



ANNUAL REPORT 2014

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

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## TRUST PROFILE



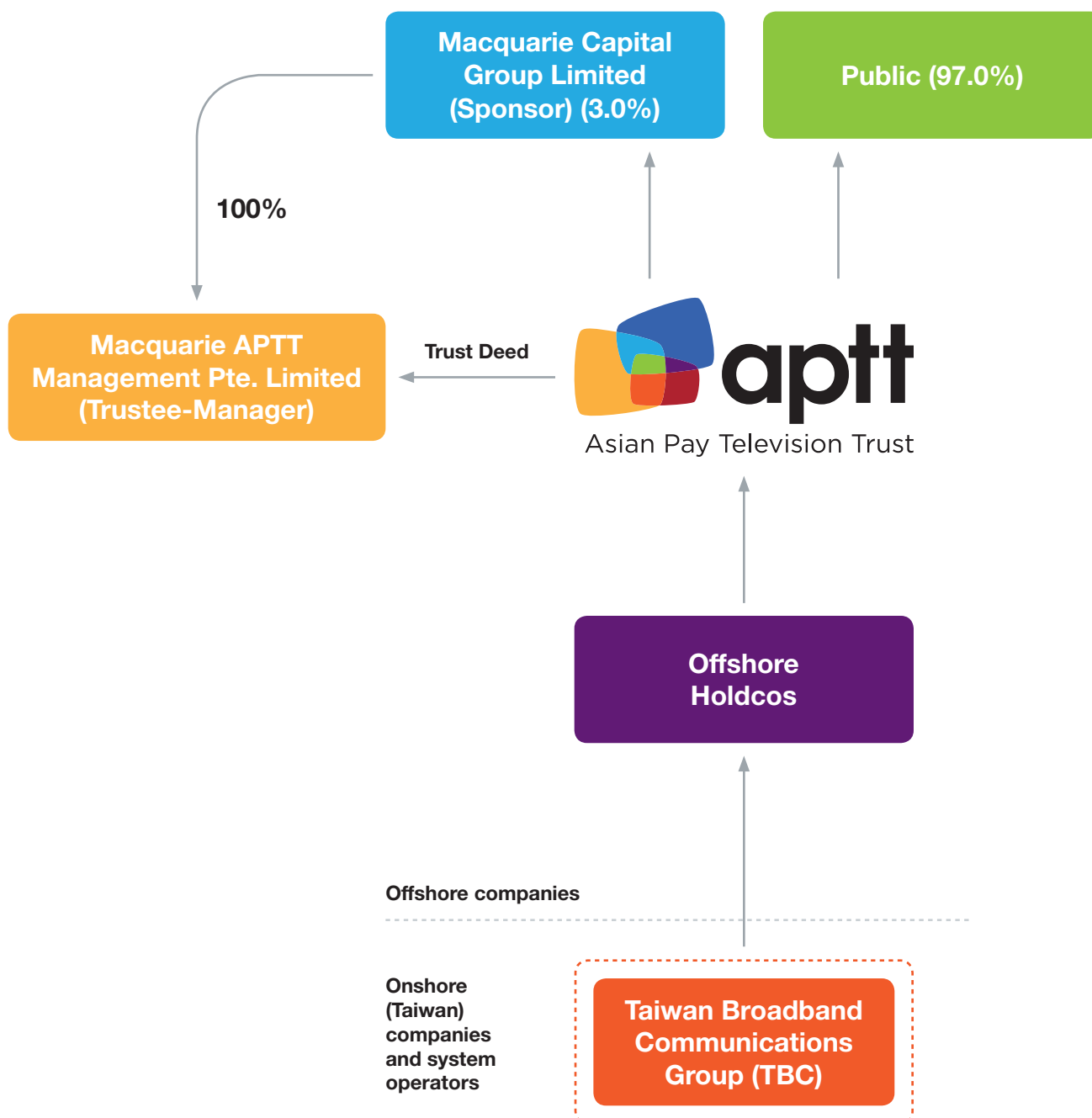
Asian Pay Television Trust (APTT or the Trust) is the first listed business trust in Asia focused on pay-TV businesses. APTT intends to distribute 100% of its distributable free cash flows, and has an investment mandate to acquire controlling interests and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore.

APTT's seed asset, Taiwan Broadband Communications Group (TBC), is Taiwan's third-largest cable TV operator and has been owned and managed by Macquarie Group entities since 2006.

APTT is managed by Macquarie APTT Management Pte. Limited (the Trustee-Manager) which operates within Macquarie Infrastructure and Real Assets (MIRA), a division of Macquarie Group and a global alternative asset manager with approximately A\$113 billion<sup>1</sup> in assets under management through specialised funds focused on real estate, infrastructure and related sectors. 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.

<sup>1</sup> Based on proportionate enterprise value, calculated as proportionate net debt and equity value at 30 September 2014 for the majority of assets.

## CORPORATE STRUCTURE



## FINANCIAL HIGHLIGHTS

TOTAL REVENUE  
(S\$)

**318.7** million

NET PROFIT  
(S\$)

**114.7** million

EBITDA MARGIN  
(%)

**61.3**

DISTRIBUTIONS PER UNIT  
(Singapore cents)

**8.25**

TOTAL ASSETS  
(S\$)

**2,489.2** million



## CHAIRMAN'S STATEMENT



APTT's unit price performed well during 2014. On 31 December 2014, APTT closed at S\$0.86, which translates to a market capitalisation of over S\$1.2 billion, an increase of 16.2% from the end of 2013.

Dear Unitholders,

I am pleased to present the Asian Pay Television Trust (APTT or the Trust) annual report for the year ended 31 December 2014.

2014 was another year of positive performance and milestones for APTT. Highlights included changing from a semi-annual to a quarterly distribution policy and the declaration of 8.25 Singapore cents per unit of distributions, which was consistent with the guidance first provided at the time of APTT's initial public offering (IPO). Taiwan Broadband Communications Group (TBC), APTT's sole investment, achieved both higher year on year subscribers and revenue. Total subscribers and revenue<sup>1</sup> increased over 2013 levels by 1.3% and 2.3%. This was achieved despite the challenging economic conditions in Taiwan, which also highlights the resilient and stable nature of TBC's business.

TBC is a leading provider of pay-TV and broadband services in Taiwan. It owns the cable network in five franchise areas across Taiwan that passes over 1.1 million homes. Through this network TBC delivers basic cable TV, premium digital TV and high-speed broadband services to these homes.

### UNIT PRICE PERFORMANCE

APTT's unit price performed well during 2014. On 31 December 2014, APTT closed at S\$0.86, which translates to a market capitalisation of over S\$1.2 billion, an increase of 16.2% from the end of 2013. This placed APTT among the Top 100 entities by market capitalisation listed on the mainboard of the SGX-ST.

### OPERATIONAL PERFORMANCE

APTT reported total revenue and EBITDA on a consolidated basis of S\$318.7 million and S\$195.2 million for the year ended 31 December 2014.



