard Taiwan & Asia Pacific in various positions including Country General Manager of the HP Taiwan Computer System Group and QMS Director of the HP Asia Pacific Test & Measurement Group. Mr Lu obtained his Masters of Applied Physics from Chung-Yuan University, Taiwan, in 1980.



BRIAN MCKINLEY

Chief Executive Officer and Executive Director

Brian McKinley is an executive director and the Chief Executive Officer ("CEO") of the Trustee-Manager. He was appointed on 13 April 2017. Prior to his appointment as CEO, Mr McKinley was the Chief Financial Officer of the Trustee-Manager, an office he held since the listing of APTT in May 2013, providing financial and strategic leadership to the company. From 2011 to 2012, Mr McKinley was CFO of Chandler Corporation, a private investment company. From 2009 to 2011, he was CFO of the Banking and Financial Services Group, North America, of Macquarie Group Limited and from 2006 to 2009, he was Head of Finance of Macquarie Group Limited's infrastructure funds division in Canada. Mr McKinley began his professional career in 1995 with PricewaterhouseCoopers where he worked for a number of years prior to moving to the telecommunications industry and into financial services. Mr McKinley holds a Bachelor of Commerce (High Honours) from Carleton University, Canada and is a Chartered Professional Accountant of the Institute of Chartered Professional Accountants of Ontario, Canada.

SOMNATH ADAK

Chief Financial Officer

Somnath Adak is the Chief Financial Officer ("CFO") of the Trustee-Manager. He was appointed on 13 April 2017. Prior to his appointment as CFO, Mr Adak was financial controller for the Trustee-Manager, a role he held since the listing of APTT in May 2013. From March 2011 to April 2013, Mr Adak served as the assistant financial controller of SGX-ST listed Macquarie International Infrastructure Fund Limited, where he was responsible for overall accounting and financial reporting of the company. Mr Adak began his professional career in 2006 with Grant Thornton where he worked for three years prior to moving to ITC Limited, one of the largest conglomerates in the Indian FMCG industry. Mr Adak holds a Bachelor of Commerce (Honours) from Shri Ram College of Commerce, Delhi University, India and is a Chartered Accountant of the Institute of Chartered Accountants of India. Mr Adak also holds a Diploma in International Financial Reporting from the Association of Chartered Certified Accountants, United Kingdom and a Master in Business Finance Certificate from the Institute of Chartered Accountants of India.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yong Lum Sung
Chair and Independent Director

Tan Chung Yaw, Richard
Independent Director

Leong Shin Loong
Independent Director

Ong Joo Mien, Joanna
Independent Director

Lu Fang-Ming
Vice-Chair and Non-Executive Director

Brian McKinley
Chief Executive Officer and Executive Director

AUDIT COMMITTEE

Ong Joo Mien, Joanna
Chair and Independent Director

Yong Lum Sung
Independent Director

Tan Chung Yaw, Richard
Independent Director

Leong Shin Loong
Independent Director
(Appointment with effect from 25 February 2019)

COMPANY SECRETARY

Kim Yi Hwa

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PRINCIPAL PLACE OF BUSINESS

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TRUSTEE-MANAGER

APTT Management Pte. Limited
150 Beach Road
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Company Registration Number: 201310241D

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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AUDITOR

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809
Partner in charge: Loi Chee Keong
(Appointment with effect from financial year 2014)
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STOCK INFORMATION

SGX ID: S7OU
Bloomberg: APTT SP
Reuters: ASIA SI
WPK Number: A1WZBD
SEDOL1: B6VG8G0 SG
ISIN: SG2F77993036

MEDIA AND INVESTOR RELATIONS

Brian McKinley
Chief Executive Officer
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CORPORATE GOVERNANCE STATEMENT

LEGAL STATEMENT

APTT is a business trust constituted on 30 April 2013 under the laws of the Republic of Singapore by a declaration of trust by APTT Management Pte. Limited, as trustee-manager of APTT ("Trustee-Manager"), under the trust deed dated 30 April 2013 ("Trust Deed"). APTT is registered under the Business Trusts Act, Chapter 31A of Singapore ("BTA") and was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 29 May 2013.

The Trustee-Manager is incorporated in Singapore and is a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami") which is a Singapore registered company majority owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd. The Trustee-Manager is responsible for managing the business conducted by APTT.

CODE OF CORPORATE GOVERNANCE

Under Rule 710 of the Listing Manual of the SGX-ST, the SGX-ST requires all listed issuers to describe their corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code") in their annual report, as part of their continuing obligations under the SGX-ST Listing Rules.

APTT's corporate governance practices conform largely to the principles and guidelines of the Code, as well as the BTA and the Business Trusts Regulations 2005. Deviations from the Code are noted and explained in the following statements, which outline APTT's main corporate governance practices as at 31 December 2018.

The Trustee-Manager has in place a set of well-defined policies and procedures to enhance corporate performance and accountability, as well as protect the interests of its stakeholders.

The Trustee-Manager also considers sustainability issues (including environmental, social and governance factors) as part of its responsibilities. APTT's environmental, social and governance responsibility-related initiatives are set out in Sustainability Report on pages 8 to 23 of this Annual Report.

APTT CORPORATE GOVERNANCE STATEMENT

Principle 1: The Board's conduct of affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and management remains accountable to the Board.

Responsibility for corporate governance and oversight of the internal workings of APTT rests with the Board of Directors of the Trustee-Manager (the "Board").

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of APTT. Additionally, the Board is responsible for establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of unitholders' interests and APTT's assets. Please refer to "Principle 11: Risk management and internal controls". All directors participate in matters relating to corporate governance, including setting corporate values and ethical standards, business operations and risks, financial performance, identifying and engaging key stakeholder groups and the nomination and review of directors. The Board also sets the disclosure and transparency standards for APTT and ensures that obligations to unitholders and other stakeholders are understood and met.

Board meetings are held quarterly and more frequently as required. To facilitate the Board's decision-making processes, the Constitution of the Trustee-Manager provides for directors to participate in Board meetings by way of teleconference or videoconference, and for Board resolutions to be passed in writing including by electronic means.

The Board meets to review the key activities and business strategies of the Trustee-Manager, to deliberate on the strategic policies of APTT and to approve the budgets and review the performance of APTT. The Board also reviews APTT's key financial risk areas. Having conducted a review of APTT's key financial risk areas, the Board has concluded that there are no findings that are relevant and material to APTT's operations.

CORPORATE GOVERNANCE STATEMENT

Each member of the Board has a fiduciary duty to discharge his or her duties and responsibilities in the best interests of APTT and the unitholders.

In the discharge of its function, the Board is supported by the Audit Committee, Nominating Committee and Remuneration Committee, each comprising independent directors only and subject to formalised terms of reference. Certain functions of the Board have been delegated to these Committees, including the following key terms of reference for the respective Committees:

Audit Committee ("AC")

(i) to review with the auditor of the Trust:
- the audit plan of the Trust;
- the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager;
- the auditor's audit report for the Trust; and
- the auditor's management letter and management's response;

(ii) to review:
- the assistance given by the officers of the Trustee-Manager to the auditor of the Trust;
- the scope and results of the internal audit procedures of the Trustee-Manager;
- the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed;
- the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust property;
- interested person transactions for potential conflicts of interest;
- risk management policies and guidelines and monitor compliance therewith; and
- the statement of financial position and statement of profit or loss of the Trustee-Manager and statements of financial position, statements of profit or loss and statements of cash flows of the Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;

(iii) to review significant reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;

(iv) to report to the Board:
- any inadequacies, deficiencies or matters of concern of which the AC becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (i), (ii) and (iii); and
- any breach of the BTA or any breach of the provisions of the Trust Deed, of which the AC becomes aware or that it suspects;

(v) to report to the Monetary Authority of Singapore ("MAS") if the AC is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (iv);

(vi) to nominate a person or persons as auditor of the Trust, notwithstanding anything contained in the Trust Deed;

(vii) to approve and review all hedging policies and instruments to be implemented by the Trust, if any;

(viii) to monitor the implementation of outstanding internal control recommendations highlighted by the auditors in the course of their audit of the financial statements of the Trust, the Trustee-Manager and their subsidiaries taken as a whole;

(ix) to meet with external and internal auditors, without the presence of the chief executive officer and the chief financial officer, at least on an annual basis; and

(x) has explicit authority to investigate any matter within its terms of reference, with full access to and cooperation by management of the Trustee-Manager and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE STATEMENT

Nominating Committee ("NC")

(i) to review the composition of the Board annually to ensure an appropriate balance of expertise, skills, attributes and abilities among the directors;

(ii) to establish procedures for and making recommendations to the Board on all Board nominations and renominations;

(iii) to recommend to the Board on relevant matters relating to the review of Board succession plans for directors, the development of a process for evaluating the performance of the Board, its Board Committees and directors, the review of training and professional development programs for the Board and the appointment and reappointment of directors;

(iv) to review and determine annually if a director is independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager; and

(v) where a director has multiple board representations, to decide whether the director is able to and has been adequately carrying out his duties as director, taking into consideration the director's number of listed company board representations and other principal commitments.

Remuneration Committee ("RC")

(i) to review and recommend to the Board, in consultation with the chair of the Board ("Board chair"), a comprehensive remuneration policy and general framework and guidelines for remuneration of the directors and key management personnel;

(ii) within the terms of the agreed policy, to review and recommend to the Board the total individual remuneration packages for each of the directors and key management personnel;

(iii) to review the Trustee-Manager's obligations arising in the event of termination of a director or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to be fair and avoid rewarding poor performance and to recognise the duty to mitigate loss;

(iv) to approve performance targets for assessing the performance of each of the directors and key management personnel and recommending such targets as well as employee-specific remuneration packages for each director and key management personnel for endorsement by the Board; and

(v) to administer and review all unit incentive plans (if any), including those pertaining to directors (if any) in accordance with the rules of such unit incentive plans.

The RC covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives and awards, and benefits in kind.

The Board and management have also put in place formal delegations for, among other things, financial authorisation and approval limits for capital and operating expenditure, bank borrowings and cheque signatories. Transactions requiring Board approval include:

- Investment due diligence budgets above $500,000;
- Appointment of financial advisers;
- Investment or divestment decisions (infrastructure assets);
- Related party transactions - controlled assets;
- Additional equity raisings and underwriting;
- Adoption of Board and Committee charters and key policies, including significant changes to them; and
- APTT's quarterly and full year financial results for release to the SGX-ST.

Upon appointment, each director is provided with a formal letter of appointment that details the key terms of their appointment, including their duties and obligations. They are also given access to the Trustee-Manager's and APTT's constitutional documents, Board and Committee charters, minutes of Board and Committee meetings and other pertinent information for reference.

Incoming directors participate in a comprehensive and tailored formal induction program, including presentations by members of management, to ensure that they are familiar with the Trustee-Manager's and APTT's business, operations, strategy, organisational structure, the responsibilities of key management personnel, and financial and governance practices, as well as directors' duties and how to discharge them, and the SGX-ST Listing Rules.

CORPORATE GOVERNANCE STATEMENT

Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on APTT and its disclosure obligations, the directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The directors are also provided with continuing education in areas such as directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, corporate governance, changes in the Companies Act, Chapter 50 of Singapore, the BTA and the SGX-ST Listing Rules and changing commercial risks, so as to update and refresh them on matters that may affect and/or enhance their performance as directors. The costs of such continuing education are borne by the Trust.

The Board has adopted a code of conduct (including whistleblowing arrangements) which sets out principles and standards necessary to maintain confidence in the Trustee-Manager's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

Board and Committee meetings held in the year ended 31 December 2018

	Regular Board meetings		Audit Committee meetings (Chair: Ong Joo Mien, Joanna)		Remuneration Committee meetings (Chair: Tan Chung Yaw, Richard)		Nominating Committee meetings (Chair: Leong Shin Loong)	
	Number of meetings		Number of meetings		Number of meetings		Number of meetings	
	held	attended	held	attended	held	attended	held	Attended
Yong Lum Sung - Chair and Independent Director	4	4	5	5	2	2	N/A	N/A
Tan Chung Yaw, Richard - Independent Director	4	4	5	5	2	2	1	1
Leong Shin Loong - Independent Director	4	4	N/A	N/A	2	2	1	1
Ong Joo Mien, Joanna - Independent Director	4	4	5	5	N/A	N/A	1	1
Lu Fang-Ming - Vice-Chair and Non-Executive Director	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Brian McKinley - Chief Executive Officer and Executive Director	4	4	N/A	N/A	N/A	N/A	N/A	N/A

Principle 2: Board composition and guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The BTA, read with Regulation 12 of the Business Trusts Regulations 2005, provides that the board of directors of the trustee-manager of a registered business trust must consist of:

- at least a majority of directors who are independent from management and business relationships with the trustee-manager;
- at least one-third of directors who are independent from management and business relationships with the trustee-manager and from every substantial shareholder of the trustee-manager; and
- at least a majority of directors who are independent from any single substantial shareholder of the trustee-manager.

In addition to compliance with requirements under the BTA, the composition of the Board is determined using the following principles:

- the Board chair should be a non-executive director; and
- the Board should consist of directors with a broad range of commercial experience including expertise in the pay-TV and broadband industries.

CORPORATE GOVERNANCE STATEMENT

The Board comprises six directors, of whom four are independent. The Board has reviewed the independence of the independent directors and, having taken into account the views of the Nominating Committee, deemed them to be independent for the purposes of the Code, the BTA and Regulation 12 of the Business Trusts Regulations 2005. This enables management to benefit from the external, diverse and objective perspective of these independent directors on issues that are brought before the Board.

More than half of the Board is made up of independent directors. This provides for a strong and independent element on the Board capable of exercising objective judgment on corporate affairs of the Trust and the Trustee-Manager. As a result, the Board is able to better interact and work with management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Board chair and the Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

None of the independent directors has any relationship that is likely to affect his or her independent judgment and ability to act in the interests of all unitholders as a whole. As and when any relationship which is likely to affect an independent director's judgment and ability to act in the interests of all unitholders as a whole arises, the affected director is expected to disclose such relationship to the Board.

The Board and management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals is fundamental to good corporate governance. For this to happen, the Board, and in particular the non-executive directors, is kept well informed of APTT and the Trustee-Manager's business and affairs, and is knowledgeable about the industry in which the businesses operate. For the year ended 31 December 2018, the non-executive directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of management. They have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. The non-executive directors would also confer among themselves without the presence of management as and when the need arose.

In respect of matters in which Dynami and/or its subsidiaries have a direct or indirect interest, any nominees appointed by Dynami and/or its subsidiaries to the Board to represent its/their interests shall abstain from voting. In such matters, the quorum must comprise of a majority of independent directors and must exclude any nominee directors of Dynami and/or its subsidiaries. Information on the directors is provided in Board of Directors and Executive Officers of the Trustee-Manager on pages 32 to 33 of this Annual Report. None of the directors has served beyond nine years from the date of their first appointment.

The current directors have the necessary core competencies set out in the Code and, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of APTT. Core competencies include accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. Gender diversity is also taken into account in relation to the composition of the Board. Out of the six directors, one is female. Ong Joo Mien, Joanna was appointed to the Board on 1 July 2015, adding to the balance and gender diversity of the Board. The Board is of an appropriate size to facilitate effective decision making, taking into account the nature and scope of operations of APTT.

Principle 3: Chairman and chief executive officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Board chair and Chief Executive Officer are separately held by two persons in order to maintain effective checks and balances. The Board chair is Yong Lum Sung, an independent director. The Chief Executive Officer is Brian McKinley, who is an executive director. The Board chair and Chief Executive Officer are not related to each other.

There is a clear separation of the roles and responsibilities between the Board chair and the Chief Executive Officer. The Board chair is responsible for the overall management of the Board as well as ensuring that the members of the Board and management work together with integrity and competency, that the Board engages management in constructive debate on strategy, business operations, enterprise risk and other plans and facilitates the effective contribution of the non-executive directors and the Board as a whole. The Board chair's responsibilities include setting the agenda of the Board in consultation with the Chief Executive Officer and promoting open and constructive engagement among the directors as well as between the Board and the Chief Executive Officer on strategic issues. The Board chair ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. The Board chair monitors the flow of information from management

CORPORATE GOVERNANCE STATEMENT

to the Board to ensure that material information is provided on a timely basis to the Board. The Board chair ensures effective communication with unitholders and leads discussions and development of relations with them. He also takes a leading role in promoting high standards of corporate governance with the full support of the directors and management.

The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

In addition to the independent Board chair, three of the other five directors, Tan Chung Yaw, Richard, Leong Shin Loong and Ong Joo Mien, Joanna, are non-executive and independent, to provide balance within the workings of the Board and oversight of unitholders' interests.

The Trustee-Manager does not have any lead independent director given that the Board chair and Chief Executive Officer are not the same person and are not immediate family members, and that the Board chair is not part of the management team and is an independent director.

The independent directors would confer among themselves without the presence of other directors as and when the need arose.

Principle 4: Board membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC oversees Board composition and processes to ensure the effectiveness of the Board. It also monitors compliance with the Trustee-Manager's code of conduct (including whistleblowing arrangements) and developments in the laws, regulations and practices relating to corporate governance.

In addition, it assesses the performance of the Board, the Board Committees, the Chairman and the individual directors on an annual basis. It has adopted a formal charter which sets out written terms of reference. Please refer to "Principle 1: The Board's conduct of affairs". The NC for the year ended 31 December 2018 comprised only independent directors, being Leong Shin Loong (chair), Ong Joo Mien, Joanna and Tan Chung Yaw, Richard.

Please refer to Board of Directors and Executive Officers of the Trustee-Manager on pages 32 to 33, Directors' Interests in Units on page 53, Board and Committee meetings held in the year on page 38 and Principal Directorships on page 142 of this Annual Report for key information regarding the directors, such as academic and professional qualifications, unitholding in APTT and its related corporations, board committees served on (as a member or chairman), date of first appointment as a director, date of last reappointment as a director (where applicable), directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments.

The appointment of the directors will continue until such time as they resign, are required to vacate their office as directors or are removed by way of an ordinary resolution of the shareholder(s) of the Trustee-Manager, in each case, in accordance with the Constitution of the Trustee-Manager.

In the year under review, no alternate directors were appointed. In keeping with the principle that a director must be able to commit time to the affairs of the Trustee-Manager, the Board will, generally, not approve the appointment of alternate directors.

The NC reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board, and recommends the number of directors that shall comprise the Board in compliance with the Constitution of the Trustee-Manager. Such reviews assist the NC in identifying and nominating suitable candidates for appointment to the Board.

The NC identifies and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The NC may seek assistance from external search consultants for the selection of potential candidates. Directors and management may also put forward potential candidates for consideration. The NC, together with the Board chair, then meet with the shortlisted candidates to assess their suitability, before submitting the appropriate recommendations as to the appointment of any candidate to the Board for its approval.

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Candidates will be considered against objective criteria, having due regard for the benefits of diversity (including gender diversity) on the Board. The following guidelines apply to director selection and nomination:

- Integrity;
- Particular expertise (sector and functional) and the degree to which they complement the skill set of the existing Board members;
- Reputation and standing in the market; and
- In the case of prospective independent directors, actual and perceived independence from Dynami and substantial unitholders.

The factors taken into consideration for the renomination of the directors are based on each director's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) including, if applicable, as an independent director. When considering the incumbent directors, the NC will review on an annual basis the current composition of the Board, taking into account criteria such as independence, age, skills, experience and availability of service to the Board, its members and of anticipated needs and will make an annual recommendation to the Board as to whether the composition of the Board and the individual Committees should be maintained.

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and have other principal commitments. However, the NC has not made a determination as to the maximum limit on the number of directorships a director can hold as the NC has taken the view that the limit on the number of directorships that an individual may hold should be considered on a case-by-case basis, given that a person's available time and attention may be affected by many different factors such as whether they are in full-time employment and the nature of their other responsibilities. A director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Trustee-Manager in managing the assets and liabilities of APTT for the benefit of unitholders. The Board believes that each director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a director of the Trustee-Manager, bearing in mind his or her other commitments. When reviewing the composition and number of directors on the Board, and in deciding whether the directors have the capacity to carry out their duties, the NC will consider whether it believes that the directors have sufficient time and ability to perform their Board duties to the required standards, having regard to all their other commitments and directorships as disclosed. The NC monitors and determines annually whether directors who have multiple directorships and other principal commitments are able to give sufficient time and attention to the affairs of APTT and adequately carry out his or her duties as a director of the Trustee-Manager. The NC takes into account the results of the assessment of the effectiveness of the individual director and his or her actual conduct on the Board, in making this determination.

All directors have confirmed that notwithstanding the number of listed company board representations and other principal commitments which they hold, they were able to devote sufficient time and attention to the affairs of APTT. The NC is satisfied that all the directors have been able to and have adequately carried out their duties as directors notwithstanding their other listed company board representations and other principal commitments. APTT will continue to disclose each director's listed company board directorships and principal commitments. Please refer to Principal Directorships on page 142 of this Annual Report for more details on board directorships and principal commitments of each director, other than those held in the Trustee-Manager.

Principle 5: Board performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.

The NC will decide how the Board's performance is to be evaluated and propose objective performance criteria for approval by the Board which allows for comparison with industry peers and address how the Board has enhanced long-term unitholder value.

The NC has appointed an external party to assist the Board in conducting the Board evaluation and appraisal process for the Board to ensure objectivity and transparency in the process. The Board assessment will be conducted on an annual basis. The NC is satisfied that the external party has no connection with the Trustee-Manager or any of the directors, except in providing its corporate services to the Trustee-Manager.

The Board assessment will be conducted by way of a questionnaire ("Questionnaire"), which is sent to the directors to obtain their feedback on the effectiveness of the Board as a whole. Feedback and comments received from the directors will then be

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reviewed by the NC. The Questionnaire covers areas such as Board composition, information management, Board processes, investor relations, managing APTT's performance, strategic review, Board Committee effectiveness, directors' development and management and risk assessment.

The procedure for evaluation of the performance of the Board and Board Committees is that the Board discusses the performance of each Board Committee with a view to identifying any issues that need to be addressed or desirable initiatives that should be implemented in respect of the operations of the Board and the Board Committees.

The assessment examines the Board's role, composition, and its operation against a number of defined criteria.

Reviews of the individual directors are carried out on an informal basis. The Trustee-Manager believes that the performance of individual directors is better reflected in, and evidenced by, their proper guidance, demonstration of commitment to the role (including commitment of time for meetings of the Board and board committees, and any other duties), diligent oversight and able leadership, the support that they lend to the Trustee-Manager in steering APTT in the appropriate direction and the long-term performance of APTT, whether under favourable or challenging market conditions. The Board chair may act on the results of the performance evaluation and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

The Board chair and NC are satisfied that the Board and the various Board Committees operate effectively and are contributing to the overall effectiveness of the Board. The Board has also met its performance objectives for the year.

Principle 6: Access to information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The non-executive directors are routinely briefed by management at Board meetings or at separate sessions, and are provided with all necessary updates on regulatory and policy changes as well as developments affecting APTT. All directors may request for additional information from management and/or the company secretary to familiarise themselves with APTT's business, and also where such information is necessary to make informed decisions. The Board has separate and independent access to management at all times. Management provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments. The Board also has access to independent professional advice, where appropriate, at the Trust's expense.

