Asian Pay Television Trust

# ANNUAL REPORT 2022

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## 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 which is owned and managed by APTT Management Pte. Limited (the "Trustee-Manager"), in its capacity as the Trustee-Manager of APTT, since 2013.

APTT Management Pte. Limited is a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami") which is a Singapore-incorporated company fully owned by Mr Lu Fang-Ming, the former 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.

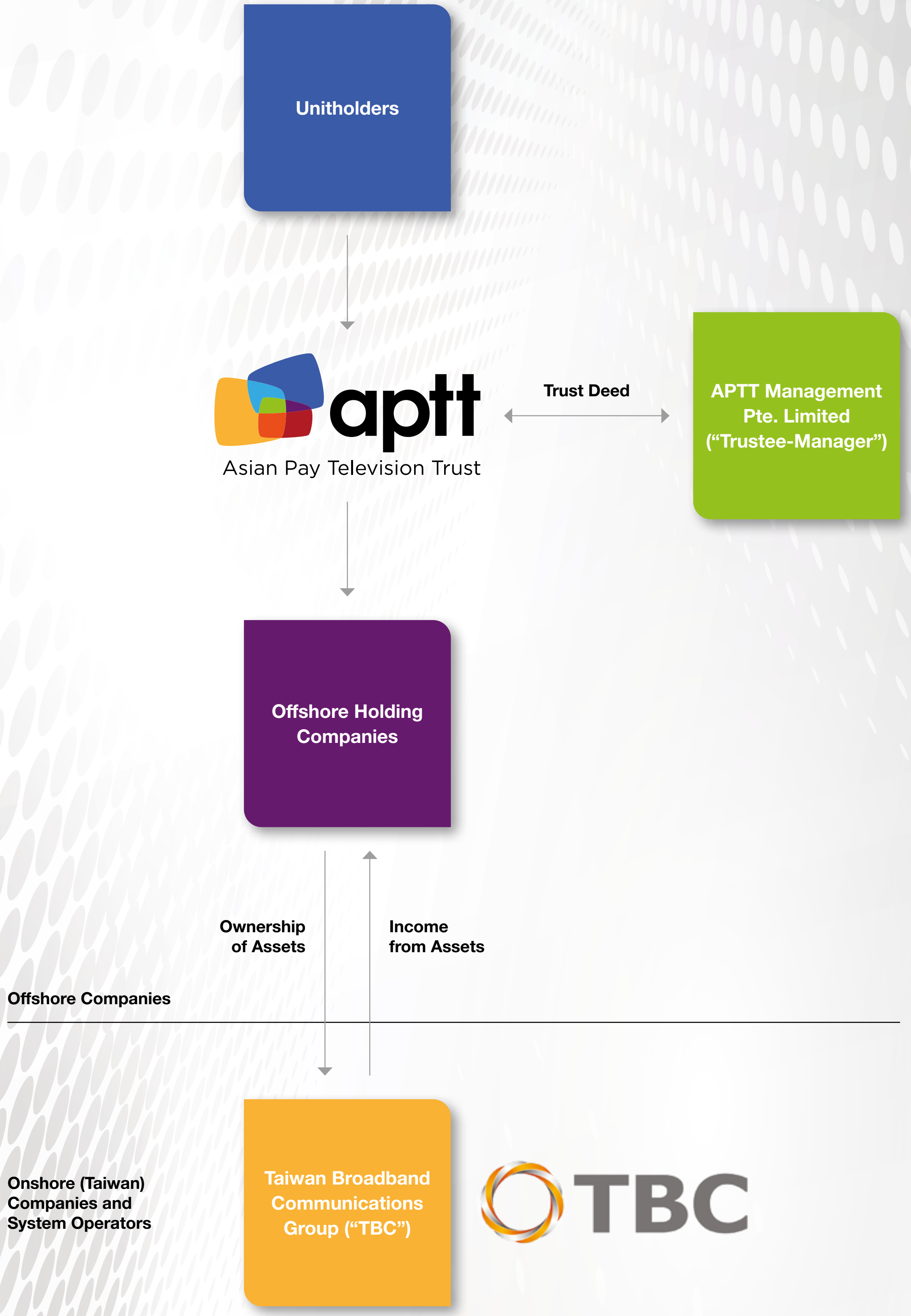
The Trustee-Manager has the dual responsibility of safeguarding the interests of unitholders and managing the business conducted by APTT. The Trustee-Manager manages APTT's business with an objective of providing unitholders with stable and sustainable distributions.



**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, as amended and restated by a First Amending and Restating Deed dated 28 April 2022 (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

FOR THE YEAR 2022

**DISTRIBUTION PER UNIT**
**1.0**
Singapore Cent

**TOTAL REVENUE (S$)**
**286.0**
Million

**NET PROFIT (S$)**
**45.5**
Million

**EBITDA (S$)**
**168.7**
Million

**TOTAL ASSETS (S$)**
**2,700.9**
Million

**EBITDA MARGIN**
**59.0%**

# CHAIR'S STATEMENT

**Dear Unitholders,**

In 2022, our fixed-line Broadband business continued with its strong performance, recording growth in our subscriber base and ARPU, which has led to consistently higher revenue in both S$ and NT$ for nearly three years.

We are heartened by the positive results as they validate the success of our Broadband growth strategy. Against a declining cable TV business which is taking place industry wide, Broadband will be the largest driver of long-term growth. Our aim is to gradually grow cash flows from our Broadband business to a level that more than offsets the decline in our Basic cable TV business.

Coupled with the progress that we have made on debt management, the Trust is in a stronger position to navigate the competitive industry landscape and drive the business forward.

## LOAN REDUCTION

In January 2023, we successfully refinanced our Offshore Facilities for a 30-month period on the same major terms. Financial close is expected to be in July 2023, at the maturity of the existing Offshore Facilities. This refinancing reflects lenders' confidence in APTT's business and the management. We have been achieving consistently healthy net cash flows for years, while our Broadband business has been growing steadily.

The refinanced facilities will comprise a $46.6 million term loan facility and a $75 million revolving loan facility, compared to the existing $125 million term loan facility and $80 million revolving loan facility. The refinanced facilities represent an $83.4 million reduction in offshore loans. This is a direct result of our debt management programme, where we have made accelerated debt repayments over the past two years, using cash generated from operations.

The refinanced facilities will bear a floating interest rate plus an interest margin ranging from 4.1% to 4.9% per annum, based on the leverage ratio of the Group (compared to 4.1% to 5.5% for the existing Offshore Facilities).

Over the long-term, we aim to eliminate offshore debt, which is more expensive. As soon as we can, we hope to bring all our debt back onshore.

The refinanced facilities represent an $83.4 million reduction in offshore loans. This is a direct result of our debt management programme, where we have made accelerated debt repayments over the past two years, using cash generated from operations.

# CHAIR'S STATEMENT

## MANAGING RISING INTEREST RATES

With this refinancing, the principal repayment schedule and financial covenants for the Offshore Facilities will be reset. Subject to no changes in planning assumptions, we should not have to revisit borrowing facilities, both onshore and offshore, until 2025.

We aim to make use of this period to accelerate debt repayments using cash generated from operations, to lower our debt levels and save on interest costs. This is especially important in today's rising interest rate environment.

In 2022, the Group made net debt repayments of $62 million and lowered gearing to 48.7%. For the next 12 months, $76 million will be set aside for onshore and offshore debt repayments.

To mitigate the risk of rising interest rates, the Group entered into TAIBOR swaps so that 93% of our outstanding Onshore Facilities are now hedged through to 30 June 2025 at an average fixed rate of 0.94%, which is currently lower than the prevailing three-month TAIBOR.

As Onshore Facilities constitute 90% of our total debt, our overall interest rate exposure is contained. The impact of rising interest rates is therefore not expected to materially impact our cash flows or affect our business operations.

## CAPITAL EXPENDITURE

We will continue to manage our capital expenditure by investing within industry norms, and by limiting to areas that can support our aggressive push to grow the Broadband business. This is necessary to support the growing demand for higher broadband speeds and to future-proof TBC's business.

As a percentage of revenue, capital expenditure was 12.2% in 2022, well within industry norms.

## OPERATIONAL PERFORMANCE

In 2022, the Trust reported revenue of $286.0 million and EBITDA of $168.7 million, while EBITDA margin was 59.0%. Foreign exchange contributed to a negative variance of 3.7%. In constant Taiwan dollar terms, revenue and EBITDA for the year decreased by 0.9% and 4.2%, respectively, mainly due to lower contributions from Basic cable TV.

The total subscriber base grew by 4.2% (c.52,000) to c.1,298,000, driven by the increase in Broadband and Premium digital cable TV subscribers, which rose 11.7% (c.33,000) and 12.8% (c.35,000), respectively. The number of subscribers for these two business segments has been growing steadily over the past four years and this has consistently more than offset the churn in Basic cable TV.

Our ongoing partnership programmes with mobile operators, and the demand for higher speed plans, have been instrumental in growing the number of fixed-line Broadband subscribers. The total Broadband subscriber base in 2022 reached c.315,000, representing nearly 25% of our total subscriber base. Broadband ARPU improved by NT$18 to NT$378 per month for the year ended 31 December 2022.

As for Basic cable TV, in line with our expectations, the number of subscribers declined by 2.3% or c.16,000, while ARPU decreased by NT$12 per month. We expect this trend to continue due to the saturated cable TV market and the growing preference for online TV content.

# CHAIR'S STATEMENT

## POSITIONED FOR THE FUTURE

Overall, the foundation is in place for APTT to grow in a measured way. Compared to four years ago, our balance sheet is now stronger. Our Broadband business is growing, which will help to cushion the impact of the declining Basic cable TV business.

We also remain optimistic about the data backhaul opportunities in Taiwan. Since the start of our data backhaul service in 2018, mobile operators have been gradually leasing fibre circuits from us. This modest subscription-based revenue stream now accounts for approximately 3.5% of our Broadband revenue.

As mobile operators in Taiwan gradually roll out and extend their 5G networks which are multi-year investments, we aim to be more involved in their planning process and achieve steady incremental revenue growth for data backhaul.

## HIGHER DISTRIBUTIONS

For 2023, taking into account the higher interest rate environment and to ensure healthy cash flows, the Board has guided a distribution of 1.05 cents per unit, which is 5% higher than 2022, subject to no material changes in planning assumptions.

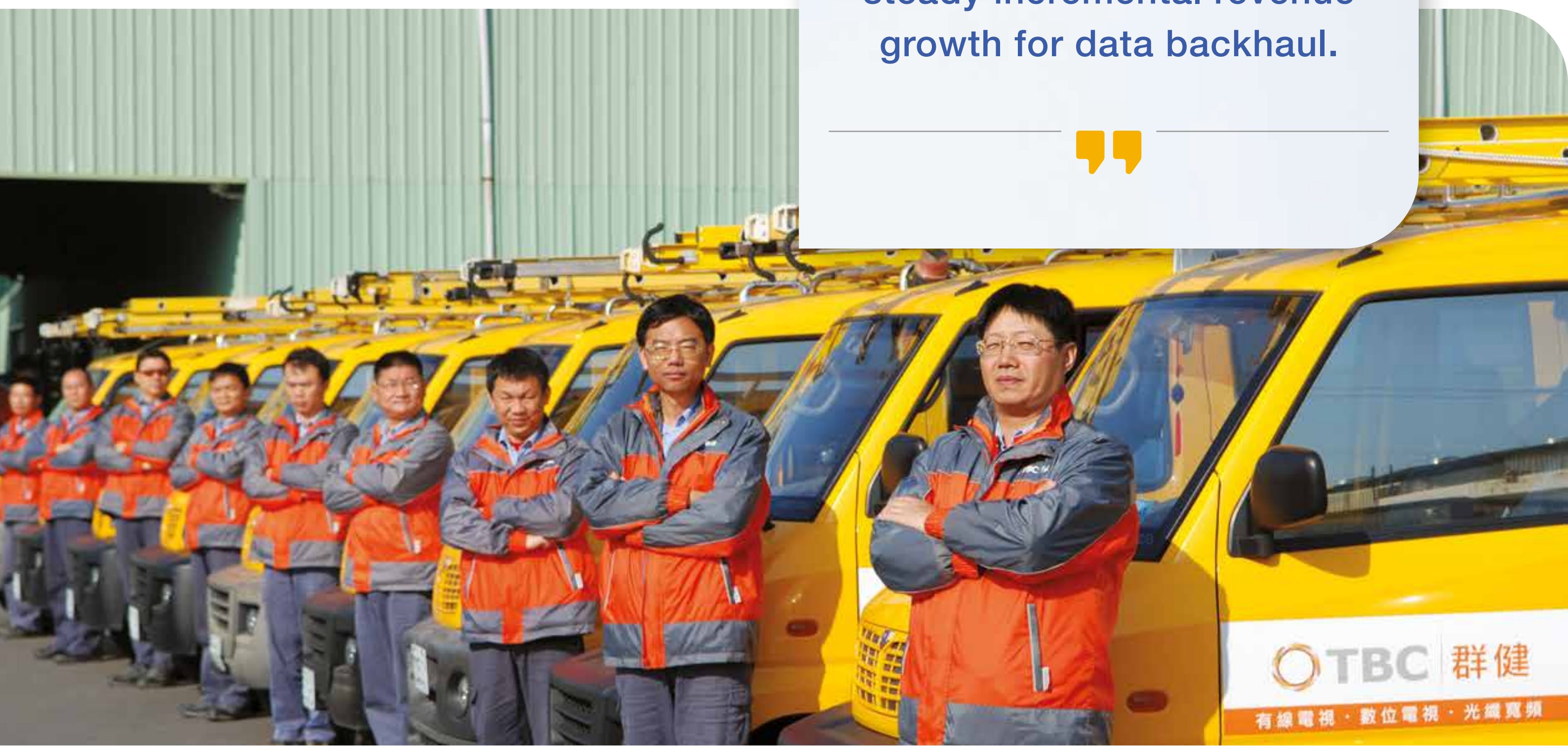
The distribution frequency in 2023 will be revised from quarterly to half-yearly. This translates to half-yearly instalments of 0.525 cents per unit for 2023.

## APPRECIATION

On behalf of the Board, I would like to thank unitholders, the management team and staff for your continued support as we shape APTT for the future. I would also like to thank my fellow board members for their guidance in ensuring that we remain a well-managed entity.

**Yong Lum Sung**
Chair

As mobile operators in Taiwan gradually roll out and extend their 5G networks which are multi-year investments, we aim to be more involved in their planning process and achieve steady incremental revenue growth for data backhaul.



# 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 1.3 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 close to 1.3 million revenue generating units across its subscriber base, providing over 168 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.

**REVENUE GENERATING UNITS OF CLOSE TO**

**1.3 million**

# SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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# SUSTAINABILITY REPORT

## BOARD STATEMENT

Rise in global inflation amid slow economic growth made 2022 challenging for businesses. International energy crises and geopolitical concerns have compounded the problem. In today's business world, balancing and managing people, planet and profit is of utmost priority. 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 economic factors, technology and consumer demands. To enhance transparent communication with broad stakeholder groups, we are pleased to provide the sixth Sustainability Report from Asian Pay Television Trust ("APTT") to show our progress and future sustainability plan.

This year, we continue to integrate ESG considerations into our strategy to proactively position APTT for sustainable growth. The Board of Directors (the "Board") continues to receive support from the Sustainability Steering Committee ("SSC"), which is made up of senior management from APTT Management Pte. Limited (the "Trustee-Manager") and Taiwan Broadband Communications Group ("TBC"). As part of our materiality refreshment in 2022, the SSC reviewed the materiality matrix and the Board validated the materiality topics. With a strong commitment to managing the business for the future, the Board collaborates closely with the SSC to advance internal and external sustainability initiatives.

In 2022, the United Nations Intergovernmental Panel on Climate Change ("IPCC") released the sixth Assessment Report assessing the impacts of climate change. As emphasised, unless mitigation efforts are implemented, 1.5°C of global warming could occur as soon as the early 2030s. We understand our responsibility as an enterprise to tackle climate change by greening our operations and reducing our environmental footprint. This year, we have embarked on an initial study to understand the climate risks relevant to our business. We started to quantify our Scope 2 emissions to lay a foundation for understanding our emission profile.

On other ESG aspects, we continued to advance various initiatives that have been in place since 2018 to better manage our material ESG factors. We continued our management approach and mechanisms around both IT security and customer privacy to maintain our record of zero material breaches for the year. On the social aspect, we kept up our support of the communities where we operate by sponsoring regional community projects and donating broadcast airtime. Furthermore, we continued to commit to the well-being of our employees and maintain a safe working environment for them.

We would like to extend our gratitude to our partners, stakeholders, and the management team at TBC for continuously contributing to APTT's sustainability achievements. We aim to achieve far-reaching sustainable impacts for our business and all stakeholders.

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

## ABOUT THIS REPORT

### Reporting Standards and Guidelines

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. Specifically, the report was prepared in reference to Task Force on Climate-Related Financial Disclosures ("TCFD").

### Reporting Period and Scope

APTT's sixth Sustainability Report describes policies, practices, performance and targets for ESG factors material to our business and key stakeholders during the period from 1 January to 31 December 2022. The scope of information and data disclosed includes APTT, APTT Management Pte. Limited and TBC. This report excludes offshore holding companies as they are non-material in terms of revenue generation and account for a minimal portion of the Group's operating costs.

### Feedback and Contact Point

All information contained in this report has been prepared 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.

# SUSTAINABILITY REPORT

## SUSTAINABILITY VISION

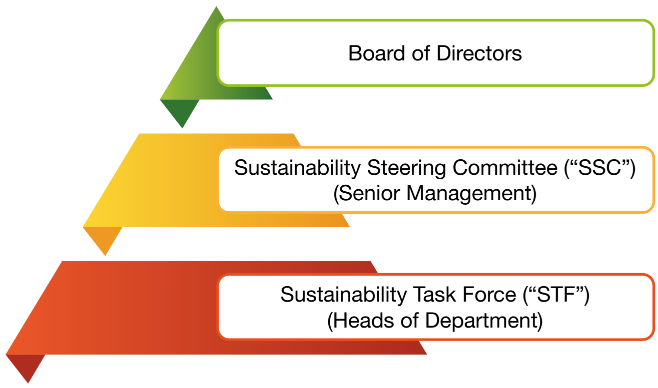
### Sustainability Governance

APTT recognises that an effective sustainability governance culture is imperative to our performance and reputation. We have established the sustainability governance structure to honour our sustainability commitment. Under the sustainability structure, the Board governs and spearheads our sustainability agenda. 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 developing sustainability strategies, managing and monitoring overall sustainability performance. Led by Mr Brian McKinley, Chief Executive Officer and Executive Director, and Mr Somnath Adak, Chief Financial Officer, the SSC includes senior management representatives from TBC. The SSC meets and reports APTT's sustainability progress to the Audit Committee at least quarterly or more, as required. In this reporting year, SSC had five meetings to oversee and discuss the sustainability strategy, evaluate performance, and adopt action plans and policies to internalise sustainability practices.

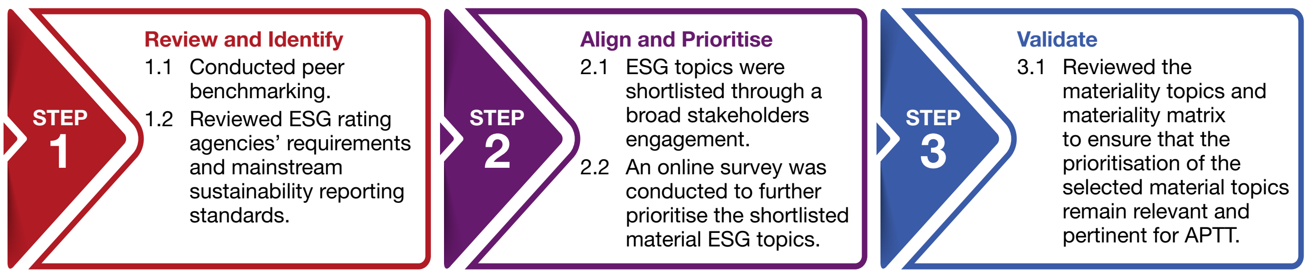
The Sustainability Task Force ("STF"), comprising TBC's heads of departments from different functions, supports the SSC by implementing sustainability initiatives and programmes across the organisation.

**Sustainability Governance Structure**




### Materiality Assessment

The materiality assessment is a critical process that allows us to keep abreast of emerging ESG issues and to better manage ESG risks and opportunities that are most relevant to our long-term viability as a business. In this reporting year, we conducted a materiality assessment to capture the market trends and understand the emerging ESG risks and opportunities facing our industry and business. APTT will continue to review and evaluate the list of material ESG factors annually, to ensure that our sustainability efforts are in line with our business goals and aligned with our stakeholders' expectations.




Using a three-step approach as seen in the diagram above, the materiality assessment process started with the identification of material factors relevant to APTT, followed by prioritisation by stakeholders and lastly, the chosen material topics were reviewed and approved by the Board.

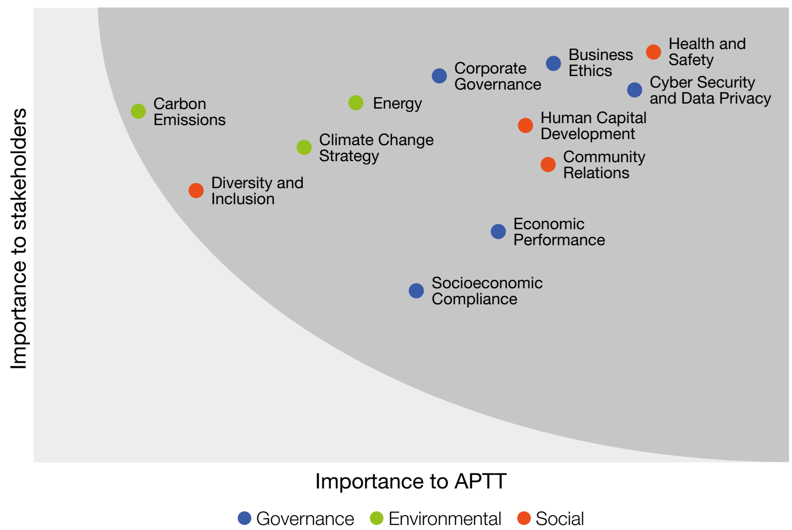
# SUSTAINABILITY REPORT

1. **REVIEW AND IDENTIFY:** To obtain a further external and objective perspective, we conducted an analysis to identify the key ESG topics covered by various stakeholders. Our evaluation process drew on a wide range of benchmarking exercises with ESG rating agencies' requirements and reporting frameworks. We looked at topics regularly reported on by our peers within our industry, Singapore Exchange Securities Trading Limited ("SGX-ST") requirements, and various voluntary reporting frameworks including GRI, Sustainability Accounting Standards Board ("SASB") and TCFD framework. To capture the updated ESG risks and opportunities, observations from mainstream ESG rating agencies' latest evaluation reports were also factored into our materiality assessment.

2. **ALIGN AND PRIORITISE:** All topics identified were subsequently analysed and discussed through a stakeholder engagement session, which was designed to capture insights on the ESG risks and opportunities facing APTT, and to shortlist the material ESG topics. An online survey was conducted to prioritise the shortlisted ESG topics, the results of which were collated to develop the materiality matrix as shown below. To ensure the objectivity of the prioritisation, a third-party consultant's view was factored in. Through our assessment, the below 12 material topics in the upper quadrant were identified and further expounded in the following table.

3. **VALIDATE:** The SSC reviewed the materiality matrix and the Board reviewed and approved the materiality topics to ensure that the prioritisation of the selected 12 material topics remained relevant and pertinent for APTT. These include five additional disclosures added this year, namely Corporate Governance, Business Ethics, Carbon Emissions, Climate Change Strategy and Health and Safety, in order to reflect APTT's greater commitment to transparency. This aided us in developing a comprehensive strategy that aligns with the important ESG issues facing our business.

**Materiality Matrix**




### Stakeholder Engagements

In order to thrive in our business and contribute to society, we believe it is essential to understand and address the interests of our broad stakeholders. As part of our journey towards sustainability, we keep a transparent and regular dialogue with our key stakeholders and conduct regular engagements to receive their meaningful feedback.

The table below details our engagement activities with our key stakeholders.

| Key Stakeholders | Key Topics of Concern | Forms of Engagement | Engagement Frequency |
|---|---|---|---|
| **Investors** | • Business and operations performance<br>• Business strategy and outlook<br>• Compliance with laws and regulations | • Financial results, key financial information and business updates announcements<br>• Timely updates of business developments and other relevant disclosures via corporate website and SGXNet<br>• Investor meetings<br>• Annual General Meeting | • Quarterly<br>• Throughout the year<br>• Throughout the year<br>• Annually |

# SUSTAINABILITY REPORT

| Key Stakeholders | Key Topics of Concern | Forms of Engagement | Engagement Frequency |
|---|---|---|---|
| **Employees** | • Compensation and benefits<br>• Career development<br>• Employee well-being<br>• Occupational health and safety | • Training and development programmes, including induction programme for new employees<br>• News and updates via intranet<br>• Recreational and wellness activities<br>• Employee feedback channel<br>• Performance appraisals | • Throughout the year<br>• Throughout the year<br>• Throughout the year<br>• Throughout the year<br>• Annually |
| **Customers** | • Reliability and quality of network infrastructure<br>• Service pricing and bundles<br>• Timeliness of customer service response | • Online customer service via TBC website and My TBC App<br>• 24-hour customer service hotline<br>• Retail stores | • Throughout the year<br>• Throughout the year<br>• Throughout the year |
| **Government and Regulators** | • Compliance with laws and regulations | • Official correspondence<br>• Document filings<br>• Meetings and discussions | • Throughout the year<br>• Throughout the year<br>• Throughout the year |
| **Industry Bodies** | • Business and operations performance<br>• Compliance with laws and regulations<br>• Employee well-being | • Membership<br>• Industry dialogues and forums | • Throughout the year<br>• Throughout the year |
| **Media** | • Business and operations performance<br>• 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<br>• Community initiatives<br>• Corporate volunteering | • Throughout the year<br>• Throughout the year<br>• Throughout the year |

## Our Strategy and Targets

As a business trust, we are committed to investing and conducting 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.

| Material Topics | Relevant GRI Topics | Our 2022 Progress | Our 2023 Targets |
|---|---|---|---|
| **Corporate Governance** | GRI 2 | In 2022, we continued to adopt transparent corporate governance practices serving all our stakeholders. | We aim to continue adopting transparent corporate governance practices, in compliance with the requirements of the Singapore Code of Corporate Governance 2018 to serve all our stakeholders, except for non-compliance described in the corporate governance statement. |
| **Business Ethics** | GRI 205 | In 2022, APTT and TBC have maintained zero incidents of corruption. | We aim to maintain zero incidents of corruption. |
| **Economic Performance** | GRI 201 | In 2022, our Broadband business delivered strong performance and we made substantial progress on debt management. | We remain optimistic about our Broadband business growth, which will help to cushion the impact of the declining Basic cable TV business. We also remain optimistic about the data backhaul opportunities in Taiwan. Since the start of our data backhaul service in 2018, mobile operators have been gradually leasing fibre circuits from us. As mobile operators in Taiwan gradually roll out and extend their 5G networks which are multi-year investments, we aim to be more involved in their planning process and achieve steady incremental revenue growth for data backhaul.<br><br>We are committed to strengthening our business fundamentals and maintaining our long-term capital structure. This is to ensure that we are in a stronger position to navigate the competitive industry landscape and drive the business forward.<br><br>The distribution for 2023[1] is expected to be 1.05 cents per unit, which is 5% higher than 2022. |
| **Socioeconomic Compliance** | GRI 2 | In 2022, there were no material incidents that resulted in significant fines or legal actions. | We aim to maintain a record of no incidents of material non-compliance resulting in significant fines or legal action. In addition, we aim to conduct training and awareness programmes for all staff regarding the laws and regulations relating to our business. |

# SUSTAINABILITY REPORT

| Material Topics | Relevant GRI Topics | Our 2022 Progress | Our 2023 Targets |
|---|---|---|---|
| **Cyber Security and Data Privacy** | GRI 418 | In 2022, we did not receive any 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 2023, we are committed to implementing an IT Security policy in accordance with ISO 27001, continuously reviewing personal data management SOPs for continual improvement, as well as ensuring compliance with all confidentiality obligations.<br><br>We also aim to maintain our record of zero formal claims concerning material breaches of customer privacy and losses of customer data. |
| **Energy** | GRI 302 | In 2022, the Energy Use Index ("EUI") was 0.641 MWh/$m^2$. | We will continue to observe our electricity consumption[2], and implement energy-saving measures for our headends, data centres and offices, to maintain our annual EUI[3] at 0.641 MWh/$m^2$. |
| **Climate Change Strategy** | Not applicable (non-GRI topic) | In 2022, we have embarked on our journey to understand the industry-specific climate risks aligning with TCFD recommendations. | We aim to take a phased approach to align our climate change risks management with TCFD recommendations. |
| **Carbon Emissions** | GRI 305 | In 2022, the greenhouse gas ("GHG") Scope 2 emissions were 4,230 $tCO_2e$. | We will continue to monitor our carbon emissions and adopt phased approach to understand the carbon inventory. |
| **Human Capital Development** | GRI 401<br>GRI 404 | In 2022, we recorded the average training hours per employee of 8.7 hours and total employee turnover rate of 20%. | We aim to provide benefits and training to our employees. We also aim to keep our employee turnover rate at 20% or lower in the coming year. |
| **Diversity and Inclusion** | GRI 405 | In 2022, 44% of our workforce and 14% of our Board of Directors were female. | We will continue to commit to the well-being of our employees and deploy fair and transparent employment practices. |
| **Health and Safety** | GRI 403 | In 2022, we recorded no material work-related health and safety incidents. | We aim to maintain zero work-related health and safety incidents. |
| **Community Relations** | GRI 413 | In 2022, we have achieved our goal and dedicated 2,623 production hours to support local communities. | In 2023, we will continue to be an active member of our local communities by supporting low-income community members, local government initiatives as well as other community initiatives. In addition, we aim to dedicate at least 1,440 production hours (120 hours per month) to support local communities. |

[1] Subject to no material changes in planning assumptions.
[2] 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.
[3] EUI = total electricity consumption in a year divide by total surface area of TBC premises (MWh/$m^2$).

## SUSTAINABILITY PILLAR

### Corporate Governance

APTT is dedicated to robust corporate governance policies and practices designed by the Trustee-Manager to assist the Board of Directors' effectiveness in exercising its oversight role. To ensure that the long-term interests of our unitholders are being met, our Board of Directors monitors the management performance on behalf of the unitholders, monitors compliance with APTT's standards and policies, and encourages the exercise of responsible corporate citizenship.

Our Board of Directors comprises seven highly accomplished individuals with diverse backgrounds who are dedicated to serving the best interest of our unitholders. Board meetings are held quarterly and more frequently as required. Managed by an executive management team that has extensive experience, the Trustee-Manager has in place a set of well-defined policies and procedures to enhance corporate performance and accountability.

As ESG is a critical part of our business strategy, our entire board has responsibility for ESG oversight. Recognising the significance, attention and focus that ESG requires, our board has delegated specific responsibilities to each of its committees. Our Board of Directors continues to fulfil its duties in terms of identifying, managing and overseeing environmental, social and governance factors important to the Group, providing strategic direction, and monitoring the standards, management procedures and business tactics required to achieve sustainability. For more information on the corporate governance policies and procedures, refer to pages 41 to 64 of this Annual Report.

### Business Ethics

APTT is dedicated to upholding the highest standards of accountability and integrity as we firmly believe that the operation of businesses within the laws and regulations of any jurisdiction is vital to avoid any violation that could compromise our stakeholders' trust in us. Having prudent and effective controls of the framework supported by clear and robust procedures helps cultivate trust in us amongst our internal and external stakeholders.

# SUSTAINABILITY REPORT

APTT has zero tolerance for fraud and corruption. To foster ethical behaviour among employees, we have implemented several policies and procedures that clearly define what is expected of every employee in terms of integrity and responsibility. We have put in place a Code of Conduct and Ethics policy, which is applicable to all employees. The Code of Conduct and Ethics policy, including whistleblowing arrangements, sets an appropriate tone-from-the-top, lays out the principles and standards necessary to maintain confidence in the Trustee-Manager's integrity, providing guidelines to employees for reporting and investigating reports of unethical practices and sets desired organisational culture. To ensure that all employees are subject to the same standard of accountability and compliance, these policies have been cascaded to TBC. TBC has additionally implemented policies in accordance with the local regulatory requirements, covering a variety of subjects like gender equality, anti-bribery, anti-corruption and anti-money laundering. These policies provide guidance on acts that may constitute bribery, corruption and money-laundering, and set out the responsibilities of employees in observing and upholding the Group's position with regards to such acts. In 2022, we have maintained zero incidents of corruption.