<sup>1</sup> Total revenue in 2014 was S\$318.7 million and in 2013 was S\$311.5 million. APTT was listed on the SGX-ST on 29 May 2013. The total revenue figure for 2013 takes into account S\$126.5 million in revenue for the period from 1 January 2013 to 29 May 2013, which was prior to the listing of APTT. This is to illustrate TBC's total revenue for 2013 if it had owned TBC for the full year and does not form part of the actual financial results of APTT in 2013.

## CHAIRMAN'S STATEMENT



Operational highlights of TBC were as follows:

- Subscribers across TBC's three service offerings were higher over 2013. Basic cable TV, Premium digital cable TV and Broadband subscribers as at 31 December 2014 amounted to 756,000 (2013: 755,000), 133,000 (2013: 123,000) and 183,000 (2013: 180,000) respectively.
- TBC continued the roll-out of digital set-top boxes across its five franchise areas and achieved a penetration rate of 82% as at 31 December 2014, up from 37% in 2013. TBC remains at the forefront of digitisation in Taiwan and is well positioned to provide subscribers with the opportunity to watch the latest TV offerings in high definition digital format.
- The expansion into the greater Taichung region progressed in line with expectations in 2014. TBC's core network has been expanded to cover in excess of 30% of homes in the new coverage area in greater Taichung. This has enabled the requisite regulatory licences to operate in the new coverage areas to be secured and marketing operations commenced in the fourth quarter of 2014. It is anticipated that the network expansion in greater Taichung would be completed in early 2016.

## DISTRIBUTIONS

APTT declared total distributions of 8.25 Singapore cents per unit for 2014, which was consistent with the distribution guidance first provided at the time of APTT's IPO. The distributions were underpinned by the cash flows from APTT's investment in TBC and it is expected that these will continue to form the basis of APTT's future distributions to Unitholders. The Trust intends to distribute 100% of its distributable free cash flow on a quarterly basis.

Distributions for 2015 are anticipated to be at least equal to 2014, at 8.25 Singapore cents per unit. It is expected that the distributions will be paid in instalments of 2.00 cents per unit for the first, second and third quarters of 2015 and at least 2.25 cents per unit for the fourth and final quarter ending 31 December 2015. The 2015 distribution guidance is subject to there being no material changes in planning assumptions.

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## CHAIRMAN'S STATEMENT



### OUTLOOK

The focus in 2015 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base, progressing the network and operational expansion in greater Taichung and completing the refinancing of TBC's borrowing facilities. In addition, inorganic growth initiatives will be pursued in a selective manner. Overall, total revenue and EBITDA for the full year 2015 are anticipated to be higher than 2014 as initiatives to grow TBC's business are pursued.

### ACKNOWLEDGEMENTS

I would like to thank my fellow Directors on the Board of the Trustee-Manager for their dedicated service and support, and the management team, for their hard work during the year. Finally, on behalf of the Trustee-Manager Board, I would like to thank you, our Unitholders and our other stakeholders, for your continued support of APTT.

**Yong Lum Sung**  
Chairman

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## ASSET PORTFOLIO



### TAIWAN BROADBAND COMMUNICATIONS GROUP (TBC)

#### Asset description

TBC is a leading, integrated cable operator in Taiwan that generates stable cash flows and has an attractive growth profile. Established in 1999, TBC is a provider of cable TV and broadband services in closely clustered franchise areas in northern and central Taiwan.

With network coverage of more than 1.1 million homes, TBC offers basic cable TV, premium digital cable TV and broadband services to households and businesses in these areas.



# SUSTAINABILITY

Macquarie APTT Management Pte. Limited, the Trustee-Manager of APTT (Trustee-Manager), is a wholly owned subsidiary of Macquarie Capital Group Limited and operates in accordance with the policies and procedures of Macquarie Group Limited (Macquarie), which has made a public statement on corporate citizenship which is available on its website at [www.macquarie.com](http://www.macquarie.com).

The commitment is based on Macquarie taking a long-term view of its business activities and acknowledging the importance of good custodianship to the communities in which it operates. As set out on Macquarie's website, this commitment is underpinned by:

- A clear expectation of ethical behaviour from all Macquarie staff, which has been adopted by the Board of the Trustee-Manager (in its capacity as the Trustee-Manager of APTT) and which is set out in the Trustee-Manager's code of conduct (available on request); and
- A robust framework of policies including those relevant to environmental, social and governance responsibilities.

All Macquarie staff, including those working on behalf of APTT, have a collective responsibility to ensure that Macquarie continues to be a good corporate citizen. The Trustee-Manager is supported by Macquarie's integrity officers and risk management group.

Macquarie staff may also contribute their time, expertise and/or finances to community organisations through the Macquarie Group Foundation. Macquarie is committed to supporting the charitable, sponsorship and volunteer work of the Macquarie Group Foundation and Macquarie staff in the communities in which Macquarie operates.



## POLICIES ADOPTED BY APTT

APTT is committed to operating within the laws of any jurisdiction in which it does business and rejects absolutely the use of any form of bribery or corruption either directly or indirectly on its behalf to advance its business interests or those of its associates. The Trustee-Manager has adopted a code of conduct, which includes anti-bribery, anti-corruption and anti-money laundering policies, intended to help directors and staff to understand their responsibilities, to uphold the goals and values to which Macquarie aspires and to conduct business in accordance with applicable laws and regulations.

In addition, APTT recognises that its investment in and development and management of operating businesses may have environmental and social impacts. APTT acknowledges that many people are impacted by the activities of its businesses' operations and will work to ensure its operations are conducted in an environmentally and socially responsible manner.

APTT has adopted policies and procedures to manage these risks, which are consistent with Macquarie's policies and reflect the risk specifically associated with APTT's portfolio and the management thereof.

The framework is applied throughout APTT's investment and portfolio management process as follows:

- Asset selection – environmental and social issues are reviewed as part of the acquisition due diligence process;
- Ongoing portfolio management – the environmental and social risk management framework of assets and businesses in APTT's portfolio is assessed to ensure it is appropriate to the level of environmental and social risks. APTT's ability to control or influence such a framework will be determined through its level of ownership/control. Regular reporting to the Board enables compliance with environmental requirements to be monitored and environmental and social responsibility issues to be identified; and
- Stakeholder reporting – policies, social and environmental initiatives, and compliance performance are reported internally and, where appropriate, externally.

# SUSTAINABILITY



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY-RELATED INITIATIVES AT APTT BUSINESSES IN FY2014

APTT understands the importance of sustainable business growth, and APTT and its businesses adopt practices and cooperative measures that ensure sustainability.