In order to keep the Board abreast of the Trust's performance, the Board is provided with quarterly updates, which include any material changes to the business and operations of the Trust, the investor base of the Trust, investors' sentiments and feedback towards the Trust as a listed entity and information regarding management's efforts to keep the investor base engaged, such as the number of roadshows conducted and the responses to queries by unitholders. A quarterly financial performance report is also provided to the Board. This report includes the Trust's financial statements, accompanied by an analysis of the Trust's performance and supporting data. It also contains operational metrics and an overview of the key risks faced by the Trust. These risks include regulatory and compliance risks, technology and operations service availability, and other strategic risks. The AC also conducts a quarterly review of the risk management framework and internal control policies and procedures, and reports any inadequacies, deficiencies or matters of concern of which the AC becomes aware arising from its review to the Board.

The quarterly and year-end financial statements are reviewed and recommended by the AC to the Board for approval.

In addition, the Board is provided with detailed papers and reports and, where necessary, copies of disclosure documents, budgets, forecasts, and monthly internal financial statements approximately a week in advance of Board meetings. This enables the discussion during the meeting to focus on questions that directors may have. Any additional material or information requested by the directors is promptly furnished. The papers contain sufficient information to enable informed discussion of all the items on the agenda, including background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, expected outcomes, conclusions and recommendations. Any material variance between projections and the actual results of budgets is disclosed and explained to the Board. Persons who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings.

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The company secretary is responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Listing Manual, are complied with. The company secretary attends all Board meetings and, together with the Board chair, ensures good information flows within the Board and its Committees and between management and non-executive directors, as well as facilitating orientation and assisting with professional development as required. Directors have separate and independent access to the company secretary. The appointment and removal of the company secretary is decided by the Board as a whole.

Principle 7: Procedures for developing remuneration policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: Level and mix of remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Disclosure on remuneration

Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Board has appointed a RC which comprises only independent and non-executive directors, which for the year ended 31 December 2018 were Tan Chung Yaw, Richard (chair), Yong Lum Sung and Leong Shin Loong. The RC has adopted a formal charter which sets out written terms of reference. Please refer to "Principle 1: The Board's conduct of affairs".

The role of the RC is to recommend to the Board a framework for remuneration of the directors and key management personnel. The RC periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate the directors and key management personnel and to align the interests of management with the Trustee-Manager and unitholders.

If necessary, the RC will seek expert advice inside and/or outside the Trust on remuneration of all directors and key management personnel. The RC will ensure that existing relationships, if any, between the Trust and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. Where appointed, the names and firms of the remuneration consultants as well as whether the remuneration consultants have any such relationships with the Trust will also be disclosed in the annual report. No remuneration consultants were engaged in respect of the remuneration of directors and key management personnel during the year.

Lu Fang-Ming, as a nominee of Dynami, does not receive any remuneration from the Trust in connection with his role as vice-chair and non-executive director of the Trustee-Manager.

Brian McKinley, the Chief Executive Officer, also does not receive any remuneration from the Trust in connection with his role as executive director of the Trustee-Manager.

The Chief Executive Officer and the Chief Financial Officer are employed by the Trustee-Manager under employment agreements, which stipulate remuneration terms, entitlement to leave and other benefits.

All remuneration and compensation payable to the independent directors, the Chief Executive Officer and the Chief Financial Officer in respect of services rendered to the Trustee-Manager are and will be paid by the Trustee-Manager and not reimbursed out of the Trust property. As APTT does not bear the remuneration of the directors, the Chief Executive Officer and the Chief Financial Officer, the Trustee-Manager does not consider it necessary to include information on their remuneration in this Annual Report. The Trustee-Manager has no key management personnel aside from the Chief Executive Officer and the Chief Financial Officer.

None of the non-executive directors has any service contracts with the Trustee-Manager. The independent directors receive a fixed annual fee payable quarterly, which was arrived at after taking into account the industry practices and norms. It is considered that the remuneration of the independent directors is appropriate for the level of contribution, taking into account their

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responsibilities and the effort and time spent, such that the independence of the non-executive directors is not compromised by their compensation. There are currently no schemes in place to encourage non-executive directors to hold units in the Trust.

The directors, Chief Executive Officer and Chief Financial Officer are not entitled to any options, nor units, nor any termination, retirement or post-employment benefits as part of their remuneration package from the Trustee-Manager payable out of the Trust property. In addition, none of the directors, Chief Executive Officer and Chief Financial Officer is entitled to any variable or performance-related income or bonuses, or benefits in kind from the Trustee-Manager payable out of the Trust property.

There is no contractual provision in the service contracts of the Chief Executive Officer, being the only executive director, and the Chief Financial Officer to allow the Trustee-Manager to reclaim incentive components of remuneration from the Chief Executive Officer and the Chief Financial Officer in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Trustee-Manager.

The Trustee-Manager is entitled under the Trust Deed to a base fee, a performance fee, an acquisition fee and a divestment fee based on pre-agreed mechanisms in the Trust Deed, in respect of its services to APTT. Fees paid to the Trustee-Manager for the year ended 31 December 2018 are set out on page 137 of this Annual Report.

There are no employee option schemes or long-term incentives currently in place in relation to APTT except for the long-term incentive plan as disclosed in Note 25(ii) of Financial Statements on page 121 of this Annual Report.

Pursuant to Rule 704(13) of the Listing Manual, the Trustee-Manager confirms that there is no person occupying a managerial position in the Trust or in any of its subsidiaries who is a relative of a director, the Chief Executive Officer or substantial unitholders.

No employee of the Trustee-Manager was an immediate family member of a director or the Chief Executive Officer and whose remuneration exceeded $50,000 during the year ended 31 December 2018.

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board provides APTT's unitholders with a balanced and understandable assessment of APTT's performance, position and prospects via APTT's SGX-ST quarterly reports, which are prepared in accordance with relevant accounting standards. These quarterly reports will contain, among other things, (i) the financial statements of APTT for the relevant quarter, (ii) the earnings per unit (calculated in accordance with the requirements of the SGX-ST) and (iii) a review of the performance of APTT that contains significant factors affecting turnover, costs, and earnings of APTT for the financial period reported on, and any material factors that affected the cash flows, working capital, assets or liabilities of APTT during the financial period reported on. Where necessary, the Board also provides interim and other price-sensitive public reports, and reports to regulators (if required).

Where appropriate, the Board has taken relevant steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST, such as by establishing written policies.

Management also provides all members of the Board with management accounts and such explanation and information on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Trust's performance, position and prospects. Please refer to "Principle 6: Access to information".

Principle 11: Risk management and internal controls

The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board determines the Trust's level of risk tolerance and risk policies. While the Board does not have a separate board risk committee, it is assisted by the AC in carrying out its responsibility of overseeing management in the design, implementation and monitoring of the Trust's risk management framework and policies. The AC reviews and recommends to the Board the type and level of risk that the Trust undertakes on an integrated basis to achieve its business strategy and the appropriate framework and policies for managing risks that are consistent with the Trust's risk appetite. Additionally, where the AC or management becomes

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aware of or suspects any inadequacies, deficiencies or matters of concern, the AC will report this to the Board or management will report this to the AC and the Board (as the case may be) and undertake remedial action to resolve the same.

The Trustee-Manager has formal risk management policies in place which are monitored by the AC. The AC also reviews and reports to the Board on the adequacy and effectiveness of the Trustee-Manager and APTT's internal controls. Please refer to "Principle 1: The Board's conduct of affairs", "Principle 12: Audit Committee", "Principle 13: Internal audit" and "Internal Controls".

For the year ended 31 December 2018, the Board has received assurances from the Chief Executive Officer, Chief Financial Officer and the IAD (as defined on page 48 of this Annual Report) (a) that the financial records have been properly maintained and the financial statements give a true and fair view of APTT's operations and finances, and (b) that APTT's risk management and internal control systems are adequate and effective.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Trustee-Manager has established an AC which comprises only independent and non-executive directors and the composition of which complies with the Code, the BTA and Regulation 15 of the Business Trusts Regulations 2005. The AC members for the year ended 31 December 2018 were Ong Joo Mien, Joanna (chair), Yong Lum Sung and Tan Chung Yaw, Richard. The AC members have recent and appropriate accounting or related financial management expertise to discharge their responsibilities. At least two members of the AC, including the AC chair, have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment. The AC charter sets out the specific responsibilities delegated by the Board to the AC and details the manner in which the AC will operate, as set out under "Principle 1: The Board's conduct of affairs". None of the AC members was previously a partner of the incumbent external auditors, Deloitte & Touche LLP, within the previous 12 months, nor do any of the AC members hold any financial interest in Deloitte & Touche LLP.

The AC also reviews and reports to the Board on the adequacy and effectiveness of the Trustee-Manager and APTT's internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems, at least annually.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The role of the AC is to develop, maintain and monitor an effective system of internal controls. The AC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for making recommendations to the Board on the proposals to unitholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The AC met five times during the year under review. The chair of the AC reported formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and appraised and reported to the Board on the audits undertaken by the external auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls. The Committee also made recommendations to the Board as it deemed appropriate on any area within its remit where action or improvement is needed.

The AC reviews annually the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors. The AC has reviewed all non-audit services provided by the external auditors during the year to determine if such non-audit services would, in the AC's opinion, affect the independence of the external auditors. In assessing the independence of the external auditors, the AC considered several factors, including the nature and extent of the non-audit services provided. Based on the above reviews, in the AC's opinion, the volume of non-audit services provided in 2018 was not substantial, and would not affect the independence of the external auditors.

Please refer to Note 25(x) on page 123 of this Annual Report for the aggregate amount of fees paid to the external auditors for the year ended 31 December 2018.

The AC meets with the external and internal auditors without the presence of the Chief Executive Officer and the Chief Financial Officer at least annually. It also conducts an annual performance self-evaluation and reports to the Board the results of the self-evaluation. The AC also monitors and reviews the independence of the internal auditor at least annually.

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The external auditors update and keep the AC informed about relevant changes to accounting standards and issues that have a direct impact on financial statements. Changes to regulations and accounting standards will be monitored closely by the members of the AC. To keep pace with regulatory changes, where these changes have an important bearing on the Trustee-Manager's or directors' disclosure obligations, the directors will be briefed either during Board meetings or at specially convened sessions.

Financial matters

In the review of the financial statements, the AC discussed with the Trustee-Manager the accounting principles that were applied and the judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the Trustee-Manager and the Group's external auditors and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decisions were made
Revenue recognition	The AC considered the scope of accounting standards relevant to revenue recognition by the Group and the Group's revenue recognition practices. Revenue from Basic cable TV, Premium digital cable TV and Broadband services is recognised over time. The transaction price is allocated among the different services on a relative stand-alone selling price basis. Revenue billed and received in advance of the rendering of services is deferred. The transaction price allocated to these services is recognised as a contract liability (collections received in advance) at the time of receipt and is released on a straight-line basis over the period of service. The Group's external auditors shared their approach to the audit of revenue recognition in their detailed audit plan, which included the evaluation of the relevant IT systems, the design and effectiveness of internal controls over the capture, recording, authorisation and calculation of revenue transactions. The AC reviewed management's assessment of the internal controls that exist over revenue recognition, and the assessment of those controls by the Group's internal auditor. The AC also considered the appropriateness of the Group's operating systems that maintain customer data, billing and receipts, operating controls over the calculation and recording of revenue transactions and accounting treatment applied by the Trustee-Manager in relation to revenue recognition. The AC believes that there is no significant issue in the Group's revenue recognition.
Indefinite useful lives of cable TV licences	The AC considered the appropriateness of the Trustee-Manager's assessment of cable TV licences having indefinite useful lives. Under the provisions of Taiwan's Cable Radio and Television Act ("CRTA"), the National Communications Commission ("NCC") or similarly established regulatory body in accordance with the laws of Taiwan renews a Cable TV licence every nine years. The renewal process is initiated when a company files a renewal application with the NCC, accompanied by a business plan, within six months following the eighth anniversary of the date of the licence's previous issuance. The Group's system operators ("SOs") first obtained cable TV licences in 1999 and 2000 and have previously renewed their cable TV licences in 2008 and 2009. The Group's existing cable TV licences have been extended to 12 years following the Cable Law amendments to accelerate digitisation and analogue broadcasting switch-off. The AC considered that: (i) cable TV licences are subject to renewal every nine years; (ii) based on historical experience there is no significant risk of violating licence conditions; (iii) there is no significant additional cost to renew licences; (iv) for the renewal periods in 2017 and 2018, a three-year extension has been given to the existing cable TV licences; (v) the Group has completed the analogue broadcasting switch-off and 100% digitisation of all franchise areas in 2017; (vi) the lives of cable TV licences are not limited by any other technical, legal or commercial factors, either known or anticipated; (vii) there is a successful history of licence renewals for the Group and the industry as a whole; and (viii) the Trustee-Manager's accounting policy for cable TV licences is consistent with other industry participants in Taiwan. Based on the above, the AC is of the view that the cable TV licences will be renewed for an indefinite period and the Trustee-Manager's assessment of indefinite useful lives of cable TV licences is reasonable.

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Significant matters	How the AC reviewed these matters and what decisions were made
Impairment of goodwill, cable TV licences with indefinite useful lives and property, plant and equipment	The AC considered the approach and methodology applied to the impairment assessment process. The impairment assessment of property, plant and equipment is performed together with the annual impairment assessment of goodwill and intangible assets with indefinite useful lives. As part of the annual impairment assessment of goodwill, cable TV licences with indefinite useful lives and property, plant and equipment, the Trustee-Manager performed an assessment of the recoverable amount of the Cash Generating Unit ("CGU") using the Discounted Cash Flow ("DCF") method. The cash flow forecasts along with relevant market discount rates and average long-term growth rates are used to derive value-in-use of the Group's single CGU which supports the impairment assessment. Major assumptions used in the impairment assessment include: (i) 7-year valuation model using the latest business plans - the model is updated and reviewed by the Trustee-Manager on a regular basis; (ii) Discount rate of 5.9% as per APTT's debt levels, peers and tax rate ("WACC") - this included a size premium of 1%, due to APTT's lower market capitalisation as at 31 December 2018 compared to the beginning of the year, and a Company Specific Risk Premium ("CSRP") of 0.5%, due to 2018 results being lower than the budget, as recommended by the Group's external auditor's valuation specialists; and (iii) Terminal growth rate of 1.5% which is lower of Taiwan's growth rate or final forecast year's EBITDA growth rate or final forecast year's revenue growth rate. Based on the impairment assessment, the recoverable amount of the Group's CGU has a 24% margin above its carrying value as at 31 December 2018. The AC reviewed the long-term strategy of the Group including (i) capital expenditure plans for intangible assets and property, plant and equipment; and (ii) cash flow forecasts based on the Trustee-Manager's latest business plans. The AC challenged, among others, the appropriateness of the assumptions made for (i), (ii) and long-term growth rates. The Group's external auditors engaged their internal valuation specialists to review the DCF valuation prepared by the Trustee-Manager for the purpose of impairment assessment. The external auditor's valuation specialists team used the cash flow forecasts based on the Trustee-Manager's latest business plans, discount rates and terminal growth rates incorporating other macroeconomic assumptions to arrive at a valuation range of the CGU's recoverable amount. Based on their assessment, the lower range of the recoverable amount was marginally above its carrying value with a buffer of 1% and the higher range had a buffer of 13%. The impairment assessment of goodwill, intangible assets with indefinite useful lives and property, plant and equipment remains an audit focus. The Group's external auditors perform their independent assessment and provided detailed reporting on these matters to the AC. Based on the above assessments and discussions with the Trustee-Manager and the Group's external auditors, the AC believes that the carrying amounts of goodwill, intangible assets with indefinite useful lives and property, plant and equipment are not in excess of their respective recoverable amounts.

The Group's external auditors have included these items as key audit matters in the Independent Auditor's Report for the year ended 31 December 2018, as set out on pages 58 to 62 of this Annual Report.

Following the reviews and discussions, the AC recommended to the Board to approve the financial statements for the year ended 31 December 2018.

APTT has a whistleblowing policy in place which enables employees and other persons to, in confidence, voice genuine concerns in relation to (among others) malpractices and misconduct in the workplace and possible improprieties in financial reporting or other matters. Once raised, all reported concerns will be investigated to the extent permitted by law. The proposed

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information disclosed and the general investigation process will be discussed with the person raising the concern. APTT will treat all disclosures and concerns in a sensitive manner, and no action will be taken against the person raising the concern if made in good faith, even if the concern was not confirmed by subsequent investigation. APTT is committed to protect employees from victimisation for raising a concern. The AC has reviewed APTT's whistleblowing policy and was satisfied that arrangements are in place for the independent investigation of such matters raised under the whistleblowing policy and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the AC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence. In addition, the AC reviews the whistleblowing policy annually to ensure that it remains current.

Principle 13: Internal audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Trustee-Manager has formal risk management policies in place which are monitored by the AC. In particular, the AC reviews with the internal auditor:

- The internal auditor's evaluation of the system of internal accounting controls of the Trustee-Manager; and
- The internal auditor's management letter and management's response.

The AC reviews the risk management policies and guidelines of the Trustee-Manager, and monitors compliance therewith.

The Trustee-Manager does not have a stand-alone internal audit function. However, the Trustee-Manager has engaged an external service provider, KPMG Services Pte. Ltd. (in such capacity, "IAD"), for internal audit services. Staffed by qualified executives, the IAD has unrestricted direct access to the AC and access to all the Trustee-Manager's and APTT's documents, records, properties and personnel. The IAD reports to the chair of the AC and administratively to the CEO, and is guided by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. These standards cover attributes as well as performance and implementation standards. The AC monitors the scope of any internal audit to be conducted and the independence of any internal audit team and will review and approve the appointment and reappointment of the internal auditor and the remuneration of the internal auditor. Generally, the IAD meets the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing. Given that the internal audit function has been outsourced to a reputable auditing firm, the AC is satisfied that the internal audit function is independent, effective, adequately resourced and has appropriate standing within APTT and the Trustee-Manager.

Please refer to Internal Controls on page 50 of this Annual Report for the Board's assessment of the adequacy and effectiveness of internal controls.

Compliance with APTT's code of conduct (including whistleblowing arrangements) is monitored by the NC.

Principle 14: Shareholder rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Trustee-Manager makes immediate announcements in respect of changes in the Trust or its business which would be likely to materially affect the price or value of the units in the Trust.

The Trustee-Manager informs unitholders of rules, including voting procedures, that govern general meetings of unitholders so as to allow unitholders the opportunity to participate effectively in and vote at general meetings of unitholders. Please refer to "Principle 16: Conduct of shareholder meetings". The Trustee-Manager also allows corporations which provide nominee or custodial services to appoint more than two proxies so that unitholders who hold units through such corporations can attend and participate in general meetings as proxies.

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Principle 15: Communication with shareholders

Companies should actively engage their shareholders and put in place an investor regulations policy to promote regular, effective and fair communication with shareholders.

The Trustee-Manager will provide timely, open and accurate information to all stakeholders, including investors, regulators and the wider investment community. The Board has adopted policies and procedures in relation to compliance with the disclosure requirements under the SGX-ST Listing Rules, having regard to the recommendations of the Code. The Trustee-Manager ensures that unpublished price-sensitive information is not selectively disclosed, and in the unlikely event such information is inadvertently disclosed, it will be immediately released to the public through the SGX-ST via SGXNet and/or media releases.

The Trustee-Manager has developed a unitholder communications policy. The cornerstone of this policy is the delivery of timely and relevant information, including information on corporate developments, to unitholders. Financial and other information (including press releases and SGX-ST announcements) are made available on APTT's website at www.aptt.sg.

APTT's investor relations team (the "IR Team") is tasked with, and focuses on, facilitating communications between the Trust and its unitholders, as well as with the investment community. The IR Team is headed by the Chief Executive Officer, Brian McKinley, and is also supported by an external public relations firm.

The Board and management has held briefings with analysts and institutional and retail investors upon announcement of APTT's quarterly financial results and presentations are made, as appropriate, to regularly meet and explain APTT's strategy, performance and developments. APTT's IR Team supports the management team to engage with unitholders, institutional and retail investors and analysts to obtain and understand investor views, concerns and feedback.

The Trustee-Manager regularly communicates APTT's policy on payment of distributions to unitholders. APTT makes distributions to unitholders on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates.

Principle 16: Conduct of shareholder meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Unitholders receive a CD-ROM containing the APTT Annual Report (printed copies are available upon request) and a copy of the notice of the Annual General Meeting ("AGM"). As and when an extraordinary general meeting is to be held, unitholders will receive a copy of the circular which contains details of the matters to be proposed for unitholders' consideration and approval. Notices of the general meetings are also advertised in the press and issued via SGXNet. The requisite notice period for general meetings is adhered to. All unitholders are given the opportunity to participate effectively in and vote at general meetings. At general meetings, unitholders are encouraged to communicate their views and discuss with the Board and management matters affecting APTT. The company secretary of the Trustee-Manager prepares minutes of unitholders' meetings, which incorporate comments or queries from unitholders and responses from the Board and management. These minutes are available to unitholders upon request. Minutes of AGM starting from year 2018 can be accessed from APTT's website at www.aptt.sg.

General meetings of unitholders will be convened at least once a year and unitholders will be allowed to vote in person or via proxy. To ensure transparency in the voting process and better reflect unitholders' interest, the Trustee-Manager conducts electronic poll voting for unitholders/proxies present at the general meetings for all the resolutions proposed at the general meetings. Voting results and vote tabulation procedures are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast for or against each resolution, and the respective percentages thereof, are tallied and displayed 'live on-screen' to unitholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are announced on SGXNet after the general meetings. The Trustee-Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. To safeguard unitholders' interests and rights, there will be separate resolutions at general meetings on each distinct issue and the chair of the Board, AC, NC and RC will be present and available to address questions at the AGM. The external auditors are also invited to address queries from the unitholders regarding the audit.

CORPORATE GOVERNANCE STATEMENT

INTERNAL CONTROLS

Based on the existing practices, assurances received from the CEO and CFO, internal controls and risk management established and maintained by the Group and the Trustee-Manager, work performed by the IAD and external auditors of the Group, and reviews performed by the Audit Committee, the Board and the Trustee-Manager, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls and risk management systems were adequate and effective during 2018 to address financial, operational, compliance and information technology risks.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, fraud or other irregularities.

SECURITIES TRADING

In line with Listing Rule 1207(19), the Trustee-Manager confirms that APTT has adopted a Securities Trading Policy with respect to dealings in securities by the Trustee-Manager, directors and officers of the Trustee-Manager, directors and officers of APTT's subsidiaries (collectively the "Relevant Persons").

This policy dictates that trading in both securities and derivatives of APTT by Relevant Persons must not take place during the period commencing two weeks before the announcement of APTT's financial statements for each of the first three quarters of the financial year; or one month before the announcement of the financial statements for the financial year, and ending one trading day after the announcement of the relevant results (the "closed" trading periods) is made to enable the market to digest the information that has been disclosed.

The Relevant Persons are reminded not to trade in situations where the insider trading laws and rules would prohibit trading. Insider trading is an offence under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, notwithstanding the "open" trading periods, any of the Relevant Persons who is aware of or privy to any material unpublished price-sensitive information which is the subject of an impending announcement or potential media release should not deal in APTT's securities and derivatives until one trading day after the information is appropriately disseminated to the market.

If the trading window is not opened after these events for any reason, a special trading window may be permitted at a later date in compliance with requirements under Listing Rule 1207(19).

The directors and officers of the Trustee-Manager are discouraged from trading on short-term considerations.

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established the following policies and practices in relation to its management and governance:

(a) The Trust property of APTT is properly accounted for and Trust property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as Trustee-Manager of APTT and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all Trust property has been fully accounted for.