### Socioeconomic Compliance

In ensuring regular and transparent communication with stakeholders, the Trustee-Manager has set out clear expectations of ethical and responsible behaviour from all employees. APTT's values and standards corresponding to the corporate culture, are always incorporated by employees to ensure accountability and compliance. Moreover, TBC has further adopted policies in line with the local regulatory requirements, with topics covered ranging from regulatory compliance and protection of intellectual property to workplace health and safety. The established policies are reviewed at least annually to meet the changing needs of the marketplace and regulatory requirements.

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 incident, compliance and Interested Person Transactions reporting to the Audit Committee on a quarterly basis.

| APTT | TBC |
|---|---|
| • Code of Conduct and Ethics Policy<br>• Conflicts of Interest Policy<br>• Securities Trading Policy<br>• Investor Relations Policy<br>• Social Media Policy<br>• Whistleblowing Policy | • Working Regulation Programme (in compliance with Labour Standard Law)<br>• Occupational Health and Safety Code |

Regular internal audits were conducted by TBC to evaluate and ensure the enforcement of the Working Regulation Programme and Employee Working Rules. TBC's cable TV service also undergoes a mandatory audit by the National Communications Commission of Taiwan ("NCC") 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.

To ensure that our employees understand and comply with the Code of Conduct and Ethics policy, all of the Trustee-Manager's employees are screened with specific reference to the Code of Conduct and Ethics policy as part of the annual evaluation. All TBC employees 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, APTT recognises the need to support all employees in upholding personal and corporate integrity by conducting relevant training and having open channels for reporting misconduct. The Trustee-Manager ensures that employees and directors undergo an induction programme that includes the introduction of the Code of Conduct and Ethics policy. At TBC, compulsory compliance training is provided to all new employees, covering the Working Regulation Programme and other company policies. In 2022, TBC has provided 7,609 hours of training, including topics related to laws and regulations.

In 2022, there were no non-compliant incidents that resulted in significant fines or legal actions.

### Economic Performance

Our efforts over the past few years have contributed to the improved performance and indicators we achieved this year. We have included environmental, social and climate considerations in our acquisition due diligence process to continue to generate sustainable returns over the long term. We also ensure that APTT and TBC's assets and operations have appropriate environmental, social and climate risk management frameworks.

In keeping with our commitment to having sustainable returns to unitholders, we have adopted a three-pronged approach. Firstly, we monitor market dynamics and survey opportunities that may further add value to APTT. Secondly, we invest in initiatives that will enhance the competitiveness of our portfolio companies. Lastly, we maintain the resilience of our financial structure by managing exposure to various financial risks.

# SUSTAINABILITY REPORT

**On operations:**

- We have been steadily adding Premium digital cable TV and Broadband subscribers over the past four years, which has consistently more than offset the Basic cable TV churn. As at 31 December 2022, our total number of subscribers has increased to c.1,298,000.
- We recorded strong Broadband growth, not just in terms of the number of subscribers, but also in terms of average revenue per user ("ARPU") and revenue. For 10 consecutive quarters, revenue in both S$ and NT$ has increased, validating the success of our Broadband growth strategy.
- To broaden our fixed-line broadband market share, we continued to offer higher-speed plans at competitive prices and stepped up partnerships with mobile operators to drive the fixed-line broadband-only segment. As a result, our fixed-line broadband market share has improved year-on-year.

**On capital expenditure:**

- Our network investments over the past few years have resulted in a sufficiently dense underground fibre network that drives our two-pronged broadband growth strategy: meet the growing demand for higher speed plans and support mobile operators in their network rollouts.
- We have increased fibre density from an average of more than 750 homes per fibre node three years ago to the current level of fewer than 250 homes per fibre node – removing network congestion and allowing data to be transmitted at higher speeds.
- Our capital expenditure in 2022 comprised $17.0 million[1] in TBC's network, broadband and other capital expenditure initiatives, and $17.9 million in the maintenance of TBC's fully owned advanced hybrid fibre coaxial ("HFC") cable network in the five franchise areas.
- As a percentage of revenue, capital expenditure is within industry norms at 12.2% for the year. Moving forward, capital expenditure will continue to be within industry norms.

**On debt management:**

- Subsequent to the year ended 31 December 2022, on 17 January 2023, the Trustee-Manager announced that it has signed the facility agreement to refinance its Offshore Facilities on the same major terms. The financial close is expected to be in July 2023, at the maturity of the existing Offshore Facilities. After including the impact of scheduled repayments until the financial close, the size of the refinanced facilities will be reduced to a $46.6 million term loan facility and a $75 million revolving loan facility on financial close.

APTT reported consolidated revenue and EBITDA of $286.0 million and $168.7 million for the year ended 31 December 2022. Please refer to the Operational and Financial Review on pages 29 to 36 and Financial Statements on pages 65 to 139 of this Annual Report for more details on our economic performance in 2022. A summary of our economic performance is also presented below.

| Group[2] | Year ended 31 December | | |
|---|---|---|---|
| **Amounts in $'000** | **2020** | **2021** | **2022** |
| Total revenue | 307,378 | 299,745 | 285,964 |
| Total operating expenses[3] | (126,412) | (116,640) | (117,287) |
| EBITDA[4] | 180,966 | 183,105 | 168,677 |
| EBITDA margin[4] | 58.9% | 61.1% | 59.0% |
| Profit after income tax | 17,677 | 20,251 | 45,503 |

1 All figures, unless otherwise stated, are presented in Singapore dollars ("$").
2 Group refers to APTT and its subsidiaries taken as a whole.
3 Operating expenses presented here exclude one-time settlement of programming fees in 2020, depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts appearing in the consolidated statement of profit or loss on page 77, 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.

### Cyber Security and Data Privacy

We take a proactive approach to preventing cyber security breaches and safeguarding our customers' personal information to uphold the trust that our customers have in us. As such, APTT is committed to protecting the security of our information technology ("IT") systems, including both end-user and corporate data. The resilience of our IT infrastructure is critical to the sustainable growth of our business. Appropriate cyber security and data protection frameworks have been put in place to safeguard our networks, customer and employee data, and confidential information from security risks and breaches. We also place the highest priority on conducting consistent monitoring of cyber security threats as well as ensuring that our cyber security infrastructure and systems are upgraded regularly.

# SUSTAINABILITY REPORT

TBC's operational services are maintained by our internal IT department which is also responsible for establishing TBC's network infrastructure, application services and storage space. The Trustee-Manager has also selected an external service provider in Singapore, who is part of a worldwide ISO 27001 certified organisation, to manage and maintain our IT infrastructure as well as the backup and recovery of data. In 2021, TBC conducted and passed an independent compliance evaluation and achieved the ISO 27001 Information Security Management System ("ISMS") as well as the ISO 27011 Telecommunications ISM Guidelines accreditations. The compliance evaluation also identified the gaps in our IT infrastructure, which we have investigated and addressed accordingly. In light of this, we aim to conduct regular compliance evaluations to ensure that our cyber security infrastructure remains robust and well-equipped to tackle the constantly evolving landscape of cyber security threats.

Guided by ISO 27001, TBC established a comprehensive management approach to ensure the security of its IT infrastructure, including data, systems, devices and equipment, and internet connections as seen in the diagram below.

**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 and 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

As part of our best practices relating to cyber security, we have revised and added information security related SOPs to further strengthen data security and protection for TBC. During the year, our staff also attended training and industry conferences to keep abreast of the latest developments in cyber security to ensure we continue to implement best practices to protect our IT systems.

In 2022, we performed penetration tests, which are done every two years, on TBC's official website to check for exploitable vulnerabilities, and we met our target of zero incidents of material IT security breaches for the year.

### Customer Privacy

Keeping the personal information our customers entrust us with, with the utmost prudence is one of our core values. As stipulated by the Trustee-Manager's Code of Conduct and Ethics policy 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 spelled out in the Trustee-Manager's and TBC's contractual agreements with clients.

In compliance with Taiwan's Personal Information Protection Act, TBC has established a series of 20 SOPs for collecting, processing, utilising and managing personal data (including information 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 violations to monitor TBC's effectiveness in safeguarding personal information. At least on an annual basis, the SOPs are reviewed to ensure that they meet regulatory requirements.

# SUSTAINABILITY REPORT

**TBC's Customer Privacy Management Approach**


A rigorous management approach is in place to safeguard customer privacy. Every department at TBC is required to conduct an annual risk assessment for personal information safety. A total of 63 items were 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 2022.

**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 twice 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 of personal data protection, TBC continued conducting training sessions related to customer privacy as per the Cyber Security Management Act and NCC requirements in 2022, which included proper maintenance of personal data safety, prevention of personal data breaches, and proper usage of mobile devices. Each TBC employee is required to participate in virtual or physical cyber security education and training and is required to attend around 3 to 12 hours of classes and meetings (these classes cover areas such as personal information and customer protection), depending on the level of cyber security for which each staff is responsible.

## Protecting the Environment

TBC recognises that climate change is one of the most pressing issues that the world faces today. We are committed to minimising the impact of climate change on our environment, and building operational resilience on our operations. We are mindful that the provision of TBC's services is dependent on the availability of electricity. Thus, we aim to minimise disruption in our provision of service through having alternative power sources and striving to reduce our impacts on the environment by enhancing the energy efficiency of our operations.

### Climate Change Strategy and TCFD Disclosure

Climate change is increasingly becoming a more prominent concern and a driver of structural change across the globe. We are aware of its impact on our industry and the risks it presents to our business, employees, environment and communities, requiring urgent action from all. We are witnessing increasing frequencies of extreme weather conditions, flooding and rising temperatures that are causing negative impacts on, not only our daily operations but on our communities and customers as well. In light of this, regulatory bodies are taking action to enhance the accountability of corporate organisations through new legislation and climate reporting requirements.

# SUSTAINABILITY REPORT

In 2022, we embarked on our journey to conduct research and identify the climate risks that are most relevant to our business. As we begin to disclose those risks in alignment with the recommendations from TCFD, we approach this initiative by identifying climate-related risks that are material to our organisation, their respective impacts, as well as the measures that we will take in order to adapt and mitigate these climate-related risks.

### TCFD Disclosure

| Four Pillars | APTT's Approach |
|---|---|
| Governance | The Board is responsible for the ESG strategy where climate risk management falls under it. The Board oversees the strategic direction and policies taking these considerations into account. The SSC is responsible for considering material ESG factors including climate change risks and making recommendations to the Board regarding such matters. |
| Strategy | In 2022, we conducted preliminary research to equip us with the knowledge of how climate change might inhibit our business and gained a preliminary understanding of the key risks we are facing.<br><br>For our industry, and in light of the geography of our operation, tropical cyclones, storm surges and intense precipitation are the physical risks relevant. A tropical cyclone can result in floods and sea surges, which can damage the fibre network and lead to loss of network connectivity. In the event of a storm surge, there is a high risk of damage to above-ground transmission equipment, which serves as the last line of connection to homes and businesses. This may potentially impact the delivery of our services. In addition, heavy rain can increase the risk of flooding low-lying and underground equipment, which could harm the network.<br><br>We understand that risks and opportunities are hidden behind transition risks. As regulatory bodies in Singapore and Taiwan begin to enforce sustainability-related regulations, there is a risk of an increase in operational and capital expenditures to comply with the enhanced requirements of the regulations. |
| Risk Management | For our first step to tackling climate change, we have established measures to minimise our carbon emissions by reducing energy consumption in our daily operations. For instance, we have retrofitted our air-conditioning units with more energy-efficient units that will reduce the consumption of electricity and refrigerants. This allows us to do our part in managing the acute physical risks imposed by climate change. Moving forward, we plan to take a phased approach to further adopt TCFD recommendations on climate risk management. |
| Metrics and Targets | In light of the nature of our business, at this initial stage, we monitor electricity consumption, EUI and Scope 2 emissions as key metrics. For detailed performance, please refer to Energy and Carbon Emissions sections. |

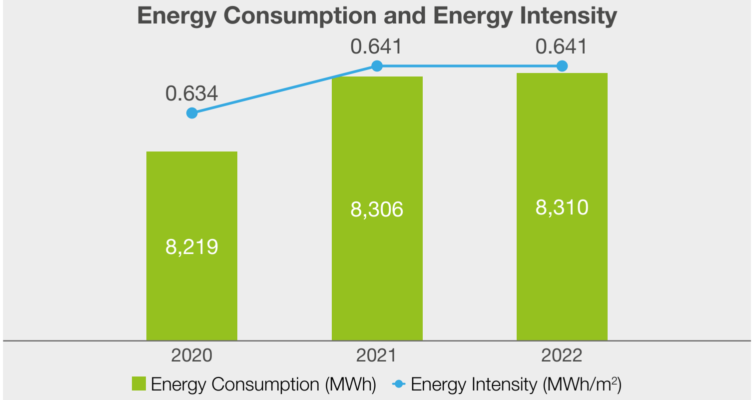
### Energy

As a provider of cable TV and broadband services, our business relies heavily on power use. TBC strives to make the electrical supply more resilient and, whenever feasible, minimise our reliance on it. The operations department performs routine maintenance and exercises as required by ISO 27001: ISMS to ensure that all power generators and the uninterrupted power supply ("UPS") systems are able to operate normally. This ensures that our services would not be interrupted should the municipal electricity supply be temporarily disrupted.

We also have various energy-saving measures in place to reduce the energy consumption of our headends, data centres and offices.

| Energy-Saving Measures | |
|---|---|
| Headends | • Gradually replace obsolete and inefficient equipment to save energy<br>• Install energy-efficient air-conditioning, switch mode rectifier and UPS equipment for newly built headends<br>• Routine maintenance to ensure equipment performance<br>• Apply for seasonal power charges to reduce utility cost during non-peak seasons<br>• Monthly monitoring of electricity bills for all headends to identify any abnormal usage and report to the SSC |
| Data Centres | • Install energy-efficient cooling systems<br>• Upgrade lighting to energy-efficient lighting<br>• Apply for seasonal power charges to reduce utility cost during non-peak seasons<br>• Air-conditioning and lights controlled by small zones to reduce power consumption<br>• Redesign layout and place equipment in clusters to reduce usage of air-conditioning for cooling<br>• Assess actual demand and adjust the number of electricity meters required<br>• Real-time monitoring of power consumption on panels for newly installed power distribution units |
| Offices | • Promote energy-reduction practices as set out in our policy "Guidelines for Electricity Usage in TBC Offices"<br>• Prioritise procuring energy-saving equipment and products<br>• Power saving mode is applied to office equipment such as computers, copy machine and air-conditioning<br>• Gradually replace old air-conditioning units with more energy-efficient units<br>• Raise awareness via our intranet and through posters throughout the offices<br>• Assess actual demand and adjust the number of electricity meters and contract capacity required<br>• Observe electricity consumption trends and make necessary adjustments |

# SUSTAINABILITY REPORT



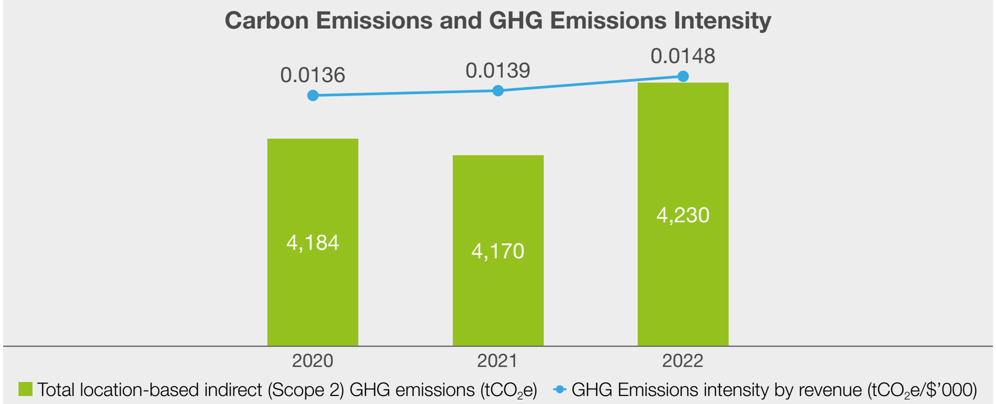

*The energy consumption was 8,310 MWh and annual EUI was 0.641 MWh/$m^2$ in 2022.*

Every month, the management reviews our electricity bills to identify any abnormal usage. In comparison to levels in 2021, our annual power usage grew slightly by 0.05% from 8,306 MWh to 8,310 MWh, and the EUI calculated for the year was 0.641 MWh/$m^2$. The increase in energy consumption was mainly due to the energy load of the additional equipment (e.g. extension lines of the HFC network and active components, base stations and circuit leasing) supporting our expanding broadband network and data backhaul business, and new host machines due to a new contract for local Police Surveillance System. We are committed to maximising our efficiency and optimising our operation. We will continually assess our electrical needs to improve the operation efficiency.

## Carbon Emissions

The daily operations of the telecommunications and media sector contribute towards the rise of carbon emissions. In ensuring a long-term sustainable supply of energy, it is crucial for APTT to achieve a low-carbon transition gradually by 2050. To show our commitment to managing our emission footprint and improving resource efficiency, we have started to work with an external consultant to develop a GHG inventory to monitor emissions and identify hotspots to implement energy and emissions reduction initiatives. We have commenced our disclosure of Scope 2 carbon emissions this year and will continue to monitor our carbon emissions.

As part of our initiative in monitoring and tracking our emissions, the total Scope 2 GHG carbon emissions was calculated to be 4,230 $tCO_2e$ with an intensity of 0.0148 $tCO_2e$ per $1,000 revenue generated[1]. The Scope 2 emissions in 2022 was slightly higher than that in 2021, which is in line with the increase of energy consumption.




*The GHG carbon emissions were 4,230 $tCO_2e$ and GHG emissions intensity was 0.0148 $tCO_2e$/$'000 in 2022.*

[1] The GHG emissions are derived in accordance with the requirements of the "GHG Protocol Corporate Accounting and Reporting Standard". The equivalent $CO_2$ emissions for electricity used are calculated based on the Emission Factor from the Bureau of Energy, Ministry of Economic Affairs, Taiwan.

# SUSTAINABILITY REPORT

## Empowering Our People

We recognise the significant role our employees play in driving the sustainable growth of our business. We aspire to create long-term value with our talent and leadership. Developing employee competencies allows us to be better positioned for future market developments and trends.

To establish an engaging and inspiring workplace culture for our employees, we have implemented Human Resources ("HR") regulations, including policies on recruitment, promotion, annual performance appraisal, complaint mechanism, training and benefits. All HR policies in Taiwan are prepared in accordance with the Labour Standards Act and are reviewed at least annually to ensure compliance with regulatory requirements and market practices.

With the increasingly competitive talent market, we must continue to be an employer of choice to consistently attract, retain and develop talent. We have established the Employee Working Rules to further stipulate employment conditions for TBC's employees, which 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 of each franchise area.

We acknowledge the effect employee turnover has on our organisation. Hence, we understand that providing attractive benefits and cultivating a dynamic working environment is critical to retaining people. All employees are given an annual performance evaluation, which includes a review of salary and benefits in line with market trends. TBC also provides the following benefits to enhance the well-being of our employees:


In 2022, TBC had a total of 874 employees. 145 new employees were recruited while 173 employees left TBC, translating to an employee hire rate of 17% and an employee turnover rate of 20%. Both employee hire rate and employee turnover rate increased from 2021. 3% of the employee turnover rate is attributable to a one-time organisation restructure which was completed in 2022.

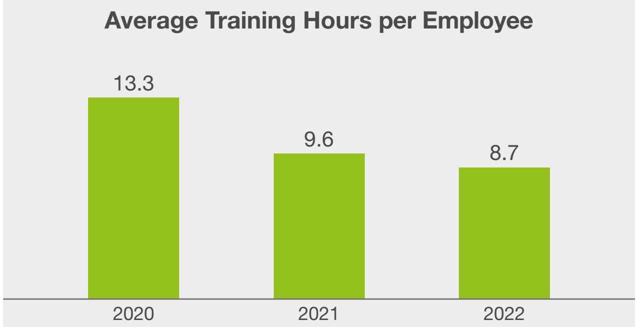
## Human Capital Development

In today's world, shifting to new technologies and a more complex industry necessitates new skill sets as well as a digital and dynamic workforce. With the rapidly changing and evolving market, we take it as our responsibility to nurture talents and skills for the future.

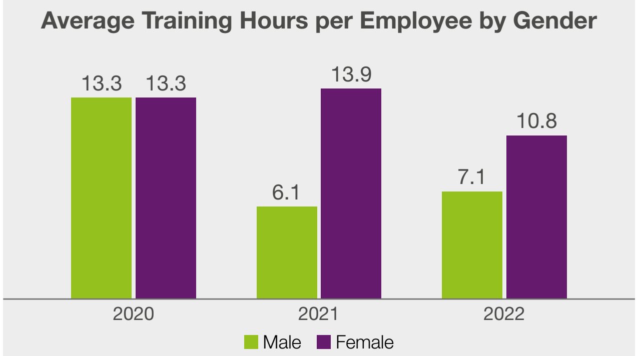
We conduct training programmes to support the professional development of our employees. Various programmes were held in 2022. At TBC, our employees receive training upon employment through the newcomer training programme to ensure that they are aware of the relevant laws and regulations of our industry and business. As they progress through their career at TBC, we provide training and mentoring for our employees to develop their professional skills and management skills. To ensure that our employees are able to perform their daily responsibilities, we equip them with capabilities through formal training for their specific roles such as customer service, sales, technology, digital knowledge, Fiber-to-the-home ("FTTH"), Gigabit Passive Optical Networks ("GPON") and equipment operations. As a responsible employer, it is imperative that our employees are aware of the relevant laws and regulations that govern our industry such as the Tax Act and Labour Laws to prevent incidents of non-compliance. In 2022, we recorded the average training hours per employee to be 8.7 hours.

We firmly believe that understanding our employees' ambitions and concerns is critical to their growth, productivity and workplace satisfaction. Our employees are given timely feedback on work performance and issues, and formally meet with their supervisors at least once a year to discuss their work performance and identify their strengths and areas for development. Individual performance and career development trajectories are also evaluated on a case-by-case basis. We also provide training for our management level employees to develop their leadership capabilities by developing their coaching and project analysis skills to ensure that we have a robust talent pipeline for the sustainable growth of our organisation.

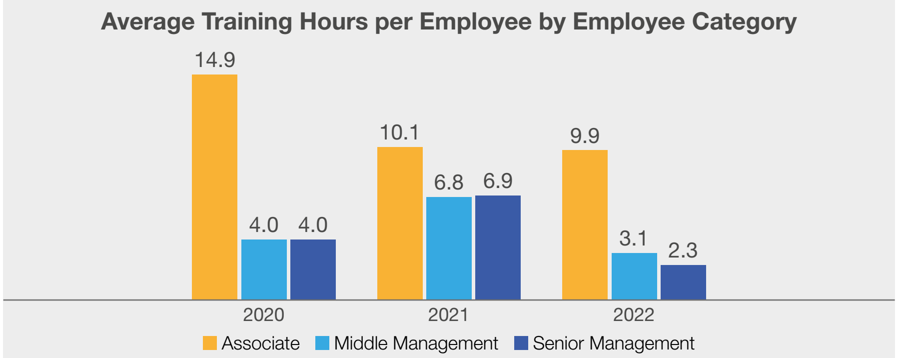
# SUSTAINABILITY REPORT




*The average training hours per employees was 8.7 hours in 2022.*




*The average training hours per employee by gender was 7.1 hours for male employees and 10.8 hours for female employees in 2022.*

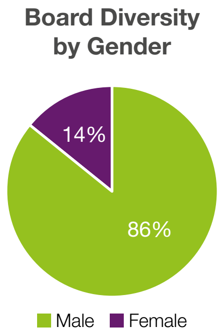


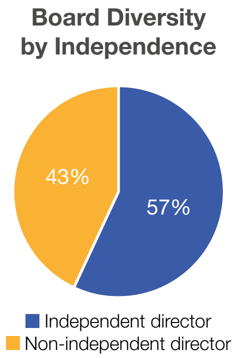

*The average training hours per employee by employee category was 9.9 hours for associate employees, 3.1 hours for middle management employees and 2.3 hours for senior management employees in 2022.*

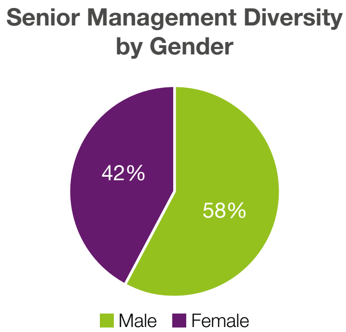
## Diversity and Inclusion

We endeavour to create a workplace that is anchored on our basic principle of respect for all people. At APTT, we recognise that diversity within our workforce is important to ensure a breadth of talents, merits, perspectives and ideas, which ultimately leads to the thriving of our own business.

Our recruitment and employment process are based on merit and centred around fairness. We strive to maintain a diverse workplace at every level of the organisation. At TBC, we are dedicated to ensuring the well-being of all employees by offering equitable benefits and opportunities and upholding their rights to freedom of association. We perceive everyone equally and through their performance in the workplace, regardless of colour, gender, ethnicity, age, physical ability, nationality, religion or background, as we embrace our principles of respect and equality. Our board and employee diversity performance can be seen below:



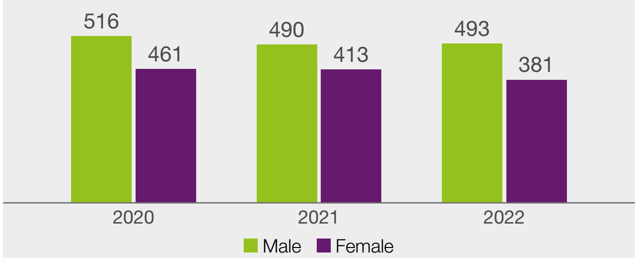




*In 2022, 86% of the board seats were held by men while 14% of the board seats were held by women; the board comprises 57% independent director and 43% non-independent director; 58% of the senior management members were male and 42% of the senior management members were female.*

# SUSTAINABILITY REPORT

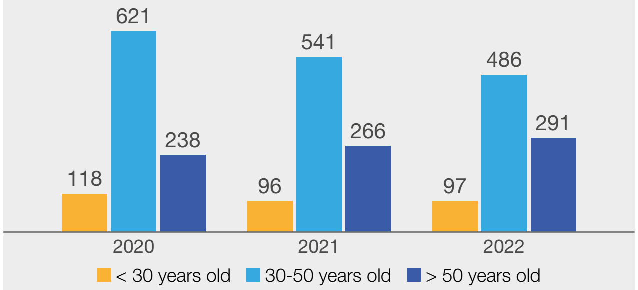
The level of board diversity and senior management diversity by gender in 2022 was maintained to be in line with 2021. More details of our employee diversity can be seen in the following graphs.

### Total Employees by Gender



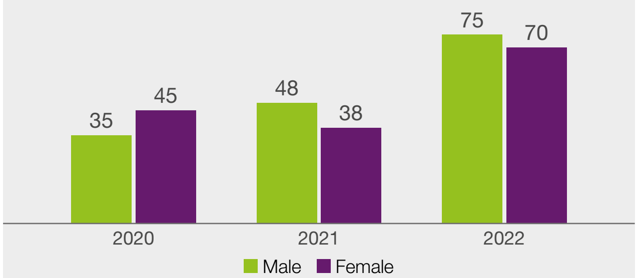

*The total number of male employees was 493 and female employees was 381 in 2022.*

### Total Employees by Age Group



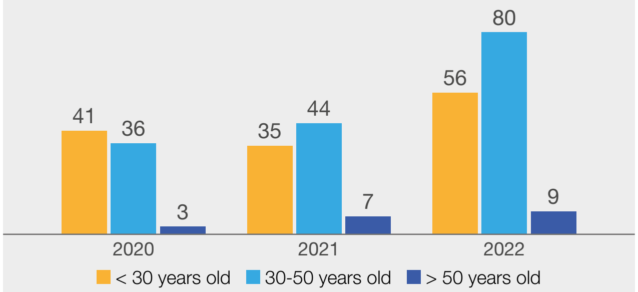

*The total number of employees below 30 years old was 97, between 30 to 50 years old was 486 and above 50 years old was 291 in 2022.*

### New Employee Hires by Gender



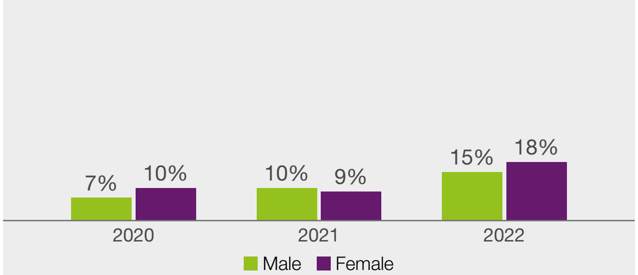

*The number of newly hired male employees was 75 and female employees was 70 in 2022.*

### New Employee Hires by Age Group



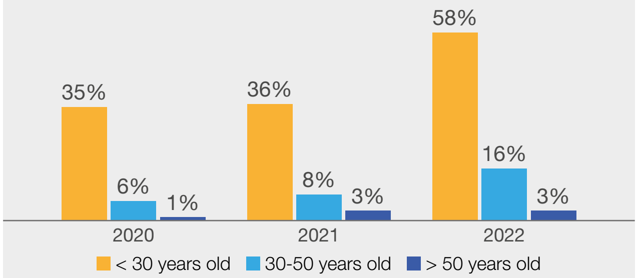

*The number of newly hired employees below 30 years old was 56, between 30 to 50 years old was 80 and above 50 years old was 9 in 2022.*

### New Employee Hire Rate by Gender



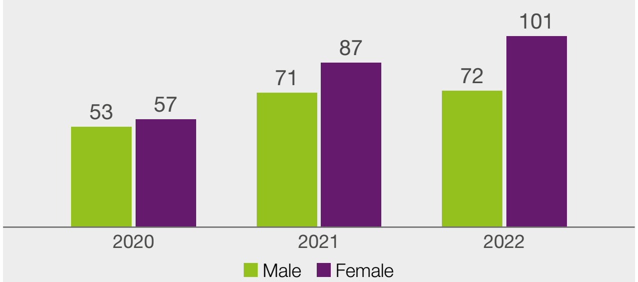

*The rate of new hires for male employees was 15% and female employees was 18% in 2022.*

### New Employee Hire Rate by Age Group



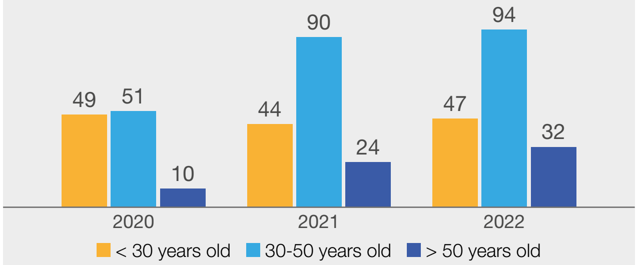

*The rate of new hires below 30 years old was 58%, between 30 to 50 years old was 16% and above 50 years old was 3% in 2022.*

### Employee Turnover by Gender



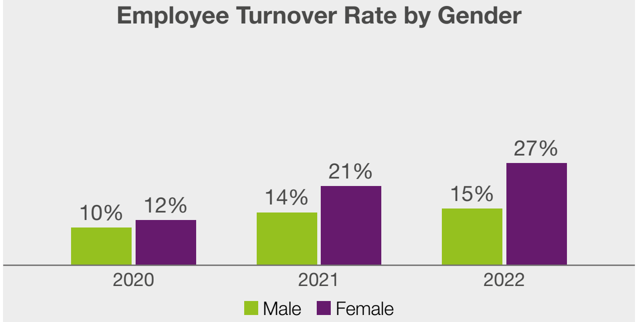

*The number of employee turnover for male employees was 72 and female employees was 101 in 2022.*

### Employee Turnover by Age Group

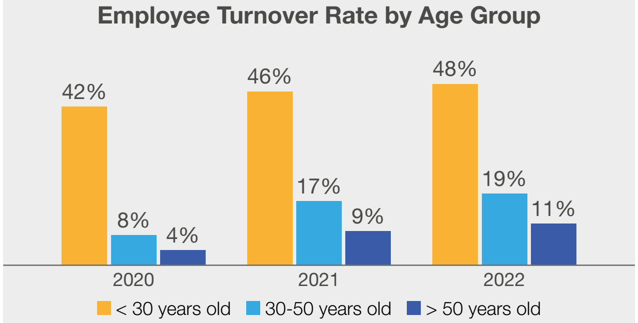



*The number of employee turnover below 30 years old was 47, between 30 to 50 years old was 94 and above 50 years old was 32 in 2022.*

# SUSTAINABILITY REPORT




*The rate of employee turnover for male employees was 15% and female employees was 27% in 2022.*




*The rate of employee turnover below 30 years old was 48%, between 30 to 50 years old was 19% and above 50 years old was 11% in 2022.*

### Health and Safety

We strive to ensure our employees focus on the collective goal of establishing a safe working environment by following standard operating procedures and emphasising occupational health and safety ("OHS") in their day-to-day responsibilities.