Taiwan Broadband Communications Group (TBC), the sole asset of APTT, is an active member of its community and plays an integral role in a wide range of social, cultural and environmental activities in its operating areas. Examples of notable environmental and social responsibility-related initiatives undertaken during 2014 include the following initiatives by the TBC system operators:

- In 2014, Nan Tao Yuan Cable Television Co., Ltd (Nan Tao Yuan) sponsored a wide range of community activities including the 2014 Taoyuan Cable TV Digitisation Carnival, the 2014 Little Journalist Camp for Taoyuan County elementary school students, as well as the Taoyuan Film Festival, Taoyuan County Lantern Festival, Taoyuan Symphonic Band Carnival, and the Taoyuan County Dragon Boat Competition among others.
- Best Cable Television Co., Ltd's (Best) community initiatives in 2014 included the Hsinchu Lantern Festival, as well the Hsinchu Hakka Tong Blossom Festival. In addition, Best also contributed to a range of local charitable causes including the Fong-Ru Educational Foundation and a food drive for mountainous villages in the county.
- Shin Ho Cable Television Co., Ltd's (Shin Ho) involvement in the Miaoli community is seen in its active participation in local activities. In 2014, these included fundraising for the Genesis Social Welfare Foundation and sponsorship of the 'Caring for the Young and Old' charity event by the Huayen World Buddhism Foundation. Other local community activities Shin Ho participated in also included the sponsorship of Miaoli County Marine Tourism to promote environmental protection.
- Chun Chien Cable TV Co., Ltd's (Chun Chien) community contributions in 2014 included sponsorship of the Memorial Services and Music Concert for Peace Memorial Day and the 2014 Taichung New Year's Eve Celebrations. It also continued to provide live telecasts of key Taichung City Hall meetings including City Council meetings.
- As before, TBC continued to provide free airtime and financial support for community announcements, as well as subscription subsidies for low-income homes.

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# OPERATIONAL AND FINANCIAL REVIEW

## SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The selected financial information and operating data presented on page 11 supports the distributions to Unitholders and therefore are key financial and operating metrics that the Trustee-Manager focuses on to review the amount of distributions that will be paid to Unitholders. Some of the selected financial information includes non-IFRS measures.

### Non-IFRS measures

EBITDA and EBITDA margin are supplemental financial measures of the Trust'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 Trust. In particular, EBITDA and EBITDA margin do not reflect the Trust'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 Trust 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), the age and book depreciation of tangible assets (affecting relative depreciation expense). In particular, EBITDA eliminates the non-cash depreciation expense that arises from the capital-intensive nature of the Trust'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 AND OPERATING DATA

|                                                           | Group <sup>1</sup><br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period <sup>2</sup> ended<br>31 December<br>2013<br>\$'000 |
|-----------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>Revenue</b>                                            |                                                                   |                                                                     |
| Basic cable TV                                            | 255,774                                                           | 147,641                                                             |
| Premium digital cable TV                                  | 13,792                                                            | 7,861                                                               |
| Broadband                                                 | 49,163                                                            | 29,538                                                              |
| <b>Total revenue</b>                                      | <b>318,729</b>                                                    | <b>185,040</b>                                                      |
| <b>Operating expenses<sup>3</sup></b>                     |                                                                   |                                                                     |
| Broadcast and production costs                            | (60,088)                                                          | (35,492)                                                            |
| Staff costs                                               | (26,988)                                                          | (16,120)                                                            |
| Trustee-Manager fees                                      | (7,167)                                                           | (4,162)                                                             |
| Other operating expenses <sup>4</sup>                     | (29,253)                                                          | (17,842)                                                            |
| <b>Total operating expenses</b>                           | <b>(123,496)</b>                                                  | <b>(73,616)</b>                                                     |
| <b>EBITDA</b>                                             | <b>195,233</b>                                                    | <b>111,424</b>                                                      |
| EBITDA margin                                             | 61.3%                                                             | 60.2%                                                               |
| <b>Capital expenditures (excluding network expansion)</b> | <b>53,223</b>                                                     | <b>42,627</b>                                                       |
| As a % of revenue                                         | 16.7%                                                             | 23.0%                                                               |
| <b>Capital expenditures - network expansion</b>           | <b>33,300</b>                                                     | <b>-</b>                                                            |
|                                                           | <b>Twelve months<br/>ended<br/>31 December<br/>2014</b>           | <b>Twelve months<br/>ended<br/>31 December<br/>2013</b>             |
| <b>ARPU<sup>5</sup> (NT\$ per month)</b>                  |                                                                   |                                                                     |
| Basic cable TV                                            | 537                                                               | 537                                                                 |
| Premium digital cable TV                                  | 195                                                               | 207                                                                 |
| Broadband                                                 | 525                                                               | 543                                                                 |
|                                                           | <b>As at<br/>31 December<br/>2014</b>                             | <b>As at<br/>31 December<br/>2013</b>                               |
| <b>Subscribers ('000)</b>                                 |                                                                   |                                                                     |
| Basic cable TV                                            | 756                                                               | 755                                                                 |
| Premium digital cable TV                                  | 133                                                               | 123                                                                 |
| Broadband                                                 | 183                                                               | 180                                                                 |

<sup>1</sup> Group refers to APTT and its subsidiaries taken as a whole.

<sup>2</sup> The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. APTT was listed on the SGX-ST on 29 May 2013.

<sup>3</sup> Operating expenses presented here exclude net foreign exchange losses appearing in the consolidated statements of profit or loss on page 41, in order to arrive at EBITDA and EBITDA margin.

<sup>4</sup> Other operating expenses exclude a one-time fee of \$1.2 million paid to Deloitte (Taiwan) for services performed in relation to the settlement of the tax disputes.

<sup>5</sup> Average Revenue Per User (ARPU) is calculated by dividing the subscription revenue for Basic cable TV, Premium digital cable TV or Broadband, as applicable, by the average number of revenue generating units (RGUs, or subscribers) for that service during the period.

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## OPERATIONAL AND FINANCIAL REVIEW

### REVIEW OF SELECTED FINANCIAL INFORMATION AND OPERATING DATA

Total revenue for the year ended 31 December 2014 of \$318.7 million comprised: (i) Basic cable TV revenue of \$255.8 million, (ii) Premium digital cable TV revenue of \$13.8 million and (iii) Broadband revenue of \$49.2 million.

Revenue from Basic cable TV was in line with expectations, however Basic cable TV non-subscription revenue comprised predominantly channel leasing and advertising, was greater than expectations at \$52.4 million or approximately 20.5% of total Basic cable TV revenue. Revenue from Premium digital cable TV and Broadband were less than expectations as a result of fewer subscriber additions and lower ARPU due to the weak economic environment in Taiwan. As a result, total revenue for the full year of \$318.7 million was lower than the forecast of \$323.8 million provided in the Prospectus.

Total operating expenses for the year ended 31 December 2014 of \$123.5 million comprised: (i) Broadcast and production costs of \$60.1 million, (ii) Staff costs of \$27.0 million, (iii) Trustee-Manager fees of \$7.2 million and (iv) Other operating expenses of \$29.3 million. Total operating expenses for the year ended 31 December 2014 were consistent with the forecast provided in the Prospectus.