(b) Management provides regular updates to the Board and the Audit Committee about potential projects that it is looking into on behalf of APTT, and the Board and the Audit Committee ensure that all such projects are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board, the Audit Committee and/or management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.

(c) The Trustee-Manager is not involved in any other businesses other than managing APTT. All potential conflicts, if arising, will be identified by the Board and management and reviewed. In addition, the majority of the Board are independent directors who do not have management or business relationships with the Trustee-Manager and are independent from any substantial shareholder of the Trustee-Manager and are therefore able to examine independently and objectively, any potential conflicts between the interest of the Trustee-Manager in its own capacity and the interests of all unitholders.

CORPORATE GOVERNANCE STATEMENT

All resolutions in writing of the directors in relation to matters concerning APTT must be approved by a majority of the directors, including at least one independent director. In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interests shall abstain from voting. In such matters, the quorum must comprise a majority of the independent directors and must exclude any nominee directors of the Sponsor and/or its subsidiaries.

Where matters concerning APTT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of APTT with an interested person, the Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of APTT and the unitholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or APTT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time).

(d) Management identifies interested person transactions in relation to APTT. The Trustee-Manager maintains a register to record all interested person transactions that are entered into by APTT and the basis, including any quotations from unrelated parties obtained to support such basis, on which they are entered into. The Trustee-Manager incorporates into its internal audit plan a review of all interested person transactions entered into by the Trust EAR Group (as defined in the Prospectus) during the year. The Audit Committee reviews at least quarterly in each year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. The review includes the examination of the nature of the transaction and its supporting documents or such other data that the Audit Committee deems necessary. If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

The Trustee-Manager has in place an internal control system to ensure that all future interested person transactions will be undertaken on an arm's-length basis and on normal commercial terms and will not be prejudicial to the interests of APTT and its minority unitholders.

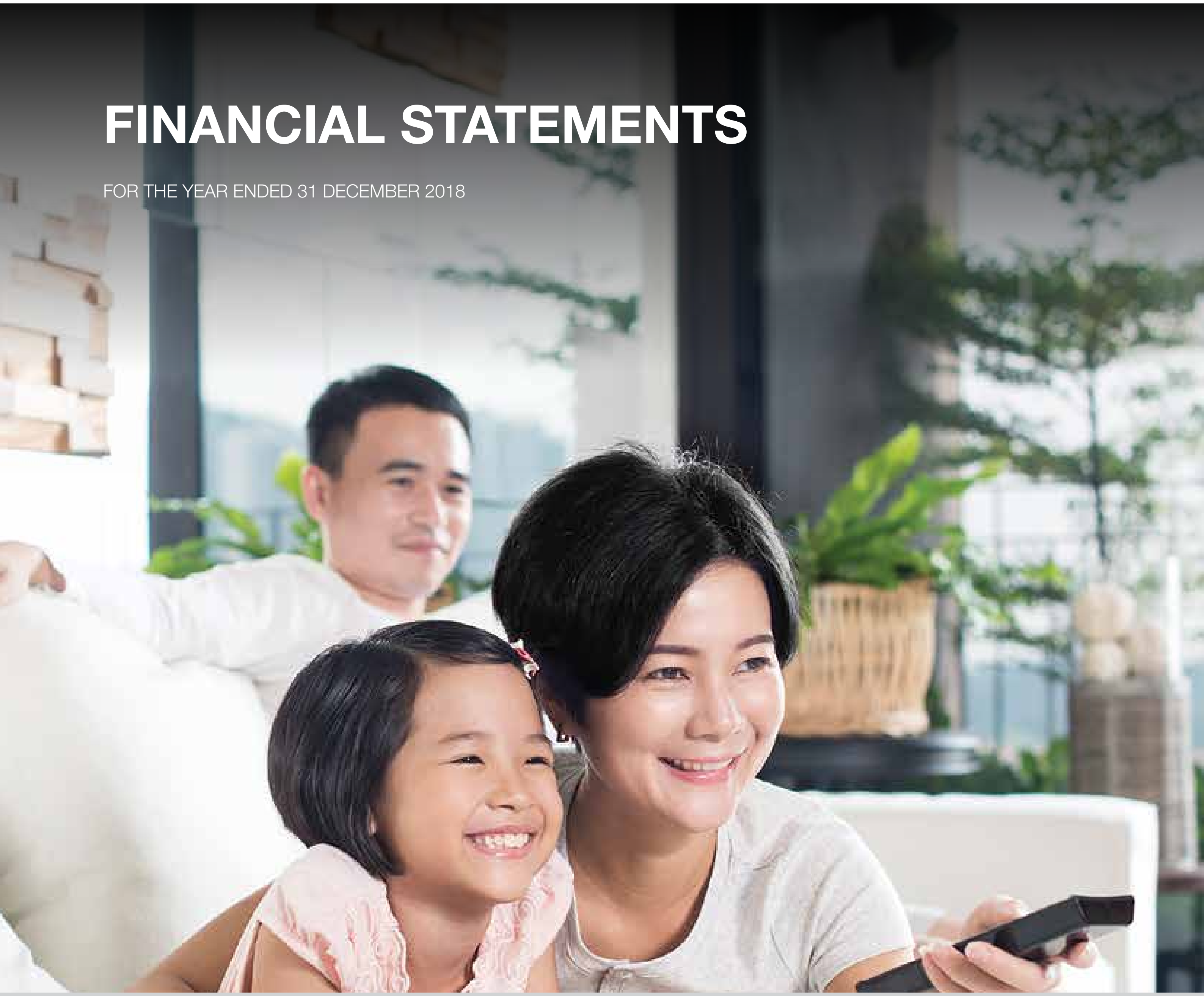
In addition, all such interested person transactions conducted and any contract entered into by the Trustee-Manager on behalf of APTT with a related party of the Trustee-Manager or APTT shall comply with and be in accordance with all applicable requirements of the Listing Manual and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.

(e) The expenses payable to the Trustee-Manager in its capacity as the Trustee-Manager of APTT out of the Trust property are appropriate and in accordance with the Trust Deed, and regular internal reviews are carried out to ensure such expenses payable are in order. Fees and expenses paid to the Trustee-Manager out of the Trust property for the year ended 31 December 2018 are disclosed in Note 25(iv) and Note 30 of Financial Statements on page 122 and pages 137 to 138 of this Annual Report.

(f) The Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and has complied with the requirements of the BTA and the Listing Manual.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



CONTENTS

REPORT OF THE TRUSTEE-MANAGER

The directors of APTT Management Pte. Limited, the trustee-manager (the "Trustee-Manager") of Asian Pay Television Trust ("APTT" or the "Trust") and the Trustee-Manager of APTT, present their report to the unitholders of APTT together with the audited financial statements of APTT and its subsidiaries (collectively the "Group") for the year ended 31 December 2018.

DIRECTORS

The directors of the Trustee-Manager ("directors") in office at the date of this Annual Report are as follows:

Mr Yong Lum Sung (Chair and Independent Director)
Mr Tan Chung Yaw, Richard (Independent Director)
Mr Leong Shin Loong (Independent Director)
Ms Ong Joo Mien, Joanna (Independent Director)
Mr Lu Fang-Ming (Vice-Chair and Non-Executive Director)
Mr Brian McKinley (Chief Executive Officer and Executive Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS

Neither at the end of nor at any time during the year ended 31 December 2018 was the Trustee-Manager a party to any arrangement whose object was to enable the directors to acquire benefits by means of acquisition of units in APTT.

DIRECTORS' INTERESTS IN UNITS

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore (the "BTA"), particulars of the interests of directors who held office at the end of the year in units in APTT are as follows:

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	As at end of the year	**As at beginning of the year or date of appointment, if later**	**As at end of the year**	**As at beginning of the year or date of appointment, if later**
Number of units held by:				
Mr Yong Lum Sung	-	-	-	-
Mr Tan Chung Yaw, Richard[1]	296,000	296,000	100,000	100,000
Mr Leong Shin Loong	100,000	100,000	-	-
Ms Ong Joo Mien, Joanna	-	-	-	-
Mr Lu Fang-Ming	-	-	-	-
Mr Brian McKinley	800,001	800,001	-	-
Total	**1,196,001**	**1,196,001**	**100,000**	**100,000**

[1] Deemed interest is held by Mrs Lim Kim Suan, Cynthia (spouse of Mr Tan Chung Yaw, Richard).

There were no changes in any of the abovementioned interests in APTT between the end of the year and 21 January 2019. None of the directors holding office at the end of the year had any interests in the shares of APTT's related corporations in 2018.

OPTIONS

There were no options granted during the year by the Trustee-Manager to any person to take up unissued units in APTT. No units have been issued during the year by virtue of the exercise of options to take up unissued units of APTT. There were no unissued units of APTT under option at the end of the year.

REPORT OF THE TRUSTEE-MANAGER

AUDIT COMMITTEE

The members of the Audit Committee of the Trustee-Manager (the "Audit Committee") during the year, at the end of the year and as at the date of this Annual Report were as follows:

Ms Ong Joo Mien, Joanna (chair)
Mr Yong Lum Sung
Mr Tan Chung Yaw, Richard
Mr Leong Shin Loong (appointed on 25 February 2019)

The members of the Audit Committee are independent and non-executive directors with relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of APTT.

The role of the Audit Committee is to develop, maintain and monitor an effective system of internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of an external auditor and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee's responsibilities also include, but are not limited to, the following:

(i) to review with the auditor of the Trust:

- the audit plan of the Trust;
- the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager;
- the auditor's audit report for the Trust; and
- the auditor's management letter and management's response;

(ii) to review:

- the assistance given by the officers of the Trustee-Manager to the auditor of the Trust;
- the scope and results of the internal audit procedures of the Trustee-Manager;
- the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed;
- the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust property;
- interested person transactions for potential conflicts of interest;
- risk management policies and guidelines and monitor compliance therewith; and
- the statement of financial position and statement of profit or loss of the Trustee-Manager and statements of financial position, statements of profit or loss and statements of cash flows of the Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;

(iii) to review significant reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;

(iv) to report to the Board:

- any inadequacies, deficiencies or matters of concern of which the Audit Committee becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (i), (ii) and (iii); and
- any breach of the BTA or any breach of the provisions of the Trust Deed, of which the Audit Committee becomes aware or that it suspects;

(v) to report to the Monetary Authority of Singapore ("MAS") if the Audit Committee is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (iv);

(vi) to nominate a person or persons as auditor of the Trust, notwithstanding anything contained in the Trust Deed;

REPORT OF THE TRUSTEE-MANAGER

(vii) to approve and review all hedging policies and instruments to be implemented by the Trust, if any;

(viii) to monitor the implementation of outstanding internal control recommendations highlighted by the auditors in the course of their audit of the financial statements of the Trust, the Trustee-Manager and their subsidiaries taken as a whole;

(ix) to meet with external and internal auditors, without the presence of the chief executive officer and the chief financial officer, at least on an annual basis; and

(x) has explicit authority to investigate any matter within its terms of reference, with full access to and cooperation by management of the Trustee-Manager and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board that the independent auditors, Deloitte & Touche LLP, be nominated for reappointment as the auditors of APTT at the forthcoming Annual General Meeting of the unitholders.

INDEPENDENT AUDITORS

The independent auditors, Deloitte & Touche LLP, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors
APTT Management Pte. Limited
As Trustee-Manager of Asian Pay Television Trust

Yong Lum Sung
Chair and Independent Director

Brian McKinley
Chief Executive Officer and Executive Director

26 February 2019

STATEMENT BY THE TRUSTEE-MANAGER

In the opinion of the directors of the Trustee-Manager,

(a) the consolidated financial statements of the Group and the statements of financial position and statements of changes in equity of APTT as set out on pages 63 to 138 are drawn up so as to give a true and fair view of the financial position of the Group and of APTT as at 31 December 2018, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of APTT for the year ended on that date in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "BTA") and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to pay APTT's debts, out of the Trust property, when they fall due.

In accordance with Section 86(2) of the BTA, Chapter 31A of Singapore, we further certify:

(a) the fees or charges paid or payable out of the Trust property to the Trustee-Manager are in accordance with the Trust Deed dated 30 April 2013 constituting the Trust;

(b) the interested person transactions entered into by the Group during the year ended 31 December 2018 are not detrimental to the interests of all the unitholders of APTT as a whole, based on the circumstances at the time of the relevant transactions; and

(c) the Board of Directors of the Trustee-Manager (the "Board") is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of APTT or on the interests of all the unitholders of APTT as a whole.

The Board has, on the date of this statement, authorised the above statements and the accounts of the Group as at and for the year ended 31 December 2018 for issue.

On behalf of the Board of Directors
APTT Management Pte. Limited
As Trustee-Manager of Asian Pay Television Trust

Yong Lum Sung
Chair and Independent Director

Brian McKinley
Chief Executive Officer and Executive Director

26 February 2019

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Business Trusts Act, Chapter 31A of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of APTT or on the interests of all the unitholders of APTT as a whole.

Brian McKinley
Chief Executive Officer and Executive Director

26 February 2019

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Asian Pay Television Trust ("APTT" or the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Trust for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 63 to 138.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A of Singapore (the "Act") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Trust for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the scope of our audit responded to the key audit matters
Revenue recognition (Note 24) The accuracy and completeness of revenue recorded is an inherent industry risk due to complexity of the Group's operating system that maintains customer data and billing, as well as the Group's general ledger accounting system. The systems process large volumes of customer data with a combination of different product subscription packages pricing models offered. The revenue recognition policy is set out in Note 2(f) to the financial statements.	We evaluated the relevant IT systems and the design and operating effectiveness of controls over the: (a) capture and recording of revenue transactions; (b) authorisation and input of information changes to the systems; and (c) calculation of amounts billed to customers. In doing so, we involved our internal IT specialists to assist in the audit of general IT controls and testing of report data, including testing the accuracy and completeness of collections received in advance. We then tested the manual reconciliation process to recognise revenue from collections received in advance to assess the accuracy and completeness of revenue. We also tested supporting evidence for manual journal entries posted monthly to revenue accounts to identify any unusual items. There were no unusual manual journal entries and the revenue recognition policy is appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

Key audit matters	How the scope of our audit responded to the key audit matters
Indefinite useful lives of cable TV licences (Note 8)	
The assessment of indefinite useful lives of cable TV licences was significant to our audit due to: (a) The quantitative significance, where the carrying amount of cable TV licences as at 31 December 2018 amounted to $2,352 million, which accounted for 84% of the Group's total assets; and (b) The amount of judgment involved, where APTT Management Pte. Limited (the "Trustee-Manager") has exercised judgment in estimating the useful lives of cable TV licences to be of an indefinite duration after taking into consideration all the relevant factors. One key factor considered is that the cable TV licences are subject to renewal every nine years at no significant additional cost. Following the Group's completion of the analogue broadcasting switch-off and 100% digitisation of all franchise areas in 2017, the next renewal periods will be in 2020 and 2021. Other factors considered included the historical renewal experiences of the Group and other major industry players, compliance with the conditions for licence renewal, and any other technical, legal and commercial factors. The accounting policy for cable TV licences is set out in Note 2(m)(ii) to the financial statements.	Our audit procedures included, among others: (a) We tested the design and implementation of key controls surrounding the Group's intangible assets useful life assessment process; (b) We evaluated the Trustee-Manager's assessment of the indefinite useful lives of the cable TV licences and assessed the appropriateness of the relevant factors, including the historical renewal experiences of the Group and other major industry players, compliance with the conditions for licence renewal, and any other technical, legal and commercial factors; and (c) We compared the Group's useful life policy of cable TV licences for consistency with the policies used by other major industry players in Taiwan. The Trustee-Manager's assessment of the indefinite useful lives of cable TV licences is appropriate and consistent with policies used by other major industry players in Taiwan. We have also assessed the adequacy of the disclosures made in respect of the significant judgment on the indefinite useful life of cable TV licences in the Group's consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

Key audit matters	How the scope of our audit responded to the key audit matters
Impairment of goodwill, cable TV licences with indefinite useful lives and property, plant and equipment (Notes 7 and 8)	
The Group performs the impairment assessment of property, plant and equipment together with the annual impairment assessment of goodwill and cable TV licences. This assessment of impairment was significant to our audit due to: (a) The quantitative significance, where the carrying amount of goodwill, cable TV licences and property, plant and equipment as at 31 December 2018, amounted to $8 million, $2,352 million and $328 million respectively, totalling 96% of the Group's total assets; and (b) The amount of judgment involved, where the Trustee-Manager prepared the forecast cash flows based on the discounted cash flow model that incorporated a number of significant assumptions, in particular, the future cash flows generated from the cable TV business, which is affected by the expected future market or economic conditions in Taiwan. The accounting policy for impairment of goodwill, cable TV licences with indefinite useful lives, and property, plant and equipment is set out in Notes 2(m)(ii), 2(n)(i) and 2(k) to the financial statements.	Our audit procedures included, among others: (a) We tested the design and implementation of key controls surrounding the Group's impairment assessment process; (b) We challenged assumptions used in the forecasts prepared by the Trustee-Manager, evaluated recent performance, and carried out trend analysis; and (c) We used our internal valuation specialists, who: (i) evaluated the methodology and key management assumptions driving the analysis, in particular those relating to forecast revenue growth, capital expenditure and EBITDA margin, comparing these against those achieved historically; (ii) independently developed expectations of key assumptions such as discount rate and terminal value, comparing the independent expectations to those used by the Trustee-Manager; and (iii) performed the sensitivity analysis by applying a range of discount rates to obtain a range of recoverable amounts for the Group. The key assumptions used in the forecasts were within a reasonable range of our expectations. We have also assessed the adequacy of the disclosures made in respect of those assumptions to which the outcome of the impairment assessment is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill, cable TV licences with indefinite useful lives, and property, plant and equipment, in the Group's consolidated financial statements.

Information other than the financial statements and auditor's report thereon

The Trustee-Manager is responsible for the other information. The other information comprises the information included in this Annual Report, but does not include the financial statements and our auditor's report thereon. All other information was obtained prior to the date of the auditor's report, other than the Statistics of Unitholdings, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Statistics of Unitholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Trustee-Manager (the "directors"), and take appropriate actions in accordance with ISA.

Responsibilities of the Trustee-Manager and the directors for the financial statements

The Trustee-Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager.

(d) Conclude on the appropriateness of the Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Trust to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of the Trust, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Loi Chee Keong.

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

Singapore, 26 February 2019

STATEMENTS OF FINANCIAL POSITION

Amounts in $'000	Note	Group as at 31 December 2018	Group as at 31 December 2017	Trust as at 31 December 2018	Trust as at 31 December 2017
Assets					
Current assets					
Cash and cash equivalents	4	73,576	66,835	7,161	7,439
Trade and other receivables	5	13,471	11,845	-	-
Derivative financial instruments	9	1,120	-	1,120	-
Other assets	10	2,140	1,278	55	68
		90,307	**79,958**	**8,336**	**7,507**
Non-current assets					
Investment in subsidiaries	6	-	-	1,342,351	1,342,351
Property, plant and equipment	7	328,308	320,852	29	37
Intangible assets	8	2,371,838	2,391,052	17	29
Derivative financial instruments	9	80	-	80	-
Other assets	10	985	1,058	18	-
		2,701,211	**2,712,962**	**1,342,495**	**1,342,417**
Total assets		**2,791,518**	**2,792,920**	**1,350,831**	**1,349,924**
Liabilities					
Current liabilities					
Borrowings from financial institutions	11	5,694	14,677	-	-
Derivative financial instruments	9	15	831	15	831
Trade and other payables	12	23,133	21,692	3,673	3,650
Contract liabilities	13	33,846	-	-	-
Retirement benefit obligations	14	1,404	1,400	-	-
Income tax payable	26	11,444	13,182	-	1
Other liabilities	16	25,911	57,335	183	225
		101,447	**109,117**	**3,871**	**4,707**
Non-current liabilities					
Borrowings from financial institutions	11	1,504,674	1,379,888	-	-
Derivative financial instruments	9	3,746	1,633	5	-
Retirement benefit obligations	14	15,147	20,437	-	-
Deferred tax liabilities	15	74,575	73,323	-	-
Other liabilities	16	18,197	18,721	-	-
		1,616,339	**1,494,002**	**5**	**-**
Total liabilities		**1,717,786**	**1,603,119**	**3,876**	**4,707**
Net assets		**1,073,732**	**1,189,801**	**1,346,955**	**1,345,217**
Equity					
Unitholders' funds	17	1,342,851	1,342,851	1,342,851	1,342,851
Reserves	18	92,136	96,121	-	-
Accumulated (deficit)/surplus	19	(363,588)	(251,503)	4,104	2,366
Equity attributable to unitholders of APTT		**1,071,399**	**1,187,469**	**1,346,955**	**1,345,217**
Non-controlling interests	20	2,333	2,332	-	-
Total equity		**1,073,732**	**1,189,801**	**1,346,955**	**1,345,217**

The above statements of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Group Amounts in $'000	Note	Year ended 31 December 2018	2017
Revenue			
Basic cable TV	24(i)	250,044	268,304
Premium digital cable TV	24(ii)	13,849	15,619
Broadband	24(iii)	49,962	50,915
Total revenue		**313,855**	**334,838**
Operating expenses			
Broadcast and production costs	25(i)	(60,049)	(64,288)
Staff costs	25(ii)	(28,056)	(30,781)
Depreciation and amortisation expense	25(iii)	(78,613)	(63,197)
Trustee-Manager fees	25(iv)	(7,285)	(7,241)
Net foreign exchange loss	25(v)	(1,053)	(6,196)
Mark to market gain/(loss) on derivative financial instruments	25(vi)	2,642	(1,681)
Other operating expenses	25(vii)	(33,876)	(31,105)
Total operating expenses		**(206,290)**	**(204,489)**
Operating profit		**107,565**	**130,349**
Amortisation of deferred arrangement fees	25(viii)	(23,125)	(8,916)
Interest and other finance costs	25(ix)	(53,847)	(56,328)
Profit before income tax		**30,593**	**65,105**
Income tax expense	26	(22,859)	(28,329)
Profit after income tax		**7,734**	**36,776**
Profit after income tax attributable to:			
Unitholders of APTT		7,407	36,446
Non-controlling interests		327	330
Profit after income tax		**7,734**	**36,776**
Basic and diluted earnings per unit attributable to unitholders of APTT	31	**0.52 cents**	**2.54 cents**

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	**Year ended 31 December**	
Amounts in $'000	**2018**	**2017**
Profit after income tax	**7,734**	**36,776**
Other comprehensive (loss)/income		
Items that will not subsequently be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	950	(1,401)
	950	**(1,401)**
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(10,239)	14,704
Unrealised movement on change in fair value of cash flow hedging financial instruments	(2,119)	3,473
Deferred tax relating to items that may subsequently be reclassified to profit or loss	473	(590)
	(11,885)	**17,587**
Other comprehensive (loss)/income, net of tax	**(10,935)**	**16,186**
Total comprehensive (loss)/income	**(3,201)**	**52,962**
Total comprehensive (loss)/income attributable to:		
Unitholders of APTT	(3,528)	52,632
Non-controlling interests	327	330
Total comprehensive (loss)/income	**(3,201)**	**52,962**