Our Health and Safety policy, which applies to all employees, outlines our internal approach to ensuring a safe and secure work environment. At TBC, we have established the Occupational Health and Safety Code in compliance with Article 34 of the Occupational Safety and Health Act and Article 41 of the Enforcement Rules of the Act to ensure the health and safety of our employees at the workplace.

Periodic workplace inspections are conducted every six months. Spontaneous inspections of machinery, equipment and devices are conducted regularly to ensure our facilities operate in peak condition. We ensure our employees are provided with the appropriate personal protective equipment when operating onsite. In the event of an OHS incident, employees are required to report the full details of the incident regardless of the scale of the accident involved. The unit affected by the accident shall investigate the scene, analyse the cause of the accident, stipulate the countermeasure to prevent a recurrence, and complete the Disaster Investigation Form and fax or send it to the related supervisors of OHS. On a quarterly basis, TBC reports the health and safety performance report to APTT for continuous monitoring and management as well as reporting to the Board.

To prevent workplace injuries, we provide mandatory training for new hires to attend a minimum of three hours of training on general OHS policy. This includes an overview of the applicable laws and regulations governing OHS, response to and management of emergency accidents, as well as fire prevention and the fundamentals of first aid. In addition, we also ensure existing staff (e.g. maintenance engineers and installation engineers) attend OHS trainings and meetings on a case-by-case basis.

In 2022, we recorded zero work-related health and safety incidents.

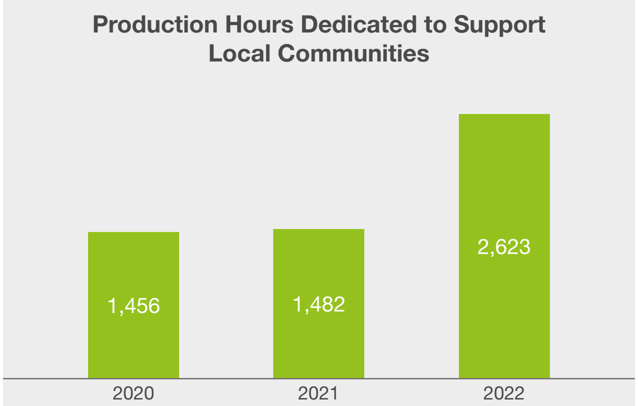
## Contributing to the Community

### Community Relations

In an era where access to technology is becoming increasingly vital, we are committed to playing a key role in lending a helping hand and enabling digital connection in our communities. In 2022, TBC continued to engage with the Central Epidemic Command Center to ensure that viewers received consistent and reliable information on COVID-19 prevention measures. TBC's Systems Operators ("SOs") also continued to provide free airtime and financial support for community announcements, as well as subscription subsidies for low-income households. In 2022, we supported a total of 6,289 low-income households across Taiwan.

In addition to providing airtime and financial support for community announcements that promote public welfare issues, TBC also actively supported and sponsored various social, cultural and environmental initiatives for the local communities throughout its five franchise areas in 2022. Due to their outstanding performance in producing news and programmes, TBC's five SOs were nominated for 18 categories with the Miaoli News Center winning the Annual Greatest News Programme and CCTV achieving the Best Host Award of 2022 Golden Visual Awards.

# SUSTAINABILITY REPORT




*The production hours dedicated to support local communities was 2,623 hours in 2022.*


TBC organised a summer camp in 2022 for elementary school students to learn more about tobacco hazard prevention.

## Nan Taoyuan Cable TV Co., Ltd. (“NTY”)

- **Show Taoyuan** – NTY continued to support Taoyuan City Hall and local communities by sponsoring Taoyuan City’s New Year Gala Party “Show Taoyuan”.
- **Caring Fair** – NTY also sponsored and co-organised the Caring Fair with Taiwan Fund for Children and Families as a public welfare initiative to raise funds and encourage awareness towards disadvantaged children and their families.

## Best Cable TV Co., Ltd. (“BEST”)

- **Hakka Volunteer Festival** – As part of our initiative to preserve the declining Hakka culture and traditions, BEST sponsored the Hakka Volunteer Festival in Hsinchu County, one of the 12 major festivals in the Hakka Village. The festival raised funds to support Hakka activities, which aims to enhance the public’s awareness and preserving the rich history and culture of the Hakka for future generations.
- **Media Production Summer Camp** – We believe that it is never too early to learn and discover the many career pathways one can take in life. In 2022, we organised a summer camp for elementary school students to take them behind the scenes of media production, including how to operate the software and hardware, as well as experience being behind a news anchor’s table in the studio. The children also experienced role playing as journalists and learned topics on tobacco hazard prevention and taxation.
- **Epidemic Prevention Films** – BEST also assisted the Hsinchu County Government to shoot and broadcast a series of films on epidemic prevention of COVID-19: “Quick Screening Positive”, “Medication for Epidemic” and “Release from Isolation Treatment”.

## Shin Ho Cable TV Co., Ltd. (“Shin Ho”)

- **Elderly Enhance Autoimmune Event** – Shin Ho sponsored the Elderly Enhance Autoimmune Event held by Miaoli County Hall, which effectively raised awareness of health concerns for the elderly and assisted the participants in strengthening their immunity through various activities and achieve an age-friendly environment.
- **Cable TV Tour for Kindergarten** – We believe that early exposure to the inner workings of the working industry can benefit children in the discovery of their career interests. In 2022, we organised a cable TV company tour for kindergarten students to experience the production and broadcasting process of news programmes.

## Chi Yuan Cable TV Co., Ltd. (“Chi Yuan”)

- **Miaoli County Lifelong Learning Joint Achievement Exhibition** – We believe that lifelong learning is key to the growth and development of a community. Hence, in 2022, we contributed to the Miaoli County Lifelong Learning Joint Achievement Exhibition that encourages lifelong learning for all members of the community.
- **Contributing Towards Public Welfare** – Chi Yuan also contributed to charity organisations such as Genesis Foundation and the Children’s Rehabilitation Home which provide much-needed assistance to vulnerable groups in the community.
- **Miaoli Art and Culture** – Chi Yuan sponsored the EX-Theatre Asia Arts and Cultural Activities and musical event presented by the Union of Chinese Music Ensemble, intended to elevate the standard of art and culture in Miaoli.

## Chun Chien Cable TV Co., Ltd. (“CCTV”)

- **Taichung City’s New Year Gala Party** – CCTV continued to support Taichung City Hall and local communities by sponsoring Taichung City’s New Year Gala Party.

# SUSTAINABILITY REPORT

## APPENDIX

### Performance Data

| Metrics | Unit of Measurement | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Governance** | | | | |
| **ECONOMIC PERFORMANCE (GRI 201-1)** | | | | |
| Total revenue | $'000 | 307,378 | 299,745 | 285,964 |
| Total operating expenses | $'000 | (126,412) | (116,640) | (117,287) |
| EBITDA | $'000 | 180,966 | 183,105 | 168,677 |
| EBITDA margin | % | 58.9 | 61.1 | 59.0 |
| Profit after income tax | $'000 | 17,677 | 20,251 | 45,503 |
| **ANTI-CORRUPTION (GRI 205-2, GRI 205-3)** | | | | |
| Percentage of members who have undergone anti-corruption training | | | | |
| *Senior management* | % | 100 | 100 | 100 |
| *Middle management* | % | 100 | 100 | 100 |
| *Associate* | % | 100 | 100 | 100 |
| Confirmed incidents of corruption | Number | 0 | 0 | 0 |
| **CYBER SECURITY AND DATA PRIVACY (GRI 418-1)** | | | | |
| Number of formal claims concerning material breaches of customer personal information or privacy that resulted in significant fines or legal actions | Number | 0 | 0 | 0 |
| **Environment** | | | | |
| **ENERGY (GRI 302-1, 302-3)** | | | | |
| Total electricity consumption | MWh | 8,219 | 8,306 | 8,310 |
| Energy intensity | $MWh/m^2$ | 0.634 | 0.641 | 0.641 |
| **EMISSIONS (GRI 305-2, 305-4)** | | | | |
| Energy indirect (Scope 2) GHG emissions | $tCO_2e$ | 4,184 | 4,170 | 4,230 |
| Scope 2 GHG emissions intensity | $tCO_2e$/$'000 | 0.0136 | 0.0139 | 0.0148 |
| **Social** | | | | |
| **EMPLOYMENT (GRI 401-1)** | | | | |
| **Total number of employees** | Number | 977 | 903 | 874 |
| Total employees by age group | | | | |
| *Employees under 30 years old* | Number | 118 | 96 | 97 |
| *Employees between 30-50 years old* | Number | 621 | 541 | 486 |
| *Employees above 50 years old* | Number | 238 | 266 | 291 |
| Total employees by gender | | | | |
| *Male* | Number | 516 | 490 | 493 |
| *Female* | Number | 461 | 413 | 381 |
| **Total new employee hires** | Number | 80 | 86 | 145 |
| **Total new employee hire rate** | % | 8 | 10 | 17 |
| New employee hires by age group | | | | |
| *New employee hires under 30 years old* | Number | 41 | 35 | 56 |
| *New employee hires between 30-50 years old* | Number | 36 | 44 | 80 |
| *New employee hires above 50 years old* | Number | 3 | 7 | 9 |
| New employee hire rate by age group | | | | |
| *New employee hires under 30 years old* | % | 35 | 36 | 58 |
| *New employee hires between 30-50 years old* | % | 6 | 8 | 16 |
| *New employee hires above 50 years old* | % | 1 | 3 | 3 |
| New employee hires by gender | | | | |
| *Male* | Number | 35 | 48 | 75 |
| *Female* | Number | 45 | 38 | 70 |
| New employee hire rate by gender | | | | |
| *Male* | % | 7 | 10 | 15 |
| *Female* | % | 10 | 9 | 18 |

# SUSTAINABILITY REPORT

| Metrics | Unit of Measurement | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Total employee turnover** | Number | 110 | 158 | 173 |
| **Total employee turnover rate** | % | 11 | 18 | 20 |
| Employee turnover by age group | | | | |
| *Employee turnover under 30 years old* | Number | 49 | 44 | 47 |
| *Employee turnover between 30-50 years old* | Number | 51 | 90 | 94 |
| *Employee turnover above 50 years old* | Number | 10 | 24 | 32 |
| Employee turnover rate by age group | | | | |
| *Employee turnover under 30 years old* | % | 42 | 46 | 48 |
| *Employee turnover between 30-50 years old* | % | 8 | 17 | 19 |
| *Employee turnover above 50 years old* | % | 4 | 9 | 11 |
| Employee turnover by gender | | | | |
| *Male* | Number | 53 | 71 | 72 |
| *Female* | Number | 57 | 87 | 101 |
| Employee turnover rate by gender | | | | |
| *Male* | % | 10 | 14 | 15 |
| *Female* | % | 12 | 21 | 27 |
| **OCCUPATIONAL HEALTH AND SAFETY (GRI 403-9, GRI 403-10)** | | | | |
| **For all employees** | | | | |
| Number and rate of fatalities as a result of work-related injury | | | | |
| *Number of fatalities* | Number | 0 | 0 | 0 |
| *Rate of fatalities (per 200,000 hours worked)* | % | 0 | 0 | 0 |
| Number and rate of high-consequence work-related injuries (excluding fatalities) | | | | |
| *Number of high-consequence work-related injuries* | Number | 0 | 0 | 0 |
| *Rate of high-consequence work-related injuries (per 200,000 hours worked)* | % | 0 | 0 | 0 |
| Number and rate of recordable work-related injuries | | | | |
| *Number of recordable work-related injuries* | Number | 0 | 0 | 0 |
| *Total recordable incident rate (TRIR)* | % | 0 | 0 | 0 |
| Number of fatalities as a result of work-related ill health | Number | 0 | 0 | 0 |
| Number of cases of recordable work-related ill health | Number | 0 | 0 | 0 |
| **TRAINING AND EDUCATION (GRI 404-1)** | | | | |
| Average training hours per employee | Hours | 13.3 | 9.6 | 8.7 |
| Average training hours per employee by gender | | | | |
| *Male* | Hours | 13.3 | 6.1 | 7.1 |
| *Female* | Hours | 13.3 | 13.9 | 10.8 |
| Average training hours per employee by employee category | | | | |
| *Associate* | Hours | 14.9 | 10.1 | 9.9 |
| *Middle management* | Hours | 4.0 | 6.8 | 3.1 |
| *Senior management* | Hours | 4.0 | 6.9 | 2.3 |
| **DIVERSITY AND EQUAL OPPORTUNITY (GRI 405-1)** | | | | |
| **Diversity of governance bodies and employees** | | | | |
| Governance bodies (Board) by gender | | | | |
| *Male* | % | 86 | 86 | 86 |
| *Female* | % | 14 | 14 | 14 |
| Governance bodies (Board) by independence | | | | |
| *Independent director* | % | 57 | 57 | 57 |
| *Non-independent director* | % | 43 | 43 | 43 |
| Senior management by gender | | | | |
| *Male* | % | 58 | 58 | 58 |
| *Female* | % | 42 | 42 | 42 |
| **LOCAL COMMUNITIES (GRI 413-1)** | | | | |
| Production hours dedicated to support local communities | Hours | 1,456 | 1,482 | 2,623 |

# SUSTAINABILITY REPORT

## GRI Index

| GRI Standard | Disclosure | | Page number(s) and/or Remark(s) |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-1 | Organisational details | Annual report |
| | 2-2 | Entities included in the organisation's sustainability reporting | Page 9 |
| | 2-3 | Reporting period, frequency, and contact point | Page 9 |
| | 2-4 | Restatements of information | There are restatements of employee turnover rate by age group, new employee hire rate by age group and senior management diversity by gender for better alignment with GRI Standard. |
| | 2-5 | External assurance | APTT did not seek external assurance for the reporting year, but we will continue to enhance our sustainability disclosure and seek external assurance if necessary. |
| | 2-6 | Activities, value chain, and other business relationships | Annual report |
| | 2-7 | Employees | Pages 20-23 |
| | 2-8 | Workers who are not employees | The data coverage of this report includes all employees within TBC. |
| | 2-9 | Governance structure and composition | Annual report |
| | 2-10 | Nomination and selection of the highest governance body | |
| | 2-11 | Chair of the highest governance body | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | |
| | 2-13 | Delegation of responsibility for managing impacts | |
| | 2-14 | Role of the highest governance body in sustainability reporting | |
| | 2-15 | Conflicts of interest | |
| | 2-16 | Communication of critical concerns | Pages 9 and 13 |
| | 2-17 | Collective knowledge of the highest governance body | Annual report |
| | 2-18 | Evaluation of the performance of the highest governance body | |
| | 2-19 | Remuneration policies | |
| | 2-20 | Process to determine remuneration | |
| | 2-21 | Annual total compensation ratio | |
| | 2-22 | Statement on sustainable development strategy | Pages 12-13 |
| | 2-23 | Policy commitments | Disclosed throughout Sustainability Report 2022 across all sustainability pillars. |
| | 2-24 | Embedding policy commitments | |
| | 2-25 | Processes to remediate negative impacts | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | Pages 9-12 |
| | 2-27 | Compliance with laws and regulations | Page 14 |
| | 2-28 | Membership associations | We seek for frequent communication with industry associations to keep us abreast of industry trends. |
| | 2-29 | Approach to stakeholder engagement | Pages 11-12 |
| | 2-30 | Collective bargaining agreements | We have employee feedback channel in place to welcome any feedback from employees for further improvements. |
| **GRI 3: Material Topics 2021** | 3-1 | Process to determine material topics | Pages 10-11 |
| | 3-2 | List of material topics | |
| | 3-3 | Management of material topics | |
| **GRI 201: Economic Performance 2016** | 3-3 | Management of material topics | Page 14 |
| | 201-1 | Direct economic value generated and distributed | Pages 14-15 |
| **GRI 205: Anti-Corruption 2016** | 3-3 | Management of material topics | Pages 13-14 |
| | 205-1 | Operations assessed for risks related to corruption | Pages 13-14 |
| | 205-2 | Communication and training about anti-corruption policies and procedures | Page 14, Page 25 performance data table |
| | 205-3 | Confirmed incidents of corruption and actions taken | Page 14, Page 25 performance data table |

# SUSTAINABILITY REPORT

| GRI Standard | Disclosure | | Page number(s) and/or Remark(s) |
|---|---|---|---|
| **GRI 302: Energy 2016** | 3-3 | Management of material topics | Pages 18-19 |
| | 302-1 | Energy consumption within the organisation | Page 19, Page 25 performance data table |
| | 302-3 | Energy intensity | Page 19, Page 25 performance data table |
| | 302-4 | Reduction of energy consumption | Pages 18-19 |
| | 302-5 | Reductions in energy requirements of products and services | Page 18 |
| **GRI 305: Emissions 2016** | 3-3 | Management of material topics | Page 19 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | Page 19, Page 25 performance data table |
| | 305-4 | GHG emissions intensity | Page 19, Page 25 performance data table |
| | 305-5 | Reduction of GHG emissions | Page 19 |
| **GRI 401: Employment 2016** | 3-3 | Management of material topics | Page 20 |
| | 401-1 | New employee hires and employee turnover | Pages 22-23, Pages 25-26 performance data table |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Page 20 |
| **GRI 403: Occupational Health and Safety 2018** | 3-3 | Management of material topics | Page 23 |
| | 403-1 | Occupational health and safety management system | Page 23 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | |
| | 403-3 | Occupational health services | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | |
| | 403-5 | Worker training on occupational health and safety | |
| | 403-6 | Promotion of worker health | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | |
| | 403-9 | Work-related injuries | Page 26 performance data table |
| | 403-10 | Work-related ill health | |
| **GRI 404: Training and Education 2016** | 3-3 | Management of material topics | Page 20 |
| | 404-1 | Average hours of training per year per employee | Pages 20-21, Page 26 performance data table |
| | 404-2 | Programmes for upgrading employee skills and transition assistance programmes | Page 20 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | Page 20 |
| **GRI 405: Diversity and Equal Opportunity 2016** | 3-3 | Management of material topics | Page 21 |
| | 405-1 | Diversity of governance bodies and employees | Page 21 |
| **GRI 413: Local Communities 2016** | 3-3 | Management of material topics | Pages 23-24 |
| | 413-1 | Operations with local community engagement, impact assessments, and development programmes | Pages 23-24 |
| **GRI 418: Customer Privacy 2016** | 3-3 | Management of material topics | Pages 15-17 |
| | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Pages 15-17, Page 25 performance data table |

# OPERATIONAL AND FINANCIAL REVIEW

## SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The selected financial information and operating data presented on the following pages 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

Earnings before interest, tax, depreciation and amortisation ("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 and intangible assets (affecting relative depreciation and amortisation expense). In particular, EBITDA eliminates the non-cash depreciation and amortisation 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** | **2022** | **2021** |
| **Revenue** | | |
| Basic cable TV | 210,007 | 229,481 |
| Premium digital cable TV | 11,607 | 12,806 |
| Broadband | 64,350 | 57,458 |
| **Total revenue** | **285,964** | **299,745** |
| | | |
| **Operating expenses[3]** | | |
| Broadcast and production costs | (55,628) | (57,566) |
| Staff costs | (25,822) | (28,088) |
| Trustee-Manager fees | (7,359) | (7,359) |
| Other operating expenses | (28,478) | (23,627) |
| **Total operating expenses** | **(117,287)** | **(116,640)** |
| | | |
| **EBITDA** | **168,677** | **183,105** |
| EBITDA margin[4] | 59.0% | 61.1% |
| **Profit after income tax[5]** | **45,503** | **20,251** |
| | | |
| **Capital expenditure** | | |
| Maintenance | 17,923 | 16,278 |
| Network, broadband and other | 16,973 | 13,686 |
| **Total capital expenditure** | **34,896** | **29,964** |
| | | |
| Maintenance capital expenditure as % of revenue | 6.3 | 5.4 |
| Total capital expenditure as % of revenue | 12.2 | 10.0 |
| | | |
| Income tax paid, net of refunds | (11,011) | (10,066) |
| Interest and other finance costs paid | (43,737) | (46,198) |

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 statement of profit or loss on page 77, 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 77. Refer to page 33 for reconciliation of profit after income tax to EBITDA.

# OPERATIONAL AND FINANCIAL REVIEW

## SELECTED OPERATING DATA

| Group | As at 31 December | |
|---|---|---|
| | **2022** | **2021** |
| **RGUs ('000)** | | |
| Basic cable TV | 675 | 691 |
| Premium digital cable TV | 308 | 273 |
| Broadband | 315 | 282 |

| Group | Year ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| **ARPU[1] (NT$ per month)** | | |
| Basic cable TV | 468 | 480 |
| Premium digital cable TV | 69 | 81 |
| Broadband | 378 | 360 |
| **AMCR[2] (%)** | | |
| Basic cable TV | (0.5) | (0.6) |
| Premium digital cable TV | (0.8) | (1.0) |
| Broadband | (0.6) | (0.7) |

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.

Basic cable TV rates for 2023 across all five franchise areas have been maintained at the same rates as 2022. The table below sets out TBC's monthly Basic cable TV rates for its franchise areas from 2019 to 2023:

| Franchise area<br>Amounts in NT$ | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| South Taoyuan | 510 | 510 | 510 | 510 | 510 |
| 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 2022 of $286.0 million comprised: (i) Basic cable TV revenue of $210.0 million, (ii) Premium digital cable TV revenue of $11.6 million and (iii) Broadband revenue of $64.4 million.

Total revenue for the year was 4.6% lower than the prior corresponding period ("pcp"); in constant Taiwan dollar ("NT$"), total revenue decreased by 0.9% for the year mainly due to lower basic cable TV subscription revenue resulting from a decline in the number of subscribers and lower ARPU, as well as lower revenue generated from channel leasing and airtime advertising sales. Foreign exchange contributed to a negative variance of 3.7% 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 $117.3 million for the year ended 31 December 2022 comprised: (i) Broadcast and production costs of $55.6 million, (ii) Staff costs of $25.8 million, (iii) Trustee-Manager fees of $7.4 million and (iv) Other operating expenses of $28.5 million. Total operating expenses for the year were higher compared to the pcp mainly due to higher pole rental expenses.

EBITDA of $168.7 million for the year ended 31 December 2022 was lower than the pcp. EBITDA margin for the year of 59.0% was lower than the pcp.

Total capital expenditure of $34.9 million as percentage of revenue for the year ended 31 December 2022 was 12.2%. Total capital expenditure for the year was higher than the pcp primarily because of higher network investments to improve network speed so as to future proof TBC's network, support TBC's growing Broadband business and meet the demand for higher speed plans. The level of capital expenditure, which will be within industry norms, will be closely monitored to focus on areas that will have the best potential in generating growth and sustainability for the long term.

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

TBC's network is already providing data backhaul to a few mobile operators. With continued wireless network development, data backhaul through TBC's network is expected to add a meaningful income stream to its Broadband business within the next few years as mobile operators 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 include 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.675,000 as at 31 December 2022 were lower than the pcp. Premium digital cable TV RGUs of c.308,000 and Broadband RGUs of c.315,000 as at 31 December 2022 were higher than the pcp. Basic cable TV ARPU of NT$468 per month and Premium digital cable TV ARPU of NT$69 per month in 2022 were lower than the pcp. Broadband ARPU of NT$378 per month in 2022 was higher than the pcp.

# OPERATIONAL AND FINANCIAL REVIEW

## RECONCILIATION OF PROFIT AFTER INCOME TAX TO EBITDA

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| **Profit after income tax** | **45,503** | **20,251** |
| Add: Depreciation and amortisation expense | 69,812 | 86,592 |
| Add: Net foreign exchange loss/(gain) | 949 | (682) |
| Add: Mark to market (gain)/loss on derivative financial instruments | (8,695) | 11 |
| Add: Amortisation of deferred arrangement fees | 3,263 | 16,080 |
| Add: Interest and other finance costs | 42,664 | 46,396 |
| Add: Income tax expense | 15,181 | 14,457 |
| **EBITDA** | **168,677** | **183,105** |
| **EBITDA margin** | **59.0%** | **61.1%** |

## (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 $210.0 million for the year ended 31 December 2022 (31 December 2021: $229.5 million) comprised subscription revenue of $177.7 million (31 December 2021: $193.8 million) and non-subscription revenue of $32.3 million (31 December 2021: $35.6 million).

Subscription revenue was generated from TBC's c.675,000 Basic cable TV RGUs, each contributing an ARPU of NT$468 per month in the year to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.16,000 and ARPU was lower by NT$12 per month compared to the previous year ended 31 December 2021 (RGUs: c.691,000; ARPU: NT$480 per month). The decline in Basic cable TV RGUs was due to a number of factors including competition from aggressively priced IPTV, the growing popularity of online video, as well as expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's five franchise areas, particularly in the Taipei region. Subscription revenue for the year was lower than the pcp in constant NT$ mainly due to a decline in the number of subscribers and lower ARPU.

Non-subscription revenue was 15.4% of Basic cable TV revenue for the year (31 December 2021: 15.5%). This includes revenue from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT$, 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, continued to be affected by the lower demand for home shopping and heightened competition from internet retailing. These trends will continue to put pressure on channel leasing revenue.

# OPERATIONAL AND FINANCIAL REVIEW

### (ii) Premium digital cable TV

Premium digital cable TV revenue of $11.6 million for the year ended 31 December 2022 (31 December 2021: $12.8 million) comprised subscription revenue of $11.1 million (31 December 2021: $12.1 million) and non-subscription revenue of $0.5 million (31 December 2021: $0.7 million).

Subscription revenue was generated from TBC's c.308,000 Premium digital cable TV RGUs, each contributing an ARPU of NT$69 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.35,000 but ARPU was lower by NT$12 per month compared to the previous year ended 31 December 2021 (RGUs: c.273,000; ARPU: NT$81 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.

### (iii) Broadband

Despite the strong competition from mobile operators offering inexpensive unlimited data, Broadband RGUs increased by c.33,000 during the year ended 31 December 2022, alongside an NT$18 per month improvement in ARPU. Broadband revenue of $64.4 million for the year ended 31 December 2022 (31 December 2021: $57.5 million), which includes revenue from data backhaul, comprised subscription revenue of $62.5 million (31 December 2021: $55.3 million) and non-subscription revenue of $1.8 million (31 December 2021: $2.2 million).

Subscription revenue was generated from TBC's c.315,000 Broadband RGUs, each contributing an ARPU of NT$378 per month in the year for high-speed Broadband services, which was NT$18 per month higher than the previous year ended 31 December 2021 (RGUs: c.282,000 and ARPU: NT$360 per month). The growth in both Broadband subscribers and ARPU reflects the success of TBC's Broadband strategy to target the broadband-only segment, partner with mobile operators, as well as to offer higher speed plans at competitive prices to acquire new RGUs and re-contract existing ones. Subscription revenue includes revenue from data backhaul services, where mobile operators lease a number of fibre circuits to provide data backhaul.

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 $55.6 million for the year ended 31 December 2022 (31 December 2021: $57.6 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 $25.8 million for the year ended 31 December 2022 (31 December 2021: $28.1 million). Staff costs for the year were lower compared to the pcp mainly due to lower staff costs in constant dollar terms, as described below.

Staff costs, which comprise direct employee costs and general and administrative employee costs including salaries, bonuses, long-term incentives and benefits, were lower in the year as a result of extra prudence and tighter cost management.

# OPERATIONAL AND FINANCIAL REVIEW

### (iii) Depreciation and amortisation expense

Depreciation and amortisation expense was $69.8 million for the year ended 31 December 2022 (31 December 2021: $86.6 million). The decrease in depreciation and amortisation expense for the year was mainly due to lower depreciation expense on network equipment and amortisation expense on programming rights compared to the pcp.

Depreciation and amortisation expense comprised depreciation and amortisation of the Group's capital expenditures in relation to network equipment, set-top boxes, other plant and equipment, right-of-use assets, programming rights and software. For the year ended 31 December 2022, depreciation for right-of-use assets was $2.5 million (31 December 2021: $2.7 million).

### (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 $7.4 million for the year ended 31 December 2022 (31 December 2021: $7.4 million). There were no performance fees payable to the Trustee-Manager for the year ended 31 December 2022 (31 December 2021: 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/(gain)

Net foreign exchange loss for the year ended 31 December 2022 was $0.9 million (31 December 2021: gain of $0.7 million) which included unrealised foreign exchange movements from translations at the subsidiary level which are not expected to be realised.

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

The Group uses foreign exchange contracts to manage its exposure to foreign exchange movements as discussed in Note 9(i) of Financial Statements on page 111 of this Annual Report. For the year ended 31 December 2022, the period end mark to market gain on foreign currency contracts was $8.7 million (31 December 2021: loss of $0.01 million). Mark to market (gain)/loss on derivative financial instruments included gain of $3.8 million (31 December 2021: loss of $0.7 million) on NT$ foreign exchange contracts settled during the year.

### (vii) Other operating expenses

Other operating expenses were $28.5 million for the year ended 31 December 2022 (31 December 2021: $23.6 million). Other operating expenses were higher mainly due to higher pole rental expenses resulting from benefit of reversal of pole rental provisions in pcp.

Other operating expenses include lease rentals for office buildings, pole rentals for fibre and utility poles, legal and professional fees, non-recoverable value added taxes, marketing and selling expenses, general and administrative expenses, local and NCC fees, repairs and maintenance charges and other expenses.

Lease rentals for the year ended 31 December 2022 comprised short-term leases of less than $0.01 million (31 December 2021: less than $0.01 million) and leases of low-value assets of $0.1 million (31 December 2021: $0.1 million).

# OPERATIONAL AND FINANCIAL REVIEW

### (viii) Amortisation of deferred arrangement fees

The Group pays financing fees to lenders when entering into debt facilities or refinancing 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 statement of profit or loss. Amortisation of deferred arrangement fees was $3.3 million for the year ended 31 December 2022 (31 December 2021: $16.1 million). Amortisation of deferred arrangement fees for the year was lower due to write-off of unamortised arrangement fees of $12.3 million as at the date of Onshore Amendment, associated with the Onshore Facilities and write-off of unamortised arrangement fees of $0.3 million as at the date of Offshore Amendment, associated with the Offshore Facilities which were amended during the previous year ended 31 December 2021.

### (ix) Interest and other finance costs

Interest and other finance costs were $42.7 million for the year ended 31 December 2022 (31 December 2021: $46.4 million). These comprised interest expense and commitment and other fees on the Group's debt facilities. Interest and other finance costs for the year also include finance charges on lease liabilities of $0.1 million (31 December 2021: $0.2 million).

### (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.

# BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

**YONG LUM SUNG**
*Chair and Independent Director*

**TAN CHUNG YAW, RICHARD**
*Independent Director*

**LEONG SHIN LOONG**
*Independent Director*

## 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:**
Care Corner Singapore Ltd

**Previous directorships in the past 3 years:**
Singex Holdings Pte Ltd.
Golden Donuts Pte. Ltd.
Tera-Barrier Films 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 CEO of SIMBA 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

**Previous directorships in the past 3 years:**
Avocado Guild Ltd.

## 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:**
Decat Pte. Ltd.
Singapore Association of the Visually Handicapped

**Previous directorships in the past 3 years:**
Telesindo Shop Pte Ltd

# BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

**ONG JOO MIEN, JOANNA**
*Independent Director*

**LU FANG-MING**
*Vice-Chair and Non-Executive Director*

**DAI YUNG HUEI**
*Non-Executive Director*

## 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

**Previous directorships in the past 3 years:**
YWS Design Asia Pte Ltd.

## 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 co-founded was acquired by Hon Hai/Foxconn Technology Group in May 2000. From 2014 to 2021, Mr Lu was the 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 20 years of his career at Hewlett Packard Taiwan and 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 and Measurement Group. Mr Lu obtained his Masters of Applied Physics from Chung-Yuan University, Taiwan, in 1980.

**Present directorships in other listed companies:**
Foxconn Industrial Internet

**Present directorships in private companies:**
Dynami Vision Pte. Ltd.
Ufi Space Co., Ltd.
Woodpecker Technology Inc.
Ubee Interactive Holding Corp.