For the year ended 31 December 2014, EBITDA and EBITDA margin amounted to \$195.2 million and 61.3%. The full year EBITDA of \$195.2 million was lower than the forecast of \$201.9 million provided in the Prospectus.

Basic cable TV subscribers of 756 thousand, Premium digital cable TV subscribers of 133 thousand and Broadband subscribers of 183 thousand as at 31 December 2014 were higher than the prior year. Despite the higher subscriber numbers, the ARPU performances for Basic cable TV, Premium digital cable TV and Broadband were varied compared to the prior year. Basic cable TV ARPU of NT\$537 per month as at 31 December 2014 was consistent with the prior year. Premium digital cable TV ARPU of NT\$195 per month and Broadband ARPU of NT\$525 per month as at 31 December 2014 were lower than the prior year.

Capital expenditures (excluding the network expansion) as a percentage of total revenue for the year ended 31 December 2014 was 16.7%. Capital expenditures in 2014 included the following:

- Capital expenditures relating to ordinary operations (ordinary maintenance capital expenditures, growth capital expenditures including digital set-top boxes, high-speed broadband modems, cable line extensions and other items); and
- Capital expenditures relating to the one-time network upgrade from 750 MHz to 870 MHz.

Capital expenditures relating to the network expansion for the year ended 31 December 2014 were \$33.3 million.

Taking into account the new network expansion and accelerated digital set-top box roll-out, capital expenditures were in line with expectations.

# OPERATIONAL AND FINANCIAL REVIEW

## RECONCILIATION OF NET PROFIT TO EBITDA

|                                            | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period <sup>1</sup> ended<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------|
| <b>Net profit for the year/period</b>      | <b>114,660</b>                                       | <b>45,323</b>                                                       |
| Add: Depreciation and amortisation expense | 48,737                                               | 25,350                                                              |
| Add: Foreign exchange loss/(gain)          | 3,357                                                | (1,769)                                                             |
| Add: Other operating expenses <sup>2</sup> | 1,249                                                | (60)                                                                |
| Add: Interest and other finance costs      | 44,090                                               | 25,237                                                              |
| Add: Income tax (benefit)/expense          | (16,860)                                             | 17,343                                                              |
| <b>EBITDA</b>                              | <b>195,233</b>                                       | <b>111,424</b>                                                      |
| <b>EBITDA margin<sup>3</sup></b>           | <b>61.3%</b>                                         | <b>60.2%</b>                                                        |

<sup>1</sup> The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. Although APTT was constituted on 30 April 2013, the acquisition of the assets and business undertakings of its initial portfolio, TBC, was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue and expenses of TBC were included for the 216-day period from 30 May 2013 to 31 December 2013.

<sup>2</sup> Represents mostly a one-time fee of \$1.2 million paid to Deloitte (Taiwan) for services performed in relation to the settlement of the tax disputes (Note 27 of the Consolidated Financial Statements), which was not included in the calculation of EBITDA.

<sup>3</sup> EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by Total revenue.

## A) REVIEW OF REVENUE

For the year ended 31 December 2014, APTT reported total revenue of \$318.7 million (for the period ended 31 December 2013: \$185.0 million). Total revenue comprised: (i) Basic cable TV revenue of \$255.8 million (for the period ended 31 December 2013: \$147.6 million), (ii) Premium digital cable TV revenue of \$13.8 million (for the period ended 31 December 2013: \$7.9 million) and (iii) Broadband revenue of \$49.2 million (for the period ended 31 December 2013: \$29.5 million).

### (i) Basic cable TV

Basic cable TV revenue, comprising subscription and other non-subscription revenue, represents approximately 80% of total revenue (for the period ended 31 December 2013: 80%). Basic cable TV non-subscription revenue comprised predominantly revenue generated from the leasing of television channels to third parties, sales of advertising time during the Group's television programming and fees for the installation of set-top boxes. Channel leasing revenue represents a significant portion of other Basic cable TV non-subscription revenue. Basic cable TV revenue for the year ended 31 December 2014 amounted to \$255.8 million and Basic cable TV ARPU amounted to NT\$537 per month for the year.

### (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 services. Non-subscription revenue was generated from DVR-only fees in addition to revenue generated from the installation of set-top boxes and the sale of electronic program guide data to other system operators. Premium digital cable TV revenue for the year ended 31 December 2014 amounted to \$13.8 million and Premium digital cable TV ARPU amounted to NT\$195 per month for the year.

### (iii) Broadband

Broadband revenue comprised subscription and non-subscription revenue generated from the provision of installation services. Broadband revenue for the year ended 31 December 2014 amounted to \$49.2 million and Broadband ARPU amounted to NT\$525 per month for the year.

# OPERATIONAL AND FINANCIAL REVIEW

## B) REVIEW OF OPERATING EXPENSES

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

### (i) Broadcast and production costs

Broadcast and production costs were \$60.1 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$35.5 million). Broadcast and production costs consisted of the cost of acquiring Basic cable TV and Premium digital cable TV content, 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 costs for producing the Group's own programming.

### (ii) Staff costs

Staff costs were \$27.0 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$16.1 million). Staff costs consisted of direct employee costs and costs for general and administrative employees, in each case including salaries, bonuses and benefits, such as retirement benefits.

The Group adopted a long-term incentive plan (the LTIP) in 2013 for its senior management at TBC pursuant to which TBC senior management will be granted notional units of the Trust upon achieving prescribed performance targets. These notional units will vest in tranches over a prescribed period of time initially commencing two years after the grant of the notional units. Upon vesting of such notional units under the LTIP, TBC's senior management will receive a cash payment equal to the number of vested notional units multiplied by the then-prevailing market price of the units. Performance targets for the years 2013 and 2014 were met and as a result 2.1 million and 2.0 million notional units were granted under the LTIP respectively. LTIP expense attributable to the year ended 31 December 2014 of \$1.0 million (for the period ended 31 December 2013: \$0.4 million) has been recognised in the financial statements to reflect the estimate of the future obligations under the LTIP. As the financial effect of LTIP expense is not significant for the year ended 31 December 2014, the Trustee-Manager is of the view that no further disclosure is required.

### (iii) Depreciation and amortisation expense

Depreciation and amortisation expense was \$48.7 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$25.4 million). Depreciation and amortisation expense comprised depreciation and amortisation of the Group's capital expenditures in relation to network equipment, set-top boxes, other plant and equipment, programming rights and software.

### (iv) Trustee-Manager fees

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

The Trustee-Manager base fee was \$7.2 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$4.2 million). There were no performance fees payable to the Trustee-Manager for the years 2014 and 2013.

The base fee is payable semi-annually in arrears for every six months ending 30 June and 31 December of each year. Payment of the base fee, whether in the form of cash and/or units, shall be made out of 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) Foreign exchange (loss)/gain

Foreign exchange losses were \$3.4 million for the year ended 31 December 2014 (for the period ended 31 December 2013: gain of \$1.8 million).