The above consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

Group Amounts in $'000	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
Balance as at 1 January 2018	**1,342,851**	**96,121**	**(251,503)**	**1,187,469**	**2,332**	**1,189,801**
Effects of adopting IFRS 9 (Note 2(a)(i)(a))	**-**	**-**	**(19,150)**	**(19,150)**	**-**	**(19,150)**
Restated balance as at 1 January 2018	**1,342,851**	**96,121**	**(270,653)**	**1,168,319**	**2,332**	**1,170,651**
Total comprehensive (loss)/income						
Profit after income tax	-	-	7,407	7,407	327	7,734
Other comprehensive loss, net of tax	-	(10,935)	-	(10,935)	-	(10,935)
Total	**-**	**(10,935)**	**7,407**	**(3,528)**	**327**	**(3,201)**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(123)	(123)
Transfer to capital reserves	-	6,950	(6,950)	-	-	-
Distributions paid	-	-	(93,392)	(93,392)	(203)	(93,595)
Total	**-**	**6,950**	**(100,342)**	**(93,392)**	**(326)**	**(93,718)**
Balance as at 31 December 2018	**1,342,851**	**92,136**	**(363,588)**	**1,071,399**	**2,333**	**1,073,732**
Balance as at 1 January 2017	**1,342,851**	**74,217**	**(188,839)**	**1,228,229**	**2,327**	**1,230,556**
Total comprehensive income						
Profit after income tax	-	-	36,446	36,446	330	36,776
Other comprehensive income, net of tax	-	16,186	-	16,186	-	16,186
Total	**-**	**16,186**	**36,446**	**52,632**	**330**	**52,962**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(117)	(117)
Transfer to capital reserves	-	5,718	(5,718)	-	-	-
Distributions paid	-	-	(93,392)	(93,392)	(208)	(93,600)
Total	**-**	**5,718**	**(99,110)**	**(93,392)**	**(325)**	**(93,717)**
Balance as at 31 December 2017	**1,342,851**	**96,121**	**(251,503)**	**1,187,469**	**2,332**	**1,189,801**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

Trust **Amounts in $'000**	**Unitholders' funds**	**Accumulated surplus/(deficit)**	**Total equity**
Balance as at 1 January 2018	**1,342,851**	**2,366**	**1,345,217**
Total comprehensive income			
Profit after income tax	-	95,130	95,130
Total	**-**	**95,130**	**95,130**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(93,392)	(93,392)
Total	**-**	**(93,392)**	**(93,392)**
Balance as at 31 December 2018	**1,342,851**	**4,104**	**1,346,955**
Balance as at 1 January 2017	**1,342,851**	**(5,523)**	**1,337,328**
Total comprehensive income			
Profit after income tax	-	101,281	101,281
Total	**-**	**101,281**	**101,281**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(93,392)	(93,392)
Total	**-**	**(93,392)**	**(93,392)**
Balance as at 31 December 2017	**1,342,851**	**2,366**	**1,345,217**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Group	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Cash flows from operating activities		
Profit after income tax	**7,734**	**36,776**
Adjustments for:		
Depreciation and amortisation expense	78,613	63,197
Net foreign exchange loss	1,375	5,274
Mark to market (gain)/loss on derivative financial instruments	(2,642)	1,681
Amortisation of deferred arrangement fees	23,125	8,916
Interest and other finance costs	53,847	56,328
Income tax expense	22,859	28,329
Operating cash flows before movements in working capital	**184,911**	**200,501**
Trade and other receivables	(1,626)	2,957
Income tax refund receivable	-	15
Trade and other payables	1,441	449
Contract liabilities	(2,477)	-
Retirement benefit obligations	(4,336)	(345)
Other assets	(789)	2,067
Other liabilities	(407)	1,810
Cash generated from operations	**176,717**	**207,454**
Income tax paid, net of refunds	(16,742)	(19,118)
Net cash inflows from operating activities	**159,975**	**188,336**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(73,876)	(85,777)
Proceeds from disposal of property, plant and equipment	-	51
Acquisition of intangible assets	(12,664)	(13,320)
Net cash used in investing activities	**(86,540)**	**(99,046)**
Cash flows from financing activities		
Interest and other finance costs paid (Note 11)	(53,536)	(56,039)
Borrowings from financial institutions (Note 11)	1,366,517	76,517
Repayment of borrowings to financial institutions (Note 11)	(1,286,587)	(5,246)
Settlement of derivative financial instruments (Note 11)	630	(3,058)
Settlement of transactions with non-controlling interests	(123)	(117)
Distributions to non-controlling interests	(203)	(208)
Distributions to unitholders	(93,392)	(93,392)
Net cash used in financing activities	**(66,694)**	**(81,543)**
Net increase in cash and cash equivalents	**6,741**	**7,747**
Cash and cash equivalents at the beginning of the year	66,835	59,088
Cash and cash equivalents at the end of the year (Note 4)	**73,576**	**66,835**

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

(1) GENERAL INFORMATION

Asian Pay Television Trust ("APTT" or the "Trust") is a business trust constituted on 30 April 2013 under the laws of the Republic of Singapore and registered under Chapter 31A of the Business Trusts Act ("BTA"). APTT is managed by APTT Management Pte. Limited (the "Trustee-Manager"), a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami") which is a Singapore registered company majority owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

APTT was admitted to the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") and was listed on the SGX-ST on 29 May 2013, when APTT also acquired the pay-TV and broadband businesses of Taiwan Broadband Communications Group ("TBC").

APTT's investment mandate is 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.

The consolidated financial statements of the Group and the statements of financial position and statements of changes in equity of APTT for the year ended 31 December 2018 were authorised for issue by the Board of Directors of the Trustee-Manager (the "Board") on 26 February 2019.

(2) SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements of APTT and the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value-in-use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Singapore dollars ("$"), rounded to the nearest thousand dollar unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the Trustee-Manager to exercise judgment in the process of applying the Group's accounting policies. Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Group meets its day-to-day working capital requirements through its cash and bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current cash and bank facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future based on the factors and assumptions as disclosed in Note 27(ii)(c). The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

In the current financial year, the Group has adopted all the new IFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. The adoption of these new IFRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

Impact of initial application of IFRS 9 *Financial Instruments*

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allows the Group not to restate comparatives. Effects arising from the adoption of IFRS 9 that are attributable to periods before the reporting period, have been recognised directly in retained earnings as at the beginning of the reporting period.

Additionally, the Group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's financial statements are described below.

The significant accounting policies for financial instruments under IFRS 9 is disclosed in Note 2(h).

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group (continued)

Impact of initial application of IFRS 9 *Financial Instruments* (continued)

(a) Classification and measurement of financial assets (continued)

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income ("FVTOCI"); and
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

The Group reviewed and assessed the existing financial assets at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- there is no change in the measurement of the Group's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL; and
- financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on trade receivables.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables in certain circumstances.

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Group's exposure to credit risk in the financial statements. Refer Note 27(ii)(b) for more details.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group (continued)

Impact of initial application of IFRS 9 *Financial Instruments* (continued)

(c) Classification and measurement of financial liabilities

IFRS 9 requires the Group to account for substantial modification of the terms of an existing liability or part of it as part of an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification should be recognised in profit or loss as modification gain or loss. For financial instrument which includes a prepayment option at par, with no break cost, the original financial instrument is derecognised, including any unamortised transaction costs, and the new instrument is recognised at fair value.

Under IAS 39, the modified cash flows, including any unamortised transaction costs, were discounted at the revised effective interest rate, and the difference in the discounted cash flows would be recognised in the profit or loss over the remaining period.

During the year ended 31 December 2016, the Group refinanced its onshore facilities, which did not include break costs on early prepayment. Following the refinancing, there were changes to the interest margin and financial covenants on the onshore facilities. This resulted in an extinguishment of the original onshore facilities and the recognition of the new onshore facilities. As a result of adopting accounting treatment under IFRS 9, the unamortised arrangement fees on the original onshore facilities amounting to $23.0 million, with a deferred tax benefit amounting to $3.8 million as at 31 December 2017 were adjusted directly against the opening retained earnings balance as at 1 January 2018. Refer Note 2(a)(i)(a).

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced. The application of the IFRS 9 hedge accounting requirements has had no other impact on the results and financial position of the Group for the current and prior year. Please refer to Note 27 for detailed disclosures regarding the Group's risk management activities.

Impact of application of IFRS 15 *Revenue from Contracts with Customers*

In the current year, the Group has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group's financial statements are described below.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group (continued)

Impact of application of IFRS 15 *Revenue from Contracts with Customers* (continued)

The Group has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe what might more commonly be known as ‘accrued revenue’ and ‘deferred revenue’, however IFRS 15 does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

The Group’s accounting policies for its revenue streams are disclosed in detail in Note 2(f). Apart from providing more extensive disclosures for the Group’s revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and financial performance of the Group. The amount of adjustment for each financial statement line item affected by the application of IFRS 15 is illustrated below.

The effects of adoption IFRS 9 and IFRS 15 under the modified retrospective approach are presented and explained below:

(a) Impact on the consolidated statement of financial position as at 1 January 2018 (date of initial application)

Group Amounts in $’000	Previously reported as at 31 December 2017	Adoption of IFRS 9[1]	Adjusted as at 1 January 2018
Equity			
Accumulated deficit	(251,503)	(19,150)	(270,653)
Borrowings from financial institutions	1,394,565	23,032	1,417,597
Deferred tax liabilities/(assets)	73,323	(3,882)	69,441

(b) Impact on the consolidated statement of financial position as at 31 December 2018 (current reporting period)

Group Amounts in $’000	Under previous IAS 18	Adoption of IFRS 15[2]	Under new IFRS
Liabilities			
Contract liabilities	-	33,846	33,846
Other liabilities	59,757	(33,846)	25,911

[1] Being recognition of the unamortised arrangement fees of the original onshore facilities amounting to $23.0 million, with a deferred tax benefit amounting to $3.8 million, adjusted to opening retained earnings upon initial adoption of IFRS 9.

[2] Being reclassification of subscription revenue collected in advance by the Group to contract liabilities. These amounts were paid upfront as part of the initial sales transaction, whereas revenue is only recognised when the subscription services for Basic cable TV, Premium digital cable TV and Broadband services are provided to the customer.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group (continued)

(c) Impact on the consolidated statement profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2018 (current reporting period)

The adoption of IFRS 9 and IFRS 15 (under the modified approach) did not have an impact on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows in the current reporting period.

(ii) New standards, amendments and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following standards and interpretations that are relevant to the Group have been issued but not yet effective:

IFRS 16	*Leases*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 *Business Combinations,* IFRS 11 *Joint Arrangements,* IAS 12 *Income Taxes and* IAS 23 *Borrowing Costs*[2]
Amendments to IAS 19 *Employee Benefits*	Plan Amendments, Curtailment or Settlement[2]

[1] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted for entities that have also adopted IFRS 15 *Revenue from Contracts with Customers*.

[2] Effective for annual periods beginning on or after 1 January 2019.

The Trustee-Manager anticipates that the adoption of the above new or revised standards and amendments to IFRS in future periods will not have a material impact on the accounting policies and financial statements of the Group and of the Trust in the period of their initial adoption except for the following:

IFRS 16 *Leases*

IFRS 16 *Leases* was issued in January 2016 and it supersedes IAS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor IAS 17.

Under IFRS 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of IFRS 16. Additional disclosures may also be made with respect to leases, including any significant judgment and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

As at 31 December 2018, the Group has non-cancellable operating lease commitments as disclosed in Note 22. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have impacts on the amounts recognised in the Group's financial statements and management is currently assessing its potential impact.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiary companies

Subsidiaries are all entities (including special purpose entities) over which control is achieved when the Trust:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power, including:

- the size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Trust, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Trust has, or does not have, the current ability to direct the relevant activities at that time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the unitholders of APTT and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the unitholders of APTT and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Trust's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Trust are eliminated on consolidation.

The Trust carries investment in subsidiaries at cost less allowance for impairment losses in its separate financial statements.

(c) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combination (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(d) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group, and are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore dollars, which is the APTT's functional currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the reporting date are recognised in the statement of profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Group companies

The results and financial position of the entities within the Group (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserves. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing exchange rates at the reporting date. Exchange differences arising on such transaction are recognised in other comprehensive income.

(f) Revenue recognition

Before 1 January 2018

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

From 1 January 2018

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

Revenue comprises subscription and non-subscription revenue earned from Basic cable TV, Premium digital cable TV and Broadband services.

Subscription revenue

Subscription revenues are billed and collected in advance. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as contract liabilities. Revenue from bundled products and services are recognised based on values allocated to the individual element of the bundled product and services in accordance to the earning process of each element. Subscription revenue is recognised over time as the Group satisfies its performance obligations over time. The transaction price allocated to these subscriptions is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Non-subscription revenue

Non-subscription revenue comprised of channel leasing revenue, advertising revenue and installation revenue. Channel leasing revenue and advertising revenue are billed on a monthly basis and payments are due shortly after the bill date. Installation revenue is recognised when the installation of equipment is completed. Such services are non-refundable and recognised as a performance obligation satisfied at a point in time. A receivable is recognised by the Group when the goods or services are delivered or rendered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(g) Distributions

Distributions to APTT's unitholders are recognised as a liability in the Group's financial statement in the period in which the distributions are approved by the directors.

Distributions will be declared and paid in Singapore dollars. Any proposed distributions by the Trust will be paid from its residual cash flows ("distributable free cash flows"). These cash flows are derived from dividends and principal and interest payments (net of applicable taxes and expenses) received by the Trust from the entities held within the Group. In addition, any other cash received by the Trust from the entities held within the Group also contribute towards distributable free cash flows.

The distributable free cash flows available to the Trust are after any cash required to: (i) pay the operating expenses of the Trust, including the Trustee-Manager's fees, (ii) repay principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust, (iii) pay interest or any other financing expense on any debt or financing arrangement of the Trust, (iv) provide for the cash flow needs of the Trust or to ensure that the Trust has sufficient funds and/or financing resources to meet the short-term liquidity needs of the Trust and (v) provide for the cash needs of the Trust for capital expenditure purposes.

The Trust intends to distribute 100% of its distributable free cash flows. Distributions will be made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. The Trustee-Manager will pay the distributions no later than 90 days after the end of each distribution period.

(h) Financial instruments

Before 1 January 2018

Financial assets and liabilities are recognised in the statement of financial position at the date when the Group becomes a party to the contractual provisions of the financial instruments. Regular purchases and sales, if any, of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Before 1 January 2018 *(continued)*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are recognised initially at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

The Group assesses at each reporting date whether there is objective evidence that loans and receivables are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectable, it is written off against the allowance account. Subsequent recoveries of the amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The allowance for impairment loss account is reduced through the consolidated statements of profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The amounts are unsecured and are usually paid within a reasonable period of time from their recognition. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

After 1 January 2018

Financial assets and liabilities are recognised in the statement of financial position at the date when the Group becomes a party to the contractual provisions of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

After 1 January 2018 *(continued)*

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Amortised cost and effective interest method (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27(ii)(e).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Foreign exchange gains and losses *(continued)*

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amount.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(iii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iv) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of the financial difficulties.

(v) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(vi) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 *Leases*.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Trust's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Trust's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

Financial liabilities at FVTPL *(continued)*

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in Note 27(ii)(e).

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

Foreign exchange gains and losses *(continued)*

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. For financial instrument which includes a prepayment option at par, with no break cost, the original financial instrument is derecognised, including any unamortised transaction costs, and the new instrument is recognised at fair value.

When the Group exchanges with the existing lender one debt instrument into another with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification is recognised in profit or loss as modification gain or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The activities of the Group expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap agreements to hedge these exposures. Those contracts that can also be settled in cash are treated as a financial instrument. The Group does not use derivative financial instruments for speculative purposes. The use of leveraged instruments is not permitted.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Derivative financial instruments (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis - the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(i) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Derivative financial instruments (continued)

(ii) Cash flow hedges (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks and are subject to an insignificant risk of changes in value.

(k) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost, subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings 3-50 years[1]
- Leasehold improvements 3-10 years
- Network equipment 2-10 years
- Transport equipment 5 years[2]
- Plant and equipment 2-5 years[3]
- Leased equipment 3 years

1 Buildings with useful life of 2 years have been fully amortised in 2017. The remaining buildings are depreciated over their useful life of 3-50 years.
2 Transport equipment with useful life of 7 years have been fully amortised in 2018. The remaining transport equipment are depreciated over their useful life of 5 years.
3 Plant and equipment with useful life of 6 years have been amortised in 2018. The remaining plant and equipment are depreciated over their useful life of 2-5 years.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment (continued)

Depreciation on assets under construction commences when the assets are ready for the intended use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(l) Leases

The Group as lessee

Leases of property, plant and equipment of which the Group has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance lease is depreciated over the shorter of the asset's useful life and the lease term. Where there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset should be depreciated over its useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(m) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Intangible assets (continued)

(ii) Intangible assets acquired in a business combination (continued)

Cable TV licences

Costs incurred in acquiring cable TV licences are brought to account as intangible assets. The assets are assessed as having indefinite useful life and therefore there is no amortisation charge booked against the carrying value.

Under the provisions of the Taiwan's Cable Radio and Television Law (Taiwan) (the "CRTL"), the National Communications Commission ("NCC") or similarly established regulatory body in accordance with the laws of Taiwan renews a cable TV licence every nine years at no significant cost. The Group has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009. For the next renewal period, the Group's cable TV licences have been extended to 12 years following the Cable Law amendments to accelerate digitisation and analogue broadcasting switch-off, making the next renewal periods in 2020 and 2021. The Group completed the digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting. Unless there is a significant risk of an offence against the CRTL or a breach of conditions under the licence, there is no reason to believe the licences will not be renewed. Further, the lives of the cable TV licences are not limited by any other technical, legal or commercial factors, either known or anticipated.

The Trustee-Manager reviews the determination of indefinite life at each reporting date to determine whether events and circumstances continue to support the indefinite useful life assessment. The cable TV licences are subject to an annual impairment test.

Software

Costs incurred in acquiring software are brought to account as intangible assets. Software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life of three years.

Programming rights

Costs incurred in acquiring programming rights, with a broadcasting period of more than one year, are brought to account as intangible assets. Programming rights are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life of 17 months.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the fair value of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs-to-sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(iii) Derecognition of intangible assets

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of intangible assets

(i) Impairment of goodwill and intangible assets with indefinite useful life

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's Cash Generating Units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less costs-to-sell or value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss on goodwill and assets that have an indefinite useful life is recognised directly in profit or loss and is not reversed in a subsequent period.

(ii) Impairment of intangible assets with finite useful life

The carrying values of intangible assets with finite useful lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events (it is more likely than not that an outflow of resources will be required to settle the obligation) and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(p) Retirement benefit obligations

The Group operates both a defined benefit scheme and a defined contribution scheme. Eligibility for participation in each of the plans is governed by employment and related law in the country of employment for employees of the Group.

(i) Defined benefit scheme

The defined benefit scheme, for certain eligible employees in Taiwan, provides defined benefits based on years of service and average salary for the six-month period before retirement.

A liability or asset in respect of the defined benefit scheme is recognised in the statements of financial position and is measured at the present value of the defined benefit obligations at the reporting date less the fair value of the plan's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligations is based on expected future payments which arise from membership in the scheme to the reporting date, calculated at least annually by independent actuaries.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Retirement benefit obligations (continued)

(i) Defined benefit scheme (continued)

Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

(ii) Defined contribution scheme

The defined contribution scheme comprises fixed contributions made by the Group with the Group's legal or constructive obligation being limited to these contributions. Contributions to the defined contribution scheme are recognised as an expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognised in the statement of financial position as an asset to the extent that a cash refund or a reduction in the future payments is available.

(q) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(r) Share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(s) Borrowings and interest-bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of profit or loss over the period of the borrowings using the effective interest method.

Borrowings that are due to be settled within 12 months after the reporting date are included in current borrowings in the statement of financial position. Other borrowings due to be settled more than 12 months after the reporting date are included in non-current borrowings in the statement of financial position.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Current and deferred tax

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction as at the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is certain that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination.

(v) Unitholders' funds

Ordinary units of the Trust are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Incremental costs directly attributable to the issuance of new ordinary units are deducted against the unitholders' funds account.

(w) Earnings per unit

(i) Basic

Basic earnings per unit is calculated by dividing the profit after income tax attributable to unitholders of APTT by the weighted average number of ordinary units in issue during the year.

(ii) Diluted

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the profit after income tax effect of interest and other finance costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

NOTES TO THE FINANCIAL STATEMENTS

(3) CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee-Manager to exercise judgment in the process of applying the accounting estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The Trustee-Manager believes that the estimates used in the preparation of the financial statements are reasonable. Actual results in the future, however, may differ from those reported.

The following are the critical judgments and key sources of estimation uncertainty that the Trustee-Manager has made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(i) Indefinite useful lives of the cable TV licences (Note 8)

The Trustee-Manager exercises judgment in estimating the useful lives of the cable TV licences. The cable TV licences are subject to renewal every nine years, at no significant additional cost. The Group has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009. For the next renewal period, the Group's cable TV licences have been extended to 12 years following the Cable Law amendments to accelerate digitisation and analogue broadcasting switch-off, making the next renewal periods in 2020 and 2021. The Group completed the digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting. Unless there is a significant risk of a violation of CRTL or a breach of the conditions of any of the licences, there is no reason to believe the licences will not be renewed. In addition, the lives of the cable TV licences are not limited by any other technical, legal or commercial factors, either known or anticipated. Taking these factors into consideration, it is the judgment of the Trustee-Manager that the cable TV licences have useful lives of an indefinite duration. Consequently, no deferred tax liabilities have been provided on the temporary differences relating to the cable TV licences as at the acquisition date as it is deemed that recovery would be through a sale transaction, which the Trustee-Manager expects would not be subject to capital gains taxes. The Trustee-Manager reviews the determination of useful life at each reporting date to determine whether events and circumstances continue to support the indefinite useful life assessment. Costs incurred in acquiring the cable TV licences are brought to account as intangible assets. The cable TV licences are subject to annual impairment testing, as discussed below.

(ii) Impairment of goodwill and intangible assets with indefinite useful lives (Note 8)

Goodwill and intangible assets with indefinite useful lives are not subject to amortisation and are tested annually for impairment. Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of their recoverable amounts (as an impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount). The recoverable amount is the higher of (i) an asset's fair value less costs-to-sell or (ii) the value-in-use of the CGU to which goodwill and intangible assets have been allocated. The fair values less costs-to-sell require the Trustee-Manager to estimate, based on the best information available, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date after deducting the costs of disposal. Where there are no active markets, the Trustee-Manager has to exercise judgment in estimating the recoverable amounts of these assets, which are calculated based on discounted cash flow model using forecast cash flows generated by the Group and an appropriate discount rate. Having considered the above, the Trustee-Manager is of the view that there is no impairment of goodwill and cable TV licences amounting to $2,359.5 million as at 31 December 2018 (31 December 2017: $2,379.4 million).

(iii) Depreciation and impairment of property, plant and equipment (Note 7)

As at 31 December 2018, the carrying value of property, plant and equipment was $328.3 million (31 December 2017: $320.9 million) as disclosed in Note 7. All items of property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off cost of property, plant and equipment, adjusted for residual value, over its estimated useful life, using the straight-line method. The Trustee-Manager exercises its judgment in estimating the useful lives and residual value of the depreciable assets. The estimated useful lives reflects the Trustee-Manager's estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable assets.

NOTES TO THE FINANCIAL STATEMENTS

(3) CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

(iii) Depreciation and impairment of property, plant and equipment (Note 7) (continued)

The Trustee-Manager reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs-to-sell or value-in-use.

(4) CASH AND CASH EQUIVALENTS

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Cash on hand	44	41	-	-
Cash at bank	73,532	66,794	7,161	7,439
Total	**73,576**	**66,835**	**7,161**	**7,439**

The currency denomination and exposure to currency risk of cash and cash equivalents are disclosed in Note 27(ii)(a).

(5) TRADE AND OTHER RECEIVABLES

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Trade receivables due from outside parties	13,472	11,866	-	-
Less: Loss allowance	(1)	(21)	-	-
Total	**13,471**	**11,845**	**-**	**-**

At financial statements date, the carrying amounts of current trade and other receivables approximate their fair values.

Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 180 days credit term (31 December 2017: 30 to 180 days). They are initially recognised at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest method, less any impairment. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables is estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The currency denomination and exposure to currency risk and credit risk of trade receivables are disclosed in Note 27(ii)(a) and Note 27(ii)(b) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(5) TRADE AND OTHER RECEIVABLES (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

Group	Lifetime ECL - Credit-impaired		
Amounts in $'000	**Collectively assessed**	**Individually assessed**	**Total**
Balance as at 1 January 2017	-	-	-
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	-	21	21
Balance as at 31 December 2017	**-**	**21**	**21**
Amounts written-off	-	(20)	(20)
Balance as at 31 December 2018	**-**	**1**	**1**

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance.

Group	31 December 2018 Decrease in lifetime ECL	
Amounts in $'000	**Not credit-impaired**	**Credit-impaired**
One customer's account went from within 90 days past due as at 1 January 2018 to over 120 days past due as at 31 December 2018	-	(20)

Group	31 December 2017 Increase in lifetime ECL	
Amounts in $'000	**Not credit-impaired**	**Credit-impaired**
Origination of new trade receivables net of those settled, as well as increase in days past due up to 90 days	-	21

(6) INVESTMENT IN SUBSIDIARIES

The Trust invested in TBC through the acquisition of two Bermudian investment holding companies.

Held by the Trust	Principal activities	Country of incorporation	Equity holding %		Equity holding $'000	
Name of subsidiary			**2018**	**2017**	**2018**	**2017**
APTT Holdings 1 Limited	Investment holding company	Bermuda	100	100	704,734	704,734
APTT Holdings 2 Limited	Investment holding company	Bermuda	100	100	637,617	637,617
Total					**1,342,351**	**1,342,351**

NOTES TO THE FINANCIAL STATEMENTS

(6) INVESTMENT IN SUBSIDIARIES (continued)

The following entities were within the Group as at 31 December 2018:

Name of entity	Type	Principal activities	Country of incorporation	Proportion of ownership interest	Proportion of voting power held	Reporting date
APTT Holdings 1 Limited	Subsidiary	Investment holding company	Bermuda	100%	100%	31 December
APTT Holdings 2 Limited	Subsidiary	Investment holding company	Bermuda	100%	100%	31 December
Cable TV S.A.	Subsidiary	Investment holding company	Luxembourg	100%	100%	31 December
TBC Holdings B.V.	Subsidiary	Investment holding company	Netherlands	100%	100%	31 December
Harvest Cable Holdings B.V.[1]	Subsidiary	Investment holding company	Netherlands	15%	100%	31 December
Jie Guang Co., Ltd	Subsidiary	Investment holding company	Taiwan	100%	100%	31 December
Jia Guang Co., Ltd	Subsidiary	Investment holding company	Taiwan	77%	100%	31 December
Wo Jun Co., Ltd	Subsidiary	Investment holding company	Taiwan	59.3%	100%	31 December
Tai Luo Tze Co., Ltd[1]	Subsidiary	Investment holding company	Taiwan	11.6%	100%	31 December
Tau Luen Co., Ltd[1]	Subsidiary	Investment holding company	Taiwan	8.9%	100%	31 December
Taiwan Broadband Communications Co., Ltd	Subsidiary	A multisystem cable TV operator	Taiwan	59.3%	100%	31 December
Nan Tao Yuan Cable Television Co., Ltd	Subsidiary	A cable TV system operator	Taiwan	59.3%	100%	31 December
Best Cable Television Co., Ltd	Subsidiary	A cable TV system operator	Taiwan	59.3%	100%	31 December
Shin Ho Cable Television Co., Ltd	Subsidiary	A cable TV system operator	Taiwan	59.3%	100%	31 December
Chun Chien Cable TV Co., Ltd	Subsidiary	A cable TV system operator	Taiwan	59.3%	99.9%	31 December
Chi Yuan Cable TV Co., Ltd[1]	Subsidiary	A cable TV system operator	Taiwan	8.9%	100%	31 December

[1] Although the Group effectively holds 15%, 11.6%, 8.9% and 8.9% interest in Harvest Cable Holdings B.V. (“Harvest Cable Holdings”), Tai Luo Tze Co., Ltd (“Tai Luo Tze”), Tau Luen Co., Ltd (“Tau Luen”) and Chi Yuan Cable TV Co., Ltd. (“Chi Yuan”) respectively, it has the ability to use its power to affect its returns from Harvest Cable Holdings, Tai Luo Tze, Tau Luen and Chi Yuan pursuant to a series of arrangements among the shareholders in these entities, and the Group receives substantially all of Harvest Cable Holdings’, Tai Luo Tze’s, Tau Luen’s and Chi Yuan’s economic interest. Accordingly, the Group regards Harvest Cable Holdings, Tai Luo Tze, Tau Luen and Chi Yuan as subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

(7) PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment ("PPE") are initially recorded at cost, subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Group Cost Amounts in $'000	**As at 1 January 2018**	**Additions**	**Transfer within PPE**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2018**
Land	3,227	28	438	-	(26)	3,667
Buildings	7,638	22	1,940	(15)	(56)	9,529
Leasehold improvements	2,802	-	255	-	(24)	3,033
Network equipment	492,643	6,602	55,357	(33)	(4,235)	550,334
Plant and equipment	14,128	93	1,892	(26)	(122)	15,965
Transport equipment	4,524	-	-	-	(38)	4,486
Leased equipment	495	84	-	(145)	(3)	431
Assets under construction	6,522	68,554	(59,882)	-	(97)	15,097
Total	**531,979**	**75,383**	**-**	**(219)**	**(4,601)**	**602,542**

Group Cost Amounts in $'000	**As at 1 January 2017**	**Additions**	**Transfer within PPE**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2017**
Land	2,930	-	278	-	19	3,227
Buildings	4,528	-	3,078	-	32	7,638
Leasehold improvements	2,636	5	143	-	18	2,802
Network equipment	416,867	2,858	75,939	(5,184)	2,163	492,643
Plant and equipment	8,554	43	5,539	(15)	7	14,128
Transport equipment	3,516	-	998	(1)	11	4,524
Leased equipment	492	-	-	-	3	495
Assets under construction	9,738	82,707	(85,975)	(3)	55	6,522
Total	**449,261**	**85,613**	**-**	**(5,203)**	**2,308**	**531,979**

Trust Cost Amounts in $'000	**As at 1 January 2018**	**Additions**	**Transfer within PPE**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2018**
Leasehold improvements	3	-	-	-	-	3
Plant and equipment	43	11	-	-	-	54
Total	**46**	**11**	**-**	**-**	**-**	**57**

Trust Cost Amounts in $'000	**As at 1 January 2017**	**Additions**	**Transfer within PPE**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2017**
Leasehold improvements	-	3	-	-	-	3
Plant and equipment	-	43	-	-	-	43
Total	**-**	**46**	**-**	**-**	**-**	**46**

NOTES TO THE FINANCIAL STATEMENTS

(7) PROPERTY, PLANT AND EQUIPMENT (continued)

Group Accumulated depreciation and impairment Amounts in $'000	As at 1 January 2018	Depreciation and impairment	Transfer within PPE	Disposals/ write-offs	Foreign exchange effect	As at 31 December 2018
Land	912	-	-	-	(8)	904
Buildings	(1,511)	(1,474)	-	15	14	(2,956)
Leasehold improvements	(1,068)	(491)	-	-	11	(1,548)
Network equipment	(198,541)	(59,900)	-	33	1,791	(256,617)
Plant and equipment	(7,534)	(2,444)	-	26	68	(9,884)
Transport equipment	(2,988)	(547)	-	-	26	(3,509)
Leased equipment	(280)	(102)	-	50	3	(329)
Assets under construction	(117)	(178)	-	-	-	(295)
Total	**(211,127)**	**(65,136)**	**-**	**124**	**1,905**	**(274,234)**

Group Accumulated depreciation and impairment Amounts in $'000	As at 1 January 2017	Depreciation and impairment	Transfer within PPE	Disposals/ write-offs	Foreign exchange effect	As at 31 December 2017
Land	906	-	-	-	6	912
Buildings	(818)	(692)	-	-	(1)	(1,511)
Leasehold improvements	(614)	(453)	-	-	(1)	(1,068)
Network equipment	(149,355)	(53,731)	1	5,133	(589)	(198,541)
Plant and equipment	(5,398)	(2,132)	-	15	(19)	(7,534)
Transport equipment	(2,333)	(645)	(1)	1	(10)	(2,988)
Leased equipment	(179)	(100)	-	-	(1)	(280)
Assets under construction	(120)	-	-	3	-	(117)
Total	**(157,911)**	**(57,753)**	**-**	**5,152**	**(615)**	**(211,127)**

Trust Accumulated depreciation and impairment Amounts in $'000	As at 1 January 2018	Depreciation and impairment	Transfer within PPE	Disposals/ write-offs	Foreign exchange effect	As at 31 December 2018
Leasehold improvements	(1)	(2)	-	-	-	(3)
Plant and equipment	(8)	(17)	-	-	-	(25)
Total	**(9)**	**(19)**	**-**	**-**	**-**	**(28)**

Trust Accumulated depreciation and impairment Amounts in $'000	As at 1 January 2017	Depreciation and impairment	Transfer within PPE	Disposals/ write-offs	Foreign exchange effect	As at 31 December 2017
Leasehold improvements	-	(1)	-	-	-	(1)
Plant and equipment	-	(8)	-	-	-	(8)
Total	**-**	**(9)**	**-**	**-**	**-**	**(9)**

NOTES TO THE FINANCIAL STATEMENTS

(7) PROPERTY, PLANT AND EQUIPMENT (continued)

The amounts recognised in the consolidated statements of financial position are determined as follows:

Group Carrying value Amounts in $'000	As at 1 January 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2018
Land	4,139	28	438	-	-	(34)	4,571
Buildings	6,127	22	1,940	-	(1,474)	(42)	6,573
Leasehold improvements	1,734	-	255	-	(491)	(13)	1,485
Network equipment	294,102	6,602	55,357	-	(59,900)	(2,444)	293,717
Plant and equipment	6,594	93	1,892	-	(2,444)	(54)	6,081
Transport equipment	1,536	-	-	-	(547)	(12)	977
Leased equipment	215	84	-	(95)	(102)	-	102
Assets under construction	6,405	68,554	(59,882)	-	(178)	(97)	14,802
Total	**320,852**	**75,383**	**-**	**(95)**	**(65,136)**	**(2,696)**	**328,308**

Group Carrying value Amounts in $'000	As at 1 January 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2017
Land	3,836	-	278	-	-	25	4,139
Buildings	3,710	-	3,078	-	(692)	31	6,127
Leasehold improvements	2,022	5	143	-	(453)	17	1,734
Network equipment	267,512	2,858	75,940	(51)	(53,731)	1,574	294,102
Plant and equipment	3,156	43	5,539	-	(2,132)	(12)	6,594
Transport equipment	1,183	-	997	-	(645)	1	1,536
Leased equipment	313	-	-	-	(100)	2	215
Assets under construction	9,618	82,707	(85,975)	-	-	55	6,405
Total	**291,350**	**85,613**	**-**	**(51)**	**(57,753)**	**1,693**	**320,852**

Trust Carrying value Amounts in $'000	As at 1 January 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2018
Leasehold improvements	2	-	-	-	(2)	-	-
Plant and equipment	35	11	-	-	(17)	-	29
Total	**37**	**11**	**-**	**-**	**(19)**	**-**	**29**

Trust Carrying value Amounts in $'000	As at 1 January 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2017
Leasehold improvements	-	3	-	-	(1)	-	2
Plant and equipment	-	43	-	-	(8)	-	35
Total	**-**	**46**	**-**	**-**	**(9)**	**-**	**37**

NOTES TO THE FINANCIAL STATEMENTS

(7) PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2018, the Group has pledged property, plant and equipment having carrying amounts of $301.8 million (31 December 2017: $301.0 million) to secure debt facilities granted to the Group (Note 11).

During the year ended 31 December 2018, the Group acquired property, plant and equipment with an aggregate cost of $75.4 million (31 December 2017: $85.6 million) of which $4.5 million remained unpaid as at 31 December 2018 (31 December 2017: $3.0 million).

(8) INTANGIBLE ASSETS

Cable TV licences

Costs incurred in acquiring cable TV licences are brought to account as intangible assets. The assets are assessed as having indefinite useful lives and therefore there is no amortisation charge booked against the carrying value. Consequently, no deferred tax liabilities have been provided on the temporary differences relating to the cable TV licences as at the acquisition date as it is deemed that recovery would be through a sale transaction, which the Trustee-Manager expects would not be subject to capital gains taxes.

Software

Costs incurred in acquiring software are brought to account as intangible assets. Software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life.

Programming rights

Costs incurred in acquiring programming rights, with a broadcasting period of more than one year, are brought to account as intangible assets. Programming rights are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life.

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less any impairment losses. Goodwill is allocated to CGU and is tested annually for impairment.

Group Cost Amounts in $'000	**As at 1 January 2018**	**Additions**	**Disposals**	**Foreign exchange effect**	**As at 31 December 2018**
Cable TV licences	2,371,588	-	-	(19,906)	2,351,682
Software	9,139	2,178	(1,125)	(75)	10,117
Programming rights	10,744	12,127	-	(73)	22,798
Goodwill	7,843	-	-	(66)	7,777
Total	**2,399,314**	**14,305**	**(1,125)**	**(20,120)**	**2,392,374**

Group Cost Amounts in $'000	**As at 1 January 2017**	**Additions**	**Disposals**	**Foreign exchange effect**	**As at 31 December 2017**
Cable TV licences	2,355,970	-	-	15,618	2,371,588
Software	8,520	2,295	(1,758)	82	9,139
Programming rights	4,274	10,729	(4,356)	97	10,744
Goodwill	7,791	-	-	52	7,843
Total	**2,376,555**	**13,024**	**(6,114)**	**15,849**	**2,399,314**

NOTES TO THE FINANCIAL STATEMENTS

(8) INTANGIBLE ASSETS (continued)

Trust Cost Amounts in $'000	As at 1 January 2018	Additions	Disposals	Foreign exchange effect	As at 31 December 2018
Software	35	-	-	-	35
Total	**35**	**-**	**-**	**-**	**35**

Trust Cost Amounts in $'000	As at 1 January 2017	Additions	Disposals	Foreign exchange effect	As at 31 December 2017
Software	-	35	-	-	35
Total	**-**	**35**	**-**	**-**	**35**

Group Accumulated amortisation Amounts in $'000	As at 1 January 2018	Amortisation	Disposals	Foreign exchange effect	As at 31 December 2018
Cable TV licences	-	-	-	-	-
Software	(5,102)	(2,374)	1,125	41	(6,310)
Programming rights	(3,160)	(11,103)	-	37	(14,226)
Goodwill	-	-	-	-	-
Total	**(8,262)**	**(13,477)**	**1,125**	**78**	**(20,536)**

Group Accumulated amortisation Amounts in $'000	As at 1 January 2017	Amortisation	Disposals	Foreign exchange effect	As at 31 December 2017
Cable TV licences	-	-	-	-	-
Software	(4,538)	(2,288)	1,758	(34)	(5,102)
Programming rights	(4,274)	(3,156)	4,356	(86)	(3,160)
Goodwill	-	-	-	-	-
Total	**(8,812)**	**(5,444)**	**6,114**	**(120)**	**(8,262)**

Trust Accumulated amortisation Amounts in $'000	As at 1 January 2018	Amortisation	Disposals	Foreign exchange effect	As at 31 December 2018
Software	(6)	(12)	-	-	(18)
Total	**(6)**	**(12)**	**-**	**-**	**(18)**

Trust Accumulated amortisation Amounts in $'000	As at 1 January 2017	Amortisation	Disposals	Foreign exchange effect	As at 31 December 2017
Software	-	(6)	-	-	(6)
Total	**-**	**(6)**	**-**	**-**	**(6)**

NOTES TO THE FINANCIAL STATEMENTS

(8) INTANGIBLE ASSETS (continued)

Group Carrying value Amounts in $'000	As at 1 January 2018	Additions	Disposals	Amortisation	Foreign exchange effect	As at 31 December 2018
Cable TV licences	2,371,588	-	-	-	(19,906)	2,351,682
Software	4,037	2,178	-	(2,374)	(34)	3,807
Programming rights	7,584	12,127	-	(11,103)	(36)	8,572
Goodwill	7,843	-	-	-	(66)	7,777
Total	**2,391,052**	**14,305**	**-**	**(13,477)**	**(20,042)**	**2,371,838**

Group Carrying value Amounts in $'000	As at 1 January 2017	Additions	Disposals	Amortisation	Foreign exchange effect	As at 31 December 2017
Cable TV licences	2,355,970	-	-	-	15,618	2,371,588
Software	3,982	2,295	-	(2,288)	48	4,037
Programming rights	-	10,729	-	(3,156)	11	7,584
Goodwill	7,791	-	-	-	52	7,843
Total	**2,367,743**	**13,024**	**-**	**(5,444)**	**15,729**	**2,391,052**

Trust Carrying value Amounts in $'000	As at 1 January 2018	Additions	Disposals	Amortisation	Foreign exchange effect	As at 31 December 2018
Software	29	-	-	(12)	-	17
Total	**29**	**-**	**-**	**(12)**	**-**	**17**

Trust Carrying value Amounts in $'000	As at 1 January 2017	Additions	Disposals	Amortisation	Foreign exchange effect	As at 31 December 2017
Software	-	35	-	(6)	-	29
Total	**-**	**35**	**-**	**(6)**	**-**	**29**

The value of the cable TV licences and goodwill is allocated to the Group's single CGU which is principally engaged in the Basic cable TV, Premium digital cable TV and high-speed Broadband services in Taiwan. The Trustee-Manager is of the view that there is no impairment of cable TV licences and goodwill as the CGU's recoverable amount was higher than its carrying amount as at 31 December 2018.

During the year ended 31 December 2018, the Group acquired intangible assets with an aggregate cost of $14.3 million (31 December 2017: $13.0 million) of which $1.7 million remained unpaid as at 31 December 2018 (31 December 2017: $0.1 million).

NOTES TO THE FINANCIAL STATEMENTS

(8) INTANGIBLE ASSETS (continued)

Impairment test for cable TV licences and goodwill

The recoverable amounts of the CGU are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts based on management's latest business plan for forecast horizon of seven years and derives the terminal value based on terminal growth rate of 1.5% (31 December 2017: 1.7%). This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the CGU was 5.9% (31 December 2017: 5.7%). As at 31 December 2018, any reasonably possible change to the key assumptions applied were not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

(9) DERIVATIVE FINANCIAL INSTRUMENTS

(i) Currency forwards

The Group and Trust use foreign exchange contracts to manage their exposure to foreign exchange movements of Taiwan dollar ("NT$") and US dollar ("US$") estimated future cash flows from dividends and principal and interest payments received by the Trust from the entities held within the Group. The Group and Trust employ a 24-month rolling hedging program that swaps from 25% of forecast cash flows receivable up to 24 months away, to 100% of cash flows on amounts receivable within three months.

As at 31 December 2018, the total notional amount of outstanding foreign exchange contracts to which the Group and Trust were committed to, is as follows:

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Sell NT$1,643 million (2017: NT$1,305 million)	75,400	58,600	75,400	58,600
Buy NT$146 million (2017: nil)	(6,500)	-	(6,500)	-
Total	**68,900**	**58,600**	**68,900**	**58,600**

As at 31 December 2018, mark to market movements, classified as current and non-current assets, on such contracts were $1.1 million (31 December 2017: nil) and $0.1 million (31 December 2017: nil); and classified as current and non-current liabilities, on such contracts were $0.02 million (31 December 2017: $0.8 million) and $0.01 million (31 December 2017: nil) respectively both at the Group and Trust level.

(ii) Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its NT$ denominated borrowings from financial institutions by swapping a proportion of those borrowings from floating rate to fixed rate. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

The fair value of interest rate swaps with nominal value of NT$28.0 billion as at 31 December 2018 (31 December 2017: NT$16.0 billion) was estimated at $3.7 million (31 December 2017: $1.6 million), which resulted in derivative financial instrument non-current liability of the Group. These amounts were based on using valuation techniques at the balance sheet date. The aforementioned interest rate swaps qualify for hedge accounting. Therefore, the unrealised loss in the fair value of cash flow hedging interest rate derivatives of $2.1 million (31 December 2017: gain of $3.5 million), with a deferred tax benefit amounting to $0.5 million (31 December 2017: net of deferred tax expense of $0.6 million), with a net loss of $1.6 million for the year ended 31 December 2018 (31 December 2017: net gain of $2.9 million), was recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(10) OTHER ASSETS

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Current				
Prepayments	1,220	1,053	38	40
Tax receivables	785	165	17	20
Refundable deposits	-	8	-	8
Other assets	135	52	-	-
Total	**2,140**	**1,278**	**55**	**68**
Non-current				
Refundable deposits	985	1,058	18	-
Total	**985**	**1,058**	**18**	**-**
Total other assets	**3,125**	**2,336**	**73**	**68**

Analysis of refundable deposits

All deposits had been assessed to be placed with counterparties that were creditworthy and accordingly, no allowance for potential non-recovery of deposits was required.

Further analysis of refundable deposits are disclosed in Note 27(ii)(b).

(11) BORROWINGS FROM FINANCIAL INSTITUTIONS

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Current portion	5,694	14,677
	5,694	**14,677**
Non-current portion	1,525,796	1,424,400
Less: Unamortised arrangement fees	(21,122)	(44,512)
	1,504,674	**1,379,888**
Total[1]	**1,510,368**	**1,394,565**

[1] Comprised outstanding NT$ denominated borrowings of $1,287.2 million (31 December 2017: $1,218.1 million) at TBC level and Singapore dollar denominated multicurrency borrowings of $223.2 million (31 December 2017: $176.5 million) at Bermuda holdings companies' level.

(i) Onshore Facilities

In November 2018, TBC completed the refinancing of its existing NT$29.0 billion borrowing facilities ("Previous Facilities") with new seven-year facilities of NT$31.0 billion ("Onshore Facilities"). The Onshore Facilities reached financial close on 26 November 2018.

The NT$ denominated borrowings are repayable in tranches by 2025 and are secured by certain land, buildings, network equipment and plant and equipment held by TBC (Note 7) as well as by pledges over shares in onshore entities of TBC and over the shares in TBC Holdings B.V. and Harvest Cable Holdings B.V. held by Cable TV S.A. The onshore affiliates of TBC are jointly liable under the debt facilities. As at 31 December 2018, the total carrying value of property, plant and equipment pledged for Onshore Facilities was $301.8 million (31 December 2017: $301.0 million). In addition, guarantees in favour of the lenders under the debt facilities are provided by TBC Holdings B.V. and Harvest Cable Holdings B.V.

NOTES TO THE FINANCIAL STATEMENTS

(11) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

(i) Onshore Facilities (continued)

The NT$ denominated borrowings bear a floating interest rate of Taiwan's three-month Taipei Interbank Offered Rate ("TAIBOR") plus an interest margin of 1.1% to 1.9% (2017: 2.3%) per annum based on its leverage ratio. As discussed in Note 9(ii), the Group uses interest rate swaps to swap a portion of its borrowings from floating rate to fixed rate. As at 31 December 2018, the notional amount swapped was NT$28.0 billion (31 December 2017: NT$16.0 billion).

Arrangement fees on the Onshore Facilities were agreed at 1.25%, payable upon the financial close which is substantially lower than the arrangement fees on the Previous Facilities of 1.60%. At inception, such fees are recorded as unamortised arrangement fees.

The refinancing of Previous Facilities with Onshore Facilities did not include break costs on early prepayment. Following the refinancing, there were changes to the interest margin and financial covenants on the Onshore Facilities. This resulted in recording an extinguishment of the Previous Facilities and recognition of the Onshore Facilities. As a result, the unamortised arrangement fees of $14.7 million on the Previous Facilities were written off as amortisation of deferred arrangement fees in the consolidated statement of profit or loss during the year ended 31 December 2018.

The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. As a result of adopting accounting treatment under IFRS 9 *Financial Instruments*, the unamortised arrangement fees from the previous refinancing in October 2016 amounting to $23.0 million, with a deferred tax benefit amounting to $3.8 million as at 31 December 2017, were adjusted directly against the opening retained earnings balance as at 1 January 2018. Refer Note 2(a)(i) for more details on impact of initial application of IFRS 9 *Financial Instruments*.

(ii) Offshore Facilities

Offshore Facilities consists of a multicurrency term loan facility in an aggregate amount of $125.0 million and a multicurrency revolving loan facility in an aggregate amount of $125.0 million secured by APTT Holdings 1 Limited and APTT Holdings 2 Limited.

In November 2018, APTT extended the maturity date ("Amendment") from July 2019 to July 2021. The Amendment reached financial close on 26 November 2018.

The Offshore Facilities, denominated in Singapore dollars, are repayable in tranches by 2021 and are secured by a first priority pledge of all of the assets of APTT Holdings 1 Limited, APTT Holdings 2 Limited, Cable TV S.A. and APTT Management Pte. Limited, in its capacity as Trustee-Manager of APTT including bank accounts and 100% of the total outstanding shares of APTT Holdings 1 Limited, APTT Holdings 2 Limited and Cable TV S.A. As at 31 December 2018, the total carrying value of assets pledged for the Offshore Facilities was $1,127 million (31 December 2017: $1,121 million). In addition, guarantees in favour of lenders under the debt facilities are provided by APTT Management Pte. Limited, in its capacity as Trustee-Manager of APTT, and Cable TV S.A. As the financial effect of fair value of the corporate guarantees provided by the Group are not significant for the year ended 31 December 2018, the Trustee-Manager is of the view that no further disclosure is required.

The Offshore Facilities bear a floating interest rate of Singapore Interbank Offered Rate ("SIBOR") plus an interest margin of 4.1% to 5.5% (2017: 4.5% to 4.75%) per annum based on the leverage ratio of the Group.

In 2016, arrangement fees on the Offshore Facilities were agreed at 2.0%, payable 50% on financial close and 50% on the first anniversary of the financial close. At inception, such fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(11) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

(ii) Offshore Facilities (continued)

Amendment fees on the Offshore Facilities were agreed at 0.30% payable on the financial close. The Amendment did not include any break cost. Following the Amendment, there were changes to the interest margin and financial covenants of the Offshore Facilities. This resulted in recording an extinguishment of the original Offshore Facilities and recognition of the new Offshore Facilities. As a result, the unamortised arrangement fees of $1.2 million associated with the Offshore Facilities as at the date of Amendment were written off as amortisation of deferred arrangement fees in the consolidated statement of profit or loss during the year ended 31 December 2018.

The Trustee-Manager specifically monitors the financial ratios of its debt covenants stated in the agreements with the financial institutions providing the borrowing facilities to the Group. The Group is in compliance with externally imposed debt covenants for the year ended 31 December 2018 and 2017.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Group	As at 1 January 2018	Financing cash flows	Non-cash changes					As at 31 December 2018
Amounts in $'000			Amortisation of deferred arrangement fees	Interest and other finance costs	Equity component of change in fair value of cash flow hedging financial instruments	Fair value adjustment	Foreign exchange movement	
Borrowings from financial institutions (Note 11)	1,417,597[1]	79,930[2]	23,125	-	-	-	(10,284)	1,510,368
Interest rate swaps (Note 9(ii))	1,633	-	-	-	2,119	-	(11)	3,741
Foreign exchange contracts (Note 9(i))	831	630	-	-	-	(2,642)[3]	-	(1,181)
Interest and other finance costs (Note 16)	2,188	(53,536)	-	53,847	-	-	6	2,505
Total	**1,422,249**	**27,024**	**23,125**	**53,847**	**2,119**	**(2,642)**	**(10,289)**	**1,515,433**

1 Restated balance as at 1 January 2018, after impact of IFRS 9 adjustments (Note 2(a)(i)(a)).

2 The cash flows from borrowings from financial institutions make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

3 The fair value adjustments of foreign exchange contracts consists of $2.0 million of unrealised gains from the mark to market movements during the year ended 31 December 2018 (31 December 2017: $1.4 million) and $0.6 million of realised gains from settlement of foreign exchange contracts during the year ended 31 December 2018 (31 December 2017: losses of $3.1 million).

NOTES TO THE FINANCIAL STATEMENTS

(11) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

Reconciliation of liabilities arising from financing activities (continued)

Group Amounts in $'000	As at 1 January 2017	Financing cash flows	Non-cash changes Amortisation of deferred arrangement fees	Interest and other finance costs	Equity component of change in fair value of cash flow hedging financial instruments	Fair value adjustment	Foreign exchange movement	As at 31 December 2017
Borrowings from financial institutions (Note 11)	1,306,967	71,271[2]	8,916	-	-	-	7,411	1,394,565
Interest rate swaps (Note 9(ii))	5,059	-	-	-	(3,473)	-	47	1,633
Foreign exchange contracts (Note 9(i))	2,208	(3,058)	-	-	-	1,681[3]	-	831
Interest and other finance costs (Note 16)	1,899	(56,039)	-	56,328	-	-	-	2,188
Total	**1,316,133**	**12,174**	**8,916**	**56,328**	**(3,473)**	**1,681**	**7,458**	**1,399,217**

1 Restated balance as at 1 January 2018, after impact of IFRS 9 adjustments (Note 2(a)(i)(a)).

2 The cash flows from borrowings from financial institutions make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

3 The fair value adjustments of foreign exchange contracts consists of $2.0 million of unrealised gains from the mark to market movements during the year ended 31 December 2018 (31 December 2017: $1.4 million) and $0.6 million of realised gains from settlement of foreign exchange contracts during the year ended 31 December 2018 (31 December 2017: losses of $3.1 million).

(12) TRADE AND OTHER PAYABLES

Amounts in $'000	Group as at 31 December 2018	2017	Trust as at 31 December 2018	2017
Trade payables due to outside parties	19,460	18,042	-	-
Base fees payable to the Trustee-Manager	3,673	3,650	3,673	3,650
Total	**23,133**	**21,692**	**3,673**	**3,650**

The currency denomination and exposure to currency risk of trade and other payables are disclosed in Note 27(ii)(a).

NOTES TO THE FINANCIAL STATEMENTS

(13) CONTRACT LIABILITIES

Contract liabilities were $33.8 million as at 31 December 2018. These relate to considerations or collections received in advance to provide Basic cable TV, Premium digital cable TV and Broadband subscription services in future periods.

Subscription fees are paid upfront as part of the initial sales transaction whereas revenue is recognised over the period where services are provided to the subscribers. A contract liability is therefore recognised for revenue relating to subscription services at the time of the initial sales transaction and is released over the subscription period.

There were no significant changes in the contract liability balances during the reporting period.

The amount of revenue recognised during the year which related to brought-forward contract liabilities as at the end of the previous year was $36.3 million. Contract liabilities as at 31 December 2017 representing collections received in advance of $36.3 million were included in other current liabilities.

(14) RETIREMENT BENEFIT OBLIGATIONS

The Group operates two retirement benefit arrangements for all employees in accordance with legislation in the country of employment for all employees: for eligible employees in Taiwan, a defined benefit plan and for all other employees, a defined contribution plan. The defined benefit plan provides benefits based on years of service and average salary in the six-month period before retirement. The defined contribution plan receives fixed contributions from the Group companies and the Group legal or constructive obligation is limited to these contributions. As at 31 December 2018, the Group's retirement benefit obligations, classified as current and non-current liabilities, were $1.4 million (31 December 2017: $1.4 million) and $15.1 million (31 December 2017: $20.4 million) respectively.

(i) Defined contribution plan

The total expense recognised in the consolidated statements of profit or loss of $1.7 million for the year ended 31 December 2018 (31 December 2017: $1.8 million) represented contribution payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2018, contribution of $0.4 million due in respect of 2018 has not been paid over to the plans (31 December 2017: $0.4 million). Such amount was paid subsequent to the end of the reporting period.

(ii) Defined benefit plan

The plan assets are held in Bank of Taiwan, a custodian bank for employee pension funds designated by the Government of Taiwan in accordance with regulations in Taiwan.

The Group funds the defined benefit plan at 2% (31 December 2017: 2%) of salaries for employees who are members of the defined benefit plan, in accordance with legislative requirements and market practice in the country of employment. The actual return on plan assets during the year ended 31 December 2018 was $0.3 million (31 December 2017: $0.1 million).

NOTES TO THE FINANCIAL STATEMENTS

(14) RETIREMENT BENEFIT OBLIGATIONS (continued)

(ii) Defined benefit plan (continued)

The amounts included in the consolidated statements of financial position arising from the Group's obligation in respect of its defined benefit plan are as follows:

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Present value of funded defined benefit obligations	25,799	26,666
Less: Fair value of plan assets	(10,652)	(6,229)
Net liability arising from defined benefit obligations	**15,147**	**20,437**

Amounts recognised in the consolidated statements of profit or loss and other comprehensive income in respect of defined benefit plan are as follows:

Group	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Current service cost	97	97
Net interest cost on the defined benefit obligations	360	284
Interest income on plan assets	(86)	(64)
Components of defined benefit obligations recognised in profit or loss	**371**	**317**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding net interest cost or income)	(178)	7
Actuarial losses arising from changes in demographic assumptions	422	1,969
Actuarial gains arising from changes in financial assumptions	(20)	(734)
Actuarial (gains)/losses arising from changes in experience adjustments	(1,174)	159
Components of defined benefit obligations recognised in other comprehensive income	**(950)**	**1,401**
Total	**(579)**	**1,718**

The current service cost and the net interest expense are included in the staff costs in the consolidated statements of profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Reconciliations

Movements in the present value of the defined benefit obligations are as follows:

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**26,666**	**24,800**
Current service cost	97	97
Interest cost	360	284
Remeasurement losses/(gains):		
Actuarial losses arising from changes in demographic assumptions	422	1,969
Actuarial gains arising from changes in financial assumptions	(20)	(734)
Actuarial (gains)/losses arising from changes in experience adjustments	(1,174)	159
Benefits paid	(327)	(73)
Foreign exchange effect	(225)	164
Balance at the end of the year	**25,799**	**26,666**

NOTES TO THE FINANCIAL STATEMENTS

(14) RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliations (continued)

Movements in the fair value of plan assets are as follows:

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**6,229**	**5,435**
Interest income	86	64
Contributions by employer	4,547	780
Return on plan assets	178	(7)
Benefits paid	(327)	(73)
Foreign exchange effect	(61)	30
Balance at the end of the year	**10,652**	**6,229**

Principal actuarial assumptions

An actuarial review of the plan assets and liabilities is undertaken at least annually. The last actuarial review was undertaken at 31 December 2018 by Professional Actuary Management Consulting Co., Ltd. The present values of employee benefits not expected to be settled within 12 months as at the reporting date have been calculated using the following weighted averages for the retirement benefit obligations:

Group	As at 31 December	
%	**2018**	**2017**
Discount rate used in determining present values	1.125-1.250	1.250-1.375
Future salary increase rate	2.750	3.000

The fair values of plan assets for each category are as follows:

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Cash and cash equivalents	1,561	1,119
Short-term notes	347	334
Money market funds	-	-
Bonds	893	731
Other fixed income instruments	1,680	959
Equities	5,329	2,679
Others	842	407
Total	**10,652**	**6,229**

The fair values of the above equity and debt instruments are determined based on the quoted market prices in active markets.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

NOTES TO THE FINANCIAL STATEMENTS

(14) RETIREMENT BENEFIT OBLIGATIONS (continued)

Principal actuarial assumptions (continued)

- If the discount rate is 25 basis points higher (lower), the defined benefit obligations would decrease by $0.8 million (increase by $0.8 million).
- If the expected salary growth increases (decreases) by 25 basis points, the defined benefit obligations would increase by $0.8 million (decrease by $0.7 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated statements of financial position.

In compliance with government provisions, the Group's subsidiaries are required to set up an independent account in Bank of Taiwan and to make legal contributions to the account on a monthly basis. The fund is solely managed by the relevant authority. The Group's subsidiaries are precluded from making any investment strategies. The authority guarantees a minimum yearly return that is approximate to an annual average interest rate of a two-year fixed deposit in Taiwan.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The funding requirements are based on the local actuarial measurement framework. In this framework, discount rate is set on a risk-free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases ("back-service liabilities") are paid immediately to the fund. Apart from paying the costs of the entitlements, the Group's subsidiaries are not liable to pay additional contributions in case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

The average duration of the benefit obligation as at 31 December 2018 was 12.27 years (31 December 2017: 13.02 years).

The Group expects to make a contribution to the defined benefit plans in 2019 amounting to $0.3 million (2018: $0.3 million).

NOTES TO THE FINANCIAL STATEMENTS

(15) DEFERRED TAX LIABILITIES

The tax effects of temporary differences that give rise to deferred tax liabilities are as follows:

Group **Amounts in $'000**	**As at 1 January 2018**	**IFRS 9 adjustment**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Foreign exchange effect**	**As at 31 December 2018**
Impairment loss	(792)	-	(136)	-	7	(921)
Cash flow hedging reserves	(278)	-	-	(473)	3	(748)
Intangible assets that are partially deductible for tax purposes[1]	63,977	-	17,794	-	(646)	81,125
Accelerated tax depreciation	715	-	(220)	-	(6)	489
Undistributed earnings of subsidiaries	7,956	-	(6,511)	-	(51)	1,394
Arrangement fees	-	(3,882)	(2,628)	-	(10)	(6,520)
Carry forward of losses	-	-	(682)	-	(1)	(683)
Provisions	-	-	(647)	-	(1)	(648)
Others	(11)	-	-	-	-	(11)
Unrealised exchange differences	1,756	-	(642)	-	(16)	1,098
Deferred tax liabilities, net	**73,323**	**(3,882)**	**6,328**	**(473)**	**(721)**	**74,575**

Group **Amounts in $'000**	**As at 1 January 2017**	**IFRS 9 adjustment**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Foreign exchange effect**	**As at 31 December 2017**
Impairment loss	(1,649)	-	867	-	(10)	(792)
Cash flow hedging reserves	(860)	-	-	590	(8)	(278)
Intangible assets that are partially deductible for tax purposes[1]	58,029	-	5,607	-	341	63,977
Accelerated tax depreciation	1,004	-	(298)	-	9	715
Undistributed earnings of subsidiaries	6,070	-	1,784	-	102	7,956
Others	(266)	-	257	-	(2)	(11)
Unrealised exchange differences	(521)	-	2,300	-	(23)	1,756
Deferred tax liabilities, net	**61,807**	**-**	**10,517**	**590**	**409**	**73,323**

The following is the analysis of the deferred tax balances:

Group	**As at 31 December**	
Amounts in $'000	**2018**	**2017**
Deferred tax liabilities to be disbursed after more than 12 months	74,575	73,323

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, as disclosed in Note 26, deferred tax liabilities of $81.1 million were recorded by the Group for the partial tax deductions in respect of the amortisation of intangible assets claimed by the Group as at 31 December 2018 (31 December 2017: $64.0 million).

As discussed in Note 26, the Income Tax Law in Taiwan was amended and the corporate income tax rate starting from 2018 was adjusted from 17% to 20%. This has impacted the Group's net deferred tax liabilities as at 1 January 2018 by a one-time adjustment of $11.5 million.

NOTES TO THE FINANCIAL STATEMENTS

(16) OTHER LIABILITIES

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Current				
Collections received in advance[1]	-	36,323	-	-
Accrued expenses	15,703	11,308	183	225
Withholding tax payable	2,178	766	-	-
Other tax payable	3,147	3,452	-	-
Obligations under finance leases (Note 21)	55	192	-	-
Long-term incentive plan (Note 25(ii))	2,323	3,106	-	-
Interest and other finance costs payable	2,505	2,188	-	-
Total	**25,911**	**57,335**	**183**	**225**
Non-current				
Subscriber deposits	15,852	15,573	-	-
Obligations under finance leases (Note 21)	48	28	-	-
Long-term incentive plan (Note 25(ii))	1,338	2,052	-	-
Others	959	1,068	-	-
Total	**18,197**	**18,721**	**-**	**-**
Total other liabilities	**44,108**	**76,056**	**183**	**225**

[1] Contract liabilities representing collections received in advance from subscribers of $33.8 million as at 31 December 2018 have been presented as contract liabilities as required under IFRS 15 *Revenue from Contracts with Customers*.

(17) UNITHOLDERS' FUNDS

Group and Trust	**Number of units**		**$'000**	
	As at 31 December		**As at 31 December**	
	2018	**2017**	**2018**	**2017**
Balance at the beginning and end of the year	1,436,800,000	1,436,800,000	1,342,851	1,342,851

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of the units held.

On a show of hands every holder of ordinary units present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

(18) RESERVES

Group	**As at 31 December**	
Amounts in $'000	**2018**	**2017**
Foreign currency translation reserves	76,183	86,422
Retirement benefit obligations reserves	(12,069)	(13,019)
Cash flow hedging reserves	(2,340)	(694)
Capital reserves	30,362	23,412
Total	**92,136**	**96,121**

NOTES TO THE FINANCIAL STATEMENTS

(18) RESERVES (continued)

(i) Foreign currency translation reserves

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**86,422**	**71,718**
Exchange differences on translation of foreign operations	(10,239)	14,704
Balance at the end of the year	**76,183**	**86,422**

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserves, as described in Note 2(e)(iii). The reserves are recognised in profit or loss when the net investment is disposed of.

(ii) Retirement benefit obligations reserves

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**(13,019)**	**(11,618)**
Remeasurement of defined benefit obligations	950	(1,401)
Balance at the end of the year	**(12,069)**	**(13,019)**

Retirement benefit obligations reserves represent the effects of the remeasurement of defined benefit plan (Note 14(ii)).

(iii) Cash flow hedging reserves

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**(694)**	**(3,577)**
Unrealised movement on change in fair value of cash flow hedging financial instruments:		
Interest rate swaps	(2,119)	3,473
Deferred tax relating to items that may subsequently be reclassified to profit or loss	473	(590)
Balance at the end of the year	**(2,340)**	**(694)**

The cash flow hedging reserves represent the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gains or losses arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserves will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

(iv) Capital reserves

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**23,412**	**17,694**
Transfer from accumulated profits[1]	6,950	5,718
Balance at the end of the year	**30,362**	**23,412**

[1] As per articles of incorporation of Jie Guang Co., Ltd. and Tai Luo Tze Co., Ltd., the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, should be appropriated and distributed 10% as capital reserve before dividend declaration.

NOTES TO THE FINANCIAL STATEMENTS

(19) ACCUMULATED (DEFICIT)/SURPLUS

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Balance at the beginning of the year	**(251,503)**	**(188,839)**	**2,366**	**(5,523)**
Effects of adopting IFRS 9 (Note 2(a)(i)(a))	**(19,150)**	**-**	**-**	**-**
Restated balance as at 1 January 2018	**(270,653)**	**(188,839)**	**2,366**	**(5,523)**
Profit after income tax attributable to unitholders of APTT	7,407	36,446	95,130	101,281
Transfer to capital reserve	(6,950)	(5,718)	-	-
Distributions paid	(93,392)	(93,392)	(93,392)	(93,392)
Balance at the end of the year	**(363,588)**	**(251,503)**	**4,104**	**2,366**

(20) NON-CONTROLLING INTERESTS

In order to comply with Taiwan cable TV regulations regarding foreign ownership, the entities held within the Group have issued preferred shares to third parties in Taiwan and Netherlands. Non-controlling interests represent the preferred shares issued to external investors and their interests in the net assets of the Group are identified separately from the Group's equity therein.

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**2,332**	**2,327**
Total comprehensive income attributable to non-controlling interests	327	330
Settlement of transactions with non-controlling interests	(123)	(117)
Distributions paid	(203)	(208)
Balance at the end of the year	**2,333**	**2,332**

(21) OBLIGATIONS UNDER FINANCE LEASES

(i) Leasing arrangements

Some of the transport equipment held by the Group are under finance leases. These are shown as leased equipment in Note 7 and have a carrying values of $0.1 million as at 31 December 2018 (31 December 2017: $0.2 million). The Group's obligations under finance leases are secured by the lessors' titles to the leased assets. The average lease term for the year ended 31 December 2018 was three years (31 December 2017: three years).

Average effective interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.13% to 3.86% per annum (31 December 2017: 3.44% to 9.94% per annum).

(ii) Finance lease liabilities

Group	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Within one year	57	202	55	192
In the second to fifth years inclusive	49	28	48	28
	106	**230**	**103**	**220**
Less: Future finance charges	(3)	(10)	-	-
Present value of lease obligations	**103**	**220**	**103**	**220**
Included in the consolidated statements of financial position as:				
Current liabilities (Note 16)			55	192
Non-current liabilities (Note 16)			48	28
Total			**103**	**220**

NOTES TO THE FINANCIAL STATEMENTS

(22) OPERATING LEASE ARRANGEMENTS

The Group as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group rents its office buildings, fibres and utility poles under operating leases.

Payments recognised as an expense

Group	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Minimum lease payments (Note 25(vii))	7,812	6,498

Operating leases relating to leases of office buildings have lease terms between one and 10 years. The Group does not have an option to purchase the leased office buildings at the expiry of the lease periods.

Non-cancellable operating lease commitments

The Group had outstanding commitments for office buildings under non-cancellable operating leases, which fall due as follows:

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Within one year	1,485	1,466
In the second to fifth years inclusive	4,050	4,960
After five years	840	1,269
Total	**6,375**	**7,695**

The leases for fibres and utility poles are negotiated for one year. The rentals have been prepaid in full for the lease term with no operating lease commitment outstanding as at 31 December 2018 and 2017.

(23) DISTRIBUTIONS

The Group changed its distribution policy to move from semi-annual distributions to quarterly distributions as of 12 August 2014. Distributions will be made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. The Trustee-Manager will pay the distributions no later than 90 days after the end of each distribution period.

The Board has declared an ordinary final distribution of 0.30 cents per unit in respect of the quarter ended 31 December 2018.

	Quarter ended 31 December	
	2018	**2017**
Ordinary distribution	0.30 cents per unit	1.625 cents per unit
Announcement date	25 February 2019	26 February 2018
Ex-distribution date	21 March 2019	14 March 2018
Books closure date	22 March 2019	16 March 2018
Date payable	29 March 2019	23 March 2018

NOTES TO THE FINANCIAL STATEMENTS

(23) DISTRIBUTIONS (continued)

Breakdown of total annual distribution

	Year ended 31 December	
	2018	**2017**
Ordinary	74,354[1]	93,392[2]
Special	-	-
Total	**74,354**	**93,392**

[1] Includes an amount of $4.3 million which is to be paid on 29 March 2019.
[2] Included an amount of $23.3 million which was paid on 23 March 2018.