**Previous directorships in the past 3 years:**
Hon Hai Precision Industry Co., Ltd.
Asia Pacific Telecom Co., Ltd.

## DAI YUNG HUEI

*Non-Executive Director*

Dai Yung Huei was appointed to the Board on 13 August 2021. Mr Dai is the chairman of Da Da Digital Convergence Co., Ltd. and the founder of Dafeng TV Ltd. ("Dafeng TV") – the first publicly traded cable TV provider in Taiwan, which operates in domestic markets including New Taipei City and Kaohsiung City. Between 1996 and 2019, Mr Dai was the chairman of Dafeng TV. Under his stewardship, Dafeng TV obtained its cable television licence in Taiwan, and successfully listed the company on the Taiwan Stock Exchange in 2002. Dafeng TV was an early adopter of Gigabit Passive Optical Networks (GPON) and Fibre-to-the-home (FTTH) network structure. Mr Dai is a substantial unitholder of APTT, through Araedis Investment Pte. Ltd. He holds an Executive MBA from the National University of Singapore.

**Present directorships in other listed companies:**
Dafeng TV Ltd.

**Present directorships in private companies:**
Da Da Digital Convergence Co., Ltd.
Taipei City University of Science and Technology
Gnalu Education Foundation
Da Da Digital Charity Foundation
Dah-Der Hospice & Palliative Care Foundation

**Previous directorships in the past 3 years:**
None

# BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

**BRIAN MCKINLEY**
*Chief Executive Officer and Executive Director*

**SOMNATH ADAK**
*Chief Financial Officer*

## 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 role as CEO, Mr McKinley served as the Chief Financial Officer ("CFO") of the Trustee-Manager since the listing of APTT in May 2013, providing financial and strategic leadership. 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 at Macquarie Group Limited and from 2006 to 2009, he served as Head of Finance of Macquarie Group Limited's infrastructure funds division in Canada. Mr McKinley began his career in 1995 with PricewaterhouseCoopers, before transitioning to financial services and the telecommunications industry. He 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 companies within the APTT Group:**
APTT Holdings 1 Limited
APTT Holdings 2 Limited
Cable TV S.A.
TBC Holdings B.V.

**Present directorships in private companies:**
None

**Previous directorships in the past 3 years:**
None

## 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 this, Mr Adak served as the financial controller of the Trustee-Manager since the listing of APTT in May 2013. From March 2011 to April 2013, Mr Adak served as the assistant financial controller of SGX-listed Macquarie International Infrastructure Fund Limited, where he was responsible for overall accounting and financial reporting of the company. Mr Adak began his career in 2006 with Grant Thornton prior to moving to ITC Limited, one of the largest conglomerates in India. Mr Adak is a Chartered Accountant of The Institute of Chartered Accountants of India, holds an Executive MBA from INSEAD and has completed a Fintech Program from National University of Singapore. Mr Adak also holds a Bachelor of Commerce (Honours) from Shri Ram College of Commerce, Delhi University, India, 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*

**Dai Yung Huei**
*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*

## COMPANY SECRETARY

**Wong Yoen Har**

## REGISTERED OFFICE

**APTT Management Pte. Limited**
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone: +65 6536 5355
Facsimile: +65 6536 1360

## PRINCIPAL PLACE OF BUSINESS

**APTT Management Pte. Limited**
420 North Bridge Road
#05-08 North Bridge Centre
Singapore 188727
Telephone: +65 6011 5829
Email: contact@aptt.sg
Web: www.aptt.sg

## TRUSTEE-MANAGER

**APTT Management Pte. Limited**
420 North Bridge Road
#05-08 North Bridge Centre
Singapore 188727
Company Registration Number: 201310241D

## UNIT REGISTRAR AND UNIT TRANSFER OFFICE

**Boardroom Corporate & Advisory Services Pte. Ltd.**
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone: +65 6536 5355
Facsimile: +65 6536 1360

## AUDITOR

**Deloitte & Touche LLP**
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner in charge: Lim Bee Hui
*(Appointment with effect from financial year 2021)*
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 6011 5829
Email: contact@aptt.sg

# 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, as amended and restated by a First Amending and Restating Deed dated 28 April 2022 ("Trust Deed"). APTT is registered under the Business Trusts Act 2004 ("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 fully owned by Mr Lu Fang-Ming, the former 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") provides 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. 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. It 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 management team, comprising the Chief Executive Officer and Chief Financial Officer, is supported by three other full-time staff and outsourced service providers.

The Trustee-Manager also considers sustainability issues, including environmental, social and governance factors, such as employees' training and development, employees' welfare, employees' health and safety, customer privacy, climate change strategy, interaction and cooperation with the relevant communities, as well as anti-corruption programmes and procedures, as part of its responsibilities. For details of the policies and the impact of these factors on APTT, refer to the Sustainability Report on pages 8 to 28 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.**

#### Board competencies

Responsibility for corporate governance and oversight of the internal workings of APTT rest with the Board of Directors of the Trustee-Manager (the "Board"). The Board consists of seven directors, out of which four directors or more than 50% are independent directors, including the chairman of the Board ("Board chair"). All four independent directors have experience in the telecommunications industry, holding senior level corporate positions. The two non-executive directors are highly experienced businessmen in the telecommunications industry in Taiwan. Collectively, the seven directors have diverse skillsets and expertise to support the attainment of APTT's strategic objectives and sustainable development. Refer to pages 62 and 63 of this Annual Report for APTT's Board Diversity and pages 37 to 39 for the directors' profiles.

# CORPORATE GOVERNANCE STATEMENT

### Board duties

In line with the guidance under Provision 1.1 of the Code, the Board is responsible for the overall corporate governance of APTT, including establishing goals for management and monitoring the achievement of these goals. Each member of the Board has a statutory duty to act honestly and exercise reasonable diligence in the discharge of the duties of his office and must take all reasonable steps to ensure that the Trustee-Manager acts in the best interests of all the unitholders as a whole, and to give priority to the interests of all the unitholders as a whole over the interests of the Trustee-Manager in the event of conflict. Members of the Board facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict. The Board is also responsible for putting in place a Code of Conduct and Ethics policy, 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 and Ethics policy, 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 scope of the Trustee-Manager's Code of Conduct and Ethics policy is published on APTT's website www.aptt.sg. 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.

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, Code of Conduct and Ethics policy, and other pertinent information for reference.

### Orientation programme for new directors

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, historical performance, industry trends and outlook, the responsibilities of key management personnel, 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 requirements under the Listing Manual. The incoming directors are also given access to Board and Board Committee minutes, relevant constitutional documents including the Trust Deed, the prospectus dated 16 May 2013 issued by APTT (the "Prospectus") and details about directors and officers insurance, among others. The Nominating Committee ("NC") 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 training and development 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, changes to the Code, changes in the Companies Act 1967 ("Companies Act"), the BTA and the Listing Manual 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 training and development opportunities and continuing education are borne by the Trust.

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. 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. 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.

# CORPORATE GOVERNANCE STATEMENT

The Board meets to review the performance of APTT, to review the key activities and business strategy of APTT, to deliberate on the strategic policies of APTT and to approve the budgets and business plans of APTT. The Board also reviews, on a quarterly basis, key risks faced by APTT. These risks include key operational, financial, regulatory and compliance risks, information technology and operations service availability, and other strategic risks. Having conducted a review of APTT's key risk areas, the Board has concluded that there are no findings that are relevant and material to APTT's operations that have not been disclosed.

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. 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 material changes to the business environment and competitive landscape of APTT, 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 performance report is also provided to the Board. This report includes APTT's key financial information, business updates, abridged financial statements for the first and third quarters and APTT's financial statements for the second and fourth quarters, accompanied by an analysis of APTT's performance, operational metrics, cash flows and supporting data.

In addition, the Board is provided with detailed papers, 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 or budgets and the actual results is disclosed and explained to the Board. Persons who can provide additional insight into matters to be discussed are 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 2001 ("SFA"), the Companies Act and the Listing Manual, are complied with. The company secretary and/or representatives from Boardroom Corporate & Advisory Services Pte. Ltd., providing corporate secretarial services, attend all Board meetings and, together with the Board chair, ensure good information flows within the Board and the Board 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 1.4 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 the Nominating Committee, the "Board Committees"), each comprising majority independent directors, 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:

# CORPORATE GOVERNANCE STATEMENT

### Audit Committee ("AC")

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

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

(ii) to review:

- the assistance given by the officers of the Trustee-Manager to the auditor of the Trust and the assurance from the Chief Executive Officer and 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, Chief Financial Officer and Taiwan Broadband Communications Group's ("TBC") Chairman, at least on an annual basis; and

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

# CORPORATE GOVERNANCE STATEMENT

### Nominating Committee ("NC")

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

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

(iii) to recommend to the Board on relevant matters relating to a) the review of succession plans for directors, in particular the appointment and/or replacement of the Board chair, the Chief Executive Officer and key management personnel; b) the process and criteria for evaluating the performance of the Board, Board Committees and directors; c) the review of training and professional development programmes for the Board and its directors; and d) 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.

### 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 special committees from time to time, subject to formalised terms of reference setting out their respective authorities and duties to oversee the purpose for which the committees are established.

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 bank signatories, in line with the guidance under Provision 1.3 of the Code. Transactions or matters 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 interim and full year financial results for release to the SGX-ST.

# CORPORATE GOVERNANCE STATEMENT

**In line with the guidance under Provision 1.5 of the Code, the table below provides details of Board and Board Committee meetings held in the financial year ended 31 December 2022:**

| | 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) | | Annual General Meeting | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| Yong Lum Sung – Chair and Independent Non-Executive Director | 4 | 4 | 4 | 4 | 1 | 1 | N/A | N/A | 1 | 1 |
| Tan Chung Yaw, Richard – Independent Non-Executive Director | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Leong Shin Loong – Independent Non-Executive Director | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ong Joo Mien, Joanna – Independent Non-Executive Director | 4 | 4 | 4 | 4 | N/A | N/A | 1 | 1 | 1 | 1 |
| Lu Fang-Ming – Vice Chair and Non-Executive Director | 4 | 4 | N/A | N/A | 1 | 1 | N/A | N/A | 1 | 1 |
| Dai Yung Huei – Non-Executive Director | 4 | 2 | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 1 |
| Brian McKinley – Chief Executive Officer and Executive Director | 4 | 4 | N/A | N/A | N/A | N/A | 1 | 1 | 1 | 1 |

### 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, 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.

As APTT is subject to and complies with the BTA and regulations made thereunder, pursuant to Practice Note 4.2 of the Listing Manual, Listing Rule 210(5)(d)(iv) (which came into effect from 11 January 2023), which relates to the independence of directors serving beyond nine years, does not apply to APTT.

In line with the guidance under Provisions 2.2 and 2.3 of the Code, the Board comprises seven directors, of whom six are non-executive directors and four, or more than 50% of the Board, are independent directors. 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 Listing Manual, the BTA and Regulation 12 of the Business Trusts Regulations. This enables management to benefit from the external, diverse and objective perspective of these independent directors on issues that are brought before the Board.

# CORPORATE GOVERNANCE STATEMENT

Four out of seven, or more than 50%, 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. In addition, the Board chair is an independent director. 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 APTT and 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 independent directors as well as the non-executive directors, are kept well informed of APTT and the Trustee-Manager's business and affairs, and are knowledgeable about the industry in which the business operate. For the year ended 31 December 2022, 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 independent directors and non-executive directors, led by the Board chair, who is an independent director, would also confer among themselves without the presence of management regularly. The Board chair and the NC chair would provide feedback to the Board 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 37 to 39 of this Annual Report.

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 pages 62 and 63 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 non-executive 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. The Board chair 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 APTT.

# CORPORATE GOVERNANCE STATEMENT

In addition to the independent Board chair, three of the other six 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.

While Provision 3.3 of the Code provides guidance that the Board should have a lead independent director to provide leadership in situations where the Board chair is conflicted and especially when the Board chair is not independent, the Board is of the view that the Trustee-Manager is not required to appoint a lead independent director given that the Board chair and Chief Executive Officer are not the same person and are not immediate family members, and further taking into account that the Board chair is not part of the management team and is an independent director. The Board chair, who is an independent director, provides leadership to the Board and is available to unitholders where they have concerns, including where contact through the normal channels of communication with the management are inappropriate or inadequate.

### 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 and Ethics policy, including whistleblowing arrangements and developments in the laws, regulations and practices relating to corporate governance.

In addition, it assesses the performance of the Board, the Board Committees, the Board chair 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" for more details on Board and Board Committee charters. In line with the guidance under Provision 4.2 of the Code, the NC for the year ended 31 December 2022 comprised four directors, out of which three directors, or more than 50%, are independent directors. Leong Shin Loong, who is an independent director, is the chair of the NC. Ong Joo Mien, Joanna and Tan Chung Yaw, Richard are the other two independent directors in the NC and Brian McKinley, the Chief Executive Officer and an executive director, is the fourth member of the NC.

In line with the guidance under Provision 4.5 of the Code, key information regarding the directors are provided in this Annual Report. Please refer to (1) Board of Directors and Executive Officers of the Trustee-Manager on pages 37 to 39 for information on directors' academic and professional qualifications, date of first appointment as a director, date of last reappointment as a director (where applicable), present and past directorships or chairmanships in other listed companies and other principal commitments, (2) Directors' Interests in Units on page 66 for directors' direct and deemed interest in APTT, and (3) Board and Board Committee meetings held in the financial year on page 46 for Board Committees served on, as a member or chair, by the directors.

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.

APTT does not encourage the appointment of alternate directors, in keeping with the principle that a director must be able to commit time to the affairs of APTT and the Trustee-Manager.

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), 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.

# CORPORATE GOVERNANCE STATEMENT

Candidates will be considered against objective criteria, including their experience in accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. Other considerations include board diversity, 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 nomination and renomination (where applicable) of the directors are based on each director's competencies, commitment, contribution and performance, including attendance, preparedness, participation and candour, and independence, 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 Board Committees should be maintained in order to avoid groupthink and foster constructive debate.

### Limited directorships held by directors outside of the APTT Group

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and have other principal commitments.

As at 31 December 2022, out of the seven directors on the Board, there were only three directors who each held directorships in one other listed company, while the remaining four directors did not hold any other listed company directorships. In addition, out of the seven directors on the Board, two directors did not hold directorships in any private companies outside of the APTT Group, while the remaining five directors held directorships ranging from only one to five private companies outside of the APTT Group.

Given the limited directorships held by the directors as aforementioned, the NC has not made a determination as to the maximum limit on the number of directorships a director can hold. 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 APTT and 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 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 the Trustee-Manager 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 or private company board representations and other principal commitments which they hold, they were able to devote sufficient time and attention to the affairs of APTT and the Trustee-Manager. 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 or private 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 37 to 39 of this Annual Report for more details on board directorships and principal commitments of each director, other than those held in the Trustee-Manager.

# CORPORATE GOVERNANCE STATEMENT

### Assessment of directors' independence

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 Listing Manual, the BTA and the Business Trusts Regulations. On a yearly basis, the NC also seeks written confirmation from the directors on their independence and their interests in APTT or the Trustee-Manager, or any of their related corporations, substantial shareholders or officers, including interests in contracts or other arrangements. 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 recommends 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.

### Board appraisal/assessment

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 and registry services to APTT and the Trustee-Manager.

### Process and criteria for annual appraisal of board and board committees

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. The assessment examines the Board's role, composition, and its operation against a number of defined criteria. Feedback and comments received from the directors are reviewed by the NC. The Questionnaire covers areas such as Board composition, information management, Board processes, accountability, succession planning, top management, investor relations, managing APTT's performance, Board Committee effectiveness, standard of conduct, 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. If the score for a particular section or question in the Questionnaire is consistently low, the Board will proactively address the area of concern, with a view to strengthen processes around it and improve the scoring in the future.

### Process and criteria for annual appraisal of individual director

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 are operating 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.

# CORPORATE GOVERNANCE STATEMENT

**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.**

**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 four non-executive directors, out of which three directors, or more than 50%, are independent directors. Tan Chung Yaw, Richard, who is an independent non-executive director, is the chair of the RC, Yong Lum Sung and Leong Shin Loong are the other two independent non-executive directors in the RC and Lu Fang-Ming, vice-chair and non-executive director, is the fourth member of the RC. 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" for more details on Board and Board Committee charters.

The role of the RC is to recommend to the Board a framework for remuneration for the Board and key management personnel. The RC establishes remuneration policies that are in line with APTT's business strategies and risk policies as well as long-term interests of APTT and unitholders. 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 unitholders' interests.

In its deliberations, the RC takes 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 seeks expert advice inside and/or outside the Trust on remuneration of all directors and key management personnel. The RC ensures that existing relationships, if any, between the Trust and its appointed remuneration consultants do 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 are also disclosed in the annual report, in line with the guidance under Provision 6.4 of the Code. An external service provider, Aon Hewitt Singapore Pte. Ltd. was engaged as an independent remuneration consultant in 2019 to perform an independent benchmarking analysis of the remuneration of the directors, the Chief Executive Officer and Chief Financial Officer. The consultant is not related to the Trustee-Manager, its key unitholders, its related entities or any of its directors. No such remuneration consultant was engaged in 2022. The RC will continue to engage external service providers periodically in the future for benchmarking remuneration of directors and key management personnel as and when necessary.

The independent non-executive 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 non-executive 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 independent 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.

Lu Fang-Ming, as a nominee of Dynami, does not receive any remuneration from the Trust or the Trustee-Manager in connection with his role as vice-chair and non-executive director of the Trustee-Manager. Dai Yung Huei does not receive any remuneration from the Trust or the Trustee-Manager in connection with his role as non-executive director of the Trustee-Manager. None of the non-executive directors has any service contracts with the Trustee-Manager. No director is involved in deciding his or her own remuneration.

# CORPORATE GOVERNANCE STATEMENT

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

The compensation of the Chief Executive Officer (who is also an executive director) and Chief Financial Officer was benchmarked against independent analysis performed by external consultants, as mentioned above, with the most recent analysis conducted in January 2019. The compensation of the Chief Executive Officer and Chief Financial Officer consists of: (i) a fixed component comprising base salary; (ii) a variable performance-based component (short-term incentives); and (iii) a deferred variable performance-based component (long-term incentives). 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.

All remuneration and compensation payable to the independent directors, the Chief Executive Officer and Chief Financial Officer in respect of services rendered to the Trustee-Manager are and will be paid by the Trustee-Manager out of the Trustee-Manager fees, and not reimbursed out of the Trust property.

The Trustee-Manager is entitled under the Trust Deed to a base fee, a performance fee, (if applicable) an acquisition fee and (if applicable) 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 2022 are set out on page 139 of this Annual Report.

Provision 8.1 of the Code provides guidance that the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual director and the Chief Executive Officer, and (b) at least the top five key management personnel (who are not directors or the Chief Executive Officer) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel, should be disclosed. In this regard, the Trustee-Manager earned 'Management fees' of $7.36 million for its financial year ended 31 March 2022, and incurred $1.90 million as 'Salaries and other benefits' for the year then ended, as total remuneration for independent directors, the Chief Executive Officer, the Chief Financial Officer, and staff of the Trustee-Manager, as disclosed in the Trustee-Manager's financial statements for the year ended 31 March 2022. In addition, as required under Principle 8 of the Code, APTT has 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. Accordingly, notwithstanding the guidance under Provision 8.1 of the Code to disclose the names, amounts and breakdown of remuneration of each (a) individual director and the Chief Executive Officer, and (b) at least the top five key management personnel (who are not directors or the Chief Executive Officer) in bands no wider than S$250,000, the Trustee-Manager is of the view that Principle 8 of the Code is generally complied with, taking into account that APTT does not bear the remuneration and compensation of the independent directors, the Chief Executive Officer and Chief Financial Officer, whose remuneration and compensation are borne by the Trustee-Manager out of the Trustee-Manager fees and not reimbursed out of the Trust property, and further that the remaining directors do not receive any remuneration from the Trust or the Trustee-Manager.

While Provision 8.3 of the Code provides guidance that all forms of remuneration and other payments and benefits paid by APTT and its subsidiaries to directors and key management personnel should be disclosed, the Trustee-Manager is of the view that the guidance under Provision 8.3 of the Code is not directly applicable as the remuneration packages of the independent directors, the Chief Executive Officer and Chief Financial Officer are not borne by APTT and not paid out of Trust Property, and further considering that the remaining directors do not receive any remuneration from the Trust or the Trustee-Manager. In addition, no payments are made by APTT's subsidiaries to the directors, the Chief Executive Officer and Chief Financial Officer. There are also no employee share schemes currently in place in relation to APTT.

The policy and framework for determining the remuneration of the directors, the Chief Executive Officer and Chief Financial Officer are reviewed and recommended to the Board by the RC. The RC approves performance targets for assessing the performance of the 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 the 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. 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 APTT, taking into account APTT's strategic objectives.

# CORPORATE GOVERNANCE STATEMENT

Pursuant to Listing Rule 704(13), 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 2022, in line with the guidance under Provision 8.2 of the Code.

For the year ended 31 December 2022, the RC has provided assurance to the Board that the level and structure of remuneration align with the long-term interests and risk management policies of the Trust.

### 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. The Board is assisted by the AC, which has been performing the functions of a board risk committee. The AC carries out its responsibility of overseeing management in the design, implementation and monitoring of the Trust's risk management framework and policies. The AC assesses and manages the risks of APTT on an ongoing basis. It 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. Accordingly, in line with the guidance under Provision 9.1 of the Code, while the Board does not have a separate board risk committee, the Board, with the assistance of the AC, is of the view that it has the expertise to determine the nature and extent of the significant risks which APTT is willing to take in achieving its strategic objectives and value creation.

### Assessment framework for risk management and internal control systems

The Trustee-Manager has formal risk management policies in place which are monitored by the AC. The AC reviews, and reports to the Board, on a quarterly basis, the adequacy of the Trustee-Manager and APTT's risk management and internal control systems. Please refer to "Principle 1: The Board's conduct of affairs" and "Principle 10: Audit Committee" for more details.

### Process to assess the adequacy of risk management and internal control systems

A robust risk management framework is in place for the Trustee-Manager to proactively identify, assess and respond to material risks that can impact APTT's operations and its ability to deliver stable and sustainable distributions to unitholders. The Trustee-Manager maintains risk registers for both APTT and TBC which includes all risks that can affect APTT's and TBC's operations. The risk universe is divided into three tiers – Tier 1, Tier 2 and Tier 3 based on ratings of each identified risk. Risk ratings are assigned in accordance with the likelihood of occurrence of each individual risk and the magnitude of their impact on operations using a five by five matrix. For the year ended 31 December 2022, APTT's risk universe had 13 risks, while TBC's risk universe had 23 risks. Tier 1 and Tier 2 risks, which have a direct or likely impact on the business, are monitored closely by the Trustee-Manager. Tier 1 risks are reported to the AC and the Board on a quarterly basis and Tier 2 risks are reported to the AC and the Board on an annual basis. The Trustee-Manager assesses Tier 3 risks and proactively addresses them when they are likely to move up to Tier 2 or Tier 1 risks.

Against changes in the industry and macro-economic environment, on a yearly basis, APTT's IAD (as defined on page 55 of this Annual Report), KPMG, reviews global trends and emerging risks in the telecommunications industry to ascertain if there are any new risks that the Trustee-Manager should consider adding to its risk registers. The Trustee-Manager conducts an annual risk refresh and assessment workshop for the senior management of APTT and TBC as well as department heads of TBC. The workshop re-evaluates the likelihood of occurrence and the magnitude of impact for each individual risk in the risk universe and their respective risk ratings, including emerging risks identified by the IAD.

The IAD also conducts management interviews and questionnaires to document controls for each Tier 1 and Tier 2 risk, reassesses strength of controls, as well as re-examines the adequacy and effectiveness of controls for each Tier 1 and Tier 2 risk. Controls for each Tier 1 and Tier 2 risk are documented and updated by the Trustee-Manager regularly.

The AC also reviews the internal audit report to understand the nature of observations, and discusses the implementation plan to ensure that the internal controls are working effectively. 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.

# CORPORATE GOVERNANCE STATEMENT

For the year ended 31 December 2022, in line with the guidance under Provision 9.2 of the Code, the Board has received confirmation/assurances from the Chief Executive Officer and Chief Financial Officer 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.

The Board has also received assurances from the Chief Executive Officer, Chief Financial Officer, the IAD and other key management personnel who are responsible that APTT's risk management and internal control systems are adequate and effective.

Based on the existing practices, assurances received from the key management personnel as mentioned above, 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 2022. 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 2022.

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 for the year ended 31 December 2022.

### Disclosure of related party transactions and interested person transactions

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 Audit Committee reviews, at least quarterly, 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 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. Refer to pages 139 and 142 for the aggregate value of interested person transactions entered into during the year ended 31 December 2022, as well as the name(s) of the interested person(s) and nature of relationship(s).

### 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, the composition of which complies with the Code, the BTA and Regulation 13 of the Business Trusts Regulations. The AC comprises four directors, all of whom are non-executive and all four directors, including the AC chair, are independent directors. The AC members for the year ended 31 December 2022 were Ong Joo Mien, Joanna (chair), Yong Lum Sung, Tan Chung Yaw, Richard and Leong Shin Loong.

The AC chair has an accounting background and two other AC members have recent and relevant accounting or related financial management expertise and experience to discharge their responsibilities, in line with the guidance under Provision 10.2 of the Code. The AC charter sets out the specific responsibilities delegated by the Board to the AC and details the manner in which the AC operates, 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.

# CORPORATE GOVERNANCE STATEMENT

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, on a quarterly basis, 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 non-audit services provided in 2022 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 was needed.

Refer to Note 24(x) of Financial Statements on page 127 of this Annual Report for the aggregate amount of fees paid to the external auditors for the year ended 31 December 2022, divided into audit and non-audit services fees.

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; 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.

### Internal audit

The internal audit function (the "IAD") is outsourced to KPMG, one of the largest accounting firms and which has been established in Singapore since 1941. The engagement team is led by the engagement partner who has significant years of experience in governance, risk management, internal audit and accounting, and is a Chartered Accountant of the Institute of Singapore Chartered Accountants ("ISCA") and Certified Internal Auditor of the Institute of Internal Auditors ("IIA"). The engagement team consists of experienced managers and team members who hold Chartered Accountant and/or Certified Internal Auditor certifications. The IAD reports directly to the AC. It has unrestricted direct access to the AC and unfettered 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.

KPMG is independent of the activities it audits. The methodology adopted by KPMG conforms to the International 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, reviews and approves 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.

The AC is satisfied that KPMG is independent, effective, has adequate resources to perform its internal audit function effectively, and that KPMG is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience 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. The AC also reports to the Board how it has discharged its responsibilities and whether it was able to discharge its duties independently, including, among others, its assessment of the adequacy and effectiveness of the Trustee-Manager's internal controls and risk management systems and its assessment of the adequacy, effectiveness and independence of the IAD.

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 are 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 are briefed either during Board meetings or at specially convened sessions.

### Financial matters

The interim 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 management 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 management and the Group's external auditors, and were reviewed by the AC:

| Significant matters | How the AC reviewed these matters and how 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.<br><br>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 standalone 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.<br><br>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.<br><br>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.<br><br>The AC believes there is no significant issue within 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.<br><br>Under the provisions of the Cable Radio and Television Act of Taiwan ("CRTA"), the National Communications Commission of Taiwan ("NCC") or a 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.<br><br>The Group's system operators ("SOs") first obtained cable TV licences in 1999 and 2000 and they have most recently been renewed in 2020 and 2021. All five of TBC's cable TV licences will be due for renewal in 2029 or 2030.<br><br>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) the successful licence renewals in 2020 and 2021 for another nine years; (v) the lives of cable TV licences are not limited by any other technical, legal or commercial factors, either known or anticipated; (vi) there is a successful history of licence renewals for the Group and the industry as a whole; and (vii) the Trustee-Manager's accounting policy for cable TV licences is consistent with other industry participants in Taiwan.<br><br>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. |

# CORPORATE GOVERNANCE STATEMENT

| Significant matters | How the AC reviewed these matters and how 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.<br><br>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.<br><br>The cash flow forecasts, along with relevant market discount rates and average long-term growth rates, are used to derive the value-in-use of the Group's single CGU which supports the impairment assessment.<br><br>Major assumptions used in the impairment assessment include:<br><br>(i) a seven-year valuation model using the latest business plans – the model is updated and reviewed by the Trustee-Manager on a quarterly basis;<br>(ii) a pre-tax discount rate of 9.25% consistent with APTT's peers, cost of debt and tax rate ("WACC"); and<br>(iii) a terminal growth rate of 1.35%, which is the lower of i) Taiwan's growth rate, ii) the final forecast year's EBITDA growth rate, iii) the final forecast year's revenue growth rate, or iv) the prior year's impairment assessment terminal growth rate.<br><br>Based on the impairment assessment, the recoverable amount of the Group's CGU has a 1.7% margin above its carrying value as at 31 December 2022.<br><br>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 seven-year business plans. The AC challenged, among others, the appropriateness of the assumptions made for (i), (ii) and long-term growth rates.<br><br>The AC also reviewed the impact of the COVID-19 pandemic on TBC, which has been limited to date due to the subscription-based nature of its business. However, Taiwan's outlook remains uncertain as any downturn in other countries will invariably have an impact on Taiwan's export-driven economy and GDP growth. A significant and prolonged deterioration in the national GDP, disposable income or overall economic conditions could in turn adversely affect TBC's ability to grow or maintain revenues, and its financial position.<br><br>The Group's external auditors engaged their internal valuation specialists to review the DCF valuation prepared by the Trustee-Manager for the purpose of the impairment assessment. The external auditor's valuation specialists team used the cash flow forecasts based on the Trustee-Manager's latest business plans, applied a discount rate and terminal growth rate incorporating other macroeconomic assumptions to arrive at a valuation range of the CGU's recoverable amount. Based on the internal valuation specialists' assessment, the above-mentioned key assumptions used in arriving at the CGU's recoverable amount were within their acceptable range.<br><br>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.<br><br>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 for the year ended 31 December 2022 are not in excess of their respective recoverable amounts. However, if interest rates continue to stay elevated and the business environment continues to be challenging, combined with changes in other assumptions, e.g. a lower terminal growth rate, there is a possibility that this could result in an impairment loss on intangible assets in the future. |

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 2022, as set out on pages 71 to 75 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 2022.

# CORPORATE GOVERNANCE STATEMENT

In line with the guidance under Provision 10.1(f) of the Code, APTT has a Whistleblowing policy in place which sets out the procedures for a whistleblower to make a report to APTT on misconduct or wrongdoing relating to APTT and its officers 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. Investigations will be coordinated by an independent integrity officer (the "Integrity Officer") and may involve other personnel within the Group (including from legal and/or human resources department and the Board) or third party professionals including lawyers and forensic accountants strictly on a need-to-know basis and each of these persons will be required to keep the information of the investigations in strict confidence. 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. In particular, APTT will protect the identity of the person raising the concern in good faith and such information will be held, to the extent legally permissible and reasonably practicable, in the strictest confidence, both by APTT and by the person raising the concern in good faith.

To the extent permitted by law and where appropriate to do so, the Integrity Officer will communicate the outcome of an investigation to a whistleblower as soon as practicable after the investigation has concluded.

In addition, APTT is committed to protect employees or other persons from victimisation for raising a concern. APTT recognises that the decision by the employee or other person to report the concern may be a difficult one to make, including concerns of reprisals by those responsible for such matters. Accordingly, APTT will ensure that such employee or other person who makes a disclosure in good faith (a) will not be penalised or suffer any adverse treatment for doing so and (b) will be protected to ensure that he or she is not personally disadvantaged by having made the report. However, any employee who makes a report recklessly, without having reasonable grounds for believing it to be substantially true, or makes it for purposes of personal gain or maliciously, may be subject to appropriate action by APTT.

The AC, comprising all independent directors as at the date of this Annual Report, is responsible for oversight and monitoring of APTT's Whistleblowing policy. In this regard, the AC has reviewed APTT's Whistleblowing policy and was satisfied that arrangements are in place for the independent investigation of such matters raised under the Whistleblowing policy and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the AC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence. In addition, the AC reviews the Whistleblowing policy annually to ensure that it remains current.

### Principle 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.

In 2022, unitholders received a CD-ROM containing the APTT Annual Report 2021 and a copy of the notice of the Annual General Meeting ("AGM"). Printed copies of the APTT Annual Report 2021 were available upon request. Following the amendments made to the Trust Deed pursuant to the First Amending and Restating Deed dated 28 April 2022 to provide for, among others, electronic communications of notices and documents to unitholders, and to further our environmental initiative, subject to complying with the requirements in the Trust Deed, the Listing Manual and the BTA, from 2023, unitholders may access APTT's Annual Report electronically on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html.