## OPERATIONAL AND FINANCIAL REVIEW

### (vi) Other operating expenses

Other operating expenses were \$30.5 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$17.8 million). Other operating expenses include Trust expenses, comprising administrative expenses, corporate services fees, audit fees, annual filing fees, occupancy fees, legal costs, other professional fees, insurance and other miscellaneous expenses and other Group expenses, composed of rent for fibre and utility poles, installation costs, local and National Communications Commission of Taiwan (NCC) taxes, billing expenses, utility expenses, marketing expenses as well as offshore administrative expenses. Other operating expenses also include period end mark-to-market on the Trust's foreign currency swaps and a one-time fee of \$1.2 million paid to Deloitte (Taiwan), for services performed in relation to settlement of the tax disputes.

### (vii) Interest and other finance costs

Interest and other finance costs were \$44.1 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$25.2 million). This comprised interest expense, commitment fees and amortisation of arrangement fees on the Group's debt facilities.

### (viii) 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 in income tax expense in the year in which the determination is made.

In January 2014, the Group reached agreements with the Taiwan tax authorities on the settlement principles to settle the tax disputes. Based on the agreed settlement principles, the final settlement amount was \$41.3 million (NT\$1 billion), which was paid by drawing down on the borrowing facility established for this purpose. Since the settlement amounts under the agreed principles were lower than what the Group had accrued, the Group reversed the accruals for potential tax assessments made in the prior years of \$88.0 million (NT\$2.1 billion) to profit or loss during the year ended 31 December 2014.

As at 31 December 2013, the Taiwan tax authorities had tax liens on certain of the Group's real properties and assets, pending resolution of the tax disputes. As at 31 December 2014, such liens were removed following the settlement of the tax disputes with the Taiwan tax authorities.

# OPERATIONAL AND FINANCIAL REVIEW

## REVIEW OF ACTUAL PERFORMANCE AGAINST THE FORECAST DISCLOSED IN THE PROSPECTUS

|                                                 | Actual<br>Year ended<br>31 December<br>2014<br>\$'000 | Forecast<br>Year ended<br>31 December<br>2014<br>\$'000 | Variance <sup>1</sup><br>% |
|-------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------|----------------------------|
| <b>Revenue</b>                                  |                                                       |                                                         |                            |
| Basic cable TV                                  | 255,774                                               | 251,185                                                 | 1.8                        |
| Premium digital cable TV                        | 13,792                                                | 16,166                                                  | (14.7)                     |
| Broadband                                       | 49,163                                                | 56,402                                                  | (12.8)                     |
| <b>Total revenue</b>                            | <b>318,729</b>                                        | <b>323,753</b>                                          | <b>(1.6)</b>               |
| <b>Operating expenses</b>                       |                                                       |                                                         |                            |
| Broadcast and production costs                  | (60,088)                                              | (60,813)                                                | 1.2                        |
| Staff costs                                     | (26,988)                                              | (27,726)                                                | 2.7                        |
| Depreciation and amortisation expense           | (48,737)                                              | (52,686)                                                | 7.5                        |
| Trustee-Manager fees                            | (7,167)                                               | (7,196)                                                 | 0.4                        |
| Foreign exchange loss                           | (3,357)                                               | -                                                       | (>100)                     |
| Other operating expenses                        | (30,502)                                              | (26,156)                                                | (16.6)                     |
| <b>Total operating expenses</b>                 | <b>(176,839)</b>                                      | <b>(174,577)</b>                                        | <b>(1.3)</b>               |
| <b>Operating profit</b>                         | <b>141,890</b>                                        | <b>149,176</b>                                          | <b>(4.9)</b>               |
| Interest and other finance costs                | (44,090)                                              | (46,099)                                                | 4.4                        |
| <b>Profit before income tax</b>                 | <b>97,800</b>                                         | <b>103,077</b>                                          | <b>(5.1)</b>               |
| Income tax benefit/(expense)                    | 16,860                                                | (27,250)                                                | >100                       |
| <b>Profit after income tax</b>                  | <b>114,660</b>                                        | <b>75,827</b>                                           | <b>51.2</b>                |
| <b>Profit after income tax attributable to:</b> |                                                       |                                                         |                            |
| Unitholders of APTT                             | 114,328                                               | 75,460                                                  | 51.5                       |
| Non-controlling interests                       | 332                                                   | 367                                                     | (9.5)                      |
| <b>Profit after income tax</b>                  | <b>114,660</b>                                        | <b>75,827</b>                                           | <b>51.2</b>                |

<sup>1</sup> A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

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## OPERATIONAL AND FINANCIAL REVIEW

Total revenue for the year was 1.6% lower than the forecast in the Prospectus. This was partially due to lower than expected revenue from Broadband driven by a lower number of subscribers than assumed in the Prospectus, and from a lower ARPU due to the soft economic environment in Taiwan. The variance was also partially due to lower than expected revenue from Premium digital cable TV. The negative variances were partially offset by higher than expected revenue from Basic cable TV, mostly from non-subscription revenue.

Total operating expenses for the year ended 31 December 2014 were 1.3% higher, than the forecast in the Prospectus. The variance for the year ended 31 December 2014 was primarily due to foreign exchange losses and higher than expected other operating expenses which included a one-time fee of \$1.2 million to Deloitte (Taiwan) for services provided in settling the tax disputes, partially offset by lower than expected depreciation and amortisation expense.

Operating profit for the year ended 31 December 2014 was 4.9% lower than the forecast in the Prospectus due to the factors mentioned above.

Interest and other finance costs for the year ended 31 December 2014 were 4.4% lower than the forecast in the Prospectus. The variance was due to two factors: i) bank charges were included in Other operating expenses whereas in the Prospectus they were included in Interest and other finance costs; and ii) the Prospectus assumed a higher level of drawn debt.

Income tax expense for the year ended 31 December 2014 was 161.9% lower than the forecast in the Prospectus. The variance was due to the settlement of the tax disputes; excess current tax provisions related to the disputes were reversed and deferred tax liabilities were recorded for the tax deductible portion of intangible assets for the year ended 31 December 2014.

Profit after income tax for the year ended 31 December 2014 was 51.2% higher than the forecast in the Prospectus due to the factors mentioned above.

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



## YONG LUM SUNG

1

### Chairman and Independent Director

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

## TAN CHUNG YAW, RICHARD

2

### Independent Director

Tan Chung Yaw, Richard is an Independent Director of the Trustee-Manager. He was appointed on 29 April 2013. He has since 2011 been the Chairman and an Independent Director of Polaris Ltd., and is also the Chairman of the audit committee and remuneration committee and a member of the nominating committee of Polaris Ltd. Mr Tan has also since 2008 held the post of Deputy Chief Executive Officer of PT Smartfren Telekom Tbk, and is responsible for products and strategy. 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 Science in Electrical Engineering (Honours) and Master of Science in Electrical Engineering from the National University of Singapore.