Historical distributions

The table below provides details of APTT's historical distributions:

Distribution period	Cents per unit
Six months ended:	
30 June 2013[1]	4.80
31 December 2013	4.13
30 June 2014	4.12
Quarter ended:	
30 September 2014	2.00
31 December 2014	2.13
31 March 2015	2.00
30 June 2015	2.00
30 September 2015	2.00
31 December 2015	2.25
31 March 2016	1.625
30 June 2016	1.625
30 September 2016	1.625
31 December 2016	1.625
31 March 2017	1.625
30 June 2017	1.625
30 September 2017	1.625
31 December 2017	1.625
31 March 2018	1.625
30 June 2018	1.625
30 September 2018	1.625
31 December 2018 (to be paid on 29 March 2019)	0.300
Total	**43.605**

[1] The first distribution period was from the APTT listing date, 29 May 2013, to 30 June 2013 and included a non-recurring payment of 1.64 cents per unit as excess cash at TBC at the time of APTT's listing that was only available for distribution as part of the first APTT distribution payment.

These financial statements do not reflect the distribution for the quarter ended 31 December 2018, which will be accounted for in total equity as an appropriation of retained earnings in the year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

(24) REVENUE

For the year ended 31 December 2018, APTT reported total revenue of $313.9 million (31 December 2017: $334.8 million). Total revenue comprised: (i) Basic cable TV revenue of $250.0 million (31 December 2017: $268.3 million), (ii) Premium digital cable TV revenue of $13.8 million (31 December 2017: $15.6 million) and (iii) Broadband revenue of $50.0 million (31 December 2017: $50.9 million).

Group	**Year ended 31 December**	
Amounts in $'000	**2018**	**2017**
Revenue		
Basic cable TV		
Subscription revenue	203,277	215,511
Non-subscription revenue	46,767	52,793
	250,044	**268,304**
Premium digital cable TV		
Subscription revenue	13,259	14,916
Non-subscription revenue	590	703
	13,849	**15,619**
Broadband		
Subscription revenue	47,973	49,418
Non-subscription revenue	1,989	1,497
	49,962	**50,915**
Total	**313,855**	**334,838**
Timing of revenue recognition		
At a point in time	749	1,210
Over time	313,106	333,628
Total	**313,855**	**334,838**

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for installation services as at the end of the reporting period is $33.8 million. Management expects that full amount will be recognised as revenue during the next reporting period.

(i) Basic cable TV

Basic cable TV revenue, comprising subscription and non-subscription revenue, represents approximately 80% of total revenue (31 December 2017: approximately 80%). Basic cable TV non-subscription revenue comprised predominantly revenue generated from the leasing of television channels to third parties, sales of airtime advertising and fees for the installation of set-top boxes.

Basic cable TV revenue was $250.0 million for the year ended 31 December 2018 (31 December 2017: $268.3 million). This comprised subscription revenue of $203.3 million (31 December 2017: $215.5 million) and non-subscription revenue of $46.7 million (31 December 2017: $52.8 million).

(ii) Premium digital cable TV

Premium digital cable TV revenue comprised subscription and non-subscription revenue. Subscription revenue was generated from subscriptions to Premium digital cable TV packages and bundled DVR or DVR-only services. Non-subscription revenue was predominantly generated from the sale of electronic programme guide data to other system operators.

Premium digital cable TV revenue was $13.8 million for the year ended 31 December 2018 (31 December 2017: $15.6 million). This comprised subscription revenue of $13.2 million (31 December 2017: $14.9 million) and non-subscription revenue of $0.6 million (31 December 2017: $0.7 million).

NOTES TO THE FINANCIAL STATEMENTS

(24) REVENUE (continued)

(iii) Broadband

Broadband revenue comprised subscription and non-subscription revenue generated from the provision of installation services.

Broadband revenue was $50.0 million for the year ended 31 December 2018 (31 December 2017: $50.9 million). This comprised subscription revenue of $48.0 million (31 December 2017: $49.4 million) and non-subscription revenue of $2.0 million (31 December 2017: $1.5 million).

(25) OPERATING EXPENSES, AMORTISATION, INTEREST AND OTHER FINANCE COSTS

An analysis of the Group's operating expenses, amortisation, interest and other finance costs is as follows:

(i) Broadcast and production costs

Broadcast and production costs were $60.0 million for the year ended 31 December 2018 (31 December 2017: $64.3 million). Broadcast and production costs comprised: (i) the cost of acquiring Basic cable TV and Premium digital cable TV content, (ii) the cost of acquiring bandwidth (which consists of the leasing of domestic and international bandwidth capacity from operators to support TBC's Broadband services) and (iii) costs for producing the Group's own programming.

(ii) Staff costs

Staff costs were $28.1 million for the year ended 31 December 2018 (31 December 2017: $30.8 million). Staff costs comprised direct employee costs and general and administrative employee costs including salaries, bonuses, long-term incentives and benefits.

The Group adopted a long-term incentive plan (the "LTIP") in 2013 for its senior management at TBC, under which TBC senior management are granted notional units of the Trust upon achieving prescribed performance targets. These notional units vest in tranches over a prescribed period of time initially commencing two years after the grant of the notional units. Upon vesting of such notional units under the LTIP, TBC's senior management receive a cash payment equal to the number of vested notional units multiplied by the market price of the units as determined in accordance with the LTIP.

A total of 31.2 million notional units have been granted under the LTIP since inception. Out of the total notional units granted since inception, 0.8 million notional units vested in 2015, 1.3 million notional units vested in 2016, 2.6 million notional units vested in 2017 and 3.9 million notional units vested in 2018. The remaining 22.6 million notional units remained unvested as at 31 December 2018.

LTIP expense attributable to the year ended 31 December 2018 of $0.01 million (31 December 2017: $2.8 million) has been recognised in the financial statements to reflect the estimate of the future obligations under the LTIP. As the financial effect of LTIP expense is not material for the year ended 31 December 2018, the Trustee-Manager is of the view that no further disclosure is required.

(iii) Depreciation and amortisation expense

Depreciation and amortisation expense was $78.6 million for the year ended 31 December 2018 (31 December 2017: $63.2 million).

Depreciation and amortisation expense comprised depreciation and amortisation of the Group's capital expenditures in relation to network equipment, set-top boxes, other plant and equipment, programming rights and software.

NOTES TO THE FINANCIAL STATEMENTS

(25) OPERATING EXPENSES, AMORTISATION, INTEREST AND OTHER FINANCE COSTS (continued)

(iv) Trustee-Manager fees

The Trustee-Manager is entitled to base fees and performance fees as specified under the Trust Deed.

The Trustee-Manager base fees were $7.3 million for the year ended 31 December 2018 (31 December 2017: $7.2 million). There were no performance fees payable to the Trustee-Manager for the years 2018 and 2017.

The base fees are payable semi-annually in arrears for every six months ending 30 June and 31 December of each year. Payment of the base fees, whether in the form of cash and/or units, shall be made out of the Trust property within 30 days of the last day of every six months (or such other period as may be determined by the Trustee-Manager at its discretion).

(v) Net foreign exchange loss

Net foreign exchange loss was $1.1 million for the year ended 31 December 2018 (31 December 2017: $6.2 million).

(vi) Mark to market gain/(loss) on derivative financial instruments

The Group uses foreign exchange contracts to manage its exposure to foreign exchange movements as discussed in Note 9(i). For the year ended 31 December 2018, the period end mark to market gain on foreign currency contracts was $2.6 million (31 December 2017: loss of $1.7 million).

(vii) Other operating expenses

Group	**Year ended 31 December**	
Amounts in $'000	**2018**	**2017**
Lease rentals (Note 22)	7,812	6,498
Legal and professional fees	3,860	3,322
Non-recoverable GST/VAT	3,805	4,161
Marketing and selling expenses	5,982	5,964
General and administrative expenses	4,917	4,609
Licence fees	2,501	2,617
Repairs and maintenance	1,724	1,969
Others	3,275	1,965
Total	**33,876**	**31,105**

(viii) Amortisation of deferred arrangement fees

The Group pays financing fees to the lenders when entering into new debt facilities or refinance existing facilities. At inception, the financing fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. Amortisation of deferred arrangement fees was $23.1 million for the year ended 31 December 2018 (31 December 2017: $8.9 million). Amortisation of deferred arrangement fees for the year ended 31 December 2018 was higher due to the write-off of unamortised arrangement fees of $14.7 million on the Previous Facilities of NT$29.0 billion which were refinanced during the year and the write-off of unamortised arrangement fees of $1.2 million associated with the Offshore Facilities as at the date of Amendment which were amended during the year. Refer Note 11 for more details.

(ix) Interest and other finance costs

Group	**Year ended 31 December**	
Amounts in $'000	**2018**	**2017**
Interest expense on loans	53,352	55,653
Commitment and other fees on loans	495	675
Total interest and other finance costs	**53,847**	**56,328**

Interest and other finance costs were $53.8 million for the year ended 31 December 2018 (31 December 2017: $56.3 million). These comprised interest expense and commitment and other fees on the Group's debt facilities.

NOTES TO THE FINANCIAL STATEMENTS

(25) OPERATING EXPENSES, AMORTISATION, INTEREST AND OTHER FINANCE COSTS (continued)

(x) Remuneration of auditors

Group	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Amounts paid or payable to Deloitte & Touche LLP (Singapore) for:		
Audit services	113	113
Audit-related services	55	55
	168	**168**
Amounts paid or payable to Deloitte & Touche LLP network firms for:		
Audit services	687	701
Audit-related services	24	24
Non-audit services	115	98
	826	**823**

Significant subsidiaries of the Group are audited by overseas practices of Deloitte Touche Tohmatsu Limited (“Deloitte”).

(26) INCOME TAXES

The Group is subject to income tax in several jurisdictions. Significant judgment is required in determining provisions for income tax, including a judgment on whether tax positions are probable of being sustained in income tax assessments. There are certain transactions and calculations for which the ultimate income tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated income tax issues based on estimates of whether additional taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recorded, these differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Trustee-Manager evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulations are subject to interpretation. The income tax liabilities are recognised when it is more likely than not that certain tax positions may be changed upon review by income tax authorities. The Group believes that the final tax outcome of these positions can differ from those initially recognised when reviews or audits by tax authorities of tax returns are completed. Benefits from tax positions are measured at the single best estimate of the most likely outcome. At each statement of financial position date, the tax positions are reviewed and to the extent that new information becomes available that causes the Trustee-Manager to change their judgment regarding the adequacy of existing income tax liabilities, these changes to income tax liabilities are duly recognised as income tax expense in the year in which the determination is made.

The Group is not required to and does not prepare a combined consolidated income tax return. The following information represents the combined income tax data of the combined consolidated entities.

In the year 2014, the Group reached agreements with the various tax authorities in Taiwan to settle outstanding tax disputes for the years from 2006 to 2012. As a result, deferred tax liabilities of $81.1 million (NT$1,817 million) were recorded by the Group for the partial tax deductions in respect of amortisation of intangible assets claimed by the Group as at 31 December 2018 (31 December 2017: $64.0 million (NT$1,421 million)).

In January 2018, it was announced that the Income Tax Law in Taiwan has been amended and, starting from 2018, the corporate income tax rate was adjusted from 17% to 20%. This has impacted the Group’s deferred tax liabilities as at 1 January 2018 by a one-time adjustment of $11.5 million, which was recognised as income tax expense in the consolidated statements of profit or loss during the year ended 31 December 2018. Refer Note 15 for more details.

NOTES TO THE FINANCIAL STATEMENTS

(26) INCOME TAXES (continued)

Income tax expense recognised in the consolidated statements of profit or loss is as follows:

Group	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Current income tax	(6,257)	(8,128)
Under provision for tax in prior years	(47)	(500)
Deferred income tax (Note 15)	(6,328)	(10,517)
Withholding tax	(10,227)	(9,184)
Income tax expense	**(22,859)**	**(28,329)**

Income tax expense can be reconciled to the accounting profits as follows:

Group	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Profit before income tax	**30,593**	**65,105**
Income tax expense calculated at 20% (2017:17%)	(6,119)	(11,068)
Effect of changes in tax rates	(11,457)	-
Effect of income exempt from taxation	39,430	37,815
Effect of expenses not deductible in determining taxable profit	(34,439)	(45,392)
Withholding tax	(10,227)	(9,184)
Under provision for tax in prior years	(47)	(500)
Income tax expense	**(22,859)**	**(28,329)**

Provision for income tax and the reconciliation of income tax payable are as follows:

Group	As at 31 December	
Amounts in $'000	**2018**	**2017**
Balance at the beginning of the year	**13,182**	**14,246**
Current income tax provision	6,257	8,128
Under provision for tax in prior years	47	500
Income tax payment	(5,298)	(5,730)
Prepaid and withheld income tax	(2,628)	(4,087)
Foreign exchange effect	(116)	125
Balance at the end of the year	**11,444**	**13,182**

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(i) Categories of financial instruments

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Financial assets				
at amortised cost (2017: loans and receivables):				
Cash and cash equivalents	73,576	66,835	7,161	7,439
Trade and other receivables	13,471	11,845	-	-
Other financial assets	1,120	1,118	18	8
at FVTPL:				
Derivative instruments:				
not designated in hedge accounting relationships	1,200	-	1,200	-
	89,367	**79,798**	**8,379**	**7,447**
Financial liabilities				
at amortised cost:				
Borrowings from financial institutions	(1,510,368)	(1,394,565)	-	-
Trade and other payables	(23,133)	(21,692)	(3,673)	(3,650)
Other financial liabilities	(37,824)	(34,447)	(183)	(225)
at FVTPL:				
Derivative instruments:				
not designated in hedge accounting relationships	(20)	(831)	(20)	(831)
at FVTOCI:				
Derivative instruments:				
in designated hedge accounting relationships	(3,741)	(1,633)	-	-
	(1,575,086)	**(1,453,168)**	**(3,876)**	**(4,706)**
Net financial (liabilities)/assets	**(1,485,719)**	**(1,373,370)**	**4,503**	**2,741**

(ii) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects of changes in the financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Risk management is carried out by the responsible entities within the Group under internal management policies. The Trustee-Manager identifies, evaluates and hedges financial risks and provides guidelines for overall risk management, covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Foreign currency risk

The Group receives dividend and investment income denominated in currencies other than the Singapore dollar, the functional currency of the Trust. The Group is therefore exposed to currency risk, as the value of the amounts receivable denominated in other currencies will fluctuate due to changes in exchange rates.

The Group assesses and monitors its current and projected foreign currency cash flows and in so far as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies and utilises a foreign exchange contract to manage the volatility of future cash flows caused by fluctuations in foreign currency exchange rates. The Group does not hold or issue derivative financial instruments for speculative purposes.

The Group has a number of investments in subsidiaries whose functional currencies are different from the presentation currency of the Group. The net assets of these subsidiaries are exposed to foreign currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(a) Foreign currency risk (continued)

The tables below set out the Group's and Trust's exposures to currency risks, which exclude the currency risk exposures from intercompany receivables and payables, based on the information provided to the Trustee-Manager:

Group as at 31 December 2018 Amounts in $'000	**Singapore dollar**	**Taiwan dollar**	**US dollar**	**Other**	**Total**
Financial assets					
Cash and cash equivalents	12,486	53,282	7,690	118	73,576
Trade and other receivables	-	13,471	-	-	13,471
Derivative instruments:					
not designated in hedge accounting relationships	1,200	-	-	-	1,200
Other financial assets	18	1,102	-	-	1,120
	13,704	**67,855**	**7,690**	**118**	**89,367**
Financial liabilities					
Borrowings from financial institutions	(223,162)	(1,287,206)	-	-	(1,510,368)
Trade and other payables	(3,673)	(19,460)	-	-	(23,133)
Other financial liabilities	(6,033)	(30,429)	(1,362)	-	(37,824)
Derivative instruments:					
in designated hedge accounting relationships	-	(3,741)	-	-	(3,741)
not designated in hedge accounting relationships	(20)	-	-	-	(20)
	(232,888)	**(1,340,836)**	**(1,362)**	**-**	**(1,575,086)**
Net financial (liabilities)/assets	**(219,184)**	**(1,272,981)**	**6,328**	**118**	**(1,485,719)**
Less: Net financial assets/(liabilities) denominated in respective functional currencies of entities within the Group	(4,146)	1,272,981	(1,746)	-	1,267,089
Net currency exposure	**(223,330)**	**-**	**4,582**	**118**	**(218,630)**

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(a) Foreign currency risk (continued)

Group as at 31 December 2017 Amounts in $'000	**Singapore dollar**	**Taiwan dollar**	**US dollar**	**Other**	**Total**
Financial assets					
Cash and cash equivalents	14,161	43,806	8,841	27	66,835
Trade and other receivables	-	9,780	2,065	-	11,845
Other financial assets	8	1,110	-	-	1,118
	14,169	**54,696**	**10,906**	**27**	**79,798**
Financial liabilities					
Borrowings from financial institutions	(176,510)	(1,218,055)	-	-	(1,394,565)
Trade and other payables	(3,650)	(18,042)	-	-	(21,692)
Other financial liabilities	(7,322)	(25,650)	(1,475)	-	(34,447)
Derivative instruments:					
in designated hedge accounting relationships	-	(1,633)	-	-	(1,633)
not designated in hedge accounting relationships	(831)	-	-	-	(831)
	(188,313)	**(1,263,380)**	**(1,475)**	**-**	**(1,453,168)**
Net financial (liabilities)/assets	**(174,144)**	**(1,208,684)**	**9,431**	**27**	**(1,373,370)**
Less: Net financial assets/(liabilities) denominated in respective functional currencies of entities within the Group	(2,571)	1,208,684	(999)	-	1,205,114
Net currency exposure	**(176,715)**	**-**	**8,432**	**27**	**(168,256)**

Trust as at 31 December 2018 Amounts in $'000	**Singapore dollar**	**Taiwan dollar**	**US dollar**	**Other**	**Total**
Financial assets					
Cash and cash equivalents	6,804	-	357	-	7,161
Other financial assets	18	-	-	-	18
Derivative instruments not designated in hedge accounting relationships	1,200	-	-	-	1,200
	8,022	**-**	**357**	**-**	**8,379**
Financial liabilities					
Trade and other payables	(3,673)	-	-	-	(3,673)
Other financial liabilities	(183)	-	-	-	(183)
Derivative instruments not designated in hedge accounting relationships	(20)	-	-	-	(20)
	(3,876)	**-**	**-**	**-**	**(3,876)**
Net financial assets	**4,146**	**-**	**357**	**-**	**4,503**
Less: Net financial assets denominated in Trust's functional currency	(4,146)	-	-	-	(4,146)
Net currency exposure	**-**	**-**	**357**	**-**	**357**

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(a) Foreign currency risk (continued)

Trust as at 31 December 2017 Amounts in $'000	**Singapore dollar**	**Taiwan dollar**	**US dollar**	**Other**	**Total**
Financial assets					
Cash and cash equivalents	7,269	-	170	-	7,439
Other financial assets	8	-	-	-	8
	7,277	**-**	**170**	**-**	**7,447**
Financial liabilities					
Trade and other payables	(3,650)	-	-	-	(3,650)
Other financial liabilities	(225)	-	-	-	(225)
Derivative instruments not designated in hedge accounting relationships	(831)	-	-	-	(831)
	(4,706)	**-**	**-**	**-**	**(4,706)**
Net financial assets	**2,571**	**-**	**170**	**-**	**2,741**
Less: Net financial assets denominated in Trust's functional currency	2,571	-	-	-	2,571
Net currency exposure	**-**	**-**	**170**	**-**	**170**

Foreign currency sensitivity

The following details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of the respective entities within the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to the management and represents the Trustee-Manager's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the following basket of foreign currencies changes against the Singapore dollar by 5% with all other variables including tax rates held constant, the effects arising from the net financial asset/liability position will be as follows:

Group

If foreign currency of the United States dollar is to strengthen/weaken by 5% against the functional currency of the Singapore dollar, the Group's profit will increase/decrease by approximately $0.02 million (31 December 2017: $0.01 million).

If foreign currency of the Singapore dollar is to strengthen/weaken by 5% against the functional currency of the United States dollar, the Group's profit will decrease/increase by approximately $11.2 million (31 December 2017: $8.8 million).

If foreign currency of the United States dollar is to strengthen/weaken by 5% against the functional currency of the New Taiwan dollar, the Group's profit will increase/decrease by approximately $0.2 million (31 December 2017: $0.4 million).

Trust

If foreign currency of the United States dollar is to strengthen/weaken by 5% against the functional currency of the Singapore dollar, the Trust's profit will increase/decrease by approximately $0.02 million (31 December 2017: $0.01 million).

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as means of mitigating the risk of financial loss from such defaults. Credit risk on cash and bank balances and derivative financial instrument is limited as these balances are placed with or transacted with institutions of repute. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group had trade receivables amounting to $1.7 million as at 31 December 2018 (31 December 2017: $2.4 million), that are past due at the end of the reporting period but not impaired. These receivables are unsecured. The analysis of trade receivables at the end of the reporting period is provided in the table below.

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Trade receivables neither past due nor impaired	11,755	9,481	-	-
Trade receivables past due not impaired				
< 3 months	1,715	1,151	-	-
3-6 months	1	744	-	-
> 6 months	-	469	-	-
Impaired receivables individually assessed	1	21	-	-
Less: Loss allowance	(1)	(21)	-	-
Total trade receivables	**13,471**	**11,845**	**-**	**-**

The Trustee-Manager considered trade receivables that are neither past due nor impaired to be of good credit quality.

The assessment of the credit quality and exposure to credit risk are made based on the Group's collections experience. Allowance for doubtful receivables of $0.001 million (31 December 2017: $0.02 million) have been provided for the above specific trade receivables past due and impaired as at 31 December 2018 and 2017. The remaining past due amount has not been impaired as the Trustee-Manager believes that there has not been a significant change in credit quality and the amounts were considered recoverable. Accordingly, no further allowances for doubtful receivables are required to be recorded by the Trustee-Manager as at 31 December 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

The table below details the credit quality of the Group's financial assets as well as maximum exposure to credit risk by credit risk rating grades

Group as at 31 December 2018 Amounts in $'000	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables due from outside parties (Note 5)	Note 1	Lifetime ECL (simplified approach)	13,472	(1)	13,471
Refundable deposits	Performing	12-month ECL	985	-	985
Other financial assets	Performing	12-month ECL	135	-	135
				(1)	

Group as at 31 December 2017 Amounts in $'000	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables due from outside parties (Note 5)	Note 1	Lifetime ECL (simplified approach)	11,866	(21)	11,845
Refundable deposits	Performing	12-month ECL	1,066	-	1,066
Other financial assets	Performing	12-month ECL	52	-	52
				(21)	

Note 1 For trade receivables due from outside parties, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on the historical credit loss experience based on the past due status of debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Trust as at 31 December 2018 Amounts in $'000	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Refundable deposits	Performing	12-month ECL	18	-	18

Trust as at 31 December 2017 Amounts in $'000	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Refundable deposits	Performing	12-month ECL	8	-	8

As at 31 December 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 27(c). There are no related loss allowance during the year.

In order to minimise credit risk, the Group has tasked its Credit Management Committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Credit Management Committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

(c) Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible cash flows attributable to the instruments included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position:

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

Non-derivative financial liabilities

Group as at 31 December 2018 Amounts in $'000	Interest rate per annum	Demand within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
Borrowings from financial institutions	2.26% - 6.67%	51,926	609,166	1,100,788	(251,512)	1,510,368
Obligations under finance leases	3.13% - 3.86%	57	49	-	(3)	103
Trade and other payables	-	23,133	-	-	-	23,133
Other liabilities	-	20,531	1,338	15,852	-	37,721
Total		**95,647**	**610,553**	**1,116,640**	**(251,515)**	**1,571,325**

Group as at 31 December 2017 Amounts in $'000	Interest rate per annum	Demand within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
Borrowings from financial institutions	3.13% - 5.96%	64,711	746,668	846,860	(263,674)	1,394,565
Obligations under finance leases	3.44% - 9.94%	202	219	-	(10)	411
Trade and other payables	-	21,692	-	-	-	21,692
Other liabilities	-	16,602	1,861	15,573	-	34,036
Total		**103,207**	**748,748**	**862,433**	**(263,684)**	**1,450,704**

Trust as at 31 December 2018 Amounts in $'000	Interest rate per annum	Demand within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
Trade and other payables	-	3,673	-	-	-	3,673
Other liabilities	-	183	-	-	-	183
Total		**3,856**	**-**	**-**	**-**	**3,856**

Trust as at 31 December 2017 Amounts in $'000	Interest rate per annum	Demand within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
Trade and other payables	-	3,650	-	-	-	3,650
Other liabilities	-	225	-	-	-	225
Total		**3,875**	**-**	**-**	**-**	**3,875**

Non-derivative financial assets

Substantially all non-derivative financial assets of the Group amounting to $88.2 million as at 31 December 2018 (31 December 2017: $79.8 million) and of the Trust amounting to $7.2 million as at 31 December 2018 (31 December 2017: $7.4 million) respectively, are on demand or due within one year.

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

Derivative financial instruments

Group as at 31 December 2018 Amounts in $'000	Demand within 1 year	Within 2 to 5 years	After 5 years	Total
Assets				
Currency forward contracts - gross settled				
Gross inflow	48,800	17,100	-	65,900
Gross outflow	(47,680)	(17,020)	-	(64,700)
Total	**1,120**	**80**	**-**	**1,200**
Liabilities				
Currency forward contracts - gross settled				
Gross inflow	(148,695)	(6,600)	-	(155,295)
Gross outflow	148,710	6,605	-	155,315
	15	**5**	**-**	**20**
Interest rate swap contracts - net settled	808	2,933	-	3,741
Total	**823**	**2,938**	**-**	**3,761**

Group as at 31 December 2017 Amounts in $'000	Demand within 1 year	Within 2 to 5 years	After 5 years	Total
Liabilities				
Currency forward contracts - gross settled				
Gross inflow	(58,600)	-	-	(58,600)
Gross outflow	59,431	-	-	59,431
	831	**-**	**-**	**831**
Interest rate swap contracts - net settled	1,241	392	-	1,633
Total	**2,072**	**392**	**-**	**2,464**

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

Derivative financial instruments (continued)

Trust as at 31 December 2018 Amounts in $'000	Demand within 1 year	Within 2 to 5 years	After 5 years	Total
Assets				
Currency forward contracts - gross settled				
Gross inflow	48,800	17,100	-	65,900
Gross outflow	(47,680)	(17,020)	-	(64,700)
Total	**1,120**	**80**	**-**	**1,200**
Liabilities				
Currency forward contracts - gross settled				
Gross inflow	(148,695)	(6,600)	-	(155,295)
Gross outflow	148,710	6,605	-	155,315
Total	**15**	**5**	**-**	**20**

Trust as at 31 December 2017 Amounts in $'000	Demand within 1 year	Within 2 to 5 years	After 5 years	Total
Liabilities				
Currency forward contracts - gross settled				
Gross inflow	(58,600)	-	-	(58,600)
Gross outflow	59,431	-	-	59,431
Total	**831**	**-**	**-**	**831**

As at 31 December 2018, the Group had negative working capital of $11.1 million (31 December 2017: $29.2 million). This included $33.8 million of contract liabilities representing collections received in advance from subscribers which do not require any future cash outflow from the Group (31 December 2017: $36.3 million included in current other liabilities).

After adjusting for this amount, the Group would have positive working capital of $22.7 million (31 December 2017: $7.1 million). The Group has undrawn debt facilities of $94.6 million (31 December 2017: $112.5 million) which can be drawn to address any shortfall in working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

The Group believes that it has adequate working capital for its present requirements and that its existing debt facilities, together with cash and cash equivalents, will provide sufficient funds to satisfy its working capital requirements and anticipated capital expenditures and other payment obligations for the next 12 months, after taking into consideration the following factors:

- the Group has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009, that serve approximately 750,000 cable TV RGUs as at 31 December 2018, with more than 175 channels of local and international content on its cable TV platforms in Taiwan. The Group's cable TV licences have been extended to 12 years following the Cable Law amendments to accelerate digitisation and analogue broadcasting switch-off, making the next renewal periods in 2020 and 2021. The Group completed the digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting. Hence, it is expected that the Group's core business, i.e. cable TV system operators and their related businesses, will continue generating sufficient and stable cash inflows. This is consistent with the positive operating cash flows generated by the Group of $160.0 million for the year ended 31 December 2018 (31 December 2017: $188.3 million);
- in view of the steady operating cash flows generated, good credibility over the past years and full compliance with the requirements as stipulated in the debt facilities, the Trustee-Manager is confident it can refinance such debt facilities when required; and
- the Trustee-Manager has carefully monitored and managed its cash flows. Management and operation reports are prepared and reviewed on a monthly basis and cash flow forecasts are prepared on a quarterly basis to project cash flow requirements of the Group using various general and operational assumptions.

(d) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Further details of the interest rate swap contracts are disclosed in Note 9(ii).

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments as the majority of the principal amount of the Group's floating rate borrowings are hedged using interest rate swaps at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(27) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(e) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. For other classes of financial assets and liabilities, the Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of derivative financial instruments are determined (in particular, the valuation technique(s) and inputs used):

Financial assets/ liabilities Amounts in $'000	Fair value as at 31 December 2018	2017	Fair value hierarchy	Value technique(s) and key input(s)	Significant unobservable input(s)
Foreign exchange contracts	**Assets:** Current - 1,120 Non-current - 80	**Assets:** Current - nil Non-current - nil	Level 2	The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value	N/A
	Liabilities: Current - 15 Non-current - 5	**Liabilities:** Current - 831 Non-current - nil			
Interest rate swaps	**Liabilities:** Current - nil Non-current - 3,741 **(designated for hedging)**	**Liabilities:** Current - nil Non-current - 1,633 **(designated for hedging)**	Level 2	Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves	N/A

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the current reporting period.

(iii) Capital management policies and objectives

The Group capital management objectives are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise unitholders' value. The Group's overall strategy remains unchanged from 2017. To achieve its capital management objectives, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units and obtain new borrowings. In addition, the Group also specifically monitors the financial ratios of its debt covenants stated in the agreements with the financial institutions providing the debt facilities to the Group. The Group is in compliance with externally imposed capital requirements for the years ended 31 December 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

(28) NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Group as at 31 December		Trust as at 31 December	
	2018	2017	2018	2017
Net asset value attributable to unitholders				
Total net asset value attributable to unitholders ($'000)	1,071,399	1,187,469	1,346,955	1,345,217
Total number of units in issue used in calculation of net asset value per unit attributable to unitholders ('000)	1,436,800	1,436,800	1,436,800	1,436,800
Net asset value per unit attributable to unitholders ($)	**0.75**	**0.83**	**0.94**	**0.94**

(29) COMMITMENTS AND CONTINGENCIES

(i) Commitments

The Group's commitments under operating leases are disclosed in Note 22. There were no other commitments as at 31 December 2018 and 2017 both at the Group and Trust level.

(ii) Contingencies

There were no contingent liabilities or contingent assets as at 31 December 2018 and 2017 both at the Group and Trust level other than guarantees as disclosed in Note 11.

(30) RELATED PARTY TRANSACTIONS

(i) The Trustee-Manager

The Trustee-Manager, APTT Management Pte. Limited, was incorporated in Singapore under the Singapore Companies Act on 17 April 2013. The Trustee-Manager is a wholly owned subsidiary of Dynami which is a Singapore registered company majority owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

On 13 April 2017, the Trustee-Manager announced that the acquisition of entire interest in the Trustee-Manager (the "Transaction") by Dynami had completed. On completion of the Transaction, Dynami became the sole shareholder of the Trustee-Manager.

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.

The following transactions occurred between APTT and the Trustee-Manager during the year:

	Year ended 31 December	
Amounts in $'000	**2018**	**2017**
Trustee-Manager fees	7,285	7,241

The following significant balances remained outstanding between APTT and the Trustee-Manager at the end of the year:

	As at 31 December	
Amounts in $'000	**2018**	**2017**
Base fees payable to the Trustee-Manager (Note 12)	3,673	3,650

NOTES TO THE FINANCIAL STATEMENTS

(30) RELATED PARTY TRANSACTIONS

(ii) Others

Prior to 13 April 2017, any transactions with Macquarie Group entities have been classified as related party transactions and disclosed separately in the financial statements. As Macquarie Group entities were no longer related parties for the Group thereafter, the transactions with Macquarie Group entities disclosed below relate to the period up to 13 April 2017.

As per the Resources Agreement between the Trustee-Manager and Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited ("MIRA Singapore") in relation to the provision of resource services by MIRA Singapore to the Trustee-Manager, all fees payable in respect of ancillary services are borne by the Trust. The Resources Agreement was terminated on 13 April 2017 along with the completion of the acquisition of the entire interest in the Trustee-Manager by Dynami. For the period up to completion of the Transaction, the Trustee-Manager recovered ancillary charges amounting to less than $0.1 million from the Trust. Following the completion of the Transaction, all resource services are provided by the Trustee-Manager. There were no such transactions from 14 April 2017 to 31 December 2017.

For the year ended 31 December 2018, the Trustee-Manager recovered ancillary charges amounting to $0.3 million from the Trust.

(31) EARNINGS PER UNIT

Group	Year ended 31 December	
	2018	**2017**
Weighted average number of units in issue ('000)	1,436,800	1,436,800
Profit after income tax attributable to unitholders of APTT ($'000)	7,407	36,446
Basic and diluted earnings per unit (cents)	**0.52**	**2.54**

(32) SEGMENT INFORMATION

The Group is principally engaged in providing Cable TV and Broadband services in Taiwan and therefore the Trustee-Manager considers that the Group operates in one single business and geographical segment.

STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2019

SUBSTANTIAL UNITHOLDERS

Substantial unitholders	Direct interest	%	Deemed interest	%
Venezio Investments Pte. Ltd.	113,959,812	7.93	-	-
Napier Investments Pte. Ltd.[1]	-	-	113,959,812	7.93
Tembusu Capital Pte. Ltd.[1]	-	-	113,959,812	7.93
Temasek Holdings (Private) Limited[1]	-	-	113,959,812	7.93

[1] Venezio Investments Pte. Ltd. ("Venezio") is wholly owned by Napier Investments Pte. Ltd. ("Napier"), which is a wholly owned subsidiary of Tembusu Capital Pte. Ltd. ("Tembusu"), which in turn is a wholly owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). Napier, Tembusu and Temasek are therefore deemed to be interested in the units held by Venezio.

ADDITIONAL INFORMATION

	Total volume '000	Highest price $	Lowest price $
Unit performance in 2018	993,099	0.595	0.124

STATISTICS OF UNITHOLDINGS

AS AT 12 MARCH 2019

There were 1,436,800,000 units (voting rights: 1 vote per unit) in issue as of 12 March 2019. There is only one class of units in APTT.

DISTRIBUTION OF UNITHOLDINGS

Size of unitholdings	No. of unitholders	%	No. of units	%
1 - 99	237	1.92	9,585	0.00
100 - 1,000	757	6.15	570,368	0.04
1,001 - 10,000	4,377	35.56	26,355,917	1.83
10,001 - 1,000,000	6,847	55.62	520,812,423	36.25
1,000,001 and above	92	0.75	889,051,707	61.88
Total	**12,310**	**100.00**	**1,436,800,000**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of units	%
1	DBS Nominees (Private) Limited	163,194,734	11.36
2	Citibank Nominees Singapore Pte. Ltd.	117,145,788	8.15
3	Venezio Investments Pte. Ltd.	113,959,812	7.93
4	Raffles Nominees (Pte) Limited	70,756,556	4.92
5	Hong Han Investment Co., Ltd.	43,103,999	3.00
6	DBSN Services Pte. Ltd.	33,518,069	2.33
7	Maybank Kim Eng Securities Pte. Ltd.	28,801,495	2.00
8	CGS-CIMB Securities (Singapore) Pte. Ltd.	23,947,996	1.67
9	Teo Cheng Tuan Donald	20,000,000	1.39
10	Tan Chwee Huat	18,960,000	1.32
11	HSBC (Singapore) Nominees Pte. Ltd.	15,172,063	1.06
12	OCBC Securities Private Limited	13,241,942	0.92
13	Phillip Securities Pte. Ltd.	11,600,341	0.81
14	DBS Vickers Securities (Singapore) Pte Ltd	10,750,084	0.75
15	United Overseas Bank Nominees (Private) Limited	10,587,572	0.74
16	OCBC Nominees Singapore Private Limited	8,541,432	0.59
17	Ho Kim Lee Adrian	8,386,300	0.58
18	Lim & Tan Securities Pte. Ltd.	7,786,740	0.54
19	DB Nominees (Singapore) Pte. Ltd.	7,406,933	0.52
20	UOB Kay Hian Private Limited	7,294,027	0.51
		734,155,883	**51.09**

Based on the information available to the Trustee-Manager as at 12 March 2019, 88.98% of the issued ordinary units of the Trust are held by the public and, therefore Rule 723 of the Listing Manual is complied with.

The Trust does not have any treasury units or convertible securities.

ADDITIONAL SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL DISCLOSURE REQUIREMENTS

(A) REMUNERATION OF AUDITORS

Please refer to Note 25(x) of Financial Statements on page 123 of this Annual Report.

(B) APPOINTMENT OF AUDITORS

The Group has complied with Rule 713 and engaged Deloitte & Touche LLP as statutory auditors for the year ended 31 December 2018.

The Group has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its auditors.

(C) REVIEW OF THE PROVISION OF NON-AUDIT SERVICES BY THE AUDITORS

The Audit Committee has undertaken a review of non-audit services provided by the auditors and they would not, in the opinion of the Audit Committee, affect their independence.

(D) ADDITIONAL DISCLOSURE PURSUANT TO LISTING RULE 1207(8)

There are no material contracts between the Trust and its subsidiaries involving the interests of the Chief Executive Officer, any director or controlling unitholder of the Trust (as defined in the Listing Manual), either still subsisting at the end of the year, 31 December 2018, or if not then subsisting, entered into since the constitution of the Trust.

(E) INTERESTED PERSON TRANSACTIONS ("IPTs")

Please refer to Note 30 of Financial Statements on pages 137 to 138 of this Annual Report.

The Group has not obtained a general mandate from unitholders for IPTs.

ADDITIONAL SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL DISCLOSURE REQUIREMENTS

(F) PRINCIPAL DIRECTORSHIPS

The present principal directorships, other than those held in the Trustee-Manager, and the past principal directorships for a period of approximately three years prior, of each of the directors are as follows:

Name	Present principal directorships	Past principal directorships
Mr Yong Lum Sung	Golden Donuts Pte. Ltd. Tera-Barrier Films Pte. Ltd. Care Corner Singapore Ltd Singex Holdings Pte Ltd	Tianjin Binhai Conventions & Exhibitions Co Ltd SCC Travel Services Pte Ltd D-SIMLAB Technologies Pte. Ltd. Singapore Cruise Centre Pte. Ltd.

Name	Present principal directorships	Past principal directorships
Mr Leong Shin Loong	Telesindo Shop Pte Ltd Decat Pte. Ltd. Decat Sigma IT Systems Limited	Ashinda Techno (S) Pte. Ltd. New Asurion Singapore Pte. Ltd. Asurion Asia Pacific Pte. Ltd. Spring Tower Solutions (ASIA) Pte Ltd

Name	Present principal directorships	Past principal directorships
Ms Ong Joo Mien, Joanna	J. Ong Business Services Pte. Ltd YWS Design Asia Pte Ltd	None

Name	Present principal directorships	Past principal directorships
Mr Tan Chung Yaw, Richard	None	Polaris Ltd Mobility Development Group FLASHiZ International S.A. PT Excite Indonesia PT Smartfren Efflam Limited Efflam Singapore Pte Ltd MyRepublic Limited MyRepublic Group Limited MyRepublic Corporate Pte. Ltd.

Name	Present principal directorships	Past principal directorships
Mr Lu Fang-Ming	Asia Pacific Telecom Co., Ltd. Hon Hai Precision Industry Co., Ltd.	None

Name	Present principal directorships	Past principal directorships
Mr Brian McKinley	APTT Holdings 1 Limited APTT Holdings 2 Limited Cable TV S.A. TBC Holdings B.V.	None

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixth Annual General Meeting of the unitholders of Asian Pay Television Trust ("APTT") will be held at the Phoenix Grand Ballroom, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on 25 April 2019, Thursday, at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. 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 2018 and the Auditor's Report thereon.

(Ordinary Resolution 1)

2. To reappoint Deloitte & Touche LLP as the Auditors 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)

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

3. General mandate to issue units in APTT ("Units")

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; and

(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;

NOTICE OF ANNUAL GENERAL MEETING

(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.

(See explanatory note 1)

(Ordinary Resolution 3)

4. APTT Unit Buy-Back Mandate

That:

(i) the exercise of all the powers of the Trustee-Manager to repurchase issued Units for and on behalf of APTT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Trustee-Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or

(b) off-market repurchase(s) (which are not market repurchase(s)) in accordance with any equal access scheme(s) as may be determined or formulated by the Trustee-Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "Unit Buy-Back Mandate");

(ii) unless varied or revoked by unitholders in a general meeting, repurchases of Units may be made during the period commencing from the date of the passing of this Resolution and expiring on:

(a) the date on which the next Annual General Meeting of APTT is or is required by the Relevant Laws, Regulations and Guidelines (as defined in the Letter) or the Trust Deed to be held, whichever is earlier; or

(b) the date on which repurchases of Units by the Trustee-Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

whichever is earlier.

(iii) in this Resolution:

"Average Closing Price" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

"date of the making of the offer" means the date on which the Trustee-Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

NOTICE OF ANNUAL GENERAL MEETING

"Market Day" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

"Maximum Limit" means that number of Units representing 10.0% of the total number of issued Units as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a market repurchase of a Unit, 105.0% of the Average Closing Price of the Units; and

(b) in the case of an off-market repurchase of a Unit, 120.0% of the Average Closing Price of the Units.

(iv) the Trustee-Manager and any of its Directors, Chief Executive Officer or Chief Financial Officer be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer or Chief Financial Officer may consider expedient or necessary or in the interests of APTT to give effect to the transactions contemplated and/or authorised by this Resolution.

(See explanatory note 2)

(Ordinary Resolution 4)

By order of the Board of Directors
APTT Management Pte. Limited
As Trustee-Manager of Asian Pay Television Trust

Kim Yi Hwa
Company Secretary

Singapore, 5 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes:

1. Ordinary Resolution 3

Ordinary Resolution 3, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the date on which such authority is varied or revoked by APTT in a general meeting of the unitholders, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50.0% of the issued Units, of which up to 20.0% may be issued other than on a pro-rata basis to existing unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 is passed, after adjusting for any new Units arising from the conversion or exercise of the Instruments, and any subsequent bonus issue, consolidation or subdivision of Units.

2. Ordinary Resolution 4

Ordinary Resolution 4, if passed, will empower the Trustee-Manager from the date of the AGM of APTT until (i) the date on which the next Annual General Meeting of APTT is or is required by the Relevant Laws, Regulations and Guidelines or the Trust Deed to be held, whichever is earlier, or (ii) the date on which the repurchases of Units by the Trustee-Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earlier, to exercise all the powers to repurchase issued Units for and on behalf of APTT not exceeding in aggregate 10.0% of the total number of Units as at the date of the passing of this Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Letter to Unitholders dated 5 April 2019, ("Letter") unless such authority is revoked or varied by the unitholders in a general meeting.

Notes:

1. A unitholder entitled to attend and vote at the Annual General Meeting of unitholders is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a unitholder.

2. The instrument appointing a proxy or proxies must be deposited at the registered office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of APTT, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a unitholder (i) consents to the collection, use and disclosure of the unitholder's personal data by the Trustee-Manager (or its agents) for the purpose of the processing and administration of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the unitholder discloses the personal data of the unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents), the unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the unitholder's breach of warranty.

ASIAN PAY TELEVISION TRUST
(A business trust constituted on 30 April 2013
under the laws of the Republic of Singapore)
Registration Number: 2013005

Asian Pay Television Trust

APTT MANAGEMENT PTE. LIMITED
(Incorporated in the Republic of Singapore)
(As Trustee-Manager of Asian Pay Television Trust)
Company Registration Number: 201310241D

PROXY FORM

(Please see notes overleaf before completing this form)

*I/We ____

(NRIC/Passport No./Company Registration No. ______________________________)

of ____(Address)

being a *unitholder/unitholders of Asian Pay Television Trust ("APTT") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of unitholdings	
			No. of units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of unitholdings	
			No. of units	%

or failing *him/her/them, the chair of the Annual General Meeting ("AGM") of APTT as *my/our *proxy/proxies to attend and to vote for *me/us and on *my/our behalf, at the AGM of APTT, to be held at the Phoenix Grand Ballroom, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031, on 25 April 2019, Thursday, at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/her/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the chair of the AGM shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	**For	**Against
	Ordinary business		
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 2018 and the Auditor's Report thereon		
2	Reappointment of Deloitte & Touche LLP as the Auditors of APTT		
	Special business		
3	Authority to issue new units in APTT		
4	APTT Unit Buy-Back Mandate		

* Delete accordingly.

** Please indicate your vote "For" or "Against" with a tick (✔) within the box provided.

Dated this ________ day of ______________ 2019.

Total no. of units in:	No. of units
(a) CDP Register	
(b) Register of unitholders	

____
Signature(s) of unitholder(s)/Common Seal of corporate unitholder

Notes:

1. Please insert the total number of units in APTT ("Units") held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Units. If you have Units registered in your name in the Register of unitholders of APTT, you should insert that number of Units. If you have Units entered against your name in the said Depository Register and Units registered in your name in the Register of unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of unitholders. If no number is inserted, the Instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.

2. A unitholder of APTT entitled to attend and vote at a meeting of APTT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of APTT.

3. Where a unitholder appoints two proxies, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a unitholder appoints two proxies and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the unitholder are deemed to be equally divided between the proxies.

4. Completion and return of this Instrument appointing a proxy shall not preclude a unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a unitholder attends the meeting in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the Instrument of proxy to the AGM.

5. The Instrument appointing a proxy or proxies must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of APTT, at the following address: Asian Pay Television Trust, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the AGM.

6. The Instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Instrument, failing which the Instrument may be treated as invalid.

7. A corporation which is a unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal data privacy:

By submitting an Instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2019.

General:

The Trustee-Manager shall be entitled to reject the Instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any Instrument appointing a proxy or proxies lodged if the unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

Disclaimers

Asian Pay Television Trust

APTT Management Pte. Limited
Company Registration Number: 201310241D

Registered office: 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623
Telephone: +65 6727 8370 Facsimile: +65 6727 6889 Email: contact@aptt.sg

www.aptt.sg