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Asian Pay Television Trust

ANNUAL REPORT 2019

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Asian Pay Television Trust

TRUST PROFILE

Asian Pay Television Trust ("APTT" or the "Trust") is the first listed business trust in Asia focused on pay-TV and broadband businesses. APTT has an investment mandate to acquire controlling interests in and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore.

APTT'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-incorporated company. A majority of the shares in Dynami are held 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.

PRC Investor Notice

Investors should note that there are limitations on the rights of certain investors to own units in Asian Pay Television Trust ("APTT") under applicable Taiwan laws and regulations (the "Relevant Restrictions"). Such investors include individuals or certain corporate entities in the People's Republic of China ("PRC"), the Taiwan Government and political entities and other restricted entities and restricted persons (collectively, the "Restricted Persons"). Investors should note that the deed of trust constituting APTT dated 30 April 2013 (the "Trust Deed") provides that APTT Management Pte. Limited, as trustee-manager of APTT (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 relevant units in APTT. 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 under the Trust Deed. For further information, investors should refer to the prospectus dated 16 May 2013 issued by APTT and the Trust Deed.

TRUST STRUCTURE

FINANCIAL HIGHLIGHTS

NET PROFIT (S$)
19.4
MILLION

TOTAL ASSETS (S$)
2,839.5
MILLION

TOTAL REVENUE (S$)
292.6
MILLION

EBITDA (S$)
174.5
MILLION

EBITDA MARGIN
59.6%

DISTRIBUTIONS PER UNIT
1.2
SINGAPORE CENTS

CHAIR'S STATEMENT

The strength of APTT's business lies in our wide subscriber base of almost 1.2 million, as well as a fully owned advanced hybrid fibre coaxial cable network that we use to deliver cable TV and high-speed broadband services across our five franchise areas. This is a prized asset on the back of Taiwan's upcoming 5G rollout.

Dear Unitholders,

Asian Pay Television Trust ("APTT" or the "Trust") made progress on a few fronts in 2019, as we repositioned our business for the future.

We continued to grow our total subscriber[1] base to 1,181,000 (2018: 1,162,000), driven by a steady increase in Premium digital cable TV and Broadband subscribers over the past seven quarters. Efforts in executing our Broadband growth strategy deepened our fixed-line Broadband market penetration to 33% in 2019, up from 29% in 2018. These achievements were attained despite the intense competition that has negatively impacted almost every player in the saturated cable TV and telecommunications market globally.

Our capital management, through the refinancing of our borrowing facilities in 2018 and extension of interest rate swaps in 2019 to hedge approximately 95% of outstanding onshore facilities through to 2021, also yielded positive results. Substantial interest costs were saved as we lowered our effective interest rate by 30 basis points to 3.3% in 2019.

NAVIGATING THE LANDSCAPE

Continued investment to increase our Broadband market share, along with efforts to manage gearing, is aimed at securing a stronger footing for APTT to tackle market challenges and drive growth.

1 Subscribers refer to Revenue Generating Units (or "RGUs") and the terms are used interchangeably.

CHAIR'S STATEMENT

The strength of APTT's business lies in our wide subscriber base of almost 1.2 million, as well as a fully owned advanced hybrid fibre coaxial cable network that we use to deliver cable TV and high-speed broadband services across our five franchise areas. This is a prized asset on the back of Taiwan's upcoming 5G rollout.

Already, we have started providing data backhaul services to a number of wireless operators who prefer tapping into our superior network. With the first round of 5G licences awarded recently, it is important for TBC to be fully data-backhaul ready to support 5G network carriers in their eventual rollout. Key to unlocking the potential of our data backhaul business is our network investment to increase capacity and speed.

Capital expenditure ("Capex") in 2019 was elevated as we continued to deploy fibre deeper into the network. Capex in 2019 was entirely funded using operational cash flows, unlike in previous years where bank borrowings funded a significant portion of Capex.

Capex shall be limited to areas that will have the best potential in generating growth. As part of our debt management programme, we will continue to use operational cash flows to fund Capex. This is to reduce our dependence on borrowings.

Capex is expected to trend down from 2020 onwards. More cash generated from operations may be available to make debt repayments, subject to operating conditions. We believe a stronger balance sheet will give us the flexibility to compete more effectively in this economic and operating environment.

While there is no intention to use bank borrowings for growth initiatives, it should be noted that S$84 million of revolving facilities are still available for us to draw on, if the need arises. This underscores lenders' confidence in our business and management.

OPERATIONAL PERFORMANCE

The Trust reported total revenue and EBITDA on a consolidated basis of S$292.6 million and S$174.5 million in 2019, compared to S$313.9 million and S$184.6 million in 2018.

Competition from aggressively priced IPTV, as well as video piracy issues, had led to some churn. Basic cable TV RGUs decreased to 729,000 (2018: 750,000). Average revenue per user ("ARPU") also declined marginally as we fought to retain existing subscribers.

On Premium digital cable TV, continued growth momentum raised the number of RGUs to 214,000 (2018: 196,000). ARPU was lower due to promotions and discounted bundled packages to compete with aggressively priced IPTV and pirated content. We believe growth in Premium digital cable TV subscriptions will continue to be driven by the high digitisation rate, as well as a number of traditional channels producing their content in high definition and offering differentiated content.

For Broadband, continued efforts to grow the business lifted the number of RGUs to 238,000 (2018: 216,000). To compete with mobile operators offering low-cost unlimited wireless data, TBC had to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing ones, thus lowering ARPU.

Notwithstanding the pressure on ARPUs, with tight cost management, we are heartened that our EBITDA margin improved to 59.6% (2018: 58.8%).

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

BROADBAND TO DRIVE GROWTH

Apart from the 5G rollout, consumers' growing data usage and demand for higher speed plans are also key drivers for our Broadband business. We will continue to pursue our Broadband growth strategy, driving higher speed plans, developing new market segments and introducing more value-added solutions that leverage the Android gateway, which allows higher speed plan subscribers to view over-the-top content and enjoy other value-added home-centric solutions.

Overall, we are confident of growing our fixed-line Broadband market penetration beyond the current 33%, while data backhaul is expected to become a material part of our Broadband business in the next few years.

STRATEGIC REVIEW

APTT has spent 2019 repositioning itself for the future. Amidst the industry transformation, we believe the strength of our brand, assets and customer base will enable us to navigate the challenges ahead. There is still a lot of value in our business to be extracted.

CHAIR'S STATEMENT

In April 2019, the Trustee-Manager launched an independent strategic review of options available for APTT and our investment in TBC. In June 2019, Merrill Lynch (Singapore) Pte. Ltd. ("Bank of America Securities") was appointed as exclusive financial adviser for the strategic review, reporting to a special committee comprising all four independent directors on the Board and the Chief Executive Officer (the "Strategic Review Committee").

The Strategic Review Committee and Bank of America Securities spent months engaging various parties, including the Trustee-Manager's sole shareholder, Dynami Vision Pte. Ltd. ("Dynami"), to explore ways that can unlock value for APTT unitholders; a new strategic partnership at the Trustee-Manager level was one of the options considered. We therefore welcomed the news on 11 February 2020 that Dynami's parent company had entered into a sale and purchase agreement with Da Da Digital Convergence Co., Ltd. ("Da Da Digital") for a 65% stake in Dynami (the "Proposed Transaction").

If approved by the regulatory bodies in Taiwan and lenders of APTT and TBC, this partial divestment by Dynami should be a win-win solution for all parties, and for APTT unitholders. There is potential to create synergies between APTT and Da Da Digital on the back of industry changes from Taiwan's 5G rollout. Da Da Digital also indicated its interest to increase its stake in APTT in the mid to long term, while adhering to the necessary regulations in both Taiwan and Singapore.

The Strategic Review Committee, which is steadfast in protecting unitholders' interest, looks forward to growing the partnership and working closely with Da Da Digital to drive sustainable distributions and extract greater value for unitholders.

Rest assured that the Proposed Transaction will not have an impact on the management team and operations of the Trustee-Manager and APTT, nor the distribution guidance of 1.20 Singapore cents per unit for 2020.

ACKNOWLEDGEMENTS

On behalf of the Trustee-Manager Board, I would like to thank all staff and the management team for another year of hard work. To my fellow directors on the Board, thank you again for your dedicated service.

Finally, my heartfelt appreciation goes out to you, our unitholders and other stakeholders, for your continued support.

Yong Lum Sung
Chair

ASSET PORTFOLIO

TAIWAN BROADBAND COMMUNICATIONS GROUP ("TBC")

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 advanced 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 almost 1.2 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 1 Gbps.

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 2019

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SUSTAINABILITY REPORT

BOARD STATEMENT

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

In today's landscape, fuelled by global economic volatility, growing environmental concerns and rising incidence of cyber security and data privacy breaches, finding the right balance to managing People, Planet and Profit is now more important than ever. We recognise the importance of proactively managing the environmental, social and governance ("ESG") issues material to our business to enhance our resilience in the face of changing economy, technology and consumer demands.

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 2019, we continued to advance the various initiatives started in 2018 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 material breaches for the year. We carried out energy-saving initiatives to manage 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	2019 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's and TBC's assets and businesses have appropriate environmental and social risk management frameworks in place.	• Revenue for the year of $292.6 million[2] • EBITDA for the year of $174.5 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

[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	2019 Performance Highlights
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 manage the amount of energy we consume.	• Adjusted our electricity contract capacity and switched to using blade servers to further our energy-saving efforts
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.	• Improved new hire rate by 3% in TBC • Rate of employee turnover in TBC remained stable • Completed an average of 21 training hours per employee in TBC
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 almost 1.2 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 in which we operate. We are dedicated to bringing relevant local content to our subscribers and supporting activities that are meaningful to the local communities.	• Dedicated 1,427 production hours to supporting 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 the 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 that may further add value to the Trust. 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 2019, we continued with a number of initiatives from the previous year, particularly on capital expenditure and investments. They are aimed at securing a stronger footing for APTT to tackle market challenges, drive growth and contribute to the long-term sustainability of our business:

- We have been steadily adding Premium digital cable TV and Broadband subscribers over the last seven quarters. This has raised our total subscriber base to c.1,181,000. Our fixed-line Broadband market penetration continued to grow, increasing by 4 percentage points year-on-year to 33%.

- We invested $21.8 million in the maintenance of TBC's fully owned advanced hybrid fibre coaxial cable network in its five franchise areas across Taiwan. The quality of the network is instrumental to the provision of TBC's services.

- We also invested $53.1 million in TBC's network, Broadband and other capital expenditure initiatives. The deployment of fibre deeper into the network continued to be a key investment for 2019 as it will increase network capacity and speed to drive future growth. This investment is also critical in unlocking the potential of our data backhaul business as we work towards being fully data backhaul ready to support 5G network carriers in their eventual rollout. Already, we have started providing data backhaul services to a number of wireless operators who prefer tapping into our superior network.

- As part of our Broadband growth strategy and to attract and retain existing subscribers, we continued to drive higher speed plans at competitive prices, develop new market segments and introduce more value-added solutions that leverage the Android gateway, which allows higher speed plan subscribers to view over-the-top content and enjoy other value-added home-centric solutions. These initiatives aim to address challenges arising from video piracy issues, as well as the growing popularity of online TV and internet retailing.

- As part of our focused debt management programme:

  (i) We refinanced our outstanding borrowing facilities at lower arrangement fees and improved margins in November 2018, demonstrating strong lender support and confidence in APTT's business and its management.

SUSTAINABILITY REPORT

(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, in April 2019, additional interest rate swaps were entered into to hedge approximately 95% of outstanding onshore facilities through to 2021; the average fixed rate on TAIBOR swaps through to 2021 is approximately 0.82%. With the refinancing and interest rate swaps, substantial interest costs were saved as we lowered our effective interest rate by 30 basis points to 3.3% in 2019.

(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.

(iv) The revised distribution of 1.20 cents per unit in 2019 resulted in substantial cash savings, enabling us to fund capital expenditure using operational cash flows, unlike in previous years where bank borrowings funded a significant portion of capital expenditure.

- Looking ahead:

(i) The distribution guidance of 1.20 cents per unit for 2020, subject to no material changes in planning assumptions, will enable the Trust to continue using operational cash flows to fund capital expenditure and reduce the dependence on borrowings.

(ii) Capital expenditure is expected to trend down from 2020 onwards. The level of capital expenditure will be closely monitored to focus on areas that will have the best potential in generating growth and sustainability for the long term. Subject to operating conditions, more cash generated from operations may be available to make debt repayments.

(iii) The first round of 5G spectrum auctions in December 2019 and the award of licences early this year are positive developments for our data backhaul services, which are expected to become a material part of our Broadband business within the next few years.

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 and to review long-term strategy.

APTT reported consolidated revenue and EBITDA of $292.6 million and $174.5 million for the year ended 31 December 2019, compared to $313.9 million and $184.6 million for the previous year. Please refer to the Operational and Financial Review on pages 24 to 31 and Financial Statements on pages 52 to 130 of this Annual Report for more details on our economic performance in 2019. A summary of our economic performance is presented below.

Group[1,2]	**Year ended 31 December**	
Amounts in $'000	**2019**	**2018**
Total revenue	292,625	313,855
Total operating expenses[3]	(118,165)	(129,266)
EBITDA[4]	174,460	184,589
EBITDA margin[4]	59.6%	58.8%
Profit after income tax	19,413	7,734

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, on pages 52 to 130 of this Annual Report, 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 footnote 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.

The Trustee-Manager has put in place various policies and procedures that set out clear expectations of ethical and responsible behaviour from all employees. These policies are cascaded to TBC to make it clear that all employees are held to the same standard of accountability and compliance. TBC has further adopted policies in line with the local regulatory requirements. 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, protection of intellectual property to workplace health and safety, as well as gender equality. The established policies 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 (in compliance with Labour Standard Law) • 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 in upholding the personal and corporate integrity that APTT values. The Trustee-Manager ensures that employees and directors undergo an induction programme that includes introduction of 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 2019, TBC continued conducting training sessions in response to the changes in regulatory requirements in areas such as personal information and customer protection. It conducted five regulatory compliance and update training sessions, covering topics such as Personal Information Protection Act, gender equality and workplace bullying, as well as 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

	2019	2018
Number of incidents that resulted in significant fines or legal actions	Nil	Nil

In 2019, there were no non-compliant incidents that resulted in significant fines or legal actions. We aim to maintain our record of zero 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 of our IT security could disrupt the provision of our services and cause a leak of confidential or personal data. We have placed high priority on the continual surveillance of cyber security threats and in upgrades of the IT security infrastructure and systems.

The Trustee-Manager has appointed an external service provider in Singapore, that is part of an ISO 27001 certified global corporation, to manage and maintain our 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, and has passed the compliance review conducted by an independent party in October 2019. 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 Regulation 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
- TBC website and webpage connection security
- Accounting System Operating Data Security through multiple server set up and regular backup in offsite locations
- Annual information security training
- Annual information security bulletin and regular information safety news updates on the intranet
- User-end security monitoring for defence against viruses

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
- IT personnel monitoring of activities against TBC's firewall to identify higher risk activities

Breach response protocols

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

In 2019, we continued to update our SOPs to further strengthen data security and protection for TBC, conducted IT-related BCP drills and attended training and industry conferences to keep abreast of the latest developments in cyber security and 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

	2019	2018
Number of material IT security incidents	Nil	Nil

In 2020, we are committed to operating a continued strong and robust cyber security system with no successful unauthorised access to our critical IT systems that may lead to material data loss and system disruptions. We will also continue to implement our IT Security Policy to be in compliance 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 of 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 2019, the policy on employee promotion has 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. The Employee Working Rules are submitted to and approved by the relevant local authorities at each franchise area. 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 with the neccessary knowledge to conduct work in a safe manner. Training sessions offered in 2019 included working at height, working underground and in confined spaces and prevention of electric shocks. A total of nine fire drills were conducted throughout TBC's five franchise areas. The average training time per employee at TBC was 21 hours in 2019. This was a slight reduction compared to 2018, since the regulatory changes and the respective update trainings were mostly carried out in the previous year. Nevertheless, TBC has ensured that all employees have gone through the compulsory training, including the three mandatory training hours as required under the ISO certification and personal data protection, and are well informed of the working policies and regulatory requirements.