## LEONG SHIN LOONG

3

### Independent Director

Leong Shin Loong is an Independent Director of the Trustee-Manager. He was appointed on 29 April 2013. He is currently Vice President Director of PT Telesindo Shop. From 2011 to 2013, he was Chief Executive Officer of PT Berca Global Access. From 1997 to 2011, Mr Leong was a Vice President at Singapore Telecommunications. 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 Chairman 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.

## TRI LUU PHAM

4

### Independent Director

Tri Luu Pham is an Independent Director of the Trustee-Manager. He was appointed on 29 April 2013. Mr Pham is currently Chief Strategy Officer at Tata Communications Limited, a global communications and enterprise IT service provider that owns and operates the world's most advanced subsea cable network. Previous positions held by Mr Pham include Principal at Just-In-Tim Consulting from 2012 to 2013, Managing Director of The Hongkong and Shanghai Banking Corporation from 2008 to 2011, where he was head of Telecommunications, Media and Technology (TMT), Asia Pacific, Executive Director of ABN AMRO Bank from 2004 to 2008, where he was Co-Head of TMT, Asia Pacific and Director at Merrill Lynch International from 1994 to 2003, where he was head of South East Asia TMT. Mr Pham holds a Bachelor of Science in Electrical Engineering and Master of Science from The Johns Hopkins University and a Master of Business Administration from The Wharton School, University of Pennsylvania.

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



### BENJAMIN IAN WAY

#### Vice-Chairman and Non-Executive Director

Benjamin Ian Way is a Non-Executive Director and Vice-Chairman of the Trustee-Manager. He was appointed on 17 April 2013.

Mr Way is the CEO of Macquarie Group's Asian operations. In this role, Mr Way leads a team of more than 3,400 people involved in Macquarie's broad activities which span 11 Asian markets. Mr Way is also the co-head of Macquarie Infrastructure and Real Assets' business in Asia. Macquarie Infrastructure and Real Assets (MIRA) is the world's leading infrastructure investor with approximately A\$113 billion of assets under management. Across Asia, over 30 million people use infrastructure every day managed by MIRA. Mr Way has led the establishment of infrastructure and private equity funds in Korea, Greater China and South East Asia. These funds have made more than 40 investments over the last five years in diverse sectors including water, renewables, utilities, transport and pay television. Mr Way serves on the board on a number of these portfolio companies. Mr Way is a director of several non-profit and professional organisations. He is on the board of the Macquarie Group Foundation and is a member of the Australia-Guangdong Business Cooperation Council.

Mr Way previously served as CEO of Taiwan Broadband Communications and continues to serve as its Chairman. Mr Way has been based in Asia for 15 years.



### CHEONG WEI YUE

#### Chief Executive Officer and Executive Director

Cheong Wei Yue is an Executive Director and the Chief Executive Officer of the Trustee-Manager. He joined Macquarie Group Limited in 2006 and had responsibilities within the SGX-listed Macquarie International Infrastructure Fund Limited (MIIF), which included fund and relationship management. Mr Cheong also served as the asset director of MIIF's investment, Hua Nan Expressway in Guangzhou, China. In addition, Mr Cheong served concurrently as Head of Business Development in South East Asia and Taiwan for Macquarie Infrastructure and Real Assets. Prior to joining Macquarie, Mr Cheong has worked in venture capital, corporate banking and debt syndication. Mr Cheong holds a Bachelor of Commerce from Curtin University and a Master of Business Administration from the University of Western Australia.

### BRIAN MCKINLEY

#### Chief Financial Officer

Brian McKinley is the Chief Financial Officer of the Trustee-Manager. From 2011 to 2012, Mr McKinley was Chief Financial Officer of Chandler Corporation, where he provided overall financial leadership and oversight of the IT department. From 2009 to 2011, he was Chief Financial Officer of the Banking and Financial Services Group, North America of Macquarie Group Limited and from 2006 to 2009, he was Head of Finance of Macquarie Group Limited's MIRA division in Canada. In both roles he provided overall financial leadership to the respective divisions. Mr McKinley began his professional career in 1995 with PricewaterhouseCoopers where he worked for three years prior to moving to industry. Mr McKinley holds a Bachelor of Commerce (High Honours) from Carleton University, Canada and is a Chartered Accountant of the Institute of Chartered Accountants of Ontario, Canada.

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Yong Lum Sung  
Chairman and Independent Director

Tan Chung Yaw, Richard  
Independent Director

Leong Shin Loong  
Independent Director

Tri Luu Pham  
Independent Director

Benjamin Ian Way  
Vice-Chairman and Non-Executive Director

Cheong Wei Yue  
Chief Executive Officer and Executive Director

### AUDIT COMMITTEE

Tri Luu Pham  
Chairman and Independent Director

Yong Lum Sung  
Independent Director

Tan Chung Yaw, Richard  
Independent Director

### COMPANY SECRETARY

Lee Wai Sum

### REGISTERED OFFICE

Macquarie APTT Management Pte. Limited  
10 Marina Boulevard  
#17-01, Marina Bay Financial Centre Tower 2  
Singapore 018983  
Telephone: +65 6601 0888  
Facsimile: +65 6601 0653  
Email: [contact@aptt.com.sg](mailto:contact@aptt.com.sg)  
Web: [www.aptt.com.sg](http://www.aptt.com.sg)

### TRUSTEE-MANAGER

Macquarie APTT Management Pte. Limited  
10 Marina Boulevard  
#17-01, Marina Bay Financial Centre Tower 2  
Singapore 018983  
Company Registration No.: 201310241D

### UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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

### AUDITORS

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

Elizabeth Cox  
Corporate Communications, Asia  
Telephone: +852 3922 3818  
Email: [elizabeth.cox@macquarie.com](mailto:elizabeth.cox@macquarie.com)

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# CORPORATE GOVERNANCE STATEMENT

## LEGAL STATEMENT

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

The Trustee-Manager is incorporated in Singapore and is a wholly owned subsidiary of Macquarie Capital Group Limited. The Trustee-Manager is responsible for managing the business conducted by APTT.

## SINGAPORE CODE OF CORPORATE GOVERNANCE

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

APTT's corporate governance practices conform largely to the principles and guidelines of the Code, as well as the BTA and the Business Trusts Regulations 2005. Deviations from the Code are noted and explained in the following statement, which outlines APTT's main corporate governance practices as at 31 December 2014.

The Trustee-Manager operates in accordance with the policies and procedures of Macquarie Group Limited.

## APTT CORPORATE GOVERNANCE STATEMENT

### Principle 1: The board's conduct of affairs

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

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

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of APTT. All Directors participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors.