# CORPORATE GOVERNANCE STATEMENT

As and when a special resolution is tabled at the AGM or an extraordinary general meeting is to be held, unitholders will receive a copy of the circular/appendix 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 announced via SGXNet and posted on the websites of APTT and SGX-ST. 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. 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 corporate 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.

In line with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID Meeting Order") which was gazetted on 13 April 2020, the AGM held in respect of the financial year ended 31 December 2021 ("FY2021 AGM") was held by way of electronic means on 28 April 2022. Unitholders were not able to attend the FY2021 AGM in person. Alternative arrangements were made for all unitholders to be able to participate in the FY2021 AGM by (a) watching the proceedings of the FY2021 AGM online through a "live" audio-visual webcast via a smartphone, tablet or computer, or listening to the proceedings through a "live" audio-only stream via a telephone; (b) submitting questions to the Chair of the FY2021 AGM in advance of the FY2021 AGM via a pre-registration website, email or by post, or during the FY2021 AGM via a 'live' online chat box; and (c) appointing the Chair of the FY2021 AGM as proxy to vote on their behalf at the FY2021 AGM. Unitholders were encouraged to ask questions in relation to APTT's business or resolutions that were tabled for approval. Responses to substantial and relevant questions from unitholders were posted on the websites of APTT and SGX-ST prior to the FY2021 AGM. Questions that were submitted 'live' via the chat box were addressed during the FY2021 AGM. Minutes of the meeting were published on the websites of APTT and SGX-ST within 30 days from the date of FY2021 AGM.

An independent party, Reliance 3P Advisory Pte Ltd, was appointed as scrutineer to count and validate the votes at the FY2021 AGM. The appointment of an independent scrutineer was disclosed during the FY2021 AGM proceedings and in the minutes of the FY2021 AGM. Detailed information of the vote results was published on the websites of APTT and SGX-ST after the FY2021 AGM.

General meetings of unitholders are convened at least once a year and unitholders are allowed to vote in person or via proxy. The AGM in respect of the financial year ended 31 December 2022 will be held by way of electronic means on 27 April 2023 (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chair of the AGM in advance of the AGM or during the AGM via an online chat box, addressing of substantial and relevant questions prior to and during the AGM, real-time electronic voting and voting by appointing the proxy(ies) or Chair of the AGM as proxy at the AGM.

In line with the cessation of the COVID Meeting Order on 1 July 2023, general meetings of unitholders from 1 July 2023 are expected to be held through physical means. 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" or using real-time electronic communication to unitholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are announced via SGXNet and posted on the websites of APTT and SGX-ST after the general meetings. The Trustee-Manager is not implementing absentia voting methods such as voting via mail, email 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, APTT tables separate resolutions at general meetings on each substantially distinct issue unless the issues are interdependent and linked so as to form one significant proposal, in line with the guidance under Provision 11.2 of the Code. Where the resolutions are "bundled", APTT explains the reasons and material implications in the notice of the meeting. The chairs 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.

# CORPORATE GOVERNANCE STATEMENT

All members of the Board attended the FY2021 AGM on 28 April 2022. Five Singapore-based directors and the Chief Financial Officer were present at the FY2021 AGM at the live recording venue, while the remaining two Taiwan-based directors participated in the FY2021 AGM proceedings via video conferencing. In line with the guidance under Provision 11.3 of the Code, the external auditor partner was also present at the FY2021 AGM live recording venue to address queries from the unitholders regarding the conduct of audit and the preparation and content of the auditor's report. No other unitholders' meeting was held during the year ended 31 December 2022.

Upon request, the Trustee-Manager avails the Trust Deed to unitholders, either via email or physical copy.

### Distribution/dividend policy

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.

APTT's distribution policy is to distribute 100% of its distributable free cash flows after (i) paying the operating expenses of the Trust, including the Trustee-Manager's fees, (ii) repaying principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust, (iii) paying interest or any other financing expense on any debt or financing arrangement of the Trust, (iv) providing 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) providing for the cash needs of the Trust for capital expenditure purposes.

In line with the guidance under Provision 11.6 of the Code, the Trustee-Manager regularly communicates APTT's distribution policy on payment of distributions to unitholders in its quarterly distribution announcements. In 2022, APTT made 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. Distributions are generally paid within five market days after the record date for each distribution, within the applicable deadlines set out in APTT's distribution policy. For 2023, distributions will be made on a half-yearly basis, with the relevant amounts calculated for the six-month period ending on 30 June and 31 December each year. Such distributions will be paid within five market days after the record date for each distribution.

### 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 is committed to keeping all stakeholders informed of APTT's performance and any updates in relation to its business which are likely to materially affect the APTT unit price.

### Timely disclosure of information

The Trustee-Manager provides 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 Listing Manual, 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 via SGXNet and/or media releases and posted on the websites of APTT and SGX-ST.

In line with the guidance under Provision 12.1 of the Code, the Trustee-Manager has developed an Investor Relations policy, including guidelines to solicit and understand the views of unitholders. The Investor Relations policy is published on APTT's website www.aptt.sg. The cornerstone of this policy is the delivery of timely and relevant information, including information on corporate developments, to unitholders, as well as an open two-way communication channel between the Trustee-Manager and its stakeholders. Financial and other information, including press releases and SGX-ST announcements are announced via SGXNet and posted on the websites of APTT and SGX-ST.

# CORPORATE GOVERNANCE STATEMENT

The Trustee-Manager provides unitholders with half-yearly and full year financial statements within the relevant periods prescribed by the Listing Manual. In addition to the announcement of half year and full year financial statements in 2022, in keeping with the Trustee-Managers' commitment to provide unitholders with information promptly, the Trustee-Manager also provided, on a voluntary basis, key financial information and business updates, including abridged financial statements, for the first quarter and third quarter of the financial year. Such quarterly updates contain, among other things, key operating metrics, analysis of financial performance, details of capital expenditure, outlook, and other material information. These statements were reviewed and approved by the Board prior to release to unitholders by announcement via SGXNet and made available on the websites of APTT and SGX-ST. The releases were accompanied by investor presentations which were made available on the websites of APTT and SGX-ST. In presenting the financial statements and key financial information and business updates to unitholders, the Board sought to provide unitholders with a balanced, clear and comprehensible assessment of APTT's performance, position and prospects.

In addition to the release of financial statements and key financial information and business updates, the Trustee-Manager keeps unitholders, stakeholders and analysts informed of its performance and changes in relation to TBC and its business on a timely basis which might materially affect the APTT unit price so as to assist unitholders in their investment decisions. Announcements are released via SGXNet and posted on the websites of APTT and SGX-ST, in compliance with regulatory reporting requirements.

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 12.1 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 from time to time.

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. APTT's Investor Relations policy, as published on APTT's website www.aptt.sg, 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. APTT also endeavours to address questions, if any, raised by the Securities Investors Association (Singapore), which promotes investor rights.

**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 briefing, which is held in the morning before market opens, immediately following the release of APTT's financial results and material business updates. An announcement via SGXNet is also posted every quarter and made available on the websites of APTT and SGX-ST to publicly invite unitholders to participate in the same briefing. 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 the websites of APTT and SGX-ST. 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 28 of this Annual Report.

# 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, and 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 results 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 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).

As a policy, the directors and officers of the Trustee-Manager are discouraged from trading on short-term considerations. Refer to page 66 of this Annual Report for directors' interests in APTT units.

## 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, with the objective of bringing to the Board different perspectives, experiences and competencies. 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, nationality, educational background, experience, skill, knowledge and independence and other relevant factors. 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 policy.

In this regard, the NC has been monitoring the implementation of this 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 experiences in the boardroom.

Gender diversity is taken into account in relation to the composition of the Board. Out of the seven 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. Moving forward, the NC and the Board will seek to improve the level of female representation on the Board and target to raise female representation on the Board to around 25% by 2026. In this regard, the NC will strive to ensure that:

(a) the brief shared with external search consultants to search for Board candidates, will include a requirement to also present female candidates;

(b) when seeking to identify a new director for appointment to the Board, the NC will request for female candidates to be fielded for consideration;

(c) female representation on the Board be continually improved over time based on the set objectives of the Board; and

(d) at least one female director serves on the NC.

In addition, there is a good diversity of backgrounds, skills, experience and competencies at the Board level. Therefore, the NC will strive to maintain the diversity-driven board capabilities and strengths when seeking to add new directors on the Board.

# CORPORATE GOVERNANCE STATEMENT

In order to ensure that APTT continues to be able to meet the challenges and demands of the markets in which APTT operates, the NC is focused on enhancing the diversity of skills, expertise and perspectives on the Board in a structured way by proactively mapping out APTT's Board composition needs over the short and medium term, recognising that the Board's needs will change over time. In this regard, the NC will continue to monitor the implementation of this policy and report annually, in the Corporate Governance Statement, on the Board's composition with respect to diversity. It will review this policy from time to time as appropriate, to ensure the effectiveness of this policy. The NC will also discuss any revisions that may be required to the policy, 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.

(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 appropriately. 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. Members of the Board facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.

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 fairly, on an arm's length basis and 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.

# CORPORATE GOVERNANCE STATEMENT

The Trustee-Manager has in place an internal control system to ensure that all 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 2022 are disclosed in Note 24(iv) and Note 30 of Financial Statements on page 125 and page 139 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 2022

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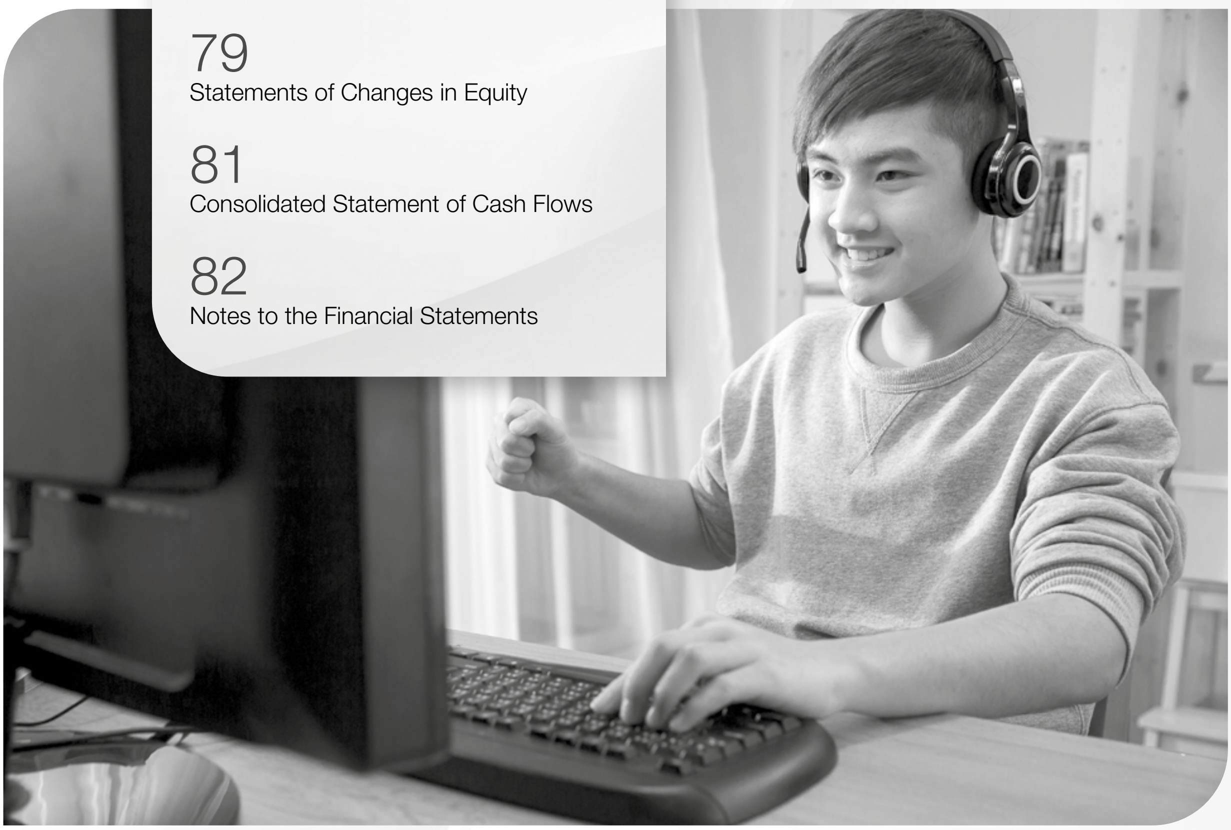

# REPORT OF THE TRUSTEE-MANAGER

The directors of APTT Management Pte. Limited, which is 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 2022.

## 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 Dai Yung Huei (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 2022 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 2004 (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] | 648,800 | 648,800 | 100,000 | 100,000 |
| Mr Leong Shin Loong | 2,225,000 | 2,225,000 | – | – |
| Ms Ong Joo Mien, Joanna | – | – | – | – |
| Mr Lu Fang-Ming[2] | 9,150,600 | 8,138,400 | 10,354,850 | 10,354,850 |
| Mr Dai Yung Huei[3] | – | – | 346,384,177[4] | 321,050,177 |
| Mr Brian McKinley | 3,000,000 | 2,200,000 | – | – |
| **Total** | **15,024,400** | **13,212,200** | **356,839,027** | **331,505,027** |

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

2 Deemed interest is held through units owned by APTT Management Pte. Limited, wholly owned by Dynami. Dynami is fully owned by Mr Lu Fang-Ming.

3 Deemed interest is held through units owned by Araedis Investment Pte. Ltd. ("Araedis").

4 Subsequent to year end until 21 January 2023, Mr Dai acquired additional deemed interest in 1,033,700 units purchased by Araedis. As at 21 January 2023, Mr Dai is deemed interested in 347,417,877 units owned by Araedis.

There were no changes in any of the above-mentioned interests in APTT, except as disclosed above, between the end of the year and 21 January 2023. None of the directors holding office at the end of the year had any interests in the shares of APTT's related corporations in 2022.

# REPORT OF THE TRUSTEE-MANAGER

## 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.

## 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

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 and the assurance from the Chief Executive Officer and 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 of Directors of the Trustee-Manager (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;

# REPORT OF THE TRUSTEE-MANAGER

(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;

(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, Chief Financial Officer and Taiwan Broadband Communications Group's ("TBC") Chairman, 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

8 March 2023

# 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 statement of financial position and statement of changes in equity of APTT as set out on pages 76 to 139 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 2022, 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 2004 (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, 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, as amended and restated by a First Amending and Restating Deed dated 28 April 2022;

(b) the interested person transactions entered into by the Group during the year ended 31 December 2022 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 2022 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

8 March 2023

# STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Business Trusts Act 2004, 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

8 March 2023

# 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 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 2022, 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 financial statements, including a summary of significant accounting policies, as set out on pages 76 to 139.

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 Business Trusts Act 2004 (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 2022 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 Singapore Standards on Auditing ("SSAs"). 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 23)** | |
| 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.<br><br>The revenue recognition policy is set out in Note 2(f) to the financial statements. | 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.<br><br>We also performed the following audit procedures:<br><br>(a) evaluated the design, implementation and operating effectiveness of the relevant controls over the subscription revenue;<br><br>(b) tested the manual reconciliation process to recognise revenue from collections received in advance to assess the accuracy and completeness of revenue;<br><br>(c) tested supporting evidence for manual journal entries posted monthly to revenue accounts to identify any unusual items; and<br><br>(d) performed substantive analytical procedures over subscription revenue. |

# 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)**<br><br>The assessment of indefinite useful lives of cable TV licences was significant to our audit due to:<br><br>(a) The quantitative significance, where the carrying amount of cable TV licences as at 31 December 2022 amounted to $2,299 million, which accounted for 85% of the Group's total assets; and<br><br>(b) The 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.<br><br>One key factor considered is that the cable TV licences are subject to renewal every nine years at no significant additional cost.<br><br>The Group's five cable TV system operators first obtained cable TV licences in 1999 and 2000 and they have most recently been renewed in 2020 and 2021. All five of TBC's cable TV licences will be due for renewal in 2029 or 2030.<br><br>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.<br><br>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:<br><br>(a) 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 and current year's renewal experiences of the Group and other major industry players, compliance with the conditions for licence renewal, and any other technical, legal and commercial factors; and<br><br>(b) 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.<br><br>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 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 8 and 7 respectively)** | |
| The Group performs the impairment assessment of property, plant and equipment together with the annual impairment assessment of goodwill and cable TV licences.<br><br>This assessment of impairment was significant to our audit due to:<br><br>(a) The quantitative significance, where the carrying amount of goodwill, cable TV licences and property, plant and equipment as at 31 December 2022, amounted to $8 million, $2,299 million and $234 million respectively, totaling 94% of the Group's total assets; and<br><br>(b) The 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 as well as the discount rate applied in the discounted cash flow model.<br><br>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(n)(i) and 2(n)(ii) to the financial statements respectively. | Our audit procedures included, among others:<br><br>(a) We tested the design and implementation of key controls surrounding the Group's impairment assessment process;<br><br>(b) We challenged the assumptions used in the forecasts prepared by the Trustee-Manager, evaluated recent performance, and carried out trend analysis in particular those relating to forecast revenue growth, capital expenditure, EBITDA and EBITDA margin, comparing these against those achieved historically; and<br><br>(c) We used our internal valuation specialists, who evaluated the methodology and independently developed expectations of key assumptions such as discount rate and terminal value, comparing the independent expectations to those used by the Trustee-Manager.<br><br>The key assumptions used in the forecasts were within a reasonable range of our expectations.<br><br>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 financial statements. |

# INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

**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 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.

**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 SSAs 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 SSAs, 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

(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.

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 Ms Lim Bee Hui.

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

Singapore, 8 March 2023

# STATEMENTS OF FINANCIAL POSITION

| Amounts in $'000 | Note | Group as at 31 December 2022 | Group as at 31 December 2021 | Trust as at 31 December 2022 | Trust as at 31 December 2021 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 4 | 118,860 | 124,664 | 5,945 | 6,298 |
| Trade and other receivables | 5 | 13,180 | 16,089 | – | – |
| Derivative financial instruments | 9 | 4,393 | 231 | 4,393 | 231 |
| Contract costs | 10 | 884 | 1,199 | – | – |
| Other assets | 11 | 1,263 | 1,161 | 62 | 76 |
| | | **138,580** | **143,344** | **10,400** | **6,605** |
| **Non-current assets** | | | | | |
| Investment in subsidiaries | 6 | – | – | 1,387,351 | 1,387,351 |
| Property, plant and equipment | 7 | 234,274 | 292,493 | – | – |
| Intangible assets | 8 | 2,315,258 | 2,584,991 | – | – |
| Derivative financial instruments | 9 | 11,276 | 60 | 665 | 60 |
| Contract costs | 10 | 262 | 376 | – | – |
| Other assets | 11 | 1,263 | 1,308 | 7 | 2 |
| | | **2,562,333** | **2,879,228** | **1,388,023** | **1,387,413** |
| **Total assets** | | **2,700,913** | **3,022,572** | **1,398,423** | **1,394,018** |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Borrowings from financial institutions | 12 | 72,974 | 58,395 | – | – |
| Derivative financial instruments | 9 | – | 111 | – | 111 |
| Trade and other payables | 13 | 51,269 | 53,510 | 3,710 | 3,710 |
| Contract liabilities | 14 | 32,907 | 37,351 | – | – |
| Retirement benefit obligations | 15 | 1,374 | 1,523 | – | – |
| Income tax payable | 25 | 6,179 | 5,970 | – | – |
| Other liabilities | 17 | 23,637 | 24,091 | 298 | 230 |
| | | **188,340** | **180,951** | **4,008** | **4,051** |
| **Non-current liabilities** | | | | | |
| Borrowings from financial institutions | 12 | 1,243,397 | 1,455,097 | – | – |
| Derivative financial instruments | 9 | – | 43 | – | 43 |
| Retirement benefit obligations | 15 | 3,720 | 9,142 | – | – |
| Deferred tax liabilities | 16 | 102,348 | 107,194 | – | – |
| Other liabilities | 17 | 24,204 | 27,343 | – | – |
| | | **1,373,669** | **1,598,819** | **–** | **43** |
| **Total liabilities** | | **1,562,009** | **1,779,770** | **4,008** | **4,094** |
| **Net assets** | | **1,138,904** | **1,242,802** | **1,394,415** | **1,389,924** |
| **Equity** | | | | | |
| Unitholders' funds | 18 | 1,389,351 | 1,389,351 | 1,389,351 | 1,389,351 |
| Reserves | 19 | 92,687 | 220,247 | – | – |
| Accumulated (deficit)/surplus | 20 | (345,252) | (369,203) | 5,064 | 573 |
| **Equity attributable to unitholders of APTT** | | **1,136,786** | **1,240,395** | **1,394,415** | **1,389,924** |
| Non-controlling interests | 21 | 2,118 | 2,407 | – | – |
| **Total equity** | | **1,138,904** | **1,242,802** | **1,394,415** | **1,389,924** |

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| Group | Note | Year ended 31 December | |
|---|---|---|---|
| **Amounts in $'000** | | **2022** | **2021** |
| **Revenue** | | | |
| Basic cable TV | 23(i) | 210,007 | 229,481 |
| Premium digital cable TV | 23(ii) | 11,607 | 12,806 |
| Broadband | 23(iii) | 64,350 | 57,458 |
| **Total revenue** | | **285,964** | **299,745** |
| **Operating expenses** | | | |
| Broadcast and production costs | 24(i) | (55,628) | (57,566) |
| Staff costs | 24(ii) | (25,822) | (28,088) |
| Depreciation and amortisation expense | 24(iii) | (69,812) | (86,592) |
| Trustee-Manager fees | 24(iv) | (7,359) | (7,359) |
| Net foreign exchange (loss)/gain | 24(v) | (949) | 682 |
| Mark to market gain/(loss) on derivative financial instruments | 24(vi) | 8,695 | (11) |
| Other operating expenses | 24(vii) | (28,478) | (23,627) |
| **Total operating expenses** | | **(179,353)** | **(202,561)** |
| **Operating profit** | | **106,611** | **97,184** |
| Amortisation of deferred arrangement fees | 24(viii) | (3,263) | (16,080) |
| Interest and other finance costs | 24(ix) | (42,664) | (46,396) |
| **Profit before income tax** | | **60,684** | **34,708** |
| Income tax expense | 25 | (15,181) | (14,457) |
| **Profit after income tax** | | **45,503** | **20,251** |
| **Profit after income tax attributable to:** | | | |
| Unitholders of APTT | | 45,253 | 19,913 |
| Non-controlling interests | | 250 | 338 |
| **Profit after income tax** | | **45,503** | **20,251** |
| **Basic and diluted earnings per unit attributable to unitholders of APTT (cents)** | 31 | **2.51** | **1.10** |

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| **Profit after income tax** | **45,503** | **20,251** |
| **Other comprehensive (loss)/income** | | |
| **Items that will not subsequently be reclassified to profit or loss:** | | |
| Remeasurement of defined benefit obligations | 4,110 | 143 |
| | **4,110** | **143** |
| **Items that may subsequently be reclassified to profit or loss:** | | |
| Exchange differences on translation of foreign operations | (144,441) | 46,276 |
| Movement on change in fair value of cash flow hedging financial instruments | 11,916 | 3,460 |
| Deferred tax relating to items that may subsequently be reclassified to profit or loss | (2,383) | (892) |
| | **(134,908)** | **48,844** |
| **Other comprehensive (loss)/income, net of tax** | **(130,798)** | **48,987** |
| **Total comprehensive (loss)/income** | **(85,295)** | **69,238** |
| | | |
| **Total comprehensive (loss)/income attributable to:** | | |
| Unitholders of APTT | (85,545) | 68,900 |
| Non-controlling interests | 250 | 338 |
| **Total comprehensive (loss)/income** | **(85,295)** | **69,238** |

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

# STATEMENTS OF CHANGES IN EQUITY

| Group<br>Amounts in $'000 | Unitholders' funds | Reserves | Accumulated deficit | Equity attributable to unitholders of APTT | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2022** | **1,389,351** | **220,247** | **(369,203)** | **1,240,395** | **2,407** | **1,242,802** |
| Total comprehensive (loss)/income | | | | | | |
| Profit after income tax | – | – | 45,253 | 45,253 | 250 | 45,503 |
| Other comprehensive loss, net of tax | – | (130,798) | – | (130,798) | – | (130,798) |
| **Total** | **–** | **(130,798)** | **45,253** | **(85,545)** | **250** | **(85,295)** |
| Transactions with unitholders, recognised directly in equity | | | | | | |
| Settlement of transactions with non-controlling interests (Note 21) | – | – | – | – | (365) | (365) |
| Transfer to capital reserves (Note 19(iv)) | – | 3,238 | (3,238) | – | – | – |
| Distributions paid (Notes 20 and 21) | – | – | (18,064) | (18,064) | (174) | (18,238) |
| **Total** | **–** | **3,238** | **(21,302)** | **(18,064)** | **(539)** | **(18,603)** |
| **Balance as at 31 December 2022** | **1,389,351** | **92,687** | **(345,252)** | **1,136,786** | **2,118** | **1,138,904** |
| | | | | | | |
| **Balance as at 1 January 2021** | **1,389,351** | **166,927** | **(366,719)** | **1,189,559** | **2,334** | **1,191,893** |
| Total comprehensive income | | | | | | |
| Profit after income tax | – | – | 19,913 | 19,913 | 338 | 20,251 |
| Other comprehensive income, net of tax | – | 48,987 | – | 48,987 | – | 48,987 |
| **Total** | **–** | **48,987** | **19,913** | **68,900** | **338** | **69,238** |
| Transactions with unitholders, recognised directly in equity | | | | | | |
| Settlement of transactions with non-controlling interests (Note 21) | – | – | – | – | (115) | (115) |
| Transfer to capital reserves (Note 19(iv)) | – | 4,333 | (4,333) | – | – | – |
| Distributions paid (Notes 20 and 21) | – | – | (18,064) | (18,064) | (150) | (18,214) |
| **Total** | **–** | **4,333** | **(22,397)** | **(18,064)** | **(265)** | **(18,329)** |
| **Balance as at 31 December 2021** | **1,389,351** | **220,247** | **(369,203)** | **1,240,395** | **2,407** | **1,242,802** |

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

# STATEMENTS OF CHANGES IN EQUITY

| Trust<br>Amounts in $'000 | Unitholders' funds | Accumulated surplus/(deficit) | Total equity |
|---|---|---|---|
| **Balance as at 1 January 2022** | **1,389,351** | **573** | **1,389,924** |
| Total comprehensive income | | | |
| Profit after income tax | – | 22,555 | 22,555 |
| **Total** | **–** | **22,555** | **22,555** |
| Transactions with unitholders, recognised directly in equity | | | |
| Distributions paid (Note 20) | – | (18,064) | (18,064) |
| **Total** | **–** | **(18,064)** | **(18,064)** |
| **Balance as at 31 December 2022** | **1,389,351** | **5,064** | **1,394,415** |
| | | | |
| **Balance as at 1 January 2021** | **1,389,351** | **(2,988)** | **1,386,363** |
| Total comprehensive income | | | |
| Profit after income tax | – | 21,625 | 21,625 |
| **Total** | **–** | **21,625** | **21,625** |
| Transactions with unitholders, recognised directly in equity | | | |
| Distributions paid (Note 20) | – | (18,064) | (18,064) |
| **Total** | **–** | **(18,064)** | **(18,064)** |
| **Balance as at 31 December 2021** | **1,389,351** | **573** | **1,389,924** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| **Operating activities** | | |
| **Profit after income tax** | **45,503** | **20,251** |
| Adjustments for: | | |
| Depreciation and amortisation expense | 69,812 | 86,592 |
| Net foreign exchange loss/(gain) | 3,634 | (1,765) |
| Loss on disposal of property, plant and equipment | 4 | – |
| Gain on lease modification | (2) | (18) |
| Mark to market (gain)/loss on derivative financial instruments | (8,695) | 11 |
| Amortisation of deferred arrangement fees | 3,263 | 16,080 |
| Interest and other finance costs | 42,664 | 46,396 |
| Income tax expense | 15,181 | 14,457 |
| **Operating cash flows before movements in working capital** | **171,364** | **182,004** |
| Trade and other receivables | 2,909 | (1,660) |
| Trade and other payables | (2,241) | 29,960 |
| Contract costs | 429 | (107) |
| Contract liabilities | (4,444) | 3,402 |
| Retirement benefit obligations | (1,461) | (527) |
| Other assets | (57) | 14 |
| Other liabilities | (1,608) | 1,114 |
| **Cash generated from operations** | **164,891** | **214,200** |
| Income tax paid, net of refunds | (11,011) | (10,066) |
| Interest paid on lease liabilities (Note 12) | (137) | (198) |
| **Net cash inflows from operating activities** | **153,743** | **203,936** |
| | | |
| **Investing activities** | | |
| Acquisition of property, plant and equipment | (33,682) | (29,470) |
| Proceeds from disposal of property, plant and equipment | – | 338 |
| Acquisition of intangible assets | (2,412) | (4,642) |
| **Net cash used in investing activities** | **(36,094)** | **(33,774)** |
| | | |
| **Financing activities** | | |
| Interest and other finance costs paid (Note 12) | (43,737) | (46,198) |
| Borrowings from financial institutions (Note 12) | 25,266 | 8,996 |
| Repayment of borrowings to financial institutions (Note 12) | (87,615) | (83,605) |
| Settlement of lease liabilities (Note 12) | (2,538) | (2,639) |
| Settlement of derivative financial instruments (Note 12) | 3,774 | (719) |
| Settlement of transactions with non-controlling interests | (365) | (115) |
| Distributions to non-controlling interests | (174) | (150) |
| Distributions to unitholders | (18,064) | (18,064) |
| **Net cash used in financing activities** | **(123,453)** | **(142,494)** |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | **(5,804)** | **27,668** |
| Cash and cash equivalents at the beginning of the year | 124,664 | 96,996 |
| **Cash and cash equivalents at the end of the year (Note 4)** | **118,860** | **124,664** |

The above consolidated statement 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 the Singapore Business Trusts Act 2004 ("BTA"). APTT is managed by APTT Management Pte. Limited (the "Trustee-Manager"). The Trustee-Manger is a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami") which is a Singapore-incorporated company fully owned by Mr Lu Fang-Ming, the former 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 financial statements of the Group and the statement of financial position and statement of changes in equity of APTT for the year ended 31 December 2022 were authorised for issue by the Board of Directors of the Trustee-Manager (the "Board") on 8 March 2023.

## (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 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 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 dollars 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 26(ii)(c). The Group therefore continues to adopt the going concern basis in preparing its financial statements.

**Adoption of new and revised standards**

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 2022. 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.

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:

Effective for annual periods beginning on or after 1 January 2023

- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to IAS 8: *Definition of Accounting Estimates*
- Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective for annual periods beginning on or after 1 January 2024

- Amendment to IAS 1: *Classification of Liabilities as Current or Non-current*

Effective date is deferred indefinitely

- Amendment to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*

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 statement 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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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 statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. 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 transaction and 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 consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Trust are presented in Singapore dollars, which is APTT's functional currency and presentation currency for the consolidated financial statements.

#### (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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

**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 mostly comprised 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. For the year ended 31 December 2022, distributions are made on a quarterly basis, with the amount calculated for the three-month period ending on 31 March, 30 June, 30 September and 31 December, and paid no later than 90 days after the end of each distribution period. For distribution periods after 31 December 2022, distributions will be made on a half-yearly basis, with the amount calculated for the six-month period ending on 30 June and 31 December each year. The Trustee-Manager will pay the distribution no later than 92 days after the end of each distribution period.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

**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.

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

**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, 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.

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

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

Interest income is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

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

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("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 26(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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

**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.

**Definition of default**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

**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 asset's 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

**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.

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 a financial instrument that includes a prepayment option at par, with no break cost, the original financial instrument is derecognised, including any unamortised transaction costs, and the new instrument is recognised at fair value.

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

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

**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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

**Cash flow hedges** (continued)

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 statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks and are subject to an insignificant risk of changes in value.

### (k) Property, plant and equipment

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

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

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

- Buildings 3-50 years
- Leasehold improvements 3-10 years
- Network equipment 2-10 years
- Transport equipment 5 years
- Plant and equipment 2-5 years
- Right-of-use assets 2-30 years

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

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Property, plant and equipment (continued)

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

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

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

### (l) Leases

**The Group as lessee**

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.

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 based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

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

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Leases (continued)

**The Group as lessee** (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease rentals received 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.

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. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### (m) Intangible assets

#### (i) Intangible assets acquired separately

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Intangible assets (continued)

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

**Cable TV licences**

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

Under the provisions of Cable Radio and Television Act of Taiwan (the "CRTA"), the National Communications Commission of Taiwan ("NCC") or a 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's five cable TV system operators first obtained cable TV licences in 1999 and 2000 and they have most recently been renewed in 2020 and 2021. All five of TBC's cable TV licences will be due for renewal in 2029 or 2030. Unless there is a significant risk of an offence against the CRTA or a breach of conditions under the licence, there is no reason to believe that the licences will not be renewed. Further, the lives of the cable TV licences are not limited by any other technical, legal or commercial factors, either known or anticipated.

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

**Software**

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

**Programming rights**

Costs incurred in acquiring programming rights, with a broadcasting period of more than one year, are brought to account as intangible assets. Programming rights are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life of 50 to 54 months.

**Goodwill**

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

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

#### (iii) Derecognition of intangible assets

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

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Impairment of non-financial 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.

CGU to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

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.

#### (ii) Impairment of intangible assets with finite useful life and property, plant and equipment

At each reporting date, the Group reviews the carrying amounts of its intangible asset with finite useful life and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### (r) Share-based payment transactions

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

### (s) Borrowings and interest-bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement 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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

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 net profit as reported in the profit or loss 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 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.

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 is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## (2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (u) Income tax (continued)

**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 at no or a lower consideration in relation to dilutive potential ordinary units.

## (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's 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's five cable TV system operators first obtained cable TV licences in 1999 and 2000 and they have most recently been renewed in 2020 and 2021. All five of TBC's cable TV licences will be due for renewal in 2029 or 2030. Unless there is a significant risk of a violation of CRTA or a breach of the conditions of any of the licences, there is no reason to believe that 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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### (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 seven-year discounted cash flow model using forecast cash flows generated by the Group with an appropriate revenue growth rate, discount rate and a suitable terminal growth 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 $2,306.2 million as at 31 December 2022 (31 December 2021: $2,572.1 million).

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

As at 31 December 2022, the carrying value of property, plant and equipment was $234.3 million (31 December 2021: $292.5 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. There is no impairment of property, plant and equipment identified during the financial year.

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 reflect the Trustee-Manager's estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable assets.

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** | **2022** | **2021** | **2022** | **2021** |
| Cash on hand | 45 | 48 | – | – |
| Cash at bank | 118,815 | 124,616 | 5,945 | 6,298 |
| **Total** | **118,860** | **124,664** | **5,945** | **6,298** |

The currency denomination and exposure to currency risk of cash and cash equivalents are disclosed in Note 26(ii)(a).

# NOTES TO THE FINANCIAL STATEMENTS

## (5) TRADE AND OTHER RECEIVABLES

| Amounts in $'000 | Group as at 31 December | | Trust as at 31 December | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Trade receivables due from outside parties | 13,180 | 16,121 | – | – |
| Less: Loss allowance | – | (32) | – | – |
| **Total** | **13,180** | **16,089** | **–** | **–** |

**Analysis of trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 days credit term (31 December 2021: 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 26(ii)(a) and Note 26(ii)(b) respectively.

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 2021** | **–** | **31** | **31** |
| Foreign exchange effect | – | 1 | 1 |
| **Balance as at 31 December 2021** | **–** | **32** | **32** |
| Amounts written-off | – | (32) | (32) |
| **Balance as at 31 December 2022** | **–** | **–** | **–** |

# NOTES TO THE FINANCIAL STATEMENTS

## (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 | | | 2022 | 2021 | 2022 | 2021 |
| APTT Holdings 1 Limited | Investment holding company | Bermuda | 100 | 100 | 728,359 | 728,359 |
| APTT Holdings 2 Limited | Investment holding company | Bermuda | 100 | 100 | 658,992 | 658,992 |
| **Total** | | | | | **1,387,351** | **1,387,351** |

The following entities were within the Group as at 31 December 2022:

| 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 Taoyuan Cable TV Co., Ltd. | Subsidiary | A cable TV system operator | Taiwan | 59.3% | 100% | 31 December |
| Best Cable TV Co., Ltd. | Subsidiary | A cable TV system operator | Taiwan | 59.3% | 100% | 31 December |
| Shin Ho Cable TV 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 2022 included right-of-use assets. The right-of-use assets have lease terms of 2 to 30 years.

| **Group Cost Amounts in $'000** | **As at 1 January 2022** | **Additions** | **Transfer within PPE** | **Disposals/ write-offs** | **Foreign exchange effect** | **As at 31 December 2022** |
|---|---|---|---|---|---|---|
| Land | 5,156 | – | 705 | – | (543) | 5,318 |
| Buildings | 13,931 | – | 198 | – | (1,448) | 12,681 |
| Leasehold improvements | 7,141 | – | 11 | – | (738) | 6,414 |
| Network equipment | 681,489 | 4,572 | 28,149 | (27,239) | (69,961) | 617,010 |
| Plant and equipment | 34,841 | – | 786 | (2,997) | (3,581) | 29,049 |
| Transport equipment | 3,261 | – | – | – | (338) | 2,923 |
| Assets under construction | 9,820 | 29,109 | (29,849) | – | (962) | 8,118 |
| | **755,639** | **33,681** | **–** | **(30,236)** | **(77,571)** | **681,513** |
| **Right-of-use assets** | | | | | | |
| Land | 1,213 | – | – | (33) | (123) | 1,057 |
| Buildings | 7,685 | 1,135 | – | (2,217) | (777) | 5,826 |
| Plant and equipment | 88 | – | – | – | (9) | 79 |
| Transport equipment | 5,084 | 80 | – | (144) | (522) | 4,498 |
| | **14,070** | **1,215** | **–** | **(2,394)** | **(1,431)** | **11,460** |
| **Total** | **769,709** | **34,896** | **–** | **(32,630)** | **(79,002)** | **692,973** |

| **Group Cost Amounts in $'000** | **As at 1 January 2021** | **Additions** | **Transfer within PPE** | **Disposals/ write-offs** | **Foreign exchange effect** | **As at 31 December 2021** |
|---|---|---|---|---|---|---|
| Land | 4,989 | – | – | – | 167 | 5,156 |
| Buildings | 13,473 | – | 6 | – | 452 | 13,931 |
| Leasehold improvements | 6,819 | – | 92 | – | 230 | 7,141 |
| Network equipment | 662,903 | 1,772 | 28,960 | (34,078) | 21,932 | 681,489 |
| Plant and equipment | 33,551 | – | 212 | (46) | 1,124 | 34,841 |
| Transport equipment | 3,812 | – | – | (680) | 129 | 3,261 |
| Assets under construction | 11,040 | 27,688 | (29,270) | – | 362 | 9,820 |
| | **736,587** | **29,460** | **–** | **(34,804)** | **24,396** | **755,639** |
| **Right-of-use assets** | | | | | | |
| Land | 1,088 | 259 | – | (175) | 41 | 1,213 |
| Buildings | 10,005 | 245 | – | (2,833) | 268 | 7,685 |
| Plant and equipment | 85 | – | – | – | 3 | 88 |
| Transport equipment | 4,920 | – | – | – | 164 | 5,084 |
| | **16,098** | **504** | **–** | **(3,008)** | **476** | **14,070** |
| **Total** | **752,685** | **29,964** | **–** | **(37,812)** | **24,872** | **769,709** |

| **Trust Cost Amounts in $'000** | **As at 1 January 2022** | **Additions** | **Transfer within PPE** | **Disposals/ write-offs** | **Foreign exchange effect** | **As at 31 December 2022** |
|---|---|---|---|---|---|---|
| Leasehold improvements | 3 | – | – | – | – | 3 |
| Plant and equipment | 54 | – | – | – | – | 54 |
| **Total** | **57** | **–** | **–** | **–** | **–** | **57** |

| **Trust Cost Amounts in $'000** | **As at 1 January 2021** | **Additions** | **Transfer within PPE** | **Disposals/ write-offs** | **Foreign exchange effect** | **As at 31 December 2021** |
|---|---|---|---|---|---|---|
| Leasehold improvements | 3 | – | – | – | – | 3 |
| Plant and equipment | 54 | – | – | – | – | 54 |
| **Total** | **57** | **–** | **–** | **–** | **–** | **57** |

# NOTES TO THE FINANCIAL STATEMENTS

## (7) PROPERTY, PLANT AND EQUIPMENT (continued)

| Group<br>Accumulated depreciation and impairment<br>Amounts in $'000 | As at 1 January 2022 | Depreciation and impairment | Transfer within PPE | Disposals/ write-offs | Foreign exchange effect | As at 31 December 2022 |
|---|---|---|---|---|---|---|
| Land | (73) | – | – | – | 8 | (65) |
| Buildings | (9,942) | (1,138) | – | – | 1,099 | (9,981) |
| Leasehold improvements | (5,584) | (943) | – | – | 644 | (5,883) |
| Network equipment | (424,871) | (55,497) | – | 27,239 | 44,829 | (408,300) |
| Plant and equipment | (24,056) | (4,098) | – | 2,993 | 2,680 | (22,481) |
| Transport equipment | (3,152) | (36) | – | – | 329 | (2,859) |
| Assets under construction | (2,288) | (508) | – | – | 242 | (2,554) |
| | **(469,966)** | **(62,220)** | **–** | **30,232** | **49,831** | **(452,123)** |
| **Right-of-use assets** | | | | | | |
| Land | (772) | (277) | – | 8 | 96 | (945) |
| Buildings | (3,822) | (1,266) | – | 2,217 | 414 | (2,457) |
| Plant and equipment | (39) | (28) | – | – | 5 | (62) |
| Transport equipment | (2,617) | (956) | – | 144 | 317 | (3,112) |
| | **(7,250)** | **(2,527)** | **–** | **2,369** | **832** | **(6,576)** |
| **Total** | **(477,216)** | **(64,747)** | **–** | **32,601** | **50,663** | **(458,699)** |

| Group<br>Accumulated depreciation and impairment<br>Amounts in $'000 | As at 1 January 2021 | Depreciation and impairment | Transfer within PPE | Disposals/ write-offs | Foreign exchange effect | As at 31 December 2021 |
|---|---|---|---|---|---|---|
| Land | (71) | – | – | – | (2) | (73) |
| Buildings | (7,734) | (1,921) | – | – | (287) | (9,942) |
| Leasehold improvements | (3,976) | (1,456) | – | – | (152) | (5,584) |
| Network equipment | (382,247) | (63,436) | – | 33,749 | (12,937) | (424,871) |
| Plant and equipment | (18,195) | (5,231) | – | 42 | (672) | (24,056) |
| Transport equipment | (3,451) | (260) | – | 680 | (121) | (3,152) |
| Assets under construction | (1,201) | (1,049) | – | – | (38) | (2,288) |
| | **(416,875)** | **(73,353)** | **–** | **34,471** | **(14,209)** | **(469,966)** |
| **Right-of-use assets** | | | | | | |
| Land | (596) | (303) | – | 147 | (20) | (772) |
| Buildings | (3,163) | (1,322) | – | 765 | (102) | (3,822) |
| Plant and equipment | (10) | (29) | – | – | – | (39) |
| Transport equipment | (1,551) | (1,003) | – | – | (63) | (2,617) |
| | **(5,320)** | **(2,657)** | **–** | **912** | **(185)** | **(7,250)** |
| **Total** | **(422,195)** | **(76,010)** | **–** | **35,383** | **(14,394)** | **(477,216)** |

| Trust<br>Accumulated depreciation and impairment<br>Amounts in $'000 | As at 1 January 2022 | Depreciation and impairment | Transfer within PPE | Disposals/ write-offs | Foreign exchange effect | As at 31 December 2022 |
|---|---|---|---|---|---|---|
| Leasehold improvements | (3) | – | – | – | – | (3) |
| Plant and equipment | (54) | – | – | – | – | (54) |
| **Total** | **(57)** | **–** | **–** | **–** | **–** | **(57)** |

| Trust<br>Accumulated depreciation and impairment<br>Amounts in $'000 | As at 1 January 2021 | Depreciation and impairment | Transfer within PPE | Disposals/ write-offs | Foreign exchange effect | As at 31 December 2021 |
|---|---|---|---|---|---|---|
| Leasehold improvements | (3) | – | – | – | – | (3) |
| Plant and equipment | (52) | (2) | – | – | – | (54) |
| **Total** | **(55)** | **(2)** | **–** | **–** | **–** | **(57)** |

# NOTES TO THE FINANCIAL STATEMENTS

## (7) PROPERTY, PLANT AND EQUIPMENT (continued)

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

| Group<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2022 | Additions | Transfer within PPE | Disposals/ write-offs | Depreciation and impairment | Foreign exchange effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|---|---|
| Land | 5,083 | – | 705 | – | – | (535) | 5,253 |
| Buildings | 3,989 | – | 198 | – | (1,138) | (349) | 2,700 |
| Leasehold improvements | 1,557 | – | 11 | – | (943) | (94) | 531 |
| Network equipment | 256,618 | 4,572 | 28,149 | – | (55,497) | (25,132) | 208,710 |
| Plant and equipment | 10,785 | – | 786 | (4) | (4,098) | (901) | 6,568 |
| Transport equipment | 109 | – | – | – | (36) | (9) | 64 |
| Assets under construction | 7,532 | 29,109 | (29,849) | – | (508) | (720) | 5,564 |
| | **285,673** | **33,681** | **–** | **(4)** | **(62,220)** | **(27,740)** | **229,390** |
| **Right-of-use assets** | | | | | | | |
| Land | 441 | – | – | (25) | (277) | (27) | 112 |
| Buildings | 3,863 | 1,135 | – | – | (1,266) | (363) | 3,369 |
| Plant and equipment | 49 | – | – | – | (28) | (4) | 17 |
| Transport equipment | 2,467 | 80 | – | – | (956) | (205) | 1,386 |
| | **6,820** | **1,215** | **–** | **(25)** | **(2,527)** | **(599)** | **4,884** |
| **Total** | **292,493** | **34,896** | **–** | **(29)** | **(64,747)** | **(28,339)** | **234,274** |

| Group<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2021 | Additions | Transfer within PPE | Disposals/ write-offs | Depreciation and impairment | Foreign exchange effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|---|---|
| Land | 4,918 | – | – | – | – | 165 | 5,083 |
| Buildings | 5,739 | – | 6 | – | (1,921) | 165 | 3,989 |
| Leasehold improvements | 2,843 | – | 92 | – | (1,456) | 78 | 1,557 |
| Network equipment | 280,656 | 1,772 | 28,960 | (329) | (63,436) | 8,995 | 256,618 |
| Plant and equipment | 15,356 | – | 212 | (4) | (5,231) | 452 | 10,785 |
| Transport equipment | 361 | – | – | – | (260) | 8 | 109 |
| Assets under construction | 9,839 | 27,688 | (29,270) | – | (1,049) | 324 | 7,532 |
| | **319,712** | **29,460** | **–** | **(333)** | **(73,353)** | **10,187** | **285,673** |
| **Right-of-use assets** | | | | | | | |
| Land | 492 | 259 | – | (28) | (303) | 21 | 441 |
| Buildings | 6,842 | 245 | – | (2,068) | (1,322) | 166 | 3,863 |
| Plant and equipment | 75 | – | – | – | (29) | 3 | 49 |
| Transport equipment | 3,369 | – | – | – | (1,003) | 101 | 2,467 |
| | **10,778** | **504** | **–** | **(2,096)** | **(2,657)** | **291** | **6,820** |
| **Total** | **330,490** | **29,964** | **–** | **(2,429)** | **(76,010)** | **10,478** | **292,493** |

| Trust<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2022 | Additions | Transfer within PPE | Disposals/ write-offs | Depreciation and impairment | Foreign exchange effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|---|---|
| Leasehold improvements | – | – | – | – | – | – | – |
| Plant and equipment | – | – | – | – | – | – | – |
| **Total** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |

| Trust<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2021 | Additions | Transfer within PPE | Disposals/ write-offs | Depreciation and impairment | Foreign exchange effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|---|---|
| Leasehold improvements | – | – | – | – | – | – | – |
| Plant and equipment | 2 | – | – | – | (2) | – | – |
| **Total** | **2** | **–** | **–** | **–** | **(2)** | **–** | **–** |

# NOTES TO THE FINANCIAL STATEMENTS

## (7) PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2022, the Group has pledged property, plant and equipment having carrying amounts of $221.4 million (31 December 2021: $272.6 million) to secure debt facilities granted to the Group (Note 12).

During the year ended 31 December 2022, the Group acquired property, plant and equipment with an aggregate cost of $33.7 million (31 December 2021: $29.5 million) of which $3.4 million remained unpaid as at 31 December 2022 (31 December 2021: $3.8 million). In addition, property, plant and equipment with an aggregate cost of $3.8 million, unpaid as at 31 December 2021, was paid during the year (31 December 2021: $3.7 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 for impairment annually or more frequently if there are indications that goodwill might be impaired.

| Group<br>Cost<br>Amounts in $'000 | As at<br>1 January<br>2022 | Additions | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|
| Cable TV licences | 2,563,652 | – | – | (265,055) | 2,298,597 |
| Software | 14,080 | 2,392 | (6,834) | (887) | 8,751 |
| Programming rights | 21,645 | – | – | (2,238) | 19,407 |
| Goodwill | 8,478 | – | – | (877) | 7,601 |
| **Total** | **2,607,855** | **2,392** | **(6,834)** | **(269,057)** | **2,334,356** |

| Group<br>Cost<br>Amounts in $'000 | As at<br>1 January<br>2021 | Additions | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|
| Cable TV licences | 2,480,443 | – | – | 83,209 | 2,563,652 |
| Software | 15,014 | 2,088 | (3,464) | 442 | 14,080 |
| Programming rights | 26,958 | – | (6,059) | 746 | 21,645 |
| Goodwill | 8,202 | – | – | 276 | 8,478 |
| **Total** | **2,530,617** | **2,088** | **(9,523)** | **84,673** | **2,607,855** |

# NOTES TO THE FINANCIAL STATEMENTS

## (8) INTANGIBLE ASSETS (continued)

| Trust<br>Cost<br>Amounts in $'000 | As at<br>1 January<br>2022 | Additions | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|
| Software | 35 | – | – | – | 35 |
| **Total** | **35** | **–** | **–** | **–** | **35** |

| Trust<br>Cost<br>Amounts in $'000 | As at<br>1 January<br>2021 | Additions | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|
| Software | 35 | – | – | – | 35 |
| **Total** | **35** | **–** | **–** | **–** | **35** |

| Group<br>Accumulated amortisation<br>Amounts in $'000 | As at<br>1 January<br>2022 | Amortisation | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|
| Cable TV licences | – | – | – | – | – |
| Software | (10,037) | (2,268) | 6,834 | 509 | (4,962) |
| Programming rights | (12,827) | (2,797) | – | 1,488 | (14,136) |
| Goodwill | – | – | – | – | – |
| **Total** | **(22,864)** | **(5,065)** | **6,834** | **1,997** | **(19,098)** |

| Group<br>Accumulated amortisation<br>Amounts in $'000 | As at<br>1 January<br>2021 | Amortisation | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|
| Cable TV licences | – | – | – | – | – |
| Software | (10,980) | (2,217) | 3,464 | (304) | (10,037) |
| Programming rights | (10,161) | (8,365) | 6,059 | (360) | (12,827) |
| Goodwill | – | – | – | – | – |
| **Total** | **(21,141)** | **(10,582)** | **9,523** | **(664)** | **(22,864)** |

| Trust<br>Accumulated amortisation<br>Amounts in $'000 | As at<br>1 January<br>2022 | Amortisation | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|
| Software | (35) | – | – | – | (35) |
| **Total** | **(35)** | **–** | **–** | **–** | **(35)** |

| Trust<br>Accumulated amortisation<br>Amounts in $'000 | As at<br>1 January<br>2021 | Amortisation | Disposals/<br>write-offs | Foreign<br>exchange<br>effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|
| Software | (35) | – | – | – | (35) |
| **Total** | **(35)** | **–** | **–** | **–** | **(35)** |

# NOTES TO THE FINANCIAL STATEMENTS

## (8) INTANGIBLE ASSETS (continued)

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

| Group<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2022 | Additions | Disposals/<br>write-offs | Amortisation | Foreign<br>exchange<br>effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|---|
| Cable TV licences | 2,563,652 | – | – | – | (265,055) | 2,298,597 |
| Software | 4,043 | 2,392 | – | (2,268) | (378) | 3,789 |
| Programming rights | 8,818 | – | – | (2,797) | (750) | 5,271 |
| Goodwill | 8,478 | – | – | – | (877) | 7,601 |
| **Total** | **2,584,991** | **2,392** | **–** | **(5,065)** | **(267,060)** | **2,315,258** |

| Group<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2021 | Additions | Disposals/<br>write-offs | Amortisation | Foreign<br>exchange<br>effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|---|
| Cable TV licences | 2,480,443 | – | – | – | 83,209 | 2,563,652 |
| Software | 4,034 | 2,088 | – | (2,217) | 138 | 4,043 |
| Programming rights | 16,797 | – | – | (8,365) | 386 | 8,818 |
| Goodwill | 8,202 | – | – | – | 276 | 8,478 |
| **Total** | **2,509,476** | **2,088** | **–** | **(10,582)** | **84,009** | **2,584,991** |

| Trust<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2022 | Additions | Disposals/<br>write-offs | Amortisation | Foreign<br>exchange<br>effect | As at<br>31 December<br>2022 |
|---|---|---|---|---|---|---|
| Software | – | – | – | – | – | – |
| **Total** | **–** | **–** | **–** | **–** | **–** | **–** |

| Trust<br>Carrying value<br>Amounts in $'000 | As at<br>1 January<br>2021 | Additions | Disposals/<br>write-offs | Amortisation | Foreign<br>exchange<br>effect | As at<br>31 December<br>2021 |
|---|---|---|---|---|---|---|
| Software | – | – | – | – | – | – |
| **Total** | **–** | **–** | **–** | **–** | **–** | **–** |

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 2022.

During the year ended 31 December 2022, the Group acquired intangible assets with an aggregate cost of $2.4 million (31 December 2021: $2.1 million) of which $0.7 million remained unpaid as at 31 December 2022 (31 December 2021: $0.8 million). In addition, intangible assets with an aggregate cost of $0.8 million, unpaid as at 31 December 2021, was paid during the year (31 December 2021: $3.3 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, terminal growth rate, revenue growth rates, EBITDA margins 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. For the year ended 31 December 2022, the Group derived the terminal value based on terminal growth rate of 1.35% (31 December 2021: 1.35%). This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax discount rate used to discount the forecast cash flows from the CGU was 9.25% (31 December 2021: 7.17%), the revenue growth rates range from 2.7% to 3.3% (31 December 2021: 1.6% to 2.2%) and EBITDA margins range from 63.1% to 67.1% (31 December 2021: 63.2% to 65.4%).

# NOTES TO THE FINANCIAL STATEMENTS

## (8) INTANGIBLE ASSETS (continued)

**Impairment test for cable TV licences and goodwill** (continued)

Changes to discount rate, revenue growth rates and EBITDA margins in excess of the following would cause the recoverable amount of CGU to be lower than the carrying value of CGU and will lead to an impairment in the cable TV licences and goodwill:

(i) Decrease in revenue growth rate to 2.9% year-on-year;
(ii) Decrease in EBITDA margin to 61.4% year-on-year; or
(iii) Increase in pre-tax discount rate to 9.39%.

## (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 2022, 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** | **2022** | **2021** | **2022** | **2021** |
| Sell NT$1,752 million (2021: NT$1,540 million) | 83,400 | 76,500 | 83,400 | 76,500 |
| **Total** | **83,400** | **76,500** | **83,400** | **76,500** |

As at 31 December 2022, mark to market movements, classified as current and non-current assets, on such contracts were $4.4 million (31 December 2021: $0.2 million) and $0.7 million (31 December 2021: $0.1 million); and classified as current and non-current liabilities, on such contracts were nil (31 December 2021: $0.1 million) and nil (31 December 2021: $0.04 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 portion 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.

Following the maturity of all 2018 interest rate swaps at 31 December 2021, new TAIBOR swaps were entered into during the year ended 31 December 2022. As at 31 December 2022, approximately 93% of the outstanding Onshore Facilities were hedged through to 30 June 2025. The average fixed rate on these swaps is 0.94%.

The fair value of the interest rate swaps with notional value of NT$25.3 billion as at 31 December 2022 was estimated at $10.6 million, which resulted in a derivative financial instrument non-current asset being recognised by the Group. This represents the mark to market unrealised gains between when the interest rate swaps were entered into during the year compared to the unfavourable market rate movements by 31 December 2022. These amounts were based on valuation techniques at the end of the reporting period. The aforementioned interest rate swaps qualify for hedge accounting. For the year ended 31 December 2022, the movement in the fair value of cash flow hedging interest rate derivatives resulted in a gain of $11.9 million (31 December 2021: $3.5 million), net of deferred tax expense amounting to $2.4 million (31 December 2021: $0.9 million), which resulted in a net gain of $9.5 million (31 December 2021: $2.6 million), being recognised directly in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## (10) CONTRACT COSTS

| Amounts in $'000 | Group as at 31 December 2022 | Group as at 31 December 2021 | Trust as at 31 December 2022 | Trust as at 31 December 2021 |
|---|---|---|---|---|
| Current | 884 | 1,199 | – | – |
| Non-current | 262 | 376 | – | – |
| **Total** | **1,146** | **1,575** | **–** | **–** |

The contract costs represent sales incentives provided for contracting Broadband revenue generating units ("RGUs"). These costs are amortised on a straight-line basis over the period of such contracts.

## (11) OTHER ASSETS

| Amounts in $'000 | Group as at 31 December 2022 | Group as at 31 December 2021 | Trust as at 31 December 2022 | Trust as at 31 December 2021 |
|---|---|---|---|---|
| **Current** | | | | |
| Prepayments | 812 | 1,007 | 28 | 39 |
| Tax receivables | 404 | 41 | 16 | 19 |
| Refundable deposits | 21 | 21 | 18 | 18 |
| Other assets | 26 | 92 | – | – |
| **Total** | **1,263** | **1,161** | **62** | **76** |
| **Non-current** | | | | |
| Refundable deposits | 1,002 | 1,135 | 7 | 2 |
| Other assets | 261 | 173 | – | – |
| **Total** | **1,263** | **1,308** | **7** | **2** |
| **Total other assets** | **2,526** | **2,469** | **69** | **78** |

**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 is disclosed in Note 26(ii)(b).

## (12) BORROWINGS FROM FINANCIAL INSTITUTIONS

| Group<br>Amounts in $'000 | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| Current portion | 75,871 | 61,802 |
| Less: Unamortised arrangement fees | (2,897) | (3,407) |
| | **72,974** | **58,395** |
| Non-current portion | 1,256,733 | 1,473,175 |
| Less: Unamortised arrangement fees | (13,336) | (18,078) |
| | **1,243,397** | **1,455,097** |
| Total current and non-current portion[1] | 1,332,604 | 1,534,977 |
| Less: Total unamortised arrangement fees | (16,233) | (21,485) |
| **Total** | **1,316,371** | **1,513,492** |

[1] Comprised outstanding NT$ denominated borrowings of NT$27.4 billion (31 December 2021: NT$28.0 billion) at the TBC level and S$ denominated borrowings of S$136.9 million (31 December 2021: S$171.9 million) at the Bermuda holding companies' level.

# NOTES TO THE FINANCIAL STATEMENTS

## (12) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

### (i) Onshore Facilities

In December 2021, TBC extended the maturity date ("Onshore Amendment") of its NT$ denominated seven-year facilities ("Onshore Facilities") by three years from November 2025 to November 2028. The size of available Onshore Facilities was reduced from NT$31.0 billion to NT$29.5 billion.

The Onshore Facilities are repayable in tranches by 2028 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 2022, the total carrying value of property, plant and equipment pledged for the Onshore Facilities was $221.4 million (31 December 2021: $272.6 million). In addition, guarantees in favour of 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 2.1% (2021: 1.1% to 2.1%) per annum based on its leverage ratio. As discussed in Note 9(ii), the Group uses interest rate swaps to swap a significant portion of its borrowings from floating rate to fixed rate.

At inception, arrangement fees are recorded as unamortised arrangement fees. The fees are then amortised over the period of the debt facilities as an expense to the statement of profit or loss.

The Onshore Amendment did not include any break costs. Following the Onshore Amendment in 2021, there were changes to the principal repayment schedule and financial covenants of the Onshore Facilities which resulted in recording an extinguishment of the original Onshore Facilities and recognition of new Onshore Facilities. Accordingly, the unamortised arrangement fees of $12.3 million associated with the Onshore Facilities as at the date of the Onshore Amendment were written off as amortisation of deferred arrangement fees in the statement of profit or loss during the previous year ended 31 December 2021.

### (ii) Offshore Facilities

Offshore facilities consist 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 $80.0 million secured by APTT Holdings 1 Limited and APTT Holdings 2 Limited ("Offshore Facilities").

In March 2021, APTT extended the maturity date ("Offshore Amendment") of its existing Offshore Facilities to July 2023. The Offshore Amendment reached financial close on 18 March 2021. As a part of the Offshore Amendment, the size of the multicurrency revolving loan facility was reduced from $125.0 million to $80.0 million.

The Offshore Facilities are denominated in Singapore dollars and repayable in tranches by 2023. They 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 2022, the total carrying value of assets pledged for the Offshore Facilities was $1,135 million (31 December 2021: $1,134 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 2022, the Trustee-Manager is of the view that no further disclosure is required.

The Offshore Facilities bear a floating interest rate of Singapore Interbank Offered Rate ("SIBOR") plus an interest margin of 4.1% to 5.5% (2021: 4.1% to 5.5%) per annum based on the leverage ratio of the Group.

At inception, amendment fees are recorded as unamortised arrangement fees. The fees are then amortised over the period of the debt facilities as an expense to the statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## (12) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

### (ii) Offshore Facilities (continued)

The Offshore Amendment did not include any break costs. Following the Offshore Amendment in 2021, there were changes to the principal repayment schedule of the Offshore Facilities which resulted in recording an extinguishment of the original Offshore Facilities and recognition of new Offshore Facilities. Accordingly, the unamortised arrangement fees of $0.3 million associated with the Offshore Facilities as at the date of the Offshore Amendment were written off as amortisation of deferred arrangement fees in the statement of profit or loss during the previous year ended 31 December 2021.

Subsequent to the year ended 31 December 2022, the Trustee-Manager announced on 17 January 2023 that it has signed the facility agreement to refinance its Offshore Facilities on the same major terms. The financial close is expected to be in July 2023, at the maturity of the existing Offshore Facilities. After including the impact of scheduled repayments until the financial close, the size of the refinanced facilities will be reduced to a $46.6 million term loan facility and a $75 million revolving loan facility on financial close.

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 2022 and 2021.

**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 2022 | Financing cash flows | Non-cash changes | | | | | | As at 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Amounts in $'000 | | | Amortisation of deferred arrangement fees | Lease liabilities, net | 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 12) | 1,513,492 | (62,349)[1] | 3,263 | – | – | – | – | (138,035) | 1,316,371 |
| Interest rate swaps (Note 9(ii)) | – | – | – | – | – | (11,916) | – | 1,305 | (10,611) |
| Foreign exchange contracts (Note 9(i)) | (137) | 3,774 | – | – | – | – | (8,695)[2] | – | (5,058) |
| Lease liabilities (Note 17) | 6,810 | (2,538) | – | 1,188 | – | – | – | (596) | 4,864 |
| Interest and other finance costs (Note 17) | 3,190 | (43,874)[3] | – | – | 42,664 | – | – | (5) | 1,975 |
| **Total** | **1,523,355** | **(104,987)** | **3,263** | **1,188** | **42,664** | **(11,916)** | **(8,695)** | **(137,331)** | **1,307,541** |

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 during the year ended 31 December 2022 consists of $4.9 million of unrealised gains from the mark to market movements (31 December 2021: $0.7 million) and $3.8 million of realised gains from settlement of foreign exchange contracts (31 December 2021: losses of $0.7 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

## (12) BORROWINGS FROM FINANCIAL INSTITUTIONS (continued)

**Reconciliation of liabilities arising from financing activities** (continued)

| Group | As at 1 January 2021 | Financing cash flows | Non-cash changes | | | | | | As at 31 December 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Amounts in $'000 | | | Amortisation of deferred arrangement fees | Lease liabilities, net | 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 12) | 1,528,188 | (74,609)[1] | 16,080 | – | – | – | – | 43,833 | 1,513,492 |
| Interest rate swaps (Note 9(ii)) | 4,374 | – | – | – | – | (3,460) | – | (914) | – |
| Foreign exchange contracts (Note 9(i)) | 571 | (719) | – | – | – | – | 11[2] | – | (137) |
| Lease liabilities (Note 17) | 10,769 | (2,639) | – | (1,610) | – | – | – | 290 | 6,810 |
| Interest and other finance costs (Note 17) | 1,588 | (46,396)[3] | – | – | 46,396 | – | – | 1,602 | 3,190 |
| **Total** | **1,545,490** | **(124,363)** | **16,080** | **(1,610)** | **46,396** | **(3,460)** | **11** | **44,811** | **1,523,355** |

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 during the year ended 31 December 2022 consists of $4.9 million of unrealised gains from the mark to market movements (31 December 2021: $0.7 million) and $3.8 million of realised gains from settlement of foreign exchange contracts (31 December 2021: losses of $0.7 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.

## (13) TRADE AND OTHER PAYABLES

| | Group as at 31 December | | Trust as at 31 December | |
|---|---|---|---|---|
| **Amounts in $'000** | **2022** | **2021** | **2022** | **2021** |
| Trade payables due to outside parties | 47,559 | 49,800 | – | – |
| Base fees payable to the Trustee-Manager | 3,710 | 3,710 | 3,710 | 3,710 |
| **Total** | **51,269** | **53,510** | **3,710** | **3,710** |

The Group's trade and other payables as at 31 December 2022 of $51.3 million (31 December 2021: $53.5 million) comprised mainly broadcast and production costs payable of $45.0 million (31 December 2021: $46.9 million), other payables of $2.6 million (31 December 2021: $2.9 million) and base fees payable to the Trustee-Manager of $3.7 million (31 December 2021: $3.7 million).

The currency denomination and exposure to currency risk of trade and other payables are disclosed in Note 26(ii)(a).

# NOTES TO THE FINANCIAL STATEMENTS

## (14) CONTRACT LIABILITIES

Contract liabilities were $32.9 million as at 31 December 2022 (31 December 2021: $37.4 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 that 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 $37.3 million (31 December 2021: $33.9 million).

## (15) 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 2022, the Group's retirement benefit obligations, classified as current and non-current liabilities, were $1.4 million (31 December 2021: $1.5 million) and $3.7 million (31 December 2021: $9.1 million) respectively.

### (i) Defined contribution plan

The total expense recognised in the consolidated statement of profit or loss of $1.6 million for the year ended 31 December 2022 (31 December 2021: $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 2022, contribution of $0.4 million due in respect of 2022 has not been paid over to the plans (31 December 2021: $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 2021: 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 2022 was $1.3 million (31 December 2021: $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 were as follows:

| **Group** | **As at 31 December** | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| Present value of funded defined benefit obligations | 19,329 | 25,618 |
| Less: Fair value of plan assets | (15,867) | (16,648) |
| Net defined benefit assets | 258 | 172 |
| **Net liability arising from defined benefit obligations** | **3,720** | **9,142** |

# NOTES TO THE FINANCIAL STATEMENTS

## (15) RETIREMENT BENEFIT OBLIGATIONS (continued)

### (ii) Defined benefit plan (continued)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of defined benefit plan were as follows:

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| Current service cost | 53 | 76 |
| Net interest cost on the defined benefit obligations | 122 | 139 |
| Interest income on plan assets | (80) | (89) |
| **Components of defined benefit obligations recognised in profit or loss** | **95** | **126** |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets (excluding net interest cost or income) | (1,275) | (228) |
| Actuarial losses arising from changes in demographic assumptions | 3 | 790 |
| Actuarial gains arising from changes in financial assumptions | (2,143) | – |
| Actuarial gains arising from changes in experience adjustments | (695) | (705) |
| **Components of defined benefit obligations recognised in other comprehensive income** | **(4,110)** | **(143)** |
| **Total** | **(4,015)** | **(17)** |

The current service cost and the net interest expense are included in the staff costs in the consolidated statement of profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

**Reconciliations**

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

| Group | As at 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| **Balance at the beginning of the year** | **25,618** | **27,187** |
| Current service cost | 53 | 76 |
| Interest cost | 122 | 139 |
| Remeasurement losses/(gains): | | |
| Actuarial losses arising from changes in demographic assumptions | 3 | 790 |
| Actuarial gains arising from changes in financial assumptions | (2,143) | – |
| Actuarial gains arising from changes in experience adjustments | (695) | (705) |
| Benefits paid | (1,070) | (2,749) |
| Foreign exchange effect | (2,559) | 880 |
| **Balance at the end of the year** | **19,329** | **25,618** |

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

| Group | As at 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| **Balance at the beginning of the year** | **16,648** | **17,335** |
| Interest income | 80 | 89 |
| Contributions by employer | 408 | 320 |
| Return on plan assets | 1,275 | 228 |
| Benefits paid | (823) | (1,888) |
| Foreign exchange effect | (1,721) | 564 |
| **Balance at the end of the year** | **15,867** | **16,648** |

# NOTES TO THE FINANCIAL STATEMENTS

## (15) RETIREMENT BENEFIT OBLIGATIONS (continued)

### (ii) Defined benefit plan (continued)

Through the defined benefit plans under the Labor Standards Law in Taiwan, the Group is exposed to the following risks:

(a) **Investment risk:** The plan assets are invested in domestic and foreign equity and debt securities, bank deposits etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

(b) **Interest risk:** A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

(c) **Salary risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

**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 2022 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 | |
|---|---|---|
| **%** | **2022** | **2021** |
| Discount rate used in determining present values | 1.500 | 0.500 |
| Future salary increase rate | 2.750 | 2.750 |

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

| Group | As at 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| Cash and cash equivalents | 2,593 | 3,060 |
| Short-term notes | 652 | 839 |
| Bonds | 1,030 | 1,024 |
| Other fixed income instruments | 2,485 | 2,893 |
| Equities | 7,402 | 7,067 |
| Others | 1,705 | 1,765 |
| **Total** | **15,867** | **16,648** |

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 $0.5 million (increase by $0.5 million).
- If the expected salary growth increases (decreases) by 25 basis points, the defined benefit obligations would increase by $0.5 million (decrease by $0.5 million).

# NOTES TO THE FINANCIAL STATEMENTS

## (15) RETIREMENT BENEFIT OBLIGATIONS (continued)

### (ii) Defined benefit plan (continued)

**Principal actuarial assumptions** (continued)

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 2022 was 10.4 years (31 December 2021: 11.4 years).

The Group expects to make a contribution to the defined benefit plans in 2023 amounting to $0.2 million (2022: $0.3 million).

## (16) DEFERRED TAX LIABILITIES

The tax effects of temporary differences that give rise to deferred tax liabilities were as follows:

| **Group**<br>**Amounts in $'000** | **As at 1 January 2022** | **Recognised in profit or loss** | **Recognised in other comprehensive income** | **Foreign exchange effect** | **As at 31 December 2022** |
|---|---|---|---|---|---|
| Impairment loss | (948) | – | – | 98 | (850) |
| Cash flow hedging reserves | – | – | 2,383 | (261) | 2,122 |
| Intangible assets that are partially deductible for tax purposes[1] | 109,663 | 6,731 | – | (11,726) | 104,668 |
| Undistributed earnings of subsidiaries | 5,304 | 337 | – | (513) | 5,128 |
| Arrangement fees | (6,287) | 854 | – | 602 | (4,831) |
| Carry forward of losses | (3,595) | (1,146) | – | 387 | (4,354) |
| Others | (8) | 6 | – | 1 | (1) |
| Unrealised exchange differences | 3,065 | (2,473) | – | (126) | 466 |
| **Deferred tax liabilities, net** | **107,194** | **4,309** | **2,383** | **(11,538)** | **102,348** |

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of $104.7 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 2022 (31 December 2021: $109.7 million).

# NOTES TO THE FINANCIAL STATEMENTS

## (16) DEFERRED TAX LIABILITIES (continued)

| Group<br>Amounts in $'000 | As at 1 January 2021 | Recognised in profit or loss | Recognised in other comprehensive income | Foreign exchange effect | As at 31 December 2021 |
|---|---|---|---|---|---|
| Impairment loss | (931) | 14 | – | (31) | (948) |
| Cash flow hedging reserves | (875) | – | 892 | (17) | – |
| Intangible assets that are partially deductible for tax purposes[1] | 99,258 | 6,990 | – | 3,415 | 109,663 |
| Undistributed earnings of subsidiaries | 5,832 | (680) | – | 152 | 5,304 |
| Arrangement fees | (4,888) | (1,251) | – | (148) | (6,287) |
| Carry forward of losses | (2,554) | (957) | – | (84) | (3,595) |
| Provisions | (684) | 699 | – | (15) | – |
| Others | (74) | 68 | – | (2) | (8) |
| Unrealised exchange differences | 2,864 | 105 | – | 96 | 3,065 |
| **Deferred tax liabilities, net** | **97,948** | **4,988** | **892** | **3,366** | **107,194** |

The following is the analysis of the deferred tax balances:

| Group | As at 31 December | |
|---|---|---|
| Amounts in $'000 | 2022 | 2021 |
| Deferred tax liabilities to be disbursed after more than 12 months | 102,348 | 107,194 |

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of $104.7 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 2022 (31 December 2021: $109.7 million).

## (17) OTHER LIABILITIES

| | Group as at 31 December | | Trust as at 31 December | |
|---|---|---|---|---|
| **Amounts in $'000** | **2022** | **2021** | **2022** | **2021** |
| **Current** | | | | |
| Accrued expenses | 13,937 | 12,505 | 298 | 230 |
| Withholding tax payable | 671 | 1,659 | – | – |
| Other tax payable | 3,201 | 3,986 | – | – |
| Lease liabilities | 1,974 | 2,477 | – | – |
| Interest and other finance costs payable | 1,975 | 3,190 | – | – |
| Others | 1,879 | 274 | – | – |
| **Total** | **23,637** | **24,091** | **298** | **230** |
| **Non-current** | | | | |
| Subscriber deposits | 18,463 | 19,642 | – | – |
| Lease liabilities | 2,890 | 4,333 | – | – |
| Others | 2,851 | 3,368 | – | – |
| **Total** | **24,204** | **27,343** | **–** | **–** |
| **Total other liabilities** | **47,841** | **51,434** | **298** | **230** |

Refer to Note 26(ii)(c) for the maturity analysis of lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## (18) UNITHOLDERS' FUNDS

| Group and Trust | Number of units As at 31 December | | $'000 As at 31 December | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Balance at the beginning and end of the year | 1,806,354,850 | 1,806,354,850 | 1,389,351 | 1,389,351 |

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.

## (19) RESERVES

| Group | As at 31 December | |
|---|---|---|
| Amounts in $'000 | 2022 | 2021 |
| Foreign currency translation reserves | 48,241 | 192,682 |
| Retirement benefit obligations reserves | (7,608) | (11,718) |
| Cash flow hedging reserves | 9,533 | – |
| Capital reserves | 42,521 | 39,283 |
| **Total** | **92,687** | **220,247** |

### (i) Foreign currency translation reserves

| Group | As at 31 December | |
|---|---|---|
| Amounts in $'000 | 2022 | 2021 |
| **Balance at the beginning of the year** | **192,682** | **146,406** |
| Exchange differences on translation of foreign operations | (144,441) | 46,276 |
| **Balance at the end of the year** | **48,241** | **192,682** |

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 | 2022 | 2021 |
| **Balance at the beginning of the year** | **(11,718)** | **(11,861)** |
| Remeasurement of defined benefit obligations | 4,110 | 143 |
| **Balance at the end of the year** | **(7,608)** | **(11,718)** |

Retirement benefit obligations reserves represent the effects of the remeasurement of defined benefit plan (Note 15(ii)).

# NOTES TO THE FINANCIAL STATEMENTS

## (19) RESERVES (continued)

### (iii) Cash flow hedging reserves

| Group<br>Amounts in $'000 | As at 31 December<br>2022 | <br>2021 |
|---|---|---|
| **Balance at the beginning of the year** | **–** | **(2,568)** |
| Movement on change in fair value of cash flow hedging financial instruments: | | |
| Interest rate swaps | 11,916 | 3,460 |
| Deferred tax relating to items that may subsequently be reclassified to profit or loss | (2,383) | (892) |
| **Balance at the end of the year** | **9,533** | **–** |

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<br>Amounts in $'000 | As at 31 December<br>2022 | <br>2021 |
|---|---|---|
| **Balance at the beginning of the year** | **39,283** | **34,950** |
| Transfer from accumulated profits[1] | 3,238 | 4,333 |
| **Balance at the end of the year** | **42,521** | **39,283** |

[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.

## (20) ACCUMULATED (DEFICIT)/SURPLUS

| | Group as at 31 December | | Trust as at 31 December | |
|---|---|---|---|---|
| **Amounts in $'000** | **2022** | **2021** | **2022** | **2021** |
| **Balance at the beginning of the year** | **(369,203)** | **(366,719)** | **573** | **(2,988)** |
| Profit after income tax attributable to unitholders of APTT | 45,253 | 19,913 | 22,555 | 21,625 |
| Transfer to capital reserve | (3,238) | (4,333) | – | – |
| Distributions paid (Note 22) | (18,064) | (18,064) | (18,064) | (18,064) |
| **Balance at the end of the year** | **(345,252)** | **(369,203)** | **5,064** | **573** |

## (21) 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<br>Amounts in $'000 | As at 31 December<br>2022 | <br>2021 |
|---|---|---|
| **Balance at the beginning of the year** | **2,407** | **2,334** |
| Total comprehensive income attributable to non-controlling interests | 250 | 338 |
| Settlement of transactions with non-controlling interests | (365) | (115) |
| Distributions paid | (174) | (150) |
| **Balance at the end of the year** | **2,118** | **2,407** |

# NOTES TO THE FINANCIAL STATEMENTS

## (22) DISTRIBUTIONS

For the year ended 31 December 2022, distributions are made on a quarterly basis, with the amount calculated for the three-month period ending on 31 March, 30 June, 30 September and 31 December, and paid no later than 90 days after the end of each distribution period.

For distribution periods after 31 December 2022, distributions will be made on a half-yearly basis, with the amount calculated for the six-month period ending on 30 June and 31 December each year. The Trustee-Manager will pay the distribution no later than 92 days after the end of each distribution period.

The Board has declared an ordinary final distribution of 0.25 cents per unit in respect of the quarter ended 31 December 2022.

| | Quarter ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| Ordinary distribution | 0.25 cents per unit | 0.25 cents per unit |
| Announcement date | 24 February 2023 | 25 February 2022 |
| Ex-distribution date | 16 March 2023 | 17 March 2022 |
| Record date | 17 March 2023 | 18 March 2022 |
| Date payable | 24 March 2023 | 25 March 2022 |

**Breakdown of total annual distribution**

| | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| Ordinary | 18,064[1] | 18,064[2] |
| Special | – | – |
| **Total** | **18,064** | **18,064** |

1 Includes an amount of $4.5 million which is expected to be paid on 24 March 2023.

2 Included an amount of $4.5 million which was paid on 25 March 2022.

**Historical distributions**

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

| **Distribution period** | **Six months ended** | | **Quarter ended** | | | | **Total** |
|---|---|---|---|---|---|---|---|
| **Distribution cents per unit** | **June** | **December** | **March** | **June** | **September** | **December** | |
| 2013 | 4.800[1] | 4.130 | | | | | 8.930 |
| 2014 | 4.120 | | | | 2.000 | 2.130 | 8.250 |
| 2015 | | | 2.000 | 2.000 | 2.000 | 2.250 | 8.250 |
| 2016 | | | 1.625 | 1.625 | 1.625 | 1.625 | 6.500 |
| 2017 | | | 1.625 | 1.625 | 1.625 | 1.625 | 6.500 |
| 2018 | | | 1.625 | 1.625 | 1.625 | 0.300 | 5.175 |
| 2019 | | | 0.300 | 0.300 | 0.300 | 0.300 | 1.200 |
| 2020 | | | 0.300 | 0.250 | 0.250 | 0.250 | 1.050 |
| 2021 | | | 0.250 | 0.250 | 0.250 | 0.250 | 1.000 |
| 2022 | | | 0.250 | 0.250 | 0.250 | 0.250[2] | 1.000 |
| **Total** | | | | | | | **47.855** |

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.

2 To be paid on 24 March 2023.

These financial statements do not reflect the distribution for the quarter ended 31 December 2022, which will be accounted for in total equity as an appropriation of retained earnings in the year ending 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

## (23) REVENUE

For the year ended 31 December 2022, APTT reported total revenue of $286.0 million (31 December 2021: $299.7 million). Total revenue comprised: (i) Basic cable TV revenue of $210.0 million (31 December 2021: $229.5 million), (ii) Premium digital cable TV revenue of $11.6 million (31 December 2021: $12.8 million) and (iii) Broadband revenue of $64.4 million (31 December 2021: $57.5 million).

| Group | Year ended 31 December | |
|---|---|---|
| Amounts in $'000 | 2022 | 2021 |
| **Revenue** | | |
| Basic cable TV | | |
| Subscription revenue | 177,702 | 193,833 |
| Non-subscription revenue | 32,305 | 35,648 |
| | **210,007** | **229,481** |
| Premium digital cable TV | | |
| Subscription revenue | 11,130 | 12,082 |
| Non-subscription revenue | 477 | 724 |
| | **11,607** | **12,806** |
| Broadband | | |
| Subscription revenue | 62,543 | 55,295 |
| Non-subscription revenue | 1,807 | 2,163 |
| | **64,350** | **57,458** |
| **Total** | **285,964** | **299,745** |
| | | |
| **Timing of revenue recognition** | | |
| At a point in time | 1,769 | 1,776 |
| Over time | 284,195 | 297,969 |
| **Total** | **285,964** | **299,745** |

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 $32.9 million (31 December 2021: $37.4 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 73% of total revenue (31 December 2021: approximately 77%). Basic cable TV non-subscription revenue predominantly comprised revenue generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes.

Basic cable TV revenue was $210.0 million for the year ended 31 December 2022 (31 December 2021: $229.5 million). This comprised subscription revenue of $177.7 million (31 December 2021: $193.8 million) and non-subscription revenue of $32.3 million (31 December 2021: $35.6 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 $11.6 million for the year ended 31 December 2022 (31 December 2021: $12.8 million). This comprised subscription revenue of $11.1 million (31 December 2021: $12.1 million) and non-subscription revenue of $0.5 million (31 December 2021: $0.7 million).

# NOTES TO THE FINANCIAL STATEMENTS

## (23) REVENUE (continued)

### (iii) Broadband

Broadband revenue comprised subscription and non-subscription revenue generated from the provision of installation services. Subscription revenue also includes revenue from data backhaul services, where mobile operators lease a number of fibre circuits to provide data backhaul.

Broadband revenue was $64.4 million for the year ended 31 December 2022 (31 December 2021: $57.5 million). This comprised subscription revenue of $62.5 million (31 December 2021: $55.3 million) and non-subscription revenue of $1.8 million (31 December 2021: $2.2 million).

## (24) 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 $55.6 million for the year ended 31 December 2022 (31 December 2021: $57.6 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 $25.8 million for the year ended 31 December 2022 (31 December 2021: $28.1 million). Staff costs comprised direct employee costs and general and administrative employee costs including salaries, bonuses, long-term incentives and benefits.

### (iii) Depreciation and amortisation expense

Depreciation and amortisation expense was $69.8 million for the year ended 31 December 2022 (31 December 2021: $86.6 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 2022, depreciation for right-of-use assets was $2.5 million (31 December 2021: $2.7 million).

### (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 $7.4 million for the year ended 31 December 2022 (31 December 2021: $7.4 million). There were no performance fees payable to the Trustee-Manager for the years 2022 and 2021.

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)/gain

Net foreign exchange loss was $0.9 million for the year ended 31 December 2022 (31 December 2021: gain of $0.7 million).

# NOTES TO THE FINANCIAL STATEMENTS

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

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

The Group uses foreign exchange contracts to manage its exposure to foreign exchange movements as discussed in Note 9(i). For the year ended 31 December 2022, the period end mark to market gain on foreign currency contracts was $8.7 million (31 December 2021: loss of $0.01 million).

### (vii) Other operating expenses

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| Lease rentals | 142 | 131 |
| Pole rentals | 6,139 | 2,630 |
| Legal and professional fees | 2,378 | 2,102 |
| Non-recoverable GST/VAT | 3,333 | 3,627 |
| Marketing and selling expenses | 5,608 | 4,986 |
| General and administrative expenses | 4,684 | 4,471 |
| Licence fees | 2,204 | 2,405 |
| Repairs and maintenance | 1,440 | 1,389 |
| Others | 2,550 | 1,886 |
| **Total** | **28,478** | **23,627** |

Lease rentals for the year ended 31 December 2022 comprised short-term leases of less than $0.01 million (31 December 2021: less than $0.01 million) and leases of low-value assets of $0.1 million (31 December 2021: $0.1 million).

### (viii) Amortisation of deferred arrangement fees

The Group pays financing fees to lenders when entering into new debt facilities or refinancing 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 statement of profit or loss. Amortisation of deferred arrangement fees was $3.3 million for the year ended 31 December 2022 (31 December 2021: $16.1 million). Amortisation of deferred arrangement fees for the year ended 31 December 2022 was lower due to due to write-off of unamortised arrangement fees of $12.3 million as at the date of Onshore Amendment, associated with the Onshore Facilities and write-off of unamortised arrangement fees of $0.3 million as at the date of Offshore Amendment, associated with the Offshore Facilities which were amended during the previous year.

### (ix) Interest and other finance costs

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| Interest expense on loans | 42,016 | 45,522 |
| Interest expense on lease liabilities | 137 | 198 |
| Commitment and other fees on loans | 511 | 676 |
| **Total interest and other finance costs** | **42,664** | **46,396** |

Interest and other finance costs were $42.7 million for the year ended 31 December 2022 (31 December 2021: $46.4 million). These comprised interest expense, commitment and other fees on the Group's debt facilities and finance charges on lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

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

### (x) Remuneration of auditors

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| **Amounts paid or payable to Deloitte & Touche LLP (Singapore) for:** | | |
| Audit fees | 197 | 113 |
| Non-audit fees[1] | 102 | 55 |
| | **299** | **168** |
| | | |
| **Amounts paid or payable to Deloitte & Touche LLP network firms for:** | | |
| Audit fees | 294 | 459 |
| Non-audit fees[1] | 210 | 257 |
| | **504** | **716** |

[1] Total 2022 non-audit fees of $312,000 (2021: $312,000) comprised $72,000 (2021: $72,000) relating to review of interim financial statements, $166,000 (2021: $202,000) relating to transfer pricing and tax compliance work and $74,000 (2021: $38,000) relating to agreed upon procedures and sustainability reporting work.

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

## (25) 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.

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.

Income tax expense recognised in the consolidated statement of profit or loss was as follows:

| Group | Year ended 31 December | |
|---|---|---|
| **Amounts in $'000** | **2022** | **2021** |
| Current income tax | (5,473) | (3,215) |
| Over provision of current tax in prior years | 946 | 1,199 |
| Deferred income tax (Note 16) | (4,309) | (4,988) |
| Withholding tax | (6,345) | (7,453) |
| **Income tax expense** | **(15,181)** | **(14,457)** |

# NOTES TO THE FINANCIAL STATEMENTS

## (25) INCOME TAXES (continued)

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

| Group<br>Amounts in $'000 | Year ended 31 December<br>2022 | <br>2021 |
|---|---|---|
| **Profit before income tax** | **60,684** | **34,708** |
| Income tax expense calculated at 20% | (12,137) | (6,942) |
| Effect of expenses not taxable (deductible) in determining taxable profit | 2,355 | (1,261) |
| Withholding tax | (6,345) | (7,453) |
| Over provision of current tax in prior years | 946 | 1,199 |
| **Income tax expense** | **(15,181)** | **(14,457)** |

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

| Group<br>Amounts in $'000 | As at 31 December<br>2022 | <br>2021 |
|---|---|---|
| **Balance at the beginning of the year** | **5,970** | **6,109** |
| Current income tax provision | 5,473 | 3,215 |
| Over provision of current tax in prior years | (946) | (1,199) |
| Income tax payment | (2,064) | (1,534) |
| Prepaid and withheld income tax | (1,614) | (780) |
| Foreign exchange effect | (640) | 159 |
| **Balance at the end of the year** | **6,179** | **5,970** |

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### (i) Categories of financial instruments

| Amounts in $'000 | Group as at 31 December<br>2022 | <br>2021 | Trust as at 31 December<br>2022 | <br>2021 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **at amortised cost:** | | | | |
| Cash and cash equivalents | 118,860 | 124,664 | 5,945 | 6,298 |
| Trade and other receivables | 13,180 | 16,089 | – | – |
| Other financial assets | 1,049 | 1,248 | 25 | 20 |
| **at FVTPL:** | | | | |
| Derivative instruments: | | | | |
| not designated in hedge accounting relationships | 5,058 | 291 | 5,058 | 291 |
| **at FVTOCI:** | | | | |
| Derivative instruments: | | | | |
| in designated hedge accounting relationships | 10,611 | – | – | – |
| | **148,758** | **142,292** | **11,028** | **6,609** |
| **Financial liabilities** | | | | |
| **at amortised cost:** | | | | |
| Borrowings from financial institutions | (1,316,371) | (1,513,492) | – | – |
| Trade and other payables | (51,269) | (53,510) | (3,710) | (3,710) |
| Other financial liabilities | (39,239) | (42,147) | (298) | (230) |
| **at FVTPL:** | | | | |
| Derivative instruments: | | | | |
| not designated in hedge accounting relationships | – | (154) | – | (154) |
| | **(1,406,879)** | **(1,609,303)** | **(4,008)** | **(4,094)** |
| **Net financial (liabilities)/assets** | **(1,258,121)** | **(1,467,011)** | **7,020** | **2,515** |

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

### (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.

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 2022 Amounts in $'000** | **Singapore dollar** | **Taiwan dollar** | **US dollar** | **Other** | **Total** |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 24,926 | 78,938 | 14,828 | 168 | 118,860 |
| Trade and other receivables | – | 13,180 | – | – | 13,180 |
| Other financial assets | 25 | 1,021 | 3 | – | 1,049 |
| Derivative instruments: | | | | | |
| in designated hedge accounting relationships | – | 10,611 | – | – | 10,611 |
| not designated in hedge accounting relationships | 5,058 | – | – | – | 5,058 |
| | **30,009** | **103,750** | **14,831** | **168** | **148,758** |
| **Financial liabilities** | | | | | |
| Borrowings from financial institutions | (136,708) | (1,179,663) | – | – | (1,316,371) |
| Trade and other payables | (3,710) | (47,559) | – | – | (51,269) |
| Other financial liabilities | (2,105) | (36,696) | (438) | – | (39,239) |
| | **(142,523)** | **(1,263,918)** | **(438)** | **–** | **(1,406,879)** |
| **Net financial (liabilities)/assets** | **(112,514)** | **(1,160,168)** | **14,393** | **168** | **(1,258,121)** |
| Less: Net financial assets/(liabilities) denominated in respective functional currencies of entities within the Group | (6,936) | 1,160,168 | (371) | – | 1,152,861 |
| **Net currency exposure** | **(119,450)** | **–** | **14,022** | **168** | **(105,260)** |

# NOTES TO THE FINANCIAL STATEMENTS

## (26) 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 2021 Amounts in $'000 | Singapore dollar | Taiwan dollar | US dollar | Other | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 24,099 | 93,751 | 6,527 | 287 | 124,664 |
| Trade and other receivables | – | 16,089 | – | – | 16,089 |
| Other financial assets | 20 | 1,225 | 3 | – | 1,248 |
| Derivative instruments: | | | | | |
| not designated in hedge accounting relationships | 291 | – | – | – | 291 |
| | **24,410** | **111,065** | **6,530** | **287** | **142,292** |
| **Financial liabilities** | | | | | |
| Borrowings from financial institutions | (171,275) | (1,342,217) | – | – | (1,513,492) |
| Trade and other payables | (3,710) | (49,800) | – | – | (53,510) |
| Other financial liabilities | (1,710) | (40,205) | (232) | – | (42,147) |
| Derivative instruments: | | | | | |
| not designated in hedge accounting relationships | (154) | – | – | – | (154) |
| | **(176,849)** | **(1,432,222)** | **(232)** | **–** | **(1,609,303)** |
| **Net financial (liabilities)/assets** | **(152,439)** | **(1,321,157)** | **6,298** | **287** | **(1,467,011)** |
| Less: Net financial assets/(liabilities) denominated in respective functional currencies of entities within the Group | (1,917) | 1,321,157 | (606) | – | 1,318,634 |
| **Net currency exposure** | **(154,356)** | **–** | **5,692** | **287** | **(148,377)** |

| Trust as at 31 December 2022 Amounts in $'000 | Singapore dollar | Taiwan dollar | US dollar | Other | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 5,861 | – | 84 | – | 5,945 |
| Other financial assets | 25 | – | – | – | 25 |
| Derivative instruments not designated in hedge accounting relationships | 5,058 | – | – | – | 5,058 |
| | **10,944** | **–** | **84** | **–** | **11,028** |
| **Financial liabilities** | | | | | |
| Trade and other payables | (3,710) | – | – | – | (3,710) |
| Other financial liabilities | (298) | – | – | – | (298) |
| | **(4,008)** | **–** | **–** | **–** | **(4,008)** |
| **Net financial assets** | **6,936** | **–** | **84** | **–** | **7,020** |
| Less: Net financial assets denominated in Trust's functional currency | (6,936) | – | – | – | (6,936) |
| **Net currency exposure** | **–** | **–** | **84** | **–** | **84** |

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

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

#### (a) Foreign currency risk (continued)

| Trust<br>as at 31 December 2021<br>Amounts in $'000 | Singapore dollar | Taiwan dollar | US dollar | Other | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 5,700 | – | 598 | – | 6,298 |
| Other financial assets | 20 | – | – | – | 20 |
| Derivative instruments not designated in hedge accounting relationships | 291 | – | – | – | 291 |
| | **6,011** | **–** | **598** | **–** | **6,609** |
| **Financial liabilities** | | | | | |
| Trade and other payables | (3,710) | – | – | – | (3,710) |
| Other financial liabilities | (230) | – | – | – | (230) |
| Derivative instruments not designated in hedge accounting relationships | (154) | – | – | – | (154) |
| | **(4,094)** | **–** | **–** | **–** | **(4,094)** |
| **Net financial assets** | **1,917** | **–** | **598** | **–** | **2,515** |
| Less: Net financial assets denominated in Trust's functional currency | (1,917) | – | – | – | (1,917) |
| **Net currency exposure** | **–** | **–** | **598** | **–** | **598** |

**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 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 $6.0 million (31 December 2021: $7.7 million).

If foreign currency of the United States dollar is to strengthen/weaken by 5% against the functional currency of the Taiwan dollar, the Group's profit will increase/decrease by approximately $0.7 million (31 December 2021: $0.3 million).

**Trust**
No sensitivity analysis has been presented for the Trust as the Trustee-Manager is of the view that any fluctuation of United States dollar against its functional currency will not have a material impact on the Trust's profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## (26) 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 $2.3 million as at 31 December 2022 (31 December 2021: $1.4 million) that are past due at the end of the reporting period but not impaired. These receivables are unsecured. The analysis of trade receivables at the end of the reporting period is provided in the table below:

| | Group as at 31 December | | Trust as at 31 December | |
|---|---|---|---|---|
| **Amounts in $'000** | **2022** | **2021** | **2022** | **2021** |
| Trade receivables neither past due nor impaired | 10,922 | 14,687 | – | – |
| Trade receivables past due not impaired | | | | |
| <3 months | 2,257 | 1,402 | – | – |
| 3-6 months | 1 | – | – | – |
| >6 months | – | – | – | – |
| Impaired receivables individually assessed | – | 32 | – | – |
| Less: Loss allowance | – | (32) | – | – |
| **Total trade receivables** | **13,180** | **16,089** | **–** | **–** |

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. No allowance for doubtful receivables (31 December 2021: $0.03 million) have been provided for the above specific trade receivables past due and impaired as at 31 December 2022 and 2021. 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 2022 and 2021.

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 |

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

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

#### (b) Credit risk (continued)

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 2022 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) | 13,180 | – | 13,180 |
| Refundable deposits | Performing | 12-month ECL | 1,023 | – | 1,023 |
| Other financial assets | Performing | 12-month ECL | 26 | – | 26 |
| | | | | **–** | |

| Group as at 31 December 2021 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) | 16,121 | (32) | 16,089 |
| Refundable deposits | Performing | 12-month ECL | 1,156 | – | 1,156 |
| Other financial assets | Performing | 12-month ECL | 92 | – | 92 |
| | | | | **(32)** | |

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 2022 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 | 25 | – | 25 |

| Trust as at 31 December 2021 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 | 20 | – | 20 |

As at 31 December 2022, 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 statements 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 26(ii)(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.

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

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

#### (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<br>as at 31 December 2022<br>Amounts in $'000 | Interest rate per annum | Demand within 1 year | Within 2 to 5 years | After 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|
| Borrowings from financial institutions | 3.13% – 9.00% | 123,978 | 655,737 | 767,196 | (230,540) | 1,316,371 |
| Lease liabilities | 2.20% – 2.79% | 2,072 | 2,675 | 324 | (207) | 4,864 |
| Trade and other payables | – | 51,269 | – | – | – | 51,269 |
| Other liabilities | – | 15,912 | – | 18,463 | – | 34,375 |
| **Total** | | **193,231** | **658,412** | **785,983** | **(230,747)** | **1,406,879** |

| Group<br>as at 31 December 2021<br>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 | 2.20% – 5.19% | 100,009 | 569,832 | 1,052,735 | (209,084) | 1,513,492 |
| Lease liabilities | 2.20% – 2.71% | 2,607 | 3,984 | 522 | (303) | 6,810 |
| Trade and other payables | – | 53,510 | – | – | – | 53,510 |
| Other liabilities | – | 15,695 | – | 19,642 | – | 35,337 |
| **Total** | | **171,821** | **573,816** | **1,072,899** | **(209,387)** | **1,609,149** |

| Trust<br>as at 31 December 2022<br>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 | – | 3,710 | – | – | – | 3,710 |
| Other liabilities | – | 298 | – | – | – | 298 |
| **Total** | | **4,008** | **–** | **–** | **–** | **4,008** |

| Trust<br>as at 31 December 2021<br>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 | – | 3,710 | – | – | – | 3,710 |
| Other liabilities | – | 230 | – | – | – | 230 |
| **Total** | | **3,940** | **–** | **–** | **–** | **3,940** |

**Non-derivative financial assets**

All non-derivative financial assets of the Group amounting to $133.1 million as at 31 December 2022 (31 December 2021: $142.0 million) and of the Trust amounting to $6.0 million as at 31 December 2022 (31 December 2021: $6.3 million) respectively, are substantially on demand or due within one year.

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

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

#### (c) Liquidity risk (continued)

**Derivative financial instruments**

| **Group as at 31 December 2022 Amounts in $'000** | **Demand within 1 year** | **Within 2 to 5 years** | **After 5 years** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Currency forward contracts – gross settled | | | | |
| Gross inflow | 59,900 | 23,500 | – | 83,400 |
| Gross outflow | (55,507) | (22,835) | – | (78,342) |
| | **4,393** | **665** | **–** | **5,058** |
| Interest rate swap contracts – net settled | – | 10,611 | – | 10,611 |
| **Total** | **4,393** | **11,276** | **–** | **15,669** |

| **Group as at 31 December 2021 Amounts in $'000** | **Demand within 1 year** | **Within 2 to 5 years** | **After 5 years** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Currency forward contracts – gross settled | | | | |
| Gross inflow | 27,600 | 6,700 | – | 34,300 |
| Gross outflow | (27,369) | (6,640) | – | (34,009) |
| **Total** | **231** | **60** | **–** | **291** |
| **Liabilities** | | | | |
| Currency forward contracts – gross settled | | | | |
| Gross inflow | (26,600) | (15,600) | – | (42,200) |
| Gross outflow | 26,711 | 15,643 | – | 42,354 |
| **Total** | **111** | **43** | **–** | **154** |

| **Trust as at 31 December 2022 Amounts in $'000** | **Demand within 1 year** | **Within 2 to 5 years** | **After 5 years** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Currency forward contracts – gross settled | | | | |
| Gross inflow | 59,900 | 23,500 | – | 83,400 |
| Gross outflow | (55,507) | (22,835) | – | (78,342) |
| **Total** | **4,393** | **665** | **–** | **5,058** |

| **Trust as at 31 December 2021 Amounts in $'000** | **Demand within 1 year** | **Within 2 to 5 years** | **After 5 years** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Currency forward contracts – gross settled | | | | |
| Gross inflow | 27,600 | 6,700 | – | 34,300 |
| Gross outflow | (27,369) | (6,640) | – | (34,009) |
| **Total** | **231** | **60** | **–** | **291** |
| **Liabilities** | | | | |
| Currency forward contracts – gross settled | | | | |
| Gross inflow | (26,600) | (15,600) | – | (42,200) |
| Gross outflow | 26,711 | 15,643 | – | 42,354 |
| **Total** | **111** | **43** | **–** | **154** |

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

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

#### (c) Liquidity risk (continued)

**Derivative financial instruments** (continued)

As at 31 December 2022, the Group had negative working capital of $49.7 million (31 December 2021: $37.6 million). This includes contract liabilities of $32.0 million representing collections received in advance from subscribers, net of contract costs, which do not require any future cash outflow from the Group (31 December 2021: $36.2 million).

After adjusting for this amount, the Group would have negative working capital of $17.7 million (31 December 2021: $1.5 million). As at 31 December 2022, the Group has committed undrawn debt facilities of $80.4 million (31 December 2021: $84.5 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 (“SOs”) that serve approximately 675,000 cable TV RGUs as at 31 December 2022, with more than 168 channels of exciting local and international content on its digital TV platforms in Taiwan. The Group’s system operators first obtained cable TV licences in 1999 and 2000 and they have most recently been renewed in 2020 and 2021. All five of TBC’s cable TV licences will be due for renewal in 2029 or 2030. 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 $153.7 million for the year ended 31 December 2022 (31 December 2021: $203.9 million);
- in view of the steady operating cash flows generated, successful refinancing history, 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).

The Group is exposed to Singapore Interbank Offered Rate (‘SIBOR’) and Taipei Interbank Offered Rate (‘TAIBOR’). The exposures arise on non-derivative financial liabilities (e.g. bank borrowings) referenced to SIBOR and TAIBOR.

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

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

#### (d) Interest rate risk (continued)

The Group is closely monitoring the market and the updates from the various industry working groups managing the transition to new benchmark interest rates. In Singapore, this includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STS) ('IBOR Committees'). The IBOR Committees have confirmed that the Singapore Swap Offer Rate ('SOR') will be discontinued by June 30, 2023 and the SIBOR on a phased basis by December 31, 2024 respectively, and replaced by the Singapore Overnight Rate Average ('SORA'). In Taiwan, given TAIBOR remains as a reference rate for the financial contracts in the market and is not altered as a result of interest rate benchmark reform, the Group expects that there are no significant effects to those contracts that are referenced to TAIBOR.

Subsequent to the year ended 31 December 2022, the Trustee-Manager announced on 17 January 2023 that it has signed the facility agreement to refinance its Offshore Facilities on the same major terms. The financial close is expected to be in July 2023, at the maturity of the existing Offshore Facilities. With the new facility agreement, the interest rate will be the sum of Singapore Overnight Rate Average ("SORA") reference rate, the applicable SIBOR adjustment spread and an interest margin of 4.1% to 4.9% per annum based on the leverage ratio of the Group.

#### (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 | Fair value as at 31 December | | Fair value hierarchy | Value technique(s) and key input(s) | Significant unobservable input(s) |
|---|---|---|---|---|---|
| Amounts in $'000 | 2022 | 2021 | | | |
| Foreign exchange contracts | **Assets:**<br>Current – 4,393<br>Non-current – 665<br>**Liabilities:**<br>Current – nil<br>Non-current – nil | **Assets:**<br>Current – 231<br>Non-current – 60<br>**Liabilities:**<br>Current – 111<br>Non-current – 43 | 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 |
| Interest rate swaps | **Assets:**<br>Current – nil<br>Non-current – 10,611<br>**(designated for hedging)** | **Assets:**<br>Current – nil<br>Non-current – nil<br>**(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.

# NOTES TO THE FINANCIAL STATEMENTS

## (26) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

### (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 2021. 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 2022 and 2021.

## (27) NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

| | Group as at 31 December | | Trust as at 31 December | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Net asset value attributable to unitholders** | | | | |
| Total net asset value attributable to unitholders ($'000) | 1,136,786 | 1,240,395 | 1,394,415 | 1,389,924 |
| Total number of units in issue used in calculation of net asset value per unit attributable to unitholders ('000) | 1,806,355 | 1,806,355 | 1,806,355 | 1,806,355 |
| **Net asset value per unit attributable to unitholders ($)** | **0.63** | **0.69** | **0.77** | **0.77** |

## (28) LEASES

### Group as a lessee

As at 31 December 2022, the Group is committed to less than $0.01 million for short-term leases (31 December 2021: less than $0.01 million).

## (29) CONTINGENCIES

(i) The Group has provided guarantees in favour of lenders under the Group's debt facilities as disclosed in Note 12.

(ii) As at previous year ended 31 December 2021, the Group had contingent liabilities in relation to the lawsuits filed by TBC's programming vendors. During the year ended 31 December 2022, TBC has reached an agreement with the programming vendors. As per the agreement, TBC paid NT$72 million (approximately $3.2 million) to the programming vendors for full and final settlement of the lawsuits. Following the payment, programming vendors withdrew all the lawsuits against TBC. TBC offset the payment to programming vendor from the amount withheld from the content agent. As a result of the settlement, no additional expenses were accrued to the Group and accordingly, no contingent liabilities exist as at 31 December 2022.

There were no other contingent liabilities or contingent assets as at 31 December 2022 and 2021 both at the Group and Trust, except as disclosed above.

# NOTES TO THE FINANCIAL STATEMENTS

## (30) RELATED PARTY TRANSACTIONS

### (i) The Trustee-Manager

The Trustee-Manager, APTT Management Pte. Limited, was incorporated in Singapore under the Singapore Companies Act 1967 on 17 April 2013. The Trustee-Manager is a wholly owned subsidiary of Dynami which is a Singapore-incorporated company fully owned by Mr Lu Fang-Ming, the former 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** | **2022** | **2021** |
| Trustee-Manager fees | 7,359 | 7,359 |
| Distributions paid | 104 | 104 |
| **Total** | **7,463** | **7,463** |

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** | **2022** | **2021** |
| Base fees payable to the Trustee-Manager (Note 13) | 3,710 | 3,710 |

### (ii) Directors

In December 2022, the TBC Group moved into a new office space, after entering into an office lease agreement ("Lease Agreement") with Araedis International Development Co., Ltd ("AIDC"). Mr Dai Yung Huei ("Mr Dai"), who is a non-executive director of the Trustee-Manager, is deemed interested in the Lease Agreement. The new office is smaller in size and has a lower rental expense per square foot than the previous office space. The lease rental of $11.4 thousand, attributable to the partial month of December 2022, was waived by Mr Dai and no lease rental was charged.

### (iii) Others

For the year ended 31 December 2022, the Trustee-Manager recovered ancillary charges under the Trust Deed amounting to $0.3 million (31 December 2021: $0.3 million) from the Trust.

## (31) EARNINGS PER UNIT

| **Group** | Year ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| Weighted average number of units in issue ('000) | 1,806,355 | 1,806,355 |
| Profit after income tax attributable to unitholders of APTT ($'000) | 45,253 | 19,913 |
| **Basic and diluted earnings per unit (cents)** | **2.51** | **1.10** |

## (32) SEGMENT INFORMATION

The Group is principally engaged in providing cable TV and broadband services in Taiwan and therefore the Trustee-Manager considers that the Group operates in one single business and geographical segment.

# STATISTICS OF UNITHOLDINGS

AS AT 13 MARCH 2023

## SUBSTANTIAL UNITHOLDERS

| Substantial unitholders | Direct interest | % | Deemed interest | % |
|---|---|---|---|---|
| Araedis Investment Pte. Ltd.[1] | 348,332,177 | 19.28 | – | – |
| Araedis International Development Co., Ltd.[1] | – | – | 348,332,177 | 19.28 |
| Araedis Global Investment Holdings Ltd.[1] | – | – | 348,332,177 | 19.28 |
| Araedis Investment Co., Ltd.[1] | – | – | 348,332,177 | 19.28 |
| Wang Hsueh-Mei[1] | – | – | 348,332,177 | 19.28 |
| Dai Yung Huei[1] | – | – | 348,332,177 | 19.28 |

[1] Araedis Investment Pte. Ltd. ("AIP") is wholly owned by Araedis International Development Co., Ltd. ("AIDC"), which is in turn wholly owned by Araedis Global Investment Holdings Ltd. ("AGIH"). Araedis Investment Co., Ltd. ("AIC") holds 15.82% of the voting rights of AGIH and is a corporate director of AGIH. Ms Wang Hsueh-Mei ("Ms Wang"), who is also Mr Dai Yung Huei's ("Mr Dai") wife, is a director of AIC and holds 95% of the voting rights in AIC and Mr Dai holds 5% of the voting rights in AIC. AIDC, AGIH, AIC, Ms Wang and Mr Dai are therefore deemed to be interested in the units held by AIP.

## ADDITIONAL INFORMATION

| | Total volume '000 | Highest price $ | Lowest price $ |
|---|---|---|---|
| Unit performance in 2022 | 274,540 | 0.139 | 0.094 |

# STATISTICS OF UNITHOLDINGS

AS AT 13 MARCH 2023

There were 1,806,354,850 units (voting rights: 1 vote per unit) in issue as of 13 March 2023. There is only one class of units in APTT.

## DISTRIBUTION OF UNITHOLDINGS

| Size of unitholdings | No. of unitholders | % | No. of units | % |
|---|---|---|---|---|
| 1 – 99 | 326 | 3.18 | 13,764 | 0.00 |
| 100 – 1,000 | 637 | 6.22 | 461,933 | 0.03 |
| 1,001 – 10,000 | 3,415 | 33.34 | 20,023,347 | 1.11 |
| 10,001 – 1,000,000 | 5,753 | 56.16 | 523,587,133 | 28.99 |
| 1,000,001 and above | 113 | 1.10 | 1,262,268,673 | 69.87 |
| **Total** | **10,244** | **100.00** | **1,806,354,850** | **100.00** |

## TWENTY LARGEST UNITHOLDERS

| No. | Name | No. of units | % |
|---|---|---|---|
| 1 | Araedis Investment Pte. Ltd. | 348,332,177 | 19.28 |
| 2 | DBS Nominees Pte. Ltd. | 132,879,236 | 7.36 |
| 3 | Citibank Nominees Singapore Pte. Ltd. | 102,313,439 | 5.66 |
| 4 | Raffles Nominees (Pte) Limited | 100,927,352 | 5.59 |
| 5 | Teo Cheng Tuan Donald | 76,000,000 | 4.21 |
| 6 | Hong Han Investment Co., Ltd. | 43,103,999 | 2.39 |
| 7 | OCBC Securities Private Limited | 27,073,401 | 1.50 |
| 8 | Phillip Securities Pte. Ltd. | 26,452,958 | 1.46 |
| 9 | HSBC (Singapore) Nominees Pte. Ltd. | 25,227,451 | 1.40 |
| 10 | CGS-CIMB Securities (Singapore) Pte. Ltd. | 25,173,276 | 1.39 |
| 11 | Tan Chwee Huat | 24,800,000 | 1.37 |
| 12 | Maybank Kim Eng Securities Pte. Ltd. | 20,568,314 | 1.14 |
| 13 | iFAST Financial Pte. Ltd. | 15,984,302 | 0.88 |
| 14 | United Overseas Bank Nominees (Private) Limited | 12,115,040 | 0.67 |
| 15 | KGI Securities (Singapore) Pte. Ltd. | 11,776,600 | 0.65 |
| 16 | OCBC Nominees Singapore Private Limited | 10,896,692 | 0.60 |
| 17 | APTT Management Pte. Limited | 10,354,850 | 0.57 |
| 18 | DBS Vickers Securities (Singapore) Pte. Ltd. | 9,749,022 | 0.54 |
| 19 | Lim & Tan Securities Pte. Ltd. | 8,717,851 | 0.48 |
| 20 | Yim Wing Cheong | 8,036,000 | 0.44 |
| | | **1,040,481,960** | **57.60** |

Based on the information available to the Trustee-Manager as at 13 March 2023, 74.58% 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 24(x) of Financial Statements on page 127 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 2022.

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 2022, or if not then subsisting, entered into since the constitution of the Trust.

## (E) INTERESTED PERSON TRANSACTIONS ("IPTs")

The aggregate value of IPTs entered into during the financial year ended 31 December 2022 is presented and disclosed in the requisite format pursuant to Rule 907 of the Listing Manual as follows. In addition refer to Note 30 of Financial Statements on page 139 of this Annual Report for additional details.

| Name of interested person<br>Amounts in $'000 | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---:|---:|
| APTT Management Pte. Limited | Trustee-Manager | | |
| – Trustee-Manager fee | | 7,359 | – |
| – Ancillary charges recovered under the Trust Deed | | 323 | – |

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

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the tenth Annual General Meeting ("AGM" or "Annual General Meeting") of the unitholders of Asian Pay Television Trust ("APTT") will be convened and held by way of electronic means on 27 April 2023, Thursday, at 10.30 a.m. (Singapore time) to transact the following businesses:

## ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of APTT Group for the financial year ended 31 December 2022 and the Auditor's Report thereon.
(Ordinary Resolution 1)

2. To reappoint Deloitte & Touche LLP as the Auditor of APTT to hold office until the next Annual General Meeting and to authorise the directors of the Trustee-Manager to fix its remuneration.
(Ordinary Resolution 2)

## SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:

3. Ordinary Resolution – General mandate to issue units in APTT ("Units")

That pursuant to Clause 6.1 of the deed of trust dated 30 April 2013 constituting APTT, as amended and restated by a First Amending and Restating Deed dated 28 April 2022 (the "Trust Deed"), Section 36 of the Business Trusts Act 2004 (the "BTA") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Trustee-Manager to:

(i) (a) issue Units, whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

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

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

provided that:

(A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued pursuant to Instruments made or granted pursuant to this Resolution) must not exceed 50.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) will be based on the number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

(I) new Units arising from the conversion or exercise of the Instruments which are issued and outstanding or subsisting at the time this Resolution is passed; and

(II) any subsequent bonus issue, consolidation or subdivision of Units;

# NOTICE OF ANNUAL GENERAL MEETING

(C) in exercising the authority conferred by this Resolution, the Trustee-Manager must comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the BTA;

(D) (unless revoked or varied by the unitholders in a general meeting) the authority conferred by this Resolution will continue in force until (i) the conclusion of the next Annual General Meeting of APTT or (ii) the date by which the next Annual General Meeting of APTT is required by law to be held, whichever is earlier;

(E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(F) the Trustee-Manager be and is hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of APTT to give effect to the authority conferred by this Resolution.

(See explanatory notes)

(Ordinary Resolution 3)

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

**Wong Yoen Har**
Company Secretary

Singapore, 10 April 2023

**Explanatory notes:**

**Ordinary Resolution 3**

Ordinary Resolution 3, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the date on which such authority is varied or revoked by APTT in a general meeting of the unitholders, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50.0% of the issued Units, of which up to 20.0% may be issued other than on a pro-rata basis to existing unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 is passed, after adjusting for any new Units arising from the conversion or exercise of the Instruments which are issued and outstanding or subsisting at the time Ordinary Resolution 3 is passed, and any subsequent bonus issue, consolidation or subdivision of Units.

# NOTICE OF ANNUAL GENERAL MEETING

**Important notes:**

**General**

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended and/or modified, the "Temporary Measures Order"). A copy of this Notice of AGM has been disseminated to unitholders by electronic means via publication on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023. For convenience, printed copies of this Notice of AGM have also been sent by post to unitholders. Printed copies of the Annual Report 2022 will not be sent to unitholders. Instead, unitholders may access the Annual Report via the above-mentioned URLs. Unitholders may request for a printed copy of the Annual Report via the Request Form sent to unitholders.

2. **Unitholders will not be able to attend the AGM in person.** There will be no personal attendance at the AGM. Unitholders who wish to vote at the AGM may:

    (a) (where such unitholders are individuals) vote live at the AGM; or

    (b) (where such unitholders are individuals and corporates): (i) appoint a proxy(ies) (other than the Chair) to attend, ask questions and vote at the AGM on their behalf; or (ii) appoint the Chair as proxy to attend, ask questions and vote at the AGM on their behalf. A proxy need not be a unitholder of APTT.

3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chair of the AGM in advance of the AGM or during the AGM via a "live" online chat box, addressing of substantial and relevant questions prior to and during the AGM, real-time electronic voting and voting by appointing a proxy(ies) or the Chair of the AGM as proxy at the AGM, are set out in the Trustee-Manager's announcement dated 10 April 2023. The announcement may be accessed at the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023.

**Pre-registration and participation in the AGM via "live" audio-visual webcast or "live" audio-only stream**

4. Unitholders are required to pre-register their participation in the AGM ("Pre-registration") at the URL https://conveneagm.com/sg/aptt2023 by 10.30 a.m. on 25 April 2023 ("Registration Deadline") for verification of their status as unitholders (or the corporate representatives of such unitholders).

5. Upon successful verification, each such unitholder or its corporate representative will receive an email by 5.00 p.m. on 26 April 2023. The email will contain instructions to access the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings. Unitholders or their corporate representatives must not forward the email to other persons who are not unitholders and who are not entitled to participate in the AGM proceedings. Unitholders or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 4 above but did not receive an email by 5.00 p.m. on 26 April 2023 should call +65 6856 7330 or email support@conveneagm.com for assistance.

6. Unitholders holding units through relevant intermediaries (other than SRS investors) will not be able to pre-register for the "live" audio-visual webcast or "live" audio-only stream. Such unitholders who wish to participate in the "live" audio-visual webcast or "live" audio-only stream of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.

**Voting**

7. A unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM may vote at the AGM via real-time electronic voting or by submitting an instrument ("Proxy Form") appointing a proxy(ies) or the Chair of the AGM as proxy to vote on his/her/its behalf at the AGM.

8. Live voting will be conducted during the AGM. It is important for attendees to ensure their web-browser enabled devices are ready for voting during the AGM.

9. Attendees will be required to log in to https://conveneagm.com/sg/aptt2023 via the login credentials created during Pre-registration. Attendees may cast their votes in real time for each resolution to be tabled, using the live voting feature of the AGM, selecting each resolution and voting accordingly during the AGM proceedings.

10. As an alternative to live voting, unitholders may also appoint a proxy(ies) or the Chair of the AGM as his/her/its proxy to vote on their behalf.

11. The Proxy Form for the AGM may be accessed at the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023. For convenience, printed copies of the Proxy Form have also been sent by post to unitholders.

12. The Chair of the AGM, as proxy, need not be a unitholder of APTT.

13. A unitholder (whether individual or corporate) appointing the Chair of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chair of the AGM as proxy for that resolution will be treated as invalid.

# NOTICE OF ANNUAL GENERAL MEETING

14. The Proxy Form must be submitted in the following manner:

    a. if submitted by post, be deposited at the registered office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at the following address: Asian Pay Television Trust, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

    b. if submitted electronically, be sent by email to the Unit Registrar at AGM.TeamE@boardroomlimited.com,

    in either case, not less than 48 hours before the time appointed for holding the AGM (the "Proxy Deadline").

15. Unitholders who wish to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or sign, scan and send it by email to the email address provided above. Unitholders may also download the Proxy Form from the URLs mentioned above for submission. **Unitholders are strongly encouraged to submit their completed Proxy Forms electronically by email.**

16. Investors who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including SRS investors) and who wish to exercise their votes should approach their respective relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by 5.00 p.m. on 17 April 2023, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint a proxy(ies) or the Chair of the AGM to vote on their behalf no later than the Proxy Deadline.

**Submission of questions prior to the AGM**

17. Unitholders and/or their proxy(ies) may submit questions related to the resolutions to be tabled at the AGM during Pre-registration via the URL https://conveneagm.com/sg/aptt2023, or by email together with their full name (as per CDP records), identification number, and contact number by 5.00 p.m. on 18 April 2023 to investorrelations@aptt.sg. The Trustee-Manager will consider all questions and endeavour to address all substantial and relevant questions received in advance from unitholders. Answers to such questions received in advance will be made available on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023 before market opens on 20 April 2023, three market days prior to the closing date for the lodgment of the proxy forms (25 April 2023).

**Submission of questions during the AGM**

18. Alternatively, unitholders may submit questions during the AGM by clicking on the "Ask a Question" option, typing in and submitting their questions through the "live" chat box via the webcast platform during the AGM. The Trustee-Manager will endeavour to address relevant and substantial questions.

**Access to all documents relating to the business of the AGM**

19. All documents and information relating to the business of the AGM (including the 2022 Annual Report, the Proxy Form, this Notice of AGM and Request Form) have been published on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023. The Trustee-Manager will, within one month after the date of the AGM, publish the minutes of the AGM at the above-mentioned URLs and the minutes will include responses to the questions received and addressed during the AGM.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or the Chair of the Annual General Meeting as proxy to attend, ask questions and vote at the Annual General Meeting and/or any adjournment thereof, a unitholder (i) consents to the collection, use and disclosure of the unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing, administration and analysis of the appointment of a proxy(ies) and/or the Chair of the Annual General Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines, and recording and transmitting images and voice recordings when broadcasting the proceedings of the Annual General Meeting through a "live" audio-visual webcast or "live" audio-only stream (collectively, the "Purposes"), (ii) warrants that where the unitholder discloses the personal data of the unitholder's proxy(ies) to the Trustee-Manager (or its agents or service providers), the unitholder has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Trustee-Manager (or its agents or service providers) of the personal data of such proxy(ies) for the Purposes, in accordance with any applicable laws, regulations and/or guidelines, and (iii) agrees to provide the Trustee-Manager with written evidence of such prior consent referred to in (ii) upon reasonable request.

**ASIAN PAY TELEVISION TRUST**
(A business trust constituted on 30 April 2013
under the laws of the Republic of Singapore)
Registration Number: 2013005

**APTT MANAGEMENT PTE. LIMITED**
(Incorporated in the Republic of Singapore)
(As Trustee-Manager of Asian Pay Television Trust)
Company Registration Number: 201310241D

aptt
Asian Pay Television Trust

**IMPORTANT:**

1. The Annual General Meeting ("AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended and/or modified, the "Temporary Measures Order"). The Notice of AGM has been disseminated to unitholders by electronic means via publication on the website of the Singapore Exchange Securities Trading Limited (the "SGX-ST") at the URL https://www.sgx.com/securities/company-announcements and Asian Pay Television Trust's ("APTT") corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023. For convenience, printed copies of the Notice of AGM have also been sent by post to unitholders.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chair of the AGM in advance of the AGM or during the AGM via a "live" online chat box, addressing of substantial and relevant questions prior to and during the AGM, real-time electronic voting and voting by appointing a proxy(ies) or the Chair of the AGM as proxy at the AGM, are set out in the Trustee-Manager's announcement dated 10 April 2023. The announcement may be accessed at the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023.
3. **Unitholders will not be able to attend the AGM in person.** There will be no personal attendance at the AGM. Unitholders who wish to vote at the AGM may:
   (a) (where such unitholders are individuals) vote live at the AGM; or
   (b) (where such unitholders are individuals and corporates): (i) appoint a proxy(ies) (other than the Chair) to attend, ask questions and vote at the AGM on their behalf; or (ii) appoint the Chair as proxy to attend, ask questions and vote at the AGM on their behalf. A proxy need not be a unitholder of APTT.
4. Investors who hold their units in APTT ("Units") through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including SRS investors) should approach their respective relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by 5.00 p.m. on 17 April 2023.
5. By submitting an Instrument appointing a proxy(ies) or the Chair of the AGM as proxy ("Proxy Form"), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 April 2023.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) or the Chair of the AGM as a unitholder's proxy to vote on his/her/its behalf at the AGM.**

# PROXY FORM

*I/We ______________________________________________

(NRIC/Passport No./Company Registration No. ______________________________ )

of ______________________________________________ (Address)
being a *unitholder/unitholders of APTT hereby appoint:

| Name | NRIC/Passport No. | Proportion of unitholdings | |
|---|---|---|---|
| | | No. of units | % |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/Passport No. | Proportion of unitholdings | |
|---|---|---|---|
| | | No. of units | % |
| Address | | | |

or failing *him/her/them, the Chair of the AGM of APTT as *my/our proxy/proxies to vote for *me/us and on *my/our behalf, at the AGM of APTT, to be convened and held by way of electronic means on 27 April 2023, Thursday at 10.30 a.m. (Singapore time) and at any adjournment thereof. *I/We direct *my/our *proxy/proxies or the Chair of the AGM to vote for or against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder.

Unitholders should specifically indicate in this Proxy Form how they wish to vote for or against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/her/they will. If no specific direction as to voting is given in respect of a Resolution, the appointment of the Chair of the AGM as proxy for that Resolution will be treated as invalid.

| No. | Resolutions relating to: | **For | **Against | **Abstain |
|---|---|---|---|---|
| | **Ordinary Business** | | | |
| 1 | Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited financial statements of APTT Group for the financial year ended 31 December 2022 and the Auditor's Report thereon (Ordinary Resolution) | | | |
| 2 | Reappointment of Deloitte & Touche LLP as the Auditor of APTT (Ordinary Resolution) | | | |
| | **Special Business** | | | |
| 3 | Authority to issue new units in APTT (Ordinary Resolution) | | | |

* Delete accordingly.

** If you wish your proxy(ies) or the Chair of the AGM as your proxy to cast all your votes for or against a resolution, indicate your vote "For" or "Against" with a tick (✓) within the box provided in respect of that resolution. Alternatively, please indicate the number of units "For" or "Against" in the respective box provided in respect of that resolution. If you wish your proxy(ies) or the Chair of the AGM as your proxy to abstain from a resolution, indicate with a tick (✓) in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of units that the Chair of the AGM as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution.

Dated this __________ day of ______________________ 2023.

| Total no. of units in: | No. of units |
|---|---|
| (a) CDP Register | |
| (b) Register of unitholders | |

______________________________________________
Signature(s) of unitholder(s)/Common Seal of corporate unitholder

**Notes:**

1. Please insert the total number of Units held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Units. If you have Units registered in your name in the Register of unitholders of APTT, you should insert that number of Units. If you have Units entered against your name in the said Depository Register and Units registered in your name in the Register of unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of unitholders. If no number is inserted, this Proxy Form shall be deemed to relate to all the Units held by you.

2. **Unitholders will not be able to attend the AGM in person.** There will be no personal attendance at the AGM. Unitholders who wish to vote at the AGM may:

   (a) (where such unitholders are individuals) vote live at the AGM; or

   (b) (where such unitholders are individuals and corporates): (i) appoint a proxy(ies) (other than the Chair) to attend, ask questions and vote at the AGM on their behalf; or (ii) appoint the Chair as proxy to attend, ask questions and vote at the AGM on their behalf. A proxy need not be a unitholder of APTT.

3. **A unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM may vote at the AGM via real-time electronic voting or by submitting this Proxy Form appointing a proxy(ies) or the Chair of the AGM as proxy to vote on his/her/its behalf at the AGM.** This Proxy Form for the AGM may be accessed at the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and APTT's corporate website at the URL https://investor.aptt.sg/newsroom.html/year/2023. For convenience, a printed copy of this Proxy Form has also been sent to unitholders. A unitholder (whether individual or corporate) appointing the Chair of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of each resolution in this Proxy Form, failing which the appointment of the Chair of the AGM as proxy for that resolution will be treated as invalid.

4. The Chair of the AGM, as proxy, need not be a unitholder of APTT.

5. The Proxy Form must be submitted in the following manner:

   a. if submitted by post, be deposited at the registered office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at the following address: Asian Pay Television Trust, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   b. if submitted electronically, be sent by email to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at AGM.TeamE@boardroomlimited.com,

   in either case, not less than 48 hours before the time appointed for holding the AGM (the "Proxy Deadline").

6. Unitholders who wish to submit the Proxy Form must complete and sign this Proxy Form, before submitting it by post to the address provided above, or sign, scan and send it by email to the email address provided above. Unitholders may also download this proxy form from the URLs mentioned above for submission. **Unitholders are strongly encouraged to submit their completed Proxy Forms electronically by email.**

7. Investors who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including SRS investors) and who wish to exercise their votes should approach their respective relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by 5.00 p.m. on 17 April 2023, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint a proxy(ies) or the Chair of the AGM as proxy to vote on their behalf no later than the Proxy Deadline.

8. The Proxy Form must be under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form (failing previous registration with the Trustee-Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form or, if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.

**Personal data privacy:**

By submitting the Proxy Form, the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 April 2023.

**General:**

The Trustee-Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any Proxy Form lodged if the unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

**Disclaimers**

Asian Pay Television Trust ("APTT") is a business trust registered under the Business Trusts Act 2004 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 fully owned by Mr Lu Fang-Ming, the former 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, as amended and restated by a First Amending and Restating Deed dated 28 April 2022 (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**
(As Trustee-Manager of Asian Pay Television Trust)

Registered Office: 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632
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