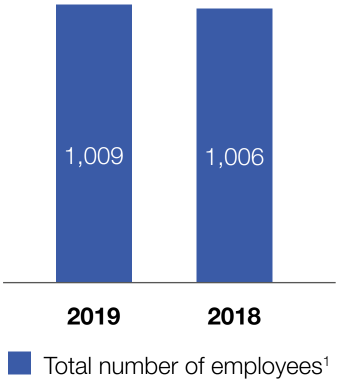
TBC also provides the following benefits to enhance the well-being of our employees:

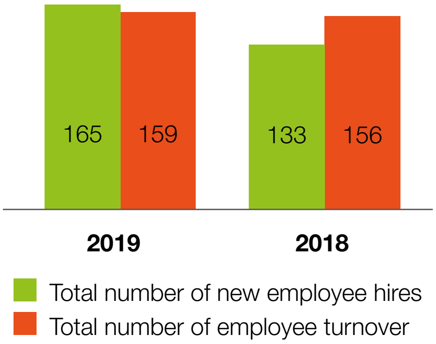
- Various insurance schemes, including labour insurance, health insurance, group life, medical and accident insurance
- Annual health screening
- Retirement benefits
- Holiday and special occasion bonus
- Year-end party and family day
- Employee discounts for TBC products and services

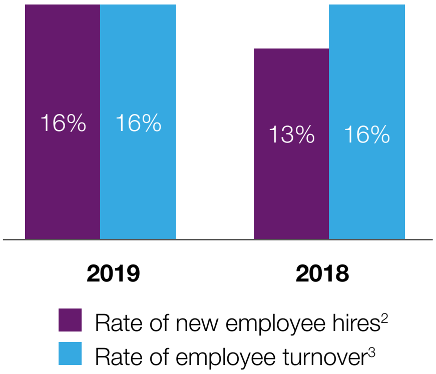
SUSTAINABILITY REPORT

In 2019, 165 new employees were recruited while 159 employees left TBC, translating to a new employee hire rate of 16% and an employee turnover rate of 16%. Compared to 2018, TBC's employee turnover rate remained stable, while the new hire rate has increased by 3%.

Performance Data







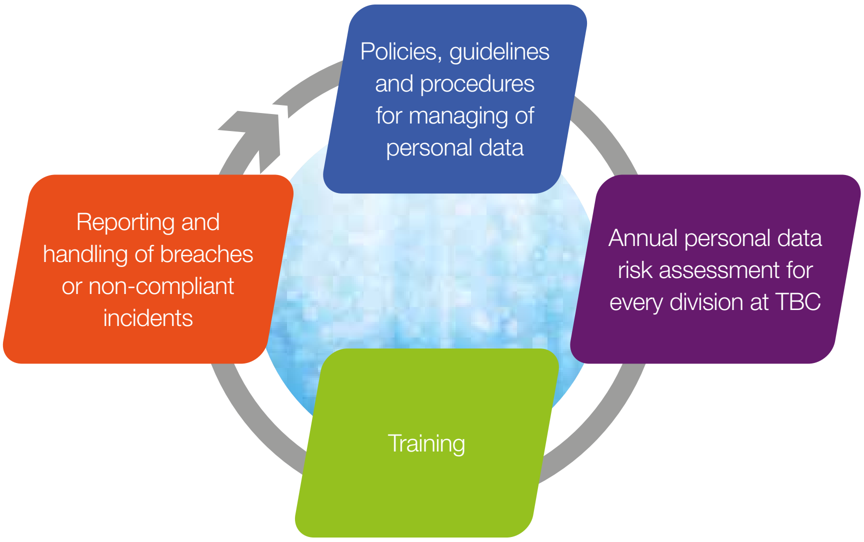
In 2020, we will continue to commit to the well-being of our employees. We will continue to deploy fair and transparent employment practices, as well as provide benefits and training to our employees.

CUSTOMER PRIVACY

We protect the 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 personnel are required to act with integrity when handling sensitive and confidential information. Confidentiality and data protection are also key terms and conditions clearly spelled out in the Trustee-Manager's and TBC's contractual agreements with clients.

Furthermore, TBC has established a rigorous management approach to safeguarding customer privacy.

TBC's Customer Privacy Management Approach



[1] As at 31 December 2019 and 31 December 2018.

[2] Rate of new employee hires = total number of new employee hires during the year / total number of employees as at the last day of the year.

[3] Rate of employee turnover = total number of employee turnover during the year / total number of employees as at the last day of the 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 (including those accessed by outsourced vendors), as well as a policy on the Management of Violation of Personal Information Protection Act. 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.

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 2019.

Personal Information Security Incident Simulation

To demonstrate our commitment to respecting and protecting customer privacy, TBC has established a Personal Information Security Incident Emergency Response Team which includes senior executives from various departments such as legal, public relations, human resource, IT, engineering and customer service. Information security incident simulation drills are held by TBC three times a year, with active involvement from the Response Team, to test and strengthen the understanding and response mechanisms of TBC. The Chairman of the Response Team then leads a post-mortem review to identify areas where the response procedures can be enhanced or better complied with.

Through the simulation exercises, we are confident that we are better prepared in responding to such incidents in the future, and minimising the impact to TBC and our customers.

To enhance our employees' knowledge in personal data protection, TBC conducted 12 training sessions related to customer privacy as per ISO 17002 and NCC requirements in 2019, 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 1,248 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 2019.

Performance Data

	2019	2018
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 our record of zero formal claims concerning material breaches of customer privacy and losses of customer data in 2020.

REDUCING IMPACTS ON THE ENVIRONMENT

We are mindful that the provision of TBC's services is dependent on the availability of electricity. While we aim to minimise disruption in our provision of service through having alternative power sources, 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 and uninterrupted power supply systems function normally, and that our services would not be interrupted should municipal electricity supply be temporarily disrupted. We also have various energy-saving measures in place 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
- Apply for seasonal power charges to reduce utility cost during non-peak seasons

Data Centres

- Install energy-efficient cooling systems
- Upgrade lighting to energy-efficient lighting
- Apply for seasonal power charges to reduce utility cost during non-peak seasons
- 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

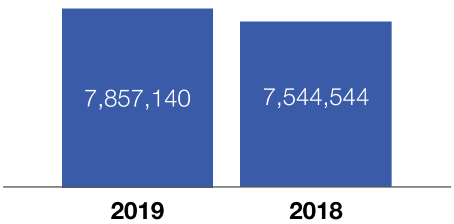
- Promote energy-reduction practices as set out in "Guidelines for Electricity Usage in TBC Offices"
- Prioritise procuring energy-saving equipment and products
- Gradually replace old air-conditioning units with more energy-efficient units
- Raise awareness via our intranet and through posters throughout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

Additionally, we will continue with the implementation of the below initiatives in 2019 to further our energy-saving efforts.

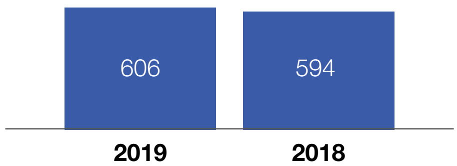
Adjusting Contract Capacity	Switching to Blade Servers
To preemptively respond to electricity shortages in Taiwan, TBC will continue to assess the actual electricity demand and contract capacity and adjust the number of electricity meters required in its franchise areas and headends.	TBC purchased a blade cabinet that can hold up to 16 blade servers, which are more energy efficient, to replace standalone servers. This is expected to reduce electricity consumption materially. Currently, six blade servers are already in use. TBC envisions that this new blade architecture can help conserve energy and also accommodate the expansion of the company's various application services at the same level of energy consumption as before.

Management inspects our electricity bills every month to check for any abnormal usage. Our annual electricity consumption and Energy Use Index ("EUI") in 2019 increased by 2% compared to 2018 levels mainly due to the installation of additional equipment and servers to manage capacity expansion and the introduction of new services. The new equipment and servers are more efficient and are expected to deliver energy consumption savings in the long run, while improving overall performance and service reliability.

Performance Data



Annual electricity consumption[1] (kWh)



Annual EUI[2] (kWh/m²)

We will continue to implement energy-saving measures for our headends, data centres and offices to maintain our annual EUI at 2019 level in 2020.

[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/m²).

SUSTAINABILITY REPORT

SUPPORTING COMMUNITIES

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.

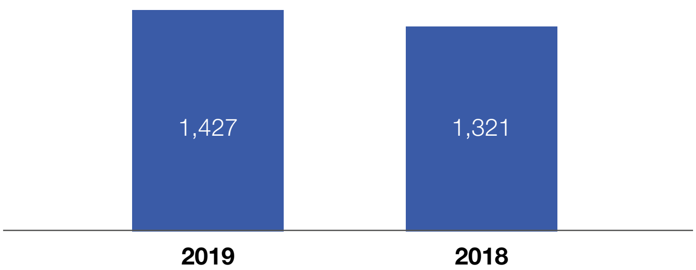
LOCAL COMMUNITIES

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

Content	Accessibility	Affordability
Provides airtime for public welfare related announcements on local news channels	Serves as the only news broadcast available for certain remote areas	Provides subscription subsidies for low-income community members
Offers specific local channels in the Hakka dialect and dedicated to the aboriginal populations in Taiwan	Sends service personnel to subscriber households in the remote areas	
Broadcasts content related to community development, such as live telecasts of key Taichung City Hall and City Council meetings		

In 2019, TBC supported over 44 TV programmes that were dedicated to the local communities. These programmes included Community TaoHuaYuan (The Utopia of Community), My Home ING, Rural Village Plus, TeeBee GO Fun Travel, Faces of Neighborhood, Stream Note and others. Although the number of programmes has decreased from 51 in 2018, more hours have been invested in the production of these programmes.

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 2019:

- More than $2.5 million was invested in building infrastructure in remote areas around the five franchise areas.
- Close to 6,000 low-income households were subsidised through sponsorships given by TBC.

SUSTAINABILITY REPORT

- TBC organised the TBC Dreams Fulfilment Charity Project, across the five franchise areas, between August and September of 2019. The aim is to help children aged 7 to 12 from disadvantaged families realise their dreams of travelling around the world with the help of virtual reality ("VR") devices. This left a lasting impression on the children from remote areas who have no access to high technology applications, and from disadvantaged families who have no means to travel freely. This also provided a good learning opportunity for the children and stimulated their curiosity.
- Nan Tao Yuan Cable Television Co., Ltd. ("NTY") sponsored different activities that brought the community together, such as the Tao Yuan City Hall New Year's Eve Grand Party Celebration to experience multiculturalism on Taoyuan International Migration Day.
- Best Cable Television Co., Ltd. ("Best") sponsored the Hakka Tong Blossom Festival in Hsinchu City to promote local art and culture. During this time, pure white Tong Blossoms descend on the Hakka villages, like snow in May. Various concerts and activities were held to enrich the public's audiovisual experience and appreciation for the Tong Blossoms.
- Shin Ho Cable Television Co., Ltd. ("Shin Ho") and Chi Yuan Cable TV Co., Ltd. ("Chi Yuan") adopted and sponsored the environmental management and maintenance of the Shanjia Ruins Site Park, which is the earliest and largest prehistoric site in the Northern Taiwan area.
- Chun Chien Cable TV Co., Ltd. ("Chun Chien" or "CCTV") sponsored the Taichung City Hall New Year's Eve Grand Party Celebrations for the 19th year in 2019. Other initiatives we have supported to serve different members of the community included internship programmes for students of Department of Mass Communications of universities, and sponsoring News Anchor and Director Summer Camps for elementary school, junior high as well as senior high school students, allowing them to experience the news production process and cultivate a greater sense of care for the community.

In 2020, 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 third Sustainability Report describes policies, practices, performance and targets for ESG factors material to our business and key stakeholders during the period of 1 January to 31 December 2019. 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 are 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.

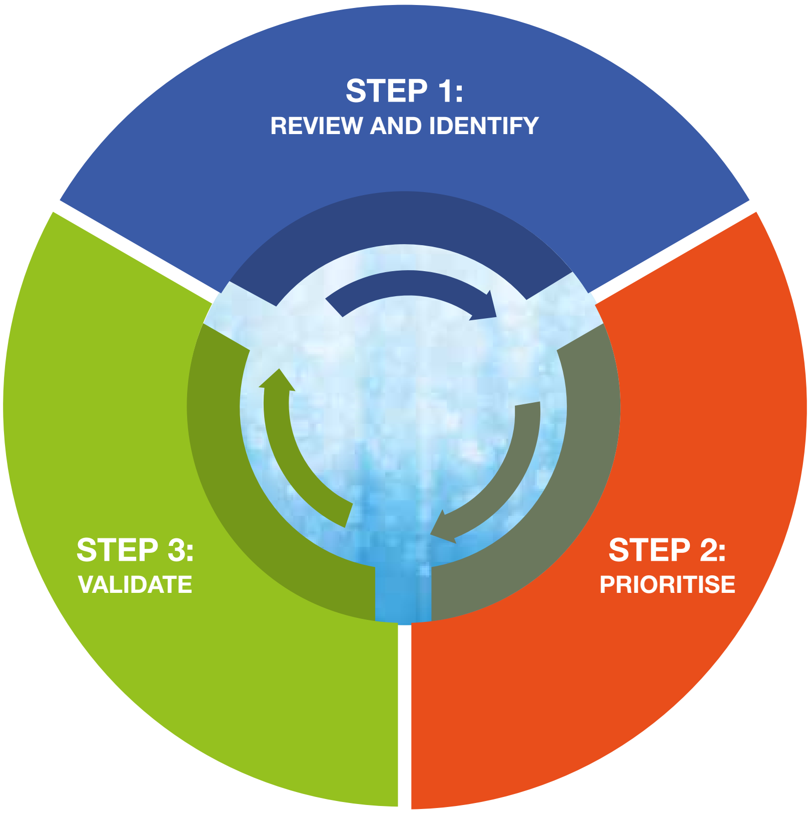
Key Stakeholders	Key Topics of Concern	Forms of Engagement	Engagement Frequency
Investors	• Business and operations performance • Business strategy and outlook • Compliance with laws and regulations	• Financial results announcements • Timely updates of business developments and other relevant disclosures via corporate website and SGXNet • Investor meetings • Annual General Meeting	• Quarterly • Throughout the year • Throughout the year • Annually
Employees	• Compensation and benefits • Career development • Employee well-being • Occupational health and safety	• 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	• Reliability and quality of infrastructure • Service pricing and bundles • Timeliness of customer service response	• 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	• Compliance with laws and regulations	• Official correspondence • Document filings • Meetings and discussions	• Throughout the year • Throughout the year • Throughout the year
Industry Bodies	• Business and operations performance • Compliance with laws and regulations • Employee well-being	• Membership • Industry dialogues and forums	• Throughout the year • Throughout the year
Media	• Business and operations performance • Business strategy and outlook	• Press releases	• Throughout the year
Advertisers	• Number of subscribers and network reach	• Meetings and discussions	• Throughout the year
Local Communities	• Contribution to and engagement with the local community	• 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 2019 via a 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 support 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	**2019**	**2018**
Revenue		
Basic cable TV	232,151	250,044
Premium digital cable TV	12,797	13,849
Broadband	47,677	49,962
Total revenue	**292,625**	**313,855**
Operating expenses[3]		
Broadcast and production costs	(53,431)	(60,049)
Staff costs	(28,836)	(28,056)
Trustee-Manager fees	(7,315)	(7,285)
Other operating expenses	(28,583)	(33,876)
Total operating expenses	**(118,165)**	**(129,266)**
EBITDA	**174,460**	**184,589**
EBITDA margin[4]	59.6%	58.8%
Profit after income tax[5]	**19,413**	**7,734**
Capital expenditure		
Maintenance	21,772	19,903
Network, Broadband and other	53,085	55,480
Total capital expenditure	**74,857**	**75,383**
Maintenance capital expenditure as a % of revenue	**7.4**	**6.3**
Total capital expenditure as a % of revenue	**25.6**	**24.0**
Income tax paid, net of refunds	(10,182)	(16,742)
Interest and other finance costs paid	(50,524)	(53,536)

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.

5 Profit after income tax is calculated in accordance with IFRS on page 64. Refer to page 28 for reconciliation of net profit to EBITDA.

OPERATIONAL AND FINANCIAL REVIEW

SELECTED OPERATING DATA

Group	As at 31 December	
	2019	**2018**
RGUs ('000)		
Basic cable TV	729	750
Premium digital cable TV	214	196
Broadband	238	216

Group	Year ended 31 December	
	2019	**2018**
ARPU[1] (NT$ per month)		
Basic cable TV	490	500
Premium digital cable TV	112	127
Broadband	383	426
AMCR[2] (%)		
Basic cable TV	(0.7)	(0.8)
Premium digital cable TV	(1.9)	(3.2)
Broadband	(1.1)	(1.2)

[1] Average Revenue Per User ("ARPU") is calculated by dividing the subscription revenue for Basic cable TV or Premium digital cable TV or Broadband, as applicable, by the average number of 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 2016 to 2020:

Franchise area Amounts in NT$	2020	2019	2018	2017	2016
South Taoyuan	510	510	510	510	530
Hsinchu County	570	570	570	570	570
North Miaoli	560	560	560	560	560
South Miaoli	560	560	560	560	560
Taichung City	550	550	550	550	550

OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF SELECTED FINANCIAL INFORMATION AND OPERATING DATA

Total revenue for the year ended 31 December 2019 of $292.6 million comprised: (i) Basic cable TV revenue of $232.2 million, (ii) Premium digital cable TV revenue of $12.8 million and (iii) Broadband revenue of $47.7 million.

Total revenue for the year ended 31 December 2019 was 6.8% lower than the prior corresponding period ("pcp"); in constant Taiwan dollar ("NT$") terms, total revenue for the year was 5.4% 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 $118.2 million for the year ended 31 December 2019 comprised: (i) Broadcast and production costs of $53.4 million, (ii) Staff costs of $28.8 million, (iii) Trustee-Manager fees of $7.3 million and (iv) Other operating expenses of $28.6 million. The lower total operating expenses for the year were mainly due to lower broadcast and production costs and other operating expenses, partially offset by higher staff costs.

EBITDA of $174.5 million for the year ended 31 December 2019 was lower than the pcp. EBITDA margin for the year of 59.6% was higher than the pcp.

Total capital expenditure of $74.9 million as a percentage of revenue for the year ended 31 December 2019 was 25.6%. Total capital expenditure for the year was lower than the pcp because of lower capital expenditure being incurred on network, Broadband and other capital expenditure compared to the pcp.

The deployment of fibre deeper into the network was a key investment initiative for 2019 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 for full year 2019 was elevated due to the key investment initiative to deploy fibre deeper into the network but it is expected to trend down from 2020 onwards. The level of capital expenditure will be closely monitored to focus on areas that will have the best potential in generating growth and sustainability for the long term.

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 within the next few years as wireless carriers tap into TBC's superior network for their network rollouts.

Capital expenditure comprised the following:

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

Basic cable TV RGUs of c.729,000 as at 31 December 2019 were lower than the pcp. Premium digital cable TV RGUs of c.214,000 and Broadband RGUs of c.238,000 as at 31 December 2019 were higher than the pcp. Basic cable TV ARPU of NT$490 per month, Premium digital cable TV ARPU of NT$112 per month and Broadband ARPU of NT$383 per month in 2019 were lower than the pcp.

OPERATIONAL AND FINANCIAL REVIEW

RECONCILIATION OF NET PROFIT TO EBITDA

Group	Year ended 31 December	
Amounts in $'000	**2019**	**2018**
Profit after income tax	**19,413**	**7,734**
Add: Depreciation and amortisation expense	86,563	78,613
Add: Net foreign exchange loss	847	1,053
Add: Mark to market gain on derivative financial instruments	(582)	(2,642)
Add: Amortisation of deferred arrangement fees	3,339	23,125
Add: Interest and other finance costs	50,161	53,847
Add: Income tax expense	14,719	22,859
EBITDA	**174,460**	**184,589**
EBITDA margin	**59.6%**	**58.8%**

(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 $232.2 million for the year ended 31 December 2019 (31 December 2018: $250.0 million) comprised subscription revenue of $192.1 million (31 December 2018: $203.3 million) and non-subscription revenue of $40.1 million (31 December 2018: $46.7 million).

Subscription revenue was generated from TBC's c.729,000 Basic cable TV RGUs, each contributing an ARPU of NT$490 per month in the year to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.21,000 and ARPU was lower compared to the previous year ended 31 December 2018 (RGUs: c.750,000; ARPU: NT$500 per month). The decline in Basic cable TV RGUs was due to a number of factors including competition from aggressively priced IPTV, video piracy issues and expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's five franchise areas, particularly in the Taipei region. Subscription revenue for the year was lower than the pcp because of a lower number of subscribers and ARPU.

Non-subscription revenue was 17.3% of Basic cable TV revenue for the year (31 December 2018: 18.7%). This comprised revenue from the leasing of television channels to third parties, sale of airtime advertising and fees for the installation of set-top boxes. Non-subscription revenue for the year was lower than the pcp mainly due to lower revenue generated from channel leasing and airtime advertising sales. The leasing of television channels, which is mainly to third-party home shopping networks, was affected by the decline in demand for home shopping and heightened competition from internet retailing. These trends will continue to put pressure on 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 $12.8 million for the year ended 31 December 2019 (31 December 2018: $13.8 million) comprised subscription revenue of $12.2 million (31 December 2018: $13.2 million) and non-subscription revenue of $0.6 million (31 December 2018: $0.6 million).

Subscription revenue was generated from TBC's c.214,000 Premium digital cable TV RGUs, each contributing an ARPU of NT$112 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.18,000 but ARPU was lower compared to the previous year ended 31 December 2018 (RGUs: c.196,000; ARPU: NT$127 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 ARPU.

Non-subscription revenue predominantly comprised revenue 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 continued to increase during the year. Broadband revenue of $47.7 million for the year ended 31 December 2019 (31 December 2018: $50.0 million) comprised subscription revenue of $46.1 million (31 December 2018: $48.0 million) and non-subscription revenue of $1.6 million (31 December 2018: $2.0 million).

Subscription revenue was generated from TBC's c.238,000 Broadband RGUs, each contributing an ARPU of NT$383 per month in the year for high-speed Broadband services. Broadband RGUs increased by c.22,000 but ARPU was lower compared to the previous year ended 31 December 2018 (RGUs: c.216,000 and ARPU: NT$426 per month). The availability of low-cost unlimited data offerings from mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

Non-subscription revenue predominantly comprised revenue 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 $53.4 million for the year ended 31 December 2019 (31 December 2018: $60.0 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 $28.8 million for the year ended 31 December 2019 (31 December 2018: $28.1 million). Staff costs for the year were higher mainly due to higher 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 47.6 million notional units have been granted under the LTIP since inception. Out of the total notional units granted since inception, 13.4 million notional units had vested by 31 December 2019. The remaining 34.2 million notional units remained unvested as at 31 December 2019.

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 $86.6 million for the year ended 31 December 2019 (31 December 2018: $78.6 million). The increase was mainly due to higher depreciation expense on network equipment for the year compared to the pcp. Depreciation and amortisation expense for the year ended 31 December 2019 also included depreciation on right-of-use assets, recognised as at 1 January 2019, as a result of adoption of IFRS 16 *Leases*. Refer to Note 7 of Financial Statements on pages 95 to 98 of this Annual Report for more details.

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, right-of-use assets, 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 2019 (31 December 2018: $7.3 million). There were no performance fees payable to the Trustee-Manager for the year ended 31 December 2019 (31 December 2018: 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 2019 was $0.8 million (31 December 2018: $1.1 million). Net foreign exchange loss for the year ended 31 December 2019 included unrealised foreign exchange movements from translations at the subsidiary level which are not expected to be realised.

(vi) Mark to market gain 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 pages 100 to 101 of this Annual Report. For the year ended 31 December 2019, the period end mark to market gain on foreign currency contracts was $0.6 million (31 December 2018: $2.6 million). Mark to market gain on derivative financial instruments included gain of $2.0 million (31 December 2018: $0.6 million) on NT$ foreign exchange contracts settled during the year.

(vii) Other operating expenses

Other operating expenses were $28.6 million for the year ended 31 December 2019 (31 December 2018: $33.9 million).

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 $3.3 million for the year ended 31 December 2019 (31 December 2018: $23.1 million).

Amortisation of deferred arrangement fees for the pcp ended 31 December 2018 included amortisation of unamortised arrangement fees paid on refinancing of onshore borrowing facilities in October 2016 and arrangement fees paid on securing offshore borrowing facilities in July 2016. As discussed in Note 11 of Financial Statements on pages 102 to 104 of this Annual Report, the unamortised arrangement fees relating to the previous facilities were written off as amortisation of deferred arrangement fees in the consolidated statement of profit or loss during the previous year.

(ix) Interest and other finance costs

Interest and other finance costs were $50.2 million for the year ended 31 December 2019 (31 December 2018: $53.8 million). These comprised interest expense and commitment and other fees on the Group's debt facilities. Interest and other finance costs for the year ended 31 December 2019 also included finance charges on lease liabilities of $0.2 million, recognised as a result of adoption of IFRS 16 *Leases*.

(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 its 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 the beginning of the previous year (i.e. 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 previous year ended 31 December 2018. Refer to Note 15 of Financial Statements on page 108 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.

Present directorships in other listed companies:
None

Present directorships in private companies:
Golden Donuts Pte. Ltd.
Tera-Barrier Films Pte. Ltd.
Care Corner Singapore Ltd
Singex Holdings Pte Ltd.

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 the General Manager/Acting CEO of 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.

Present directorships in other listed companies:
None

Present directorships in private companies:
None

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.

Present directorships in other listed companies:
None

Present directorships in private companies:
Telesindo Shop Pte Ltd
Decat Pte. Ltd.

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.

Present directorships in other listed companies:
Darco Water Technologies Ltd

Present directorships in private companies:
J. Ong Business Services Pte. Ltd
YWS Design Asia Pte Ltd.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

LU FANG-MING

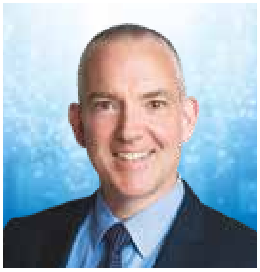
Vice-Chair and Non-Executive Director

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.

Present directorships in other listed companies:
Asia Pacific Telecom Co., Ltd.

Hon Hai Precision Industry Co., Ltd.

Present directorships in private companies:
None



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.

Present directorships in other listed companies:
None

Present directorships in private companies:
APTT Holdings 1 Limited

APTT Holdings 2 Limited

Cable TV S.A.

TBC Holdings B.V.

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

REGISTERED OFFICE

APTT Management Pte. Limited
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: +65 6536 5355
Facsimile: +65 6536 1360

PRINCIPAL PLACE OF BUSINESS

APTT Management Pte. Limited
150 Beach Road
#35-39 The Gateway West
Singapore 189720
Telephone: +65 6727 8370
Facsimile: +65 6727 6889
Email: contact@aptt.sg
Web: www.aptt.sg

TRUSTEE-MANAGER

APTT Management Pte. Limited
150 Beach Road
#35-39 The Gateway West
Singapore 189720
Company Registration Number: 201310241D

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: +65 6536 5355
Facsimile: +65 6536 1360

AUDITOR

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809
Partner in charge: Yang Chi Chih
(Appointment with effect from financial year 2019)
Telephone: +65 6224 8288
Facsimile: +65 6538 6166

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
Telephone: +65 6727 8370
Email: contact@aptt.sg

Kreab
Nora Sng
Telephone: +65 3163 7477
Email: aptt@kreab.com

CORPORATE GOVERNANCE STATEMENT

LEGAL STATEMENT

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 by a declaration of trust by APTT Management Pte. Limited, as trustee-manager of APTT (the "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 Main Board of 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-incorporated company. A majority of the shares in Dynami are held 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

Rule 710 of the Listing Manual of the SGX-ST (the "Listing Manual") was amended on 1 January 2019 to provide that an issuer must describe its corporate governance practices with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "Code") in its annual report. Accordingly, (a) an issuer must comply with the principles of the Code and (b) where an issuer's practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reasons for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

APTT's corporate governance practices have complied with the principles of the Code and conform largely to the provisions of the Code, as well as the BTA and the Business Trusts Regulations 2005. Deviations from the provisions of the Code are noted and appropriate explanations have been provided on the reason for such variations and how the existing corporate governance practices adopted are consistent with the intent of the relevant principles of the Code.

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 the Sustainability Report on pages 8 to 23 of this Annual Report.

APTT CORPORATE GOVERNANCE STATEMENT

Principle 1: The Board's conduct of affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

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

In line with the guidance under Provision 1.1 of the Code, 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 putting in place a code of conduct and ethics, setting an appropriate tone-from-the-top and desired organisational culture, and ensuring proper accountability within APTT. For example, 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. The Board is also responsible for the strategic business direction and risk management of APTT. 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. In line with the guidance under Provision 1.5 of the Code, all directors attend and actively participate in the Board and Board Committee (as defined herein) meetings and the Nominating Committee ("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. 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 APTT, to deliberate on the strategic policies of APTT and to approve the budgets and review the performance of APTT. In this regard, the Board has established the Strategic Review

CORPORATE GOVERNANCE STATEMENT

Committee (consisting of the Chief Executive Officer and four independent directors) on 12 April 2019 to, among others, make recommendations to the Board and/or approve ancillary matters in relation to strategic initiatives with respect to, or options available for, APTT and its investment in Taiwan Broadband Communications Group ("TBC"). 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.

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.

In line with the guidance under Provisions 1.6 and 1.7 of the Code, the Board has separate and independent access to management at all times and management provides the Board with complete, adequate and timely information prior to meetings and on an ongoing basis (through regular updates on financial results, market trends and business developments) to enable the Board to make informed decisions and to discharge its duties and responsibilities. The Board also has access to independent professional advice, where appropriate, at APTT's expense. In order to keep the Board abreast of APTT's performance, the Board is provided with quarterly updates, which include any material changes to the business and operations of APTT, the investor base of APTT, investors' sentiments and feedback towards APTT 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 APTT's financial statements, accompanied by an analysis of APTT's performance and supporting data. It also contains operational metrics and an overview of the key risks faced by APTT. These risks include regulatory and compliance risks, technology and operations service availability, and other strategic risks.

In addition, the Board is provided with detailed papers and reports and, where necessary, copies of disclosure documents, budgets, forecasts, and financial statements approximately a week in advance of Board meetings. This enables the discussion during the meeting to focus on questions that the Board may have. Any additional material or information requested by the Board 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.

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 the Listing Manual, are complied with. The company secretary attends all Board meetings and, together with the chair of the Board ("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. In line with the guidance under Provision 1.7 of the Code, 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.

In line with the guidance under Provision 1.1 of the Code, each member of the Board has a fiduciary duty to act objectively in the best interests of APTT and the unitholders, and hold management accountable for its performance. Members of the Board facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.

In line with the guidance under Provision 1.4 of the Code, in the discharge of its function, the Board is supported by the Audit Committee, Nominating Committee and Remuneration Committee (together with the Audit Committee and Nominating Committee (the "Board Committees"), each comprising majority independent directors, chaired by an independent director, and subject to formalised terms of reference which set out the Board Committees' compositions, authorities and duties, including reporting back to the Board. The chair of each Board Committee is an independent director. Certain functions of the Board have been delegated to these Board Committees, including the following key terms of reference for the respective Board Committees, in line with the relevant guidance under Provisions 4.1, 6.1 and 10.1 of the Code:

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;

CORPORATE GOVERNANCE STATEMENT

(ii) to review:
- the assistance given by the officers of the Trustee-Manager to the auditor of the Trust and the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements;
- the adequacy, effectiveness, independence, scope and results of the external audit and 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;
- the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- at least annually the adequacy and effectiveness of the internal controls and risk management policies and guidelines of the Trustee-Manager, 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 (including financial 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.

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 succession plans for directors, in particular the appointment and/or replacement of the Board chair, the CEO and key management personnel, the process and criteria for evaluating the performance of the Board, its Board Committees and directors, the review of training and professional development programmes for the Board and its directors and the appointment and reappointment of directors;

(iv) to review and determine annually, and as and when circumstances require, if a director is, having regard to the circumstances set forth in the Code, independent from 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.

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee ("RC")

(i) to review and recommend to the Board, in consultation with the 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 considers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives and awards, benefits in kind and termination terms, to ensure they are fair, in line with the guidance under Provision 6.3 of the Code.

In addition, the Board is supported by the Strategic Review Committee, which is also subject to formalised terms of reference setting out its authorities and duties to oversee the strategic review of options available for APTT and its investment in TBC.

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, in line with the guidance under Provision 1.3 of the Code. Transactions requiring Board approval have been clearly communicated to management in writing and 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.

In line with the guidance under Provision 1.2 of the Code, 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.

In line with the guidance under Provision 1.2 of the Code, incoming directors participate in a comprehensive and tailored formal induction programme, 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 (including their roles as executive, non-executive and independent directors) and how to discharge them, and the SGX-ST Listing Rules. The NC also ensures that such directors are aware of their duties and obligations, in line with the guidance under Provision 4.5 of the Code.

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, in line with the guidance under Provision 1.2 of the Code, the directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The directors are also provided with opportunities and continuing education to develop and maintain their skills and knowledge 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.

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Board and Committee meetings held in the year ended 31 December 2019 (in line with the guidance under Provision 1.5 of the Code)

	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)		Strategic Review Committee meetings (Chair: Yong Lum Sung)		Annual General Meeting	
	Number of meetings		Number of meetings		Number of meetings		Number of meetings		Number of meetings		Number of meetings	
	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended
Yong Lum Sung - Chair and Independent Director	5	5	4	4	2	2	N/A	N/A	3	3	1	1
Tan Chung Yaw, Richard - Independent Director	5	5	4	4	2	2	2	2	3	3	1	1
Leong Shin Loong[1] - Independent Director	5	5	3[1]	3	2	2	2	2	3	3	1	1
Ong Joo Mien, Joanna - Independent Director	5	5	4	4	N/A	N/A	2	2	3	3	1	1
Lu Fang-Ming[1] - Vice-Chair and Non-Executive Director	5	5	N/A	N/A	1[1]	0	N/A	N/A	N/A	N/A	1	1
Brian McKinley[1] - Chief Executive Officer and Executive Director	5	5	N/A	N/A	N/A	N/A	1[1]	1	3	3	1	1

[1] Appointed to the relevant Board Committees on 25 February 2019.

Principle 2: Board composition and guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

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.

Under Provision 2.1 of the Code, an independent director is one who is independent in conduct, character and judgment and has no relationship with the Trustee-Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interest of APTT.

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.

In line with the guidance under Provisions 2.2 and 2.3 of the Code, the Board comprises six directors, of whom five are non-executive directors and four are independent. The Board has reviewed the independence of the independent directors and, having taken into account the views of the NC, 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.

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, are kept well informed of APTT and the Trustee-Manager's

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business and affairs, and are knowledgeable about the industry in which the businesses operate. For the year ended 31 December 2019, 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. In line with the guidance under Provision 2.5 of the Code, the non-executive directors would also confer among themselves without the presence of management regularly. The chairman of such meetings would also provide feedback to the Board and/or the Board chair as appropriate.

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.

In line with the guidance under Provision 2.4 of the Code, the current directors have the necessary core competencies set out in the Code and, as a group, provide an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age so as to avoid groupthink and foster constructive debate. 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. The Board is of an appropriate size to facilitate effective decision making, taking into account the nature and scope of operations of APTT. Please refer to Board Diversity on page 50 of this Annual Report for more details on APTT's Board Diversity Policy and progress made by the Trustee-Manager towards implementing the Board Diversity Policy, including its objectives.

Principle 3: Chairman and chief executive officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

In line with the guidance under Provision 3.1 of the Code, the positions of Board chair and Chief Executive Officer are separately held by two persons in order to maintain effective checks and balances and ensure increased accountability and greater capacity of the Board for independent decision making. 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 and in line with the guidance under Provision 3.2 of the Code, the Board has established and set out in writing the separation of such roles and responsibilities. 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 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. Accordingly, the guidance under Provision 3.3 of the Code is not applicable.

Principle 4: Board membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of 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.

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In addition, it assesses the performance of the Board, the Board Committees, the Chairman and the individual directors on an annual basis. In line with the guidance under Provision 4.1 of the Code, it has adopted a formal charter which sets out written terms of reference. Please refer to "Principle 1: The Board's conduct of affairs". In line with the guidance under Provision 4.2 of the Code, the NC for the year ended 31 December 2019 comprised Leong Shin Loong (chair), Ong Joo Mien, Joanna, Tan Chung Yaw, Richard and Brian McKinley, a majority of whom, including the chair, are independent directors.

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 39 and Principal Directorships on pages 32 to 33 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 in other listed companies and other principal commitments, in line with the guidance under Provision 4.5 of the Code.

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 and the applicable laws and regulations (including the BTA and the Business Trusts Regulations 2005), taking into account the need for progressive renewal of the Board. 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 meets 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.

Candidates will be considered against objective criteria, having due regard for the benefits of diversity (including gender diversity) on the Board, in line with the guidance under Provision 4.3 of the Code. 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, knowledge, 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 in order to avoid groupthink and foster constructive debate.

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. In line with the guidance under Provision 4.5 of the Code, 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 as directors of the Trustee-Manager, 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

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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, in line with the guidance under Provision 4.5 of the Code. Please refer to Board of Directors and Executive Officers of the Trustee-Manager on pages 32 to 33 of this Annual Report for more details on board directorships and principal commitments of each director, other than those held in the Trustee-Manager.

In line with the guidance under Provision 4.4 of the Code, the NC also determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in the Code, the BTA and the Business Trusts Regulations 2005 and having regard to the foregoing, the NC is of the view that none of the independent directors has any relationship that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgment and ability to act in the interests of all unitholders as a whole. As and when any relationship which is likely to interfere, or be reasonably perceived to interfere, an independent director's business judgment and ability to act in the interests of all unitholders as a whole arises, the affected director is required to disclose such relationship to the Board.

Principle 5: Board performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

The NC will recommend for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Board chair and each individual director to the Board, in line with the guidance under Provision 5.1 of the Code, which allows for comparison with industry peers and addresses how the Board has enhanced long-term unitholder value.

In line with the guidance under Provision 5.2 of the Code, the NC has appointed an external party, Boardroom Corporate & Advisory Services Pte. Ltd., to assist the Board in collating the Board evaluation results for the appraisal process to ensure its objectivity and transparency. The Board assessment is 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 is 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 and its Board Committees. Feedback and comments received from the directors will then be 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.

The reviews of the contribution of each individual director are carried out by the NC and the individual contributions are based on the performance of individual directors which is better reflected in, and evidenced by, each director's proper guidance, demonstration of commitment to the role (including commitment of time for meetings of the Board and Board Committees, independence as an independent director (where applicable) 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 as a whole and the various Board Committees operate effectively and that each individual director is contributing to the overall effectiveness of the Board. The Board has also met its performance objectives for the year.

Principle 6: Procedures for developing remuneration policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

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Principle 7: Level and mix of remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: Disclosure on remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

In line with the guidance under Provision 6.2 of the Code, the Board has appointed a RC which comprises only non-executive directors, which, for the year ended 31 December 2019, were Tan Chung Yaw, Richard (chair), Yong Lum Sung, Leong Shin Loong and Lu Fang-Ming, the majority of whom are independent directors. The RC has adopted a formal charter which sets out written terms of reference in line with the guidance under Provision 6.1 of the Code. 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 for the Board and key management personnel. In line with the guidance under Provision 7.3 of the Code, the RC periodically considers and reviews remuneration packages in order to maintain their attractiveness, to attract, retain and motivate the directors to provide good stewardship of APTT and key management personnel to successfully manage APTT for the long term and to align the interests of management with the Trustee-Manager and unitholders.

In its deliberations, the RC will take into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration framework and employment conditions are competitive.

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, in line with the guidance under Provision 6.4 of the Code. Aon Hewitt Singapore Pte. Ltd. was engaged as independent remuneration consultant in 2019 to perform an independent benchmarking analysis of the remuneration of directors and key management personnel (being the Chief Executive Officer and the Chief Financial Officer) for the year ended 31 December 2019.

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, entitlements 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.

The policy and framework for determining the remuneration of independent directors, the Chief Executive Officer and Chief Financial Officer are reviewed and recommended to the Board by the RC.

The independent directors receive a fixed annual fee payable quarterly, which was arrived at after taking into account the industry practices and norms. In line with the guidance under Provision 7.2 of the Code, it is considered that the remuneration of the independent directors is appropriate for the level of contribution, taking into account their 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 RC approves performance targets for assessing the performance of Directors, the Chief Executive Officer and Chief Financial Officer and reviews their performance against the achievement of key performance indicators on an individual basis, as well as on a corporate level, and after due consideration, recommends remuneration packages for Directors, the Chief Executive Officer and Chief Financial Officer for endorsement by the Board. The RC ensures that such targets are appropriate to their level of contribution and with a view that such remuneration is linked to corporate and individual performance to ensure an alignment of interests with unitholders of the Trust and other stakeholders and promote the long-term success of the Trust, in line with the guidance under Provision 7.1 of the Code.

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Benchmarked against independent analysis performed by external consultants, with the most recent analysis conducted in January 2019, the compensation of the Chief Executive Officer (who is also an executive director) and Chief Financial Officer consists of: (i) a fixed component comprising base salary; (ii) a variable performance-based component for the Chief Executive Officer (who is also an executive director) and Chief Financial Officer; and (iii) a deferred variable performance-based component. The performance-based components of compensation for the Chief Executive Officer and Chief Financial Officer form a significant portion of their total compensation, in line with the guidance under Provision 7.1 of the Code.

As APTT does not bear the remuneration of the directors and the key management personnel (being the Chief Executive Officer and the Chief Financial Officer), the Trustee-Manager is of the view that Principle 8 of the Code is complied with, notwithstanding the guidance under Provision 8.1 of the Code to disclose the amounts and breakdown of such remuneration given that APTT had set out above the remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

None of the non-executive directors has any service contracts with the Trustee-Manager.

As the remuneration packages of the directors, Chief Executive Officer and Chief Financial Officer are not paid out of Trust property, the guidance under Provision 8.3 of the Code is not directly applicable.

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 23(ii) of Financial Statements on page 114 of this Annual Report.

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 2019 are set out on page 129 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 principal subsidiaries who is a relative of a director, the Chief Executive Officer or substantial unitholders.

No employee of the Trustee-Manager was a substantial unitholder of the Trust, or an immediate family member of a director, the Chief Executive Officer or substantial unitholder of the Trust, and whose remuneration exceeded $100,000 during the year ended 31 December 2019, in line with the guidance under Provision 8.2 of the Code.

Principle 9: Risk management and internal controls

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding unitholders' interests and APTT's assets. In line with the guidance under Provision 9.1 of the Code, the Board determines the nature and extent of the significant risks which APTT is willing to take in achieving its strategic objectives and value creation. 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 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 at least annually on the adequacy and effectiveness of the Trustee-Manager and APTT's internal controls and risk management systems. Please refer to "Principle 1: The Board's conduct of affairs" and "Principle 10: Audit Committee".

For the year ended 31 December 2019, in line with the guidance under Provision 9.2 of the Code, the Board has received assurances from the key management personnel (being the Chief Executive Officer and the Chief Financial Officer) and the IAD (as defined on page 45 of this Annual Report) and other key management personnel who are responsible for ensuring (a) that the financial records have been properly maintained and that 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.

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Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

In line with the guidance under Provision 10.2 of the Code, 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 2019 were Ong Joo Mien, Joanna (chair), Yong Lum Sung, Tan Chung Yaw, Richard and Leong Shin Loong. 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 in line with the guidance under Provision 10.2 of the Code, 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 two years, nor do any of the AC members hold any financial interest in Deloitte & Touche LLP, in line with the guidance under Provision 10.3 of the Code.

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, in line with the guidance under Provision 10.1(b) of the Code.

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, effectiveness, independence, scope and results of the external audit, in line with the guidance under Provisions 10.1(d) and (e) of the Code. 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 2019 was not substantial, and would not affect the independence of the external auditors. The AC met four 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 AC also made recommendations to the Board as it deemed appropriate on any area within its remit where action or improvement is needed.

Refer to Note 23(x) of Financial Statements on page 116 of this Annual Report for the aggregate amount of fees paid to the external auditors for the year ended 31 December 2019.

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, the "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, in line with the guidance under Provision 10.4 of the Code. The IAD reports to 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, in line with the guidance under Provision 10.4 of the Code. 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.

CORPORATE GOVERNANCE STATEMENT

In line with the guidance under Provision 10.5 of the Code, the AC meets with the external and internal auditors without the presence of management at least annually. It also conducts an annual performance self-evaluation and reports to the Board the results of the self-evaluation.

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

The quarterly and year-end financial statements are reviewed and recommended by the AC to the Board for approval. 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. As at 31 December 2019, the Group has submitted to NCC the renewal applications and corresponding business plans for licences that are due for renewal in 2020. The Group expects these applications to be approved by the NCC, with certain performance conditions attached, in line with the standards of Taiwan's cable TV industry.[1] 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.

[1] As at 10 March 2020, one licence has been renewed.

CORPORATE GOVERNANCE STATEMENT

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 cable TV licences 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"); and (iii) terminal growth rate of 1.3% 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 20% margin above its carrying value as at 31 December 2019. 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 rate and terminal growth rate 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 above its carrying value with a buffer of 20% and the higher range had a buffer of 25%. The impairment assessment of goodwill, cable TV licences 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, cable TV licences 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 2019, 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 2019.

In line with the guidance under Provision 10.1(f) of the Code, APTT has a whistleblowing policy in place and clearly communicates to employees the existence of such policy, 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 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.

CORPORATE GOVERNANCE STATEMENT

Principle 11: Shareholder rights and conduct of general meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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.

In line with the guidance under Provision 11.1 of the Code, 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. 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.

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. In line with the guidance under Provision 11.5 of the Code, minutes of AGM starting from the year ended 31 December 2018 can be accessed from APTT's website at www.aptt.sg and will be published as soon as practicable. The minutes record substantial and relevant comments or queries from unitholders relating to the agenda of the AGM and responses from the Board and management.

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. Notwithstanding the foregoing and the guidance under Provision 11.4 of the Code, as unitholders may appoint proxies to attend and vote on their behalf as set out above, the Board is of the view that unitholders will still be able to participate effectively in and vote at the general meetings even in the absence of absentia voting and have the opportunity to communicate their views on matters affecting APTT. To safeguard unitholders' interests and rights, there will be separate resolutions at general meetings on each substantially distinct issue in line with the guidance under Provision 11.2 of the Code and the chair of the Board, AC, NC and RC will be present and available to address questions at the AGM, in line with the guidance under Provision 11.3 of the Code. All members of the Board attended the AGM on 25 April 2019 and no other unitholders' meeting was held during the year ended 31 December 2019. In line with the guidance under Provision 11.3 of the Code, the external auditors are also present to address queries from the unitholders regarding the conduct of audit and the preparation and content of the auditor's report.

In line with the guidance under Provision 11.6 of the Code, 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 12: Engagement with shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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 principles and provisions 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.

CORPORATE GOVERNANCE STATEMENT

In line with the guidance under Provision 12.1 of the Code, the Trustee-Manager has developed a unitholder communications policy to solicit and understand the views of unitholders. 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, so as to actively engage and promote regular, effective and fair communication with unitholders, in line with the guidance under Provision 12.2 of the Code. 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 hold briefings with analysts and institutional and retail investors upon announcement of APTT's quarterly financial results and presentations are made, as appropriate, to regularly 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 and sets out the mechanisms through which unitholders may contact the Trustee-Manager with questions and through which the Trustee-Manager may respond to such questions, in line with the guidance under Provision 12.3 of the Code.

Principle 13: Engagement with stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure the best interests of the company are served.

In line with the guidance under Provisions 13.1, 13.2 and 13.3 of the Code, the Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that APTT's best interests are served. The Trustee-Manager has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. For example, it maintains a database of analysts and investors and issues invitations to them to participate in the quarterly results teleconference. An announcement on SGXNet is also posted every quarter to publicly invite unitholders to participate in the same teleconference. The Trustee-Manager maintains a current corporate website to communicate and engage with stakeholders. The website has a news alert subscription function, which allows stakeholders to opt in and receive updates on APTT's announcements. It also has an online enquiry form to facilitate a two-way communication between stakeholders and the Trustee-Manager. To enhance access to the Trustee-Manager, contact details of the IR Team are included in APTT's announcements posted on SGXNet and on its corporate website. More information on the Group's material stakeholders (including the Group's strategy and key areas of focus in relation to the management of stakeholder relationships) and sustainability efforts can be found in the Sustainability Report on pages 8 to 23 of this Annual Report.

INTERNAL CONTROLS AND RISK MANAGEMENT

Based on the existing practices, assurances received from the key management personnel (being the Chief Executive Officer and the Chief Financial Officer) who are responsible, internal controls (including financial, operational, compliance and information technology controls) and risk management systems 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 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 the year ended 31 December 2019. The Audit Committee concurred with the Board's view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the year ended 31 December 2019.

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.

The Board and the Audit Committee did not identify any material weaknesses in the Group's internal controls or risk management systems.

CORPORATE GOVERNANCE STATEMENT

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.

BOARD DIVERSITY

APTT's Board Diversity Policy was approved and adopted on 14 August 2019 and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. It recognises that diversity at the Board level is an essential element in supporting the attainment of APTT's strategic objectives and sustainable development.

In designing the Board's composition, diversity has been considered from a number of aspects, including but not limited to gender, age, nationalities, educational background, experience, skills, knowledge and independence. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board requires to ensure the effectiveness of this Board Diversity Policy.

In this regard, the Nominating Committee has been monitoring the implementation of this Board Diversity Policy and is of the view that each director on the Board of the Trustee-Manager has different core competencies, including accounting, finance, business and management experience, strategic planning and customer-based knowledge, and offers an appropriate balance of perspectives, skills and experience in the boardroom.

Gender diversity is 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 NC will continue to monitor the implementation of this Board Diversity Policy and report annually, in the Corporate Governance Report, on the Board's composition with respect to diversity. It will review this Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of this Board Diversity Policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

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.

CORPORATE GOVERNANCE STATEMENT

(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 consists of 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.

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 2019 are disclosed in Note 23(iv) and Note 29 of Financial Statements on page 115 and pages 129 to 130 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 2019

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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 2019.

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 2019 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]	519,000	296,000	100,000	100,000
Mr Leong Shin Loong	300,000	100,000	-	-
Ms Ong Joo Mien, Joanna	-	-	-	-
Mr Lu Fang-Ming[2]	5,000,000	-	5,328,412	-
Mr Brian McKinley	1,100,001	800,001	-	-
Total	**6,919,001**	**1,196,001**	**5,428,412**	**100,000**

1 Deemed interest is held by Ms Lim Kim Suan, Cynthia (wife of Mr Tan Chung Yaw, Richard).

2 On 10 January 2020, Mr Lu Fang-Ming acquired additional deemed interest in 2,955,468 units issued to APTT Management Pte. Limited against settlement of $0.5 million, out of the total $3.7 million, Trustee-Manager base fees for the six-month period from 1 July 2019 to 31 December 2019. Following the issuance of units, Mr Lu Fang-Ming is deemed interested in 8,283,880 units owned by the Trustee-Manager.

There were no changes in any of the abovementioned interests, except as disclosed above, in APTT between the end of the year and 21 January 2020. None of the directors holding office at the end of the year had any interests in the shares of APTT's related corporations in 2019.

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

11 February 2020

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 130 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 2019, 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 2019 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 2019 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

11 February 2020

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

11 February 2020

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 2019, 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 130.

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 2019 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 22)	
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 also performed the following audit procedures: (a) tested the manual reconciliation process to recognise revenue from collections received in advance to assess the accuracy and completeness of revenue; and (b) tested supporting evidence for manual journal entries posted monthly to revenue accounts to identify any unusual items.

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 2019 amounted to $2,365 million, which accounted for 83% 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 (including the approval of a licence renewal subsequent to the year-end) 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. 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 2019, amounted to $8 million, $2,365 million and $339 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, EBITDA and EBITDA margin, comparing these against those achieved historically; and (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. 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

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.

(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.

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

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 Yang Chi Chih.

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

Singapore, 11 February 2020

STATEMENTS OF FINANCIAL POSITION

Amounts in $'000	Note	Group as at 31 December 2019	Group as at 31 December 2018	Trust as at 31 December 2019	Trust as at 31 December 2018
Assets					
Current assets					
Cash and cash equivalents	4	79,101	73,576	4,788	7,161
Trade and other receivables	5	11,956	13,471	-	-
Derivative financial instruments	9	225	1,120	225	1,120
Other assets	10	17,670	2,140	73	55
		108,952	**90,307**	**5,086**	**8,336**
Non-current assets					
Investment in subsidiaries	6	-	-	1,342,351	1,342,351
Property, plant and equipment	7	338,796	328,308	12	29
Intangible assets	8	2,390,549	2,371,838	6	17
Derivative financial instruments	9	7	80	7	80
Other assets	10	1,225	985	-	18
		2,730,577	**2,701,211**	**1,342,376**	**1,342,495**
Total assets		**2,839,529**	**2,791,518**	**1,347,462**	**1,350,831**
Liabilities					
Current liabilities					
Borrowings from financial institutions	11	15,400	5,694	-	-
Derivative financial instruments	9	291	15	291	15
Trade and other payables	12	39,278	23,133	3,687	3,673
Contract liabilities	13	31,451	33,846	-	-
Retirement benefit obligations	14	1,427	1,404	-	-
Income tax payable	24	7,582	11,444	-	-
Other liabilities	16	21,333	25,911	187	183
		116,762	**101,447**	**4,165**	**3,871**
Non-current liabilities					
Borrowings from financial institutions	11	1,511,288	1,504,674	-	-
Derivative financial instruments	9	3,928	3,746	198	5
Retirement benefit obligations	14	10,118	15,147	-	-
Deferred tax liabilities	15	84,793	74,575	-	-
Other liabilities	16	28,110	18,197	-	-
		1,638,237	**1,616,339**	**198**	**5**
Total liabilities		**1,754,999**	**1,717,786**	**4,363**	**3,876**
Net assets		**1,084,530**	**1,073,732**	**1,343,099**	**1,346,955**
Equity					
Unitholders' funds	17	1,343,851	1,342,851	1,343,851	1,342,851
Reserves	18	100,388	92,136	-	-
Accumulated (deficit)/surplus	19	(362,187)	(363,588)	(752)	4,104
Equity attributable to unitholders of APTT		**1,082,052**	**1,071,399**	**1,343,099**	**1,346,955**
Non-controlling interests	20	2,478	2,333	-	-
Total equity		**1,084,530**	**1,073,732**	**1,343,099**	**1,346,955**

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Group	Note	Year ended 31 December	
Amounts in $'000		**2019**	**2018**
Revenue			
Basic cable TV	22(i)	232,151	250,044
Premium digital cable TV	22(ii)	12,797	13,849
Broadband	22(iii)	47,677	49,962
Total revenue		**292,625**	**313,855**
Operating expenses			
Broadcast and production costs	23(i)	(53,431)	(60,049)
Staff costs	23(ii)	(28,836)	(28,056)
Depreciation and amortisation expense	23(iii)	(86,563)	(78,613)
Trustee-Manager fees	23(iv)	(7,315)	(7,285)
Net foreign exchange loss	23(v)	(847)	(1,053)
Mark to market gain on derivative financial instruments	23(vi)	582	2,642
Other operating expenses	23(vii)	(28,583)	(33,876)
Total operating expenses		**(204,993)**	**(206,290)**
Operating profit		**87,632**	**107,565**
Amortisation of deferred arrangement fees	23(viii)	(3,339)	(23,125)
Interest and other finance costs	23(ix)	(50,161)	(53,847)
Profit before income tax		**34,132**	**30,593**
Income tax expense	24	(14,719)	(22,859)
Profit after income tax		**19,413**	**7,734**
Profit after income tax attributable to:			
Unitholders of APTT		19,093	7,407
Non-controlling interests		320	327
Profit after income tax		**19,413**	**7,734**
Basic and diluted earnings per unit attributable to unitholders of APTT (cents)	30	**1.33**	**0.52**

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	**2019**	**2018**
Profit after income tax	**19,413**	**7,734**
Other comprehensive income/(loss)		
Items that will not subsequently be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	(280)	950
	(280)	**950**
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	8,079	(10,239)
Unrealised movement on change in fair value of cash flow hedging financial instruments	44	(2,119)
Deferred tax relating to items that may subsequently be reclassified to profit or loss	(9)	473
	8,114	**(11,885)**
Other comprehensive income/(loss), net of tax	**7,834**	**(10,935)**
Total comprehensive income/(loss)	**27,247**	**(3,201)**
Total comprehensive income/(loss) attributable to:		
Unitholders of APTT	26,927	(3,528)
Non-controlling interests	320	327
Total comprehensive income/(loss)	**27,247**	**(3,201)**

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 2019	**1,342,851**	**92,136**	**(363,588)**	**1,071,399**	**2,333**	**1,073,732**
Total comprehensive income						
Profit after income tax	-	-	19,093	19,093	320	19,413
Other comprehensive income, net of tax	-	7,834	-	7,834	-	7,834
Total	**-**	**7,834**	**19,093**	**26,927**	**320**	**27,247**
Transactions with unitholders, recognised directly in equity						
Units issued against settlement of management fees to Trustee-Manager	1,000	-	-	1,000	-	1,000
Settlement of transactions with non-controlling interests	-	-	-	-	(115)	(115)
Transfer to capital reserves	-	418	(418)	-	-	-
Distributions paid	-	-	(17,274)	(17,274)	(60)	(17,334)
Total	**1,000**	**418**	**(17,692)**	**(16,274)**	**(175)**	**(16,449)**
Balance as at 31 December 2019	**1,343,851**	**100,388**	**(362,187)**	**1,082,052**	**2,478**	**1,084,530**
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**

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 2019	**1,342,851**	**4,104**	**1,346,955**
Total comprehensive income			
Profit after income tax	-	12,418	12,418
Total	**-**	**12,418**	**12,418**
Transactions with unitholders, recognised directly in equity			
Units issued against settlement of management fees to Trustee-Manager	1,000	-	1,000
Distributions paid	-	(17,274)	(17,274)
Total	**1,000**	**(17,274)**	**(16,274)**
Balance as at 31 December 2019	**1,343,851**	**(752)**	**1,343,099**
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**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Group Amounts in $'000	Year ended 31 December 2019	 2018
Cash flows from operating activities		
Profit after income tax	**19,413**	**7,734**
Adjustments for:		
Depreciation and amortisation expense	86,563	78,613
Net foreign exchange loss	534	1,375
Gain on disposal of property, plant and equipment	(6)	-
Mark to market gain on derivative financial instruments	(582)	(2,642)
Amortisation of deferred arrangement fees	3,339	23,125
Interest and other finance costs	50,161	53,847
Income tax expense	14,719	22,859
Settlement of management fees in units to Trustee-Manager	1,000	-
Operating cash flows before movements in working capital	**175,141**	**184,911**
Trade and other receivables	1,515	(1,626)
Trade and other payables	16,145	1,441
Contract liabilities	(2,395)	(2,477)
Retirement benefit obligations	(5,286)	(4,336)
Other assets	(15,770)	(789)
Other liabilities	1,117	(407)
Cash generated from operations	**170,467**	**176,717**
Income tax paid, net of refunds	(10,182)	(16,742)
Interest paid on lease liabilities (Note 11)	(194)	-
Net cash inflows from operating activities	**160,091**	**159,975**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(71,907)	(73,876)
Proceeds from disposal of property, plant and equipment	11	-
Acquisition of intangible assets	(20,015)	(12,664)
Net cash used in investing activities	**(91,911)**	**(86,540)**
Cash flows from financing activities		
Interest and other finance costs paid (Note 11)	(50,330)	(53,536)
Borrowings from financial institutions (Note 11)	10,985	1,366,517
Repayment of borrowings to financial institutions (Note 11)	(5,697)	(1,286,587)
Settlement of lease liabilities (Note 11)	(2,183)	-
Settlement of derivative financial instruments (Note 11)	2,019	630
Settlement of transactions with non-controlling interests	(115)	(123)
Distributions to non-controlling interests	(60)	(203)
Distributions to unitholders	(17,274)	(93,392)
Net cash used in financing activities	**(62,655)**	**(66,694)**
Net increase in cash and cash equivalents	**5,525**	**6,741**
Cash and cash equivalents at the beginning of the year	73,576	66,835
Cash and cash equivalents at the end of the year (Note 4)	**79,101**	**73,576**

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-incorporated company. A majority of the shares in Dynami are held by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

APTT was admitted to the Main Board 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 2019 were authorised for issue by the Board of Directors of the Trustee-Manager (the "Board") on 11 February 2020.

(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 in accordance with 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 IFRS 16 *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 25(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 2019. 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 16 *Leases*

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low-value assets. Details of these new requirements are described in Note 2(l). The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach, whereby the liabilities are calculated as the present value of the outstanding lease payments, discounted using the Group's incremental borrowing rate at the date of transition. The right-of-use assets are then set equal to the liabilities. Comparative amounts are not restated and continue to be presented under IAS 17 *Leases*.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. The new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

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 16 *Leases* (continued)

Impact on lessee accounting

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption. The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

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 16 *Leases* (continued)

Former finance leases (continued)

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of $6.7 million were recognised on 1 January 2019.

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements. Further information is disclosed in respective notes to the financial statements.

Financial impact of the initial application of IFRS 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 is 2.4% per annum.

The following table shows the operating lease commitments disclosed applying IAS 17 as at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application:

Group **Amounts in $'000**	**2019**
Operating lease commitments disclosed as at 31 December 2018	6,375
Less: Short-term leases recognised on a straight-line basis as expense	(6)
Less: Effect of discounting the above amounts	(378)
Add: Finance lease liabilities recognised as at 31 December 2018	103
Add: Adjustments for application scope under IFRS 16	632
Lease liability recognised as at 1 January 2019	**6,726**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

During the year, property, plant and equipment previously held under finance lease applying IAS 17, which amounted to $0.1 million, has been reclassified to 'right-of-use assets' under IFRS 16 at the date of initial application.

(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 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an investor and its Associate or Joint Venture*
Amendments to IFRS 3	*Definition of a business*
Amendments to IAS 1 and IAS 8	*Definition of material*
Conceptual Framework	*Amendments to References to the Conceptual Framework in IFRS*

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 the Trust in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statement of the Trust and entities controlled by the Trust (its subsidiaries) made up to 31 December each year. 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 the 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, the results of subsidiaries 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.

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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders represent ownership interests entitling their holders to a proportionate share of net assets upon liquidation. Such interests may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

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

(c) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combination (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Non-controlling interests (continued)

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.

(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

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.

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

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

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

Financial assets and financial 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Amortised cost and effective interest method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. 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.

Interest income is recognised in profit or loss.

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; and
- 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 25(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:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost and trade receivables. 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Impairment of financial assets (continued)

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.

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, 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:

- significant deterioration in external market indicators of credit risk for a particular debtor;
- 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; 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

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.

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, such as significant financial difficulty of the debtor or a breach of contract, such as a default or past due event.

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.

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, 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. 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 the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Derecognition of financial assets (continued)

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.

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 are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Derecognition of financial liabilities (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Derivative financial instruments (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment (continued)

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
• Leasehold improvements	3-10 years
• Network equipment	2-10 years
• Transport equipment	5 years
• Plant and equipment	2-5 years
• Leased equipment	3 years
• Right-of-use assets	2-30 years

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

Before 1 January 2019

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.

From 1 January 2019

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases (continued)

From 1 January 2019 (continued)

The Group as lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term or useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired under accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases (continued)

From 1 January 2019 (continued)

The Group as lessee (continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

(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.

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 has submitted to NCC the renewal applications and corresponding business plans for licences that are due for renewal in 2020. Subsequent to the year ended 31 December 2019, one of the licences was successfully renewed until February 2029 and the Group expects the other licence to be approved by the NCC. 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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Intangible assets (continued)

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

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 18 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(u) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS

(2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Income tax (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred 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 taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

(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. The Group has submitted to NCC the renewal applications and corresponding business plans for licences that are due for renewal in 2020. Subsequent to the year ended 31 December 2019, one of the licences was successfully renewed until February 2029 and the Group expects the other licence to be approved by the NCC.

(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 $2,373.0 million as at 31 December 2019 (31 December 2018: $2,359.5 million).

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

As at 31 December 2019, the carrying value of property, plant and equipment was $338.8 million (31 December 2018: $328.3 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	**2019**	**2018**	**2019**	**2018**
Cash on hand	44	44	-	-
Cash at bank	79,057	73,532	4,788	7,161
Total	**79,101**	**73,576**	**4,788**	**7,161**

The currency denomination and exposure to currency risk of cash and cash equivalents are disclosed in Note 25(ii)(a).

(5) TRADE AND OTHER RECEIVABLES

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2019**	**2018**	**2019**	**2018**
Trade receivables due from outside parties	11,957	13,472	-	-
Less: Loss allowance	(1)	(1)	-	-
Total	**11,956**	**13,471**	**-**	**-**

Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 180 days credit term (31 December 2018: 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 25(ii)(a) and Note 25(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 2018	**-**	**21**	**21**
Amounts written-off	-	(20)	(20)
Balance as at 31 December 2018	**-**	**1**	**1**
Amounts written-off	-	-	-
Balance as at 31 December 2019	**-**	**1**	**1**

The following table 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)

(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			
			%		$'000	
Name of subsidiary			**2019**	**2018**	**2019**	**2018**
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 2019:

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. The Group's PPE as at 31 December 2019 included right-of-use assets recognised as a result of adoption of IFRS 16 *Leases*. The cumulative effect of initial application of IFRS 16 has been recognised as part of PPE as at 1 January 2019. The right-of-use assets have lease terms of 2 to 30 years.

Group Cost Amounts in $'000	**As at 1 January 2019**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2019**
Land	3,667	-	159	-	-	22	3,848
Buildings	9,529	-	3,031	-	(14)	80	12,626
Leasehold improvements	3,033	-	2,996	-	-	73	6,102
Network equipment	550,334	1,847	50,722	-	(1,669)	4,085	605,319
Plant and equipment	15,965	8	10,054	-	(30)	233	26,230
Transport equipment	4,486	-	(24)	-	(878)	22	3,606
Leased equipment	431	-	-	(424)	-	(7)	-
Assets under construction	15,097	66,716	(66,938)	-	-	69	14,944
Right-of-use assets							
Land	-	-	-	1,015	-	23	1,038
Buildings	-	1,819	-	5,503	-	167	7,489
Transport equipment	-	4,467	-	424	(279)	88	4,700
Total	**602,542**	**74,857**	**-**	**6,518**	**(2,870)**	**4,855**	**685,902**

Group Cost Amounts in $'000	**As at 1 January 2018**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**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**

Trust Cost Amounts in $'000	**As at 1 January 2019**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2019**
Leasehold improvements	3	-	-	-	-	-	3
Plant and equipment	54	-	-	-	-	-	54
Total	**57**	**-**	**-**	**-**	**-**	**-**	**57**

Trust Cost Amounts in $'000	**As at 1 January 2018**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**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**

NOTES TO THE FINANCIAL STATEMENTS

(7) PROPERTY, PLANT AND EQUIPMENT (continued)

Group Accumulated depreciation and impairment Amounts in $'000	**As at 1 January 2019**	**Depreciation and impairment**	**Transfer within PPE**	**IFRS 16 adjustments**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2019**
Land	904	(67)	-	-	-	5	842
Buildings	(2,956)	(1,723)	-	-	14	(49)	(4,714)
Leasehold improvements	(1,548)	(871)	-	-	-	(23)	(2,442)
Network equipment	(256,617)	(64,247)	-	-	1,666	(2,568)	(321,766)
Plant and equipment	(9,884)	(2,995)	-	-	30	(104)	(12,953)
Transport equipment	(3,509)	(382)	-	-	877	(23)	(3,037)
Leased equipment	(329)	-	-	324	-	5	-
Assets under construction	(295)	(394)	-	-	-	(3)	(692)
Right-of-use assets							
Land	-	(280)	-	-	-	(5)	(285)
Buildings	-	(1,435)	-	-	-	(24)	(1,459)
Transport equipment	-	(511)	-	(324)	245	(10)	(600)
Total	**(274,234)**	**(72,905)**	**-**	**-**	**2,832**	**(2,799)**	**(347,106)**

Group Accumulated depreciation and impairment Amounts in $'000	**As at 1 January 2018**	**Depreciation and impairment**	**Transfer within PPE**	**IFRS 16 adjustments**	**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)**

Trust Accumulated depreciation and impairment Amounts in $'000	**As at 1 January 2019**	**Depreciation and impairment**	**Transfer within PPE**	**IFRS 16 adjustments**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2019**
Leasehold improvements	(3)	-	-	-	-	-	(3)
Plant and equipment	(25)	(17)	-	-	-	-	(42)
Total	**(28)**	**(17)**	**-**	**-**	**-**	**-**	**(45)**

Trust Accumulated depreciation and impairment Amounts in $'000	**As at 1 January 2018**	**Depreciation and impairment**	**Transfer within PPE**	**IFRS 16 adjustments**	**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)**

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 2019**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**Disposals/ write-offs**	**Depreciation and impairment**	**Foreign exchange effect**	**As at 31 December 2019**
Land	4,571	-	159	-	-	(67)	27	4,690
Buildings	6,573	-	3,031	-	-	(1,723)	31	7,912
Leasehold improvements	1,485	-	2,996	-	-	(871)	50	3,660
Network equipment	293,717	1,847	50,722	-	(3)	(64,247)	1,517	283,553
Plant and equipment	6,081	8	10,054	-	-	(2,995)	129	13,277
Transport equipment	977	-	(24)	-	(1)	(382)	(1)	569
Leased equipment	102	-	-	(100)	-	-	(2)	-
Assets under construction	14,802	66,716	(66,938)	-	-	(394)	66	14,252
Right-of-use assets								
Land	-	-	-	1,015	-	(280)	18	753
Buildings	-	1,819	-	5,503	-	(1,435)	143	6,030
Transport equipment	-	4,467	-	100	(34)	(511)	78	4,100
Total	**328,308**	**74,857**	**-**	**6,518**	**(38)**	**(72,905)**	**2,056**	**338,796**

Group Carrying value Amounts in $'000	**As at 1 January 2018**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**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**

Trust Carrying value Amounts in $'000	**As at 1 January 2019**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**Disposals/ write-offs**	**Depreciation and impairment**	**Foreign exchange effect**	**As at 31 December 2019**
Leasehold improvements	-	-	-	-	-	-	-	-
Plant and equipment	29	-	-	-	-	(17)	-	12
Total	**29**	**-**	**-**	**-**	**-**	**(17)**	**-**	**12**

Trust Carrying value Amounts in $'000	**As at 1 January 2018**	**Additions**	**Transfer within PPE**	**IFRS 16 adjustments**	**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**

NOTES TO THE FINANCIAL STATEMENTS

(7) PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2019, the Group has pledged property, plant and equipment having carrying amounts of $298.8 million (31 December 2018: $301.8 million) to secure debt facilities granted to the Group (Note 11).

During the year ended 31 December 2019, the Group acquired property, plant and equipment with an aggregate cost of $74.9 million (31 December 2018: $75.4 million) of which $7.5 million remained unpaid as at 31 December 2019 (31 December 2018: $4.5 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 2019**	**Additions**	**Disposals/ write-offs**	**Foreign exchange effect**	**As at 31 December 2019**
Cable TV licences	2,351,682	-	-	13,534	2,365,216
Software	10,117	2,471	-	97	12,685
Programming rights	22,798	16,129	(10,483)	213	28,657
Goodwill	7,777	-	-	44	7,821
Total	**2,392,374**	**18,600**	**(10,483)**	**13,888**	**2,414,379**

Group Cost Amounts in $'000	**As at 1 January 2018**	**Additions**	**Disposals/ write-offs**	**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**

NOTES TO THE FINANCIAL STATEMENTS

(8) INTANGIBLE ASSETS (continued)

Trust Cost Amounts in $'000	As at 1 January 2019	Additions	Disposals/ write-offs	Foreign exchange effect	As at 31 December 2019
Software	35	-	-	-	35
Total	**35**	**-**	**-**	**-**	**35**

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

Group Accumulated amortisation Amounts in $'000	As at 1 January 2019	Amortisation	Disposals/ write-offs	Foreign exchange effect	As at 31 December 2019
Cable TV licences	-	-	-	-	-
Software	(6,310)	(2,193)	-	(74)	(8,577)
Programming rights	(14,226)	(11,465)	10,483	(45)	(15,253)
Goodwill	-	-	-	-	-
Total	**(20,536)**	**(13,658)**	**10,483**	**(119)**	**(23,830)**

Group Accumulated amortisation Amounts in $'000	As at 1 January 2018	Amortisation	Disposals/ write-offs	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)**

Trust Accumulated amortisation Amounts in $'000	As at 1 January 2019	Amortisation	Disposals/ write-offs	Foreign exchange effect	As at 31 December 2019
Software	(18)	(11)	-	-	(29)
Total	**(18)**	**(11)**	**-**	**-**	**(29)**

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

Group Carrying value Amounts in $'000	As at 1 January 2019	Additions	Disposals/ write-offs	Amortisation	Foreign exchange effect	As at 31 December 2019
Cable TV licences	2,351,682	-	-	-	13,534	2,365,216
Software	3,807	2,471	-	(2,193)	23	4,108
Programming rights	8,572	16,129	-	(11,465)	168	13,404
Goodwill	7,777	-	-	-	44	7,821
Total	**2,371,838**	**18,600**	**-**	**(13,658)**	**13,769**	**2,390,549**

Group Carrying value Amounts in $'000	As at 1 January 2018	Additions	Disposals/ write-offs	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**

NOTES TO THE FINANCIAL STATEMENTS

(8) INTANGIBLE ASSETS (continued)

Trust Carrying value Amounts in $'000	As at 1 January 2019	Additions	Disposals/ write-offs	Amortisation	Foreign exchange effect	As at 31 December 2019
Software	17	-	-	(11)	-	6
Total	**17**	**-**	**-**	**(11)**	**-**	**6**

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

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 2019.

During the year ended 31 December 2019, the Group acquired intangible assets with an aggregate cost of $18.6 million (31 December 2018: $14.3 million) of which $0.3 million remained unpaid as at 31 December 2019 (31 December 2018: $1.7 million).

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 1.3% (31 December 2018: 1.5%). 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 2018: 5.9%). As at 31 December 2019, 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 programme 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 2019, 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	**2019**	**2018**	**2019**	**2018**
Sell NT$1,417 million (2018: NT$1,643 million)	64,300	75,400	64,300	75,400
Buy NT$ nil (2018: NT$146 million)	-	(6,500)	-	(6,500)
Total	**64,300**	**68,900**	**64,300**	**68,900**

NOTES TO THE FINANCIAL STATEMENTS

(9) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(i) Currency forwards (continued)

As at 31 December 2019, mark to market movements, classified as current and non-current assets, on such contracts were $0.2 million (31 December 2018: $1.1 million) and $0.01 million (31 December 2018: $0.1 million); and classified as current and non-current liabilities, on such contracts were $0.3 million (31 December 2018: $0.02 million) and $0.2 million (31 December 2018: $0.01 million) 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 2019 (31 December 2018: NT$28.0 billion) was estimated at $3.7 million (31 December 2018: $3.7 million), which resulted in a derivative financial instrument (non-current liability) being recognised by 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 gain in the fair value of cash flow hedging interest rate derivatives of $0.04 million (31 December 2018: loss of $2.1 million), net of deferred tax expense amounting to $0.01 million (31 December 2018: with a deferred tax benefit of $0.5 million), with a net gain of $0.04 million for the year ended 31 December 2019 (31 December 2018: net loss of $1.6 million), was recognised directly in other comprehensive income.

(10) OTHER ASSETS

	Group as at 31 December		Trust as at 31 December	
Amounts in $'000	**2019**	**2018**	**2019**	**2018**
Current				
Prepayments	1,372	1,220	38	38
Tax receivables	72	785	17	17
Refundable deposits[1]	16,150	-	18	-
Other assets	76	135	-	-
Total	**17,670**	**2,140**	**73**	**55**
Non-current				
Refundable deposits	1,225	985	-	18
Total	**1,225**	**985**	**-**	**18**
Total other assets	**18,895**	**3,125**	**73**	**73**

[1] The Group is in the process of facilitating content programming discussions between its programming vendors and agent, and has placed a refundable deposit of $16.1 million to ensure no interruption of service while the discussions are in progress. The Group expects that these discussions will be concluded in 2020. There is no dispute involving the Group or resulting from its operations and/or channel licence agreements.

Analysis of refundable deposits

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

Further analysis of refundable deposits are disclosed in Note 25(ii)(b).

NOTES TO THE FINANCIAL STATEMENTS

(11) BORROWINGS FROM FINANCIAL INSTITUTIONS

Group	As at 31 December	
Amounts in $'000	**2019**	**2018**
Current portion	15,400	5,694
	15,400	**5,694**
Non-current portion	1,529,135	1,525,796
Less: Unamortised arrangement fees	(17,847)	(21,122)
	1,511,288	**1,504,674**
Total[1]	**1,526,688**	**1,510,368**

[1] Comprised outstanding NT$ denominated borrowings of $1,306.8 million (31 December 2018: $1,287.2 million) at TBC level and Singapore dollar denominated multicurrency borrowings of $219.9 million (31 December 2018: $223.2 million) at Bermuda holding companies' level.

(i) Onshore Facilities

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

The NT$ denominated Onshore Facilities 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 2019, the total carrying value of property, plant and equipment pledged for the Onshore Facilities was $298.8 million (31 December 2018: $301.8 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.

The Onshore Facilities 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% (2018: 1.1% to 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 2019, the notional amount swapped was NT$28.0 billion (31 December 2018: NT$28.0 billion).

Arrangement fees on the Onshore Facilities were agreed at 1.25%. 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. 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 previous year ended 31 December 2018.

(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") of its existing Offshore Facilities 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 2019, the total carrying value of assets pledged for the Offshore Facilities was $1,117 million (31 December 2018: $1,127 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 2019, the Trustee-Manager is of the view that no further disclosure is required.

NOTES TO THE FINANCIAL STATEMENTS

(11) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

(ii) Offshore Facilities (continued)

The Offshore Facilities bear a floating interest rate of Singapore Interbank Offered Rate ("SIBOR") plus an interest margin of 4.1% to 5.5% (2018: 4.1% to 5.5%) per annum based on the leverage ratio of the Group.

Amendment fees on the Offshore Facilities were agreed at 0.30% payable on 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.

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 previous 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 years ended 31 December 2019 and 2018.

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 2019	Financing cash flows	Non-cash changes						As at 31 December 2019
Amounts in $'000			Amortisation of deferred arrangement fees	New lease liabilities	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)	1,510,368	5,288[1]	3,339	-	-	-	-	7,693	1,526,688
Interest rate swaps (Note 9(ii))	3,741	-	-	-	-	(44)	-	33	3,730
Foreign exchange contracts (Note 9(i))	(1,181)	2,019	-	-	-	-	(582)[2]	1	257
Lease liabilities (Note 16)	-	(2,183)	-	12,870	-	-	-	241	10,928
Interest and other finance costs (Note 16)	2,505	(50,524)[3]	-	-	50,161	-	-	139	2,281
Total	**1,515,433**	**(45,400)**	**3,339**	**12,870**	**50,161**	**(44)**	**(582)**	**8,107**	**1,543,884**

1 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.

2 The fair value adjustments of foreign exchange contracts consists of $1.4 million of unrealised losses from the mark to market movements during the year ended 31 December 2019 (31 December 2018: gains of $2.0 million) and $2.0 million of realised gains from settlement of foreign exchange contracts during the year ended 31 December 2019 (31 December 2018: $0.6 million).

3 The cash flows from interest and other finance costs comprised interest and commitment and other fees paid on Group's debt facilities and interest paid on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(11) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

Reconciliation of liabilities arising from financing activities (continued)

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**	**New lease liabilities**	**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	79,930[1]	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)[2]	-	(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 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.

2 The fair value adjustments of foreign exchange contracts consists of $1.4 million of unrealised losses from the mark to market movements during the year ended 31 December 2019 (31 December 2018: gains of $2.0 million) and $2.0 million of realised gains from settlement of foreign exchange contracts during the year ended 31 December 2019 (31 December 2018: $0.6 million).

(12) TRADE AND OTHER PAYABLES

	Group as at 31 December		**Trust as at 31 December**	
Amounts in $'000	**2019**	**2018**	**2019**	**2018**
Trade payables due to outside parties	35,591	19,460	-	-
Base fees payable to the Trustee-Manager	3,687	3,673	3,687	3,673
Total	**39,278**	**23,133**	**3,687**	**3,673**

The currency denomination and exposure to currency risk of trade and other payables are disclosed in Note 25(ii)(a).

(13) CONTRACT LIABILITIES

Contract liabilities were $31.5 million as at 31 December 2019 (31 December 2018: $33.8 million). 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 $33.8 million.

NOTES TO THE FINANCIAL STATEMENTS

(14) RETIREMENT BENEFIT OBLIGATIONS

The Group operates two retirement benefit arrangements for all employees in accordance with legislation in the country of employment: 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 2019, the Group's retirement benefit obligations, classified as current and non-current liabilities, were $1.4 million (31 December 2018: $1.4 million) and $10.1 million (31 December 2018: $15.1 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 2019 (31 December 2018: $1.7 million) represented contribution payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2019, contribution of $0.4 million due in respect of 2019 has not been paid over to the plans (31 December 2018: $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 2018: 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 2019 was $0.5 million (31 December 2018: $0.3 million).

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	**2019**	**2018**
Present value of funded defined benefit obligations	26,342	25,799
Less: Fair value of plan assets	(16,224)	(10,652)
Net liability arising from defined benefit obligations	**10,118**	**15,147**

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	**2019**	**2018**
Current service cost	87	97
Net interest cost on the defined benefit obligations	288	360
Interest income on plan assets	(121)	(86)
Components of defined benefit obligations recognised in profit or loss	**254**	**371**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding net interest cost or income)	(353)	(178)
Actuarial losses arising from changes in demographic assumptions	116	422
Actuarial losses/(gains) arising from changes in financial assumptions	1,129	(20)
Actuarial gains arising from changes in experience adjustments	(612)	(1,174)
Components of defined benefit obligations recognised in other comprehensive income	**280**	**(950)**
Total	**534**	**(579)**

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.

NOTES TO THE FINANCIAL STATEMENTS

(14) RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliations

Movements in the present value of the defined benefit obligations are as follows:

Group	As at 31 December	
Amounts in $'000	**2019**	**2018**
Balance at the beginning of the year	**25,799**	**26,666**
Current service cost	87	97
Interest cost	288	360
Remeasurement losses/(gains):		
Actuarial losses arising from changes in demographic assumptions	116	422
Actuarial losses/(gains) arising from changes in financial assumptions	1,129	(20)
Actuarial gains arising from changes in experience adjustments	(612)	(1,174)
Benefits paid	(612)	(327)
Foreign exchange effect	147	(225)
Balance at the end of the year	**26,342**	**25,799**

Movements in the fair value of plan assets are as follows:

Group	As at 31 December	
Amounts in $'000	**2019**	**2018**
Balance at the beginning of the year	**10,652**	**6,229**
Interest income	121	86
Contributions by employer	5,394	4,547
Return on plan assets	353	178
Benefits paid	(447)	(327)
Foreign exchange effect	151	(61)
Balance at the end of the year	**16,224**	**10,652**

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 2019 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	
%	**2019**	**2018**
Discount rate used in determining present values	0.750-0.875	1.125-1.250
Future salary increase rate	2.750	2.750

NOTES TO THE FINANCIAL STATEMENTS

(14) RETIREMENT BENEFIT OBLIGATIONS (continued)

Principal actuarial assumptions (continued)

The fair values of plan assets for each category are as follows:

Group	**As at 31 December**	
Amounts in $'000	**2019**	**2018**
Cash and cash equivalents	2,640	1,561
Short-term notes	696	347
Bonds	1,144	893
Other fixed income instruments	2,808	1,680
Equities	7,351	5,329
Others	1,585	842
Total	**16,224**	**10,652**

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 has 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.

- 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 2019 was 11.8 years (31 December 2018: 12.27 years).

The Group expects to make a contribution to the defined benefit plans in 2020 amounting to $0.3 million (2019: $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 2019	IFRS 9 adjustments	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange effect	As at 31 December 2019
Impairment loss	(921)	-	24	-	(5)	(902)
Cash flow hedging reserves	(748)	-	-	9	(7)	(746)
Intangible assets that are partially deductible for tax purposes[1]	81,125	-	6,415	-	580	88,120
Accelerated tax depreciation	489	-	(341)	-	(3)	145
Undistributed earnings of subsidiaries	1,394	-	3,518	-	64	4,976
Arrangement fees	(6,520)	-	932	-	(21)	(5,609)
Carry forward of losses	(683)	-	(1,213)	-	(8)	(1,904)
Provisions	(648)	-	-	-	(4)	(652)
Others	(11)	-	(25)	-	(1)	(37)
Unrealised exchange differences	1,098	-	306	-	(2)	1,402
Deferred tax liabilities, net	**74,575**	**-**	**9,616**	**9**	**593**	**84,793**

Group Amounts in $'000	As at 1 January 2018	IFRS 9 adjustments	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**

The following is the analysis of the deferred tax balances:

Group	As at 31 December	
Amounts in $'000	**2019**	**2018**
Deferred tax liabilities to be disbursed after more than 12 months	84,793	74,575

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of $88.1 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 2019 (31 December 2018: $81.1 million).

As discussed in Note 24, 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 the beginning of the previous year (i.e. 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	**2019**	**2018**	**2019**	**2018**
Current				
Accrued expenses	9,672	15,703	187	183
Withholding tax payable	923	2,178	-	-
Other tax payable	3,625	3,147	-	-
Lease liabilities (2018: Obligations under finance leases)	2,733	55	-	-
Long-term incentive plan (Note 23(ii))	1,939	2,323	-	-
Interest and other finance costs payable	2,281	2,505	-	-
Others	160	-	-	-
Total	**21,333**	**25,911**	**187**	**183**
Non-current				
Subscriber deposits	16,843	15,852	-	-
Lease liabilities (2018: Obligations under finance leases)	8,195	48	-	-
Long-term incentive plan (Note 23(ii))	1,589	1,338	-	-
Others	1,483	959	-	-
Total	**28,110**	**18,197**	**-**	**-**
Total other liabilities	**49,443**	**44,108**	**187**	**183**

Refer to Note 25(ii)(c) for the maturity analysis of lease liabilities.

(17) UNITHOLDERS' FUNDS

Group and Trust	Number of units		$'000	
	As at 31 December		As at 31 December	
	2019	**2018**	**2019**	**2018**
Balance at the beginning of the year	**1,436,800,000**	**1,436,800,000**	**1,342,851**	**1,342,851**
Units issued against settlement of management fees to Trustee-Manager	5,328,412	-	1,000	-
Balance at the end of the year	**1,442,128,412**	**1,436,800,000**	**1,343,851**	**1,342,851**

On 22 July 2019, APTT issued 5,328,412 units to the Trustee-Manager at a price of $0.1877 per unit, for payment of $1 million, out of the total $3.6 million Trustee-Manager base fees for the six-month period from 1 January 2019 to 30 June 2019. The issue price per unit was based on APTT's volume weighted average price for a unit for all trades done on the SGX-ST in the ordinary course of trading on the SGX-ST for the ten business days immediately prior to the date of issue. Following the issuance of the units to the Trustee-Manager, the total number of issued units in APTT is 1,442,128,412.

Subsequent to the year ended 31 December 2019, on 10 January 2020, APTT issued 2,955,468 units to the Trustee-Manager at a price of $0.1692 per unit, for payment of $0.5 million, out of the total $3.7 million Trustee-Manager base fees for the six-month period from 1 July 2019 to 31 December 2019. Refer to Note 32 for more details.

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.

NOTES TO THE FINANCIAL STATEMENTS

(18) RESERVES

Group	As at 31 December	
Amounts in $'000	**2019**	**2018**
Foreign currency translation reserves	84,262	76,183
Retirement benefit obligations reserves	(12,349)	(12,069)
Cash flow hedging reserves	(2,305)	(2,340)
Capital reserves	30,780	30,362
Total	**100,388**	**92,136**

(i) Foreign currency translation reserves

Group	As at 31 December	
Amounts in $'000	**2019**	**2018**
Balance at the beginning of the year	**76,183**	**86,422**
Exchange differences on translation of foreign operations	8,079	(10,239)
Balance at the end of the year	**84,262**	**76,183**

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	**2019**	**2018**
Balance at the beginning of the year	**(12,069)**	**(13,019)**
Remeasurement of defined benefit obligations	(280)	950
Balance at the end of the year	**(12,349)**	**(12,069)**

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	**2019**	**2018**
Balance at the beginning of the year	**(2,340)**	**(694)**
Unrealised movement on change in fair value of cash flow hedging financial instruments:		
Interest rate swaps	44	(2,119)
Deferred tax relating to items that may subsequently be reclassified to profit or loss	(9)	473
Balance at the end of the year	**(2,305)**	**(2,340)**

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	**2019**	**2018**
Balance at the beginning of the year	**30,362**	**23,412**
Transfer from accumulated profits[1]	418	6,950
Balance at the end of the year	**30,780**	**30,362**

[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	**2019**	**2018**	**2019**	**2018**
Balance at the beginning of the year	**(363,588)**	**(270,653)**	**4,104**	**2,366**
Profit after income tax attributable to unitholders of APTT	19,093	7,407	12,418	95,130
Transfer to capital reserve	(418)	(6,950)	-	-
Distributions paid	(17,274)	(93,392)	(17,274)	(93,392)
Balance at the end of the year	**(362,187)**	**(363,588)**	**(752)**	**4,104**

(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 the 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	**2019**	**2018**
Balance at the beginning of the year	**2,333**	**2,332**
Total comprehensive income attributable to non-controlling interests	320	327
Settlement of transactions with non-controlling interests	(115)	(123)
Distributions paid	(60)	(203)
Balance at the end of the year	**2,478**	**2,333**

(21) 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 2019.

	Quarter ended 31 December	
	2019	**2018**
Ordinary distribution	0.30 cents per unit	0.30 cents per unit
Announcement date	10 February 2020	25 February 2019
Ex-distribution date	19 March 2020	21 March 2019
Record date	20 March 2020	22 March 2019
Date payable	27 March 2020	29 March 2019

Breakdown of total annual distribution

	Year ended 31 December	
Amounts in $'000	**2019**	**2018**
Ordinary	17,298[1]	74,354[2]
Special	-	-
Total	**17,298**	**74,354**

1 Includes an amount of $4.3 million which is to be paid on 27 March 2020.

2 Included an amount of $4.3 million which was paid on 29 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

(21) DISTRIBUTIONS (continued)

Historical distributions

The table below provides details of APTT's historical distributions:

Distribution period	Distribution Cents per unit
Six months ended:	
30 June 2013[1]	4.800
31 December 2013	4.130
30 June 2014	4.120
Quarter ended:	
30 September 2014	2.000
31 December 2014	2.130
31 March 2015	2.000
30 June 2015	2.000
30 September 2015	2.000
31 December 2015	2.250
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	0.300
31 March 2019	0.300
30 June 2019	0.300
30 September 2019	0.300
31 December 2019 (to be paid on 27 March 2020)	0.300
Total	**44.805**

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 2019, which will be accounted for in total equity as an appropriation of retained earnings in the year ending 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

(22) REVENUE

For the year ended 31 December 2019, APTT reported total revenue of $292.6 million (31 December 2018: $313.9 million). Total revenue comprised: (i) Basic cable TV revenue of $232.2 million (31 December 2018: $250.0 million), (ii) Premium digital cable TV revenue of $12.8 million (31 December 2018: $13.8 million) and (iii) Broadband revenue of $47.7 million (31 December 2018: $50.0 million).

Group	Year ended 31 December	
Amounts in $'000	**2019**	**2018**
Revenue		
Basic cable TV		
Subscription revenue	192,041	203,277
Non-subscription revenue	40,110	46,767
	232,151	**250,044**
Premium digital cable TV		
Subscription revenue	12,219	13,259
Non-subscription revenue	578	590
	12,797	**13,849**
Broadband		
Subscription revenue	46,045	47,973
Non-subscription revenue	1,632	1,989
	47,677	**49,962**
Total	**292,625**	**313,855**
Timing of revenue recognition		
At a point in time	1,743	1,678
Over time	290,882	312,177
Total	**292,625**	**313,855**

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 $31.5 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 79% of total revenue (31 December 2018: approximately 80%). Basic cable TV non-subscription revenue comprised predominantly revenue generated from the leasing of television channels to third parties, sale of airtime advertising and fees for the installation of set-top boxes.

Basic cable TV revenue was $232.2 million for the year ended 31 December 2019 (31 December 2018: $250.0 million). This comprised subscription revenue of $192.1 million (31 December 2018: $203.3 million) and non-subscription revenue of $40.1 million (31 December 2018: $46.7 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 $12.8 million for the year ended 31 December 2019 (31 December 2018: $13.8 million). This comprised subscription revenue of $12.2 million (31 December 2018: $13.2 million) and non-subscription revenue of $0.6 million (31 December 2018: $0.6 million).

NOTES TO THE FINANCIAL STATEMENTS

(22) REVENUE (continued)

(iii) Broadband

Broadband revenue comprised subscription and non-subscription revenue generated from the provision of installation services.

Broadband revenue was $47.7 million for the year ended 31 December 2019 (31 December 2018: $50.0 million). This comprised subscription revenue of $46.1 million (31 December 2018: $48.0 million) and non-subscription revenue of $1.6 million (31 December 2018: $2.0 million).

(23) 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 $53.4 million for the year ended 31 December 2019 (31 December 2018: $60.0 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 $28.8 million for the year ended 31 December 2019 (31 December 2018: $28.1 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 47.6 million notional units have been granted under the LTIP since inception. Out of the total notional units granted since inception, 13.4 million notional units had vested by 31 December 2019. The remaining 34.2 million notional units remained unvested as at 31 December 2019.

LTIP expense attributable to the year ended 31 December 2019 of $1.4 million (31 December 2018: $0.01 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 2019, the Trustee-Manager is of the view that no further disclosure is required.

(iii) Depreciation and amortisation expense

Depreciation and amortisation expense was $86.6 million for the year ended 31 December 2019 (31 December 2018: $78.6 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, right-of-use assets, programming rights and software. For the year ended 31 December 2019, depreciation for right-of-use assets was $2.2 million.

NOTES TO THE FINANCIAL STATEMENTS

(23) 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 2019 (31 December 2018: $7.3 million). There were no performance fees payable to the Trustee-Manager for the years 2019 and 2018.

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 $0.8 million for the year ended 31 December 2019 (31 December 2018: $1.1 million).

(vi) Mark to market gain 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 2019, the period end mark to market gain on foreign currency contracts was $0.6 million (31 December 2018: $2.6 million).

(vii) Other operating expenses

Group	**Year ended 31 December**	
Amounts in $'000	**2019**	**2018**
Lease rentals	146	1,683
Pole rentals	5,056	6,129
Legal and professional fees	3,976	3,860
Non-recoverable GST/VAT	3,504	3,805
Marketing and selling expenses	5,418	5,982
General and administrative expenses	5,061	4,917
Licence fees	2,388	2,501
Repairs and maintenance	1,655	1,724
Others	1,379	3,275
Total	**28,583**	**33,876**

Lease rentals for the year ended 31 December 2019 comprised short-term leases of $0.01 million and leases of low-value assets of $0.1 million.

(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 $3.3 million for the year ended 31 December 2019 (31 December 2018: $23.1 million).

Amortisation of deferred arrangement fees for the prior corresponding period ended 31 December 2018 included amortisation of unamortised arrangement fees paid on refinancing of onshore borrowing facilities in October 2016 and arrangement fees paid on securing offshore borrowing facilities in July 2016. As discussed in Note 11, the unamortised arrangement fees relating to the previous facilities were written off as amortisation of deferred arrangement fees in the consolidated statement of profit or loss during the previous year.

NOTES TO THE FINANCIAL STATEMENTS

(23) OPERATING EXPENSES, AMORTISATION, INTEREST AND OTHER FINANCE COSTS (continued)

(ix) Interest and other finance costs

Group	Year ended 31 December	
Amounts in $'000	**2019**	**2018**
Interest expense on loans	49,424	53,352
Interest expense on lease liabilities	194	-
Commitment and other fees on loans	543	495
Total interest and other finance costs	**50,161**	**53,847**

Interest and other finance costs were $50.2 million for the year ended 31 December 2019 (31 December 2018: $53.8 million). These comprised interest expense, commitment and other fees on the Group's debt facilities and finance charges on lease liabilities.

(x) Remuneration of auditors

Group	Year ended 31 December	
Amounts in $'000	**2019**	**2018**
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	670	687
Audit-related services	24	24
Non-audit services	79	115
	773	**826**

Significant subsidiaries of the Group are audited by overseas practices of Deloitte Touche Tohmatsu Limited ("Deloitte").

(24) 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 its 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.

NOTES TO THE FINANCIAL STATEMENTS

(24) INCOME TAXES (continued)

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 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 the beginning of the previous year (i.e. 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 previous year ended 31 December 2018. Refer to Note 15 for more details.

Income tax expense recognised in the consolidated statements of profit or loss is as follows:

Group	**Year ended 31 December**	
Amounts in $'000	**2019**	**2018**
Current income tax	(3,228)	(6,257)
Over/(under) provision for tax in prior years	2,492	(47)
Deferred income tax (Note 15)	(9,616)	(6,328)
Withholding tax	(4,367)	(10,227)
Income tax expense	**(14,719)**	**(22,859)**

Income tax expense can be reconciled to the accounting profits as follows:

Group	**Year ended 31 December**	
Amounts in $'000	**2019**	**2018**
Profit before income tax	**34,132**	**30,593**
Income tax expense calculated at 20%	(6,826)	(6,119)
Effect of changes in tax rates	-	(11,457)
Effect of income exempt from taxation	16,600	39,430
Effect of expenses not deductible in determining taxable profit	(22,618)	(34,439)
Withholding tax	(4,367)	(10,227)
Over/(under) provision for tax in prior years	2,492	(47)
Income tax expense	**(14,719)**	**(22,859)**

Provision for income tax and the reconciliation of income tax payable are as follows:

Group	**As at 31 December**	
Amounts in $'000	**2019**	**2018**
Balance at the beginning of the year	**11,444**	**13,182**
Current income tax provision	3,228	6,257
(Over)/under provision for tax in prior years	(2,492)	47
Income tax payment	(4,330)	(5,298)
Prepaid and withheld income tax	(229)	(2,628)
Foreign exchange effect	(39)	(116)
Balance at the end of the year	**7,582**	**11,444**

NOTES TO THE FINANCIAL STATEMENTS

(25) 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	**2019**	**2018**	**2019**	**2018**
Financial assets				
at amortised cost:				
Cash and cash equivalents	79,101	73,576	4,788	7,161
Trade and other receivables	11,956	13,471	-	-
Other financial assets	17,451	1,120	18	18
at FVTPL:				
Derivative instruments:				
not designated in hedge accounting relationships	232	1,200	232	1,200
	108,740	**89,367**	**5,038**	**8,379**
Financial liabilities				
at amortised cost:				
Borrowings from financial institutions	(1,526,688)	(1,510,368)	-	-
Trade and other payables	(39,278)	(23,133)	(3,687)	(3,673)
Other financial liabilities	(43,252)	(37,824)	(187)	(183)
at FVTPL:				
Derivative instruments:				
not designated in hedge accounting relationships	(489)	(20)	(489)	(20)
at FVTOCI:				
Derivative instruments:				
in designated hedge accounting relationships	(3,730)	(3,741)	-	-
	(1,613,437)	**(1,575,086)**	**(4,363)**	**(3,876)**
Net financial (liabilities)/assets	**(1,504,697)**	**(1,485,719)**	**675**	**4,503**

(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 programme 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.

NOTES TO THE FINANCIAL STATEMENTS

(25) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(a) Foreign currency risk (continued)

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.

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 2019 Amounts in $'000	**Singapore dollar**	**Taiwan dollar**	**US dollar**	**Other**	**Total**
Financial assets					
Cash and cash equivalents	10,648	57,653	10,696	104	79,101
Trade and other receivables	-	11,956	-	-	11,956
Derivative instruments:					
not designated in hedge accounting relationships	232	-	-	-	232
Other financial assets	18	17,433	-	-	17,451
	10,898	**87,042**	**10,696**	**104**	**108,740**
Financial liabilities					
Borrowings from financial institutions	(219,915)	(1,306,773)	-	-	(1,526,688)
Trade and other payables	(3,687)	(35,591)	-	-	(39,278)
Other financial liabilities	(5,954)	(36,455)	(843)	-	(43,252)
Derivative instruments:					
in designated hedge accounting relationships	-	(3,730)	-	-	(3,730)
not designated in hedge accounting relationships	(489)	-	-	-	(489)
	(230,045)	**(1,382,549)**	**(843)**	**-**	**(1,613,437)**
Net financial (liabilities)/assets	**(219,147)**	**(1,295,507)**	**9,853**	**104**	**(1,504,697)**
Less: Net financial assets/(liabilities) denominated in respective functional currencies of entities within the Group	(200)	1,295,507	(1,475)	-	1,293,832
Net currency exposure	**(219,347)**	**-**	**8,378**	**104**	**(210,865)**

NOTES TO THE FINANCIAL STATEMENTS

(25) 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 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)**

Trust as at 31 December 2019 Amounts in $'000	Singapore dollar	Taiwan dollar	US dollar	Other	Total
Financial assets					
Cash and cash equivalents	4,313	-	475	-	4,788
Other financial assets	18	-	-	-	18
Derivative instruments not designated in hedge accounting relationships	232	-	-	-	232
	4,563	**-**	**475**	**-**	**5,038**
Financial liabilities					
Trade and other payables	(3,687)	-	-	-	(3,687)
Other financial liabilities	(187)	-	-	-	(187)
Derivative instruments not designated in hedge accounting relationships	(489)	-	-	-	(489)
	(4,363)	**-**	**-**	**-**	**(4,363)**
Net financial assets	**200**	**-**	**475**	**-**	**675**
Less: Net financial assets denominated in Trust's functional currency	(200)	-	-	-	(200)
Net currency exposure	**-**	**-**	**475**	**-**	**475**

NOTES TO THE FINANCIAL STATEMENTS

(25) 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 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**

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. The sensitivity rate used when reporting foreign currency risk internally to the management is 5% 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 2018: $0.02 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 $11.0 million (31 December 2018: $11.2 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 $0.4 million (31 December 2018: $0.2 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 2018: $0.02 million).

NOTES TO THE FINANCIAL STATEMENTS

(25) 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 creditworthiness 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 $1.9 million as at 31 December 2019 (31 December 2018: $1.7 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	**2019**	**2018**	**2019**	**2018**
Trade receivables neither past due nor impaired	10,011	11,755	-	-
Trade receivables past due not impaired				
<3 months	1,261	1,715	-	-
3-6 months	684	1	-	-
>6 months	-	-	-	-
Impaired receivables individually assessed	1	1	-	-
Less: Loss allowance	(1)	(1)	-	-
Total trade receivables	**11,956**	**13,471**	**-**	**-**

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 2018: $0.001 million) have been provided for the above specific trade receivables past due and impaired as at 31 December 2019 and 2018. 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 credit losses for doubtful receivables are required to be recorded by the Trustee-Manager as at 31 December 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

(25) 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 tables below detail 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 2019 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)	11,957	(1)	11,956
Refundable deposits	Performing	12-month ECL	17,375	-	17,375
Other financial assets	Performing	12-month ECL	76	-	76
				(1)	

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)	

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.

Trust as at 31 December 2019 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 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

NOTES TO THE FINANCIAL STATEMENTS

(25) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

As at 31 December 2019, 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 25(c). There are no related loss allowances during the year.

In order to minimise credit risk, the Group has tasked its credit personnel 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 personnel 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.

Non-derivative financial liabilities

Group as at 31 December 2019 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	2.39% - 6.90%	62,000	802,733	866,923	(204,968)	1,526,688
Lease liabilities	2.39% - 3.13%	2,970	8,089	488	(619)	10,928
Trade and other payables	-	39,278	-	-	-	39,278
Other liabilities	-	13,892	1,589	16,843	-	32,324
Total		**118,140**	**812,411**	**884,254**	**(205,587)**	**1,609,218**

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**

NOTES TO THE FINANCIAL STATEMENTS

(25) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

Non-derivative financial liabilities (continued)

Trust as at 31 December 2019 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	-	3,687	-	-	-	3,687
Other liabilities	-	187	-	-	-	187
Total		**3,874**	**-**	**-**	**-**	**3,874**

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**

Non-derivative financial assets

Substantially all non-derivative financial assets of the Group amounting to $108.5 million as at 31 December 2019 (31 December 2018: $88.2 million) and of the Trust amounting to $4.8 million as at 31 December 2019 (31 December 2018: $7.2 million) respectively, are on demand or due within one year.

Derivative financial instruments

Group as at 31 December 2019 Amounts in $'000	Demand within 1 year	Within 2 to 5 years	After 5 years	Total
Assets				
Currency forward contracts - gross settled				
Gross inflow	28,200	1,200	-	29,400
Gross outflow	(27,975)	(1,193)	-	(29,168)
Total	**225**	**7**	**-**	**232**
Liabilities				
Currency forward contracts - gross settled				
Gross inflow	(17,700)	(17,200)	-	(34,900)
Gross outflow	17,991	17,398	-	35,389
	291	**198**	**-**	**489**
Interest rate swap contracts - net settled	-	3,730	-	3,730
Total	**291**	**3,928**	**-**	**4,219**

NOTES TO THE FINANCIAL STATEMENTS

(25) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

Derivative financial instruments (continued)

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**

Trust as at 31 December 2019 Amounts in $'000	Demand within 1 year	Within 2 to 5 years	After 5 years	Total
Assets				
Currency forward contracts - gross settled				
Gross inflow	28,200	1,200	-	29,400
Gross outflow	(27,975)	(1,193)	-	(29,168)
Total	**225**	**7**	**-**	**232**
Liabilities				
Currency forward contracts - gross settled				
Gross inflow	(17,700)	(17,200)	-	(34,900)
Gross outflow	17,991	17,398	-	35,389
Total	**291**	**198**	**-**	**489**

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**

NOTES TO THE FINANCIAL STATEMENTS

(25) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

(ii) Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

As at 31 December 2019, the Group had negative working capital of $7.8 million (31 December 2018: $11.1 million). This included $31.5 million of contract liabilities representing collections received in advance from subscribers which do not require any future cash outflow from the Group (31 December 2018: $33.8 million).

After adjusting for this amount, the Group would have positive working capital of $23.6 million (31 December 2018: $22.7 million). The Group has undrawn debt facilities of $83.9 million (31 December 2018: $94.6 million) which can be drawn to address any shortfall in working capital requirements.

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 729,000 cable TV RGUs as at 31 December 2019, 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 has submitted to NCC the renewal applications and corresponding business plans for licences that are due for renewal in 2020. Subsequent to the year ended 31 December 2019, one of the licences was successfully renewed until February 2029 and the Group expects the other licence to be approved by the NCC. 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 $160.1 million for the year ended 31 December 2019 (31 December 2018: $160.0 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

(25) 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 input(s) used):

Financial assets/ liabilities Amounts in $'000	**Fair value as at 31 December**		**Fair value hierarchy**	**Value technique(s) and key input(s)**	**Significant unobservable input(s)**
	2019	**2018**			
Foreign exchange contracts	**Assets:** Current - 225 Non-current - 7	**Assets:** Current - 1,120 Non-current - 80	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 - 291 Non-current - 198	**Liabilities:** Current - 15 Non-current - 5			
Interest rate swaps	**Liabilities:** Current - nil Non-current - 3,730 **(designated for hedging)**	**Liabilities:** Current - nil Non-current - 3,741 **(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's 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 2018. 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 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

(26) NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Group as at 31 December		Trust as at 31 December	
	2019	**2018**	**2019**	**2018**
Net asset value attributable to unitholders				
Total net asset value attributable to unitholders ($'000)	1,082,052	1,071,399	1,343,099	1,346,955
Total number of units in issue used in calculation of net asset value per unit attributable to unitholders ('000)	1,442,128	1,436,800	1,442,128	1,436,800
Net asset value per unit attributable to unitholders ($)	**0.75**	**0.75**	**0.93**	**0.94**

(27) LEASES

Group as a lessee

At 31 December 2019, the Group is committed to $0.01 million for short-term leases.

At 31 December 2018, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Group	**As at 31 December**
Amounts in $'000	**2018**
Within one year	1,485
In the second to fifth years inclusive	4,050
After five years	840
Total	**6,375**

(28) CONTINGENCIES

There were no contingent liabilities or contingent assets as at 31 December 2019 and 2018 both at the Group and Trust level other than guarantees as disclosed in Note 11.

(29) 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-incorporated company. A majority of the shares in Dynami are held by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

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	**2019**	**2018**
Trustee-Manager fees	7,315	7,285

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	**2019**	**2018**
Base fees payable to the Trustee-Manager (Note 12)	3,687	3,673

NOTES TO THE FINANCIAL STATEMENTS

(29) RELATED PARTY TRANSACTIONS (continued)

(ii) Others

For the year ended 31 December 2019, the Trustee-Manager recovered ancillary charges amounting to $0.3 million from the Trust (31 December 2018: $0.3 million).

(30) EARNINGS PER UNIT

Group	Year ended 31 December	
	2019	**2018**
Weighted average number of units in issue ('000)	1,439,180	1,436,800
Profit after income tax attributable to unitholders of APTT ($'000)	19,093	7,407
Basic and diluted earnings per unit (cents)	**1.33**	**0.52**

(31) 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.

(32) EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year ended 31 December 2019:

(i) On 10 January 2020, APTT issued 2,955,468 units to the Trustee-Manager at a price of $0.1692 per unit, as payment of $0.5 million, out of the total $3.7 million Trustee-Manager base fees for the six-month period from 1 July 2019 to 31 December 2019. The issue price per unit was based on APTT's volume weighted average price for a unit for all trades done on the SGX-ST in the ordinary course of trading on the SGX-ST for the ten business days immediately prior to the date of issue. The balance of $3.2 million Trustee-Manager base fees along with GST and any rounding off adjustment from the issue of units was settled in cash.

Following the issuance of such units, the Trustee-Manager's direct unitholding in APTT is 8,283,880 units, representing approximately 0.573% of the total 1,445,083,880 issued units in APTT.

(ii) On 11 February 2020, the Trustee-Manager announced that it was informed by its sole shareholder, Dynami, that Dynami's parent company, Gear Rise Limited, has entered into a sale and purchase agreement with Da Da Digital Convergence Co., Ltd. (the "Purchaser") for a 65% stake in Dynami (the "Proposed Transaction"). The Proposed Transaction is subject to, among others, approvals from regulatory bodies in Taiwan and lenders of APTT including of its sole investment, TBC.

The Purchaser is a Taiwan-registered company that is controlled by Mr Dai Yung Huei. The founder of Taiwan listed Dafeng TV Ltd. ("Dafeng TV"), Mr Dai was the chairman for over 20 years and is now a director of Dafeng TV, which operates its businesses in Taiwan's domestic markets including New Taipei City and Kaohsiung City. Mr Dai led Dafeng TV to obtain its cable television licence in Taiwan, and successfully listed the company on the Taiwan Stock Exchange in 2002.

The Proposed Transaction will not have an impact on the management team and operations of the Trustee-Manager and APTT, nor the distribution guidance of 1.20 Singapore cents per unit for 2020. The Trustee-Manager will make further announcements via SGXNet as and when there are material developments on the Proposed Transaction. Unitholders of APTT are advised to refrain from taking any action in respect of their units or other securities of APTT which may be prejudicial to their interests, and to exercise caution when dealing in such units or other securities.

STATISTICS OF UNITHOLDINGS

AS AT 10 MARCH 2020

SUBSTANTIAL UNITHOLDERS BASED ON REGISTER OF SUBSTANTIAL UNITHOLDERS

Substantial unitholders	Direct interest	%	Deemed interest	%
Venezio Investments Pte. Ltd.	113,959,812	7.89	-	-
Napier Investments Pte. Ltd.[1]	-	-	113,959,812	7.89
Tembusu Capital Pte. Ltd.[1]	-	-	113,959,812	7.89
Temasek Holdings (Private) Limited[1]	-	-	113,959,812	7.89

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 2019	1,472,901	0.189	0.126

STATISTICS OF UNITHOLDINGS

AS AT 10 MARCH 2020

There were 1,445,083,880 units (voting rights: 1 vote per unit) in issue as of 10 March 2020. There is only one class of units in APTT.

DISTRIBUTION OF UNITHOLDINGS

Size of unitholdings	No. of unitholders	%	No. of units	%
1 - 99	280	2.45	11,532	0.00
100 - 1,000	753	6.57	566,940	0.04
1,001 - 10,000	4,080	35.62	24,492,263	1.69
10,001 - 1,000,000	6,250	54.56	489,970,927	33.91
1,000,001 and above	92	0.80	930,042,218	64.36
Total	**11,455**	**100.00**	**1,445,083,880**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of units	%
1	DBS Nominees Pte. Ltd.	198,849,413	13.76
2	Citibank Nominees Singapore Pte. Ltd.	105,359,582	7.29
3	Venezio Investments Pte. Ltd.	105,098,512	7.27
4	Raffles Nominees (Pte) Limited	62,429,785	4.32
5	Hong Han Investment Co., Ltd.	43,103,999	2.98
6	DBSN Services Pte. Ltd.	27,108,824	1.88
7	CGS-CIMB Securities (Singapore) Pte. Ltd.	24,072,107	1.67
8	Maybank Kim Eng Securities Pte. Ltd.	21,873,022	1.51
9	Tan Chwee Huat	20,810,000	1.44
10	Teo Cheng Tuan Donald	20,000,000	1.38
11	DBS Vickers Securities (Singapore) Pte. Ltd.	17,695,472	1.22
12	HSBC (Singapore) Nominees Pte. Ltd.	17,229,723	1.19
13	Phillip Securities Pte. Ltd.	16,289,976	1.13
14	OCBC Securities Private Limited	12,494,511	0.86
15	Ho Kim Lee Adrian	10,229,300	0.71
16	United Overseas Bank Nominees (Private) Limited	10,113,613	0.70
17	OCBC Nominees Singapore Private Limited	9,200,132	0.64
18	Arifin @ Lie Tjong Tjin @ Lie Chang Chin	9,000,000	0.62
19	Chua Beng Huat	8,287,400	0.57
20	APTT Management Pte. Limited	8,283,880	0.57
		747,529,251	**51.71**

Based on the information available to the Trustee-Manager as at 10 March 2020, 88.69% 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

Refer to Note 23(x) of Financial Statements on page 116 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 2019.

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 2019, or if not then subsisting, entered into since the constitution of the Trust.

(E) INTERESTED PERSON TRANSACTIONS (“IPTs”)

Refer to Note 29 of Financial Statements on pages 129 to 130 of this Annual Report.

The Group has not obtained a general mandate from unitholders for IPTs.

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Disclaimers

Asian Pay Television Trust ("APTT") is a business trust registered under the Business Trusts Act (Chapter 31A of Singapore) and listed on the Main Board of the Singapore Exchange Securities Trading Limited. APTT Management Pte. Limited is the trustee-manager of APTT (the "Trustee-Manager"). The Trustee-Manager is a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami"), which is a Singapore-incorporated Company. A majority of the shares in Dynami are held by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

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

Information, including forecast financial information, in this report should not be considered as a recommendation in relation to holding, purchasing or selling securities or other instruments in APTT. Due care and attention have been used in the preparation of forecast information. However, such information is based on certain assumptions and is subject to certain risks, contingencies and uncertainties, many of which are outside the control of APTT, which could cause actual results to vary materially from those that are forecasted and any such variation may be materially positive or negative. Past performance is not a reliable indication of future performance.

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

Investors should note that there are limitations on the rights of certain investors to own units in APTT under applicable Taiwan laws and regulations (the "Relevant Restrictions"). Such investors include individuals or certain corporate entities in the People's Republic of China ("PRC"), the Taiwan Government and political entities and other restricted entities and restricted persons (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 relevant units in APTT. 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 under the Trust Deed. For further information, investors should refer to the prospectus dated 16 May 2013 issued by APTT and the Trust Deed.

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