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

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

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## CORPORATE GOVERNANCE STATEMENT

The Board has established a separate Audit Committee, Nominating Committee and Remuneration Committee, each comprising Independent Directors only and subject to formalised terms of reference. Certain functions of the Board have been delegated to these committees, including the following key terms of reference for the respective committees:

### Audit Committee (AC)

- (i) to review with the auditor of the Trust:
  - the audit plan of the Trust;
  - the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager;
  - the auditor's audit report for the Trust; and
  - the auditor's management letter and management's response;
- (ii) to review:
  - the assistance given by the officers of the Trustee-Manager to the auditor of the Trust;
  - the scope and results of the internal audit procedures of the Trustee-Manager;
  - the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed;
  - the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust property;
  - interested person transactions for potential conflicts of interest;
  - risk management policies and guidelines and monitor compliance therewith; and
  - the statement of financial position and statement of profit or loss of the Trustee-Manager and statements of financial position, statements of profit or loss and statements of cash flows of the Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board of Directors of the Trustee-Manager (the Board);
- (iii) to review significant reporting issues and judgments to ensure the integrity of the financial statements and any formal 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; and
- (ix) to meet with external and internal auditors, without the presence of the Chief Executive Officer and the Chief Financial Officer, at least on an annual basis.

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# CORPORATE GOVERNANCE STATEMENT

## Nominating Committee (NC)

- (i) to review the composition of the Board annually to ensure an appropriate balance of expertise, skills, attributes and abilities among the Directors;
- (ii) to establish procedures for and making recommendations to the Board on all Board nominations and renominations;
- (iii) to recommend to the Board on relevant matters relating to the review of Board succession plans for Directors, the development of a process for evaluating the performance of the Board, its Board committees and Directors, the review of training and professional development programs for the Board, and the appointment and reappointment of Directors;
- (iv) to review and determine annually if a Director is independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager; and
- (v) where a Director has multiple board representations, to decide whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

## Remuneration Committee (RC)

- (i) to review and recommend to the Board, in consultation with the Board Chairman, a comprehensive remuneration policy, and general framework and guidelines for remuneration of the Directors;
- (ii) within the terms of the agreed policy, to recommend to the Board, the total individual remuneration packages for each of the Directors;
- (iii) to review the Trustee-Manager's obligations arising in the event of termination of the Directors' contracts 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 recommending such targets as well as employee-specific remuneration packages for each Director 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.

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

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

Each Director has received 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 Board committee charters, minutes of Board and Board Committee meetings and other pertinent information for reference.

# CORPORATE GOVERNANCE STATEMENT

Directors participate in a formal induction program, including presentations by members of management, to ensure that they are familiar with the Trustee-Manager's and APTT's business and governance practices, as well as directors' duties and the SGX-ST Listing Rules.

As required, the Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in the Companies Act, Chapter 50 of Singapore, the BTA and the SGX-ST Listing Rules, so as to update and refresh them on matters that may affect and/or enhance their performance as directors.

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

## Board and Committee meetings held in the year ended 31 December 2014

|                                                  | Regular Board meetings |          | Ad-hoc Board meetings <sup>1</sup> |          | Audit Committee meetings<br>(Chairman: Tri Luu Pham) |          | Remuneration Committee meetings<br>(Chairman: Tan Chung Yaw, Richard) |          | Nominating Committee meetings<br>(Chairman: Leong Shin Loong) |          |
|--------------------------------------------------|------------------------|----------|------------------------------------|----------|------------------------------------------------------|----------|-----------------------------------------------------------------------|----------|---------------------------------------------------------------|----------|
|                                                  | 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                                    | 4                      | 4        | 1                                  | 1        | 4                                                    | 4        | 1                                                                     | 1        | N/A                                                           | N/A      |
| – Chairman and Independent Director              |                        |          |                                    |          |                                                      |          |                                                                       |          |                                                               |          |
| Tan Chung Yaw, Richard                           | 4                      | 4        | 1                                  | 1        | 4                                                    | 4        | 1                                                                     | 1        | 1                                                             | 1        |
| – Independent Director                           |                        |          |                                    |          |                                                      |          |                                                                       |          |                                                               |          |
| Leong Shin Loong                                 | 4                      | 4        | 1                                  | 1        | N/A                                                  | N/A      | 1                                                                     | 1        | 1                                                             | 1        |
| – Independent Director                           |                        |          |                                    |          |                                                      |          |                                                                       |          |                                                               |          |
| Tri Luu Pham                                     | 4                      | 4        | 1                                  | 1        | 4                                                    | 4        | N/A                                                                   | N/A      | 1                                                             | 1        |
| – Independent Director                           |                        |          |                                    |          |                                                      |          |                                                                       |          |                                                               |          |
| Benjamin Ian Way                                 | 4                      | 3        | 1                                  | 1        | N/A                                                  | N/A      | N/A                                                                   | N/A      | N/A                                                           | N/A      |
| – Vice-Chairman and Non-Executive Director       |                        |          |                                    |          |                                                      |          |                                                                       |          |                                                               |          |
| Robert Neal Thorpe <sup>2</sup>                  | 3                      | 3        | 1                                  | 1        | N/A                                                  | N/A      | N/A                                                                   | N/A      | N/A                                                           | N/A      |
| – Chief Executive Officer and Executive Director |                        |          |                                    |          |                                                      |          |                                                                       |          |                                                               |          |
| Cheong Wei Yue <sup>3</sup>                      | 1                      | 1        | N/A                                | N/A      | N/A                                                  | N/A      | N/A                                                                   | N/A      | N/A                                                           | N/A      |
| – Chief Executive Officer and Executive Director |                        |          |                                    |          |                                                      |          |                                                                       |          |                                                               |          |

<sup>1</sup> Ad-hoc or Independent Directors only Board meetings.

<sup>2</sup> Resigned on 15 October 2014.

<sup>3</sup> Appointed on 15 October 2014.

## Principle 2: Board composition and guidance

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

The BTA, read with Regulation 12 of the Business Trusts Regulations 2005, provides that the board of 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.

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# CORPORATE GOVERNANCE STATEMENT

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

- the chairman of the Board 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.

The Board comprises six Directors of whom four are independent. The Board has reviewed the independence of the Independent Directors and deemed them to be independent for the purposes of the BTA and Regulation 12 of the Business Trusts Regulations 2005. This enables management to benefit from the external, diverse and objective perspective of these Independent Directors, on issues that are brought before the Board. It also enables the Board to interact and work with management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the chairman of the Board (Board Chairman) and the Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

In respect of matters in which Macquarie Capital Group Limited and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Macquarie Capital Group Limited and/or its subsidiaries to the Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude any nominee directors of Macquarie Capital Group Limited and/or its subsidiaries.

Information on the Directors is provided in the Board of Directors and Executive Officers of the Trustee-Manager section on page 18 of this Annual Report.

The current Directors have the necessary core competencies set out in the Code and who, as a group provide an appropriate balance and diversity of skills, experience and knowledge of APTT. Core competencies include accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. The Board is of an appropriate size to facilitate effective decision making, taking into account the nature and scope of operations of APTT and the resources agreement dated 30 April 2013 (Resources Agreement) with Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited pursuant to which Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited provides the Chief Executive Officer and Chief Financial Officer and other staff and services to the Trustee-Manager to enable the Trustee-Manager to perform its duties as Trustee-Manager of APTT. The Board did not include any female member during the financial year.

## Principle 3: Chairman and chief executive officer

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

The positions of Board Chairman and Chief Executive Officer are separately held by two persons in order to maintain effective checks and balances. The Board Chairman is Yong Lum Sung, an Independent Director. The Chief Executive Officer is Cheong Wei Yue, who is an Executive Director.

There is a clear separation of the roles and responsibilities between the Board Chairman and the Chief Executive Officer. The Board Chairman 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, and that the Board engages management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

In addition to the independent Board Chairman, three of the other five Directors are non-executive and independent, to provide balance within the workings of the Board and oversight of Unitholders' interests.

## Principle 4: Board membership

There should be a formal and transparent process for the appointment and reappointment of directors to the board.

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

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## CORPORATE GOVERNANCE STATEMENT

In addition, it annually assesses the performance of the Board, the Board committees and the individual Directors. It has adopted a formal charter which outlines written terms of reference (the NC charter). The NC for the year comprised Independent Directors only, being Leong Shin Loong (chairman), Tri Luu Pham and Tan Chung Yaw, Richard.

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 Articles of Association of 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 Articles of Association of the Trustee-Manager. Such reviews assist the NC in identifying and nominating suitable candidates for appointment to the Board.

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

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

Candidates will be considered against objective criteria, having due regard for the benefits of diversity (including gender diversity) on the Board. 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 the Macquarie Group and substantial Unitholders.

Although the Directors are not evaluated individually, the factors taken into consideration for the renomination of the Directors at the AGM are based on the Directors' attendance at meetings held during the financial year and the contribution made by the Directors at the meetings.

The NC has not made a determination as to the maximum limit on the number of directorships a Director can hold as the NC believes that prescribing such a maximum limit is arbitrary, given that the time requirements for each directorship vary. When reviewing the composition and number of Directors on the Board, 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.

All Directors had confirmed that notwithstanding the number of listed company board representations and other principal commitments which they held, they were able to devote sufficient time and attention to the affairs of APTT.

### Principle 5: Board performance

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

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

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

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# CORPORATE GOVERNANCE STATEMENT

The Board assessment will be conducted by way of a questionnaire (the Questionnaire), which will be sent to the Independent Directors to secure their feedback on the effectiveness of the Board and the Board committees. The Questionnaire covers areas such as Board composition, information management, Board processes, investor relations, managing APTT's performance, strategic review, Board committee effectiveness, Directors' development and management and risk management.

The procedure for evaluation of the Board's performance is:

- In the case of individual Independent Directors, the Board Chairman conducts brief interviews and/or a written survey with, and provides feedback to, the individual Independent Directors being appraised, as appropriate. The performance appraisal for the Board Chairman is performed by the most senior Independent Director (other than the Board Chairman himself) as appropriate; and
- In the case of the Board and Board committees, the Board discusses the performance of each Board committee with a view to identifying any issues that need to be addressed or desirable initiatives in respect of both the operation of the Board and the Board committees.

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

## Principle 6: Access to information

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

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

In addition, the Board is provided with detailed papers and reports in advance of board meetings. The papers contain sufficient information to enable informed discussion of all agenda items.

The company secretary attends all board meetings and, together with the Board Chairman, ensures proper information flows within the Board and its committees and between senior management and non-executive Directors. The appointment and removal of the company secretary is a matter for the Board as a whole.

## Principle 7: Procedures for developing remuneration policies

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

## Principle 8: Level and mix of remuneration

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

## Principle 9: Disclosure on remuneration

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

The Board has appointed a RC, which comprises only Independent Directors, which for the year were Tan Chung Yaw, Richard (chairman), Yong Lum Sung and Leong Shin Loong. The RC has adopted a formal charter which sets out written terms of reference.

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## CORPORATE GOVERNANCE STATEMENT

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

Benjamin Ian Way, as a nominee of Macquarie Capital Group Limited, does not receive any remuneration in connection with his role as Vice-Chairman and a Non-Executive Director of the Trustee-Manager.

Cheong Wei Yue, the Chief Executive Officer, also does not receive any remuneration in connection with his role as an Executive Director of the Trustee-Manager.

The Chief Executive Officer and the Chief Financial Officer are seconded to the Trustee-Manager pursuant to the Resources Agreement. They are employed by affiliates of Macquarie Group Limited under employment agreements, which stipulate remuneration terms, entitlement to leave and other benefits consistent with Macquarie Capital Group's prevailing policies.

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

None of the Directors have any service contracts with the Trustee-Manager. The Independent Directors receive a fixed annual fee payable quarterly, which was arrived at after taking into account the industry practices and norms. It is considered that the remuneration of the Independent Directors is appropriate for the level of contribution, taking into account their responsibilities and the effort and time spent.

The Directors, Chief Executive Officer and Chief Financial Officer are not entitled to any options, nor units, nor any termination, retirement or post-employment benefits as part of their remuneration package from the Trustee-Manager or out of Trust property.

The Trustee-Manager is entitled under the Trust Deed to a base fee, a performance fee, an acquisition fee and a divestment fee based on pre-agreed mechanisms in the Trust Deed, in respect of its services to APTT. Fees paid to the Trustee-Manager for the year ended 31 December 2014 are set out on page 95 of this Annual Report. In addition, if the Trustee-Manager is removed as Trustee-Manager by way of extraordinary resolution within five years from 29 May 2013, the Trustee-Manager is entitled under the Trust Deed to a termination fee.

There are no employee option schemes currently in place in relation to APTT except for the long-term incentive plan as disclosed in Note 26(ii) of the Consolidated Financial Statements set out on page 81 of this Annual Report.

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

No employee of the Trustee-Manager was an immediate family member of a Director or the Chief Executive Officer and whose remuneration exceeded \$50,000 during the year ended 31 December 2014.

### Principle 10: Accountability

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

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

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# CORPORATE GOVERNANCE STATEMENT

For the year ended 31 December 2014, the Board has received assurance from the Chief Executive Officer, Chief Financial Officer and Macquarie's Internal Audit Division (IAD) (a) that the financial records have been properly maintained and the financial statements give a true and fair view of APTT's operations and finances, and (b) regarding the effectiveness of APTT's risk management and internal control systems.

## **Principle 11: Risk management and internal controls**

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

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

## **Principle 12: Audit committee**

The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The Trustee-Manager has established an AC which comprises only Independent Directors and the composition of which complies with the Code and the BTA. The AC members for the year were Tri Luu Pham (chairman), Yong Lum Sung and Tan Chung Yaw, Richard. The AC members have the appropriate accounting or related financial management expertise to discharge their responsibilities. The AC charter sets out the specific responsibilities delegated by the Board to the AC and details the manner in which the AC will operate, as set out under Principle 1.

The 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 the nomination of an external auditor and reviewing the adequacy of external audits in respect of cost, scope and performance.

The AC reviews annually the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditor. The AC has reviewed all non-audit services provided by the external auditor during the financial year to determine if such non-audit services would, in the AC's opinion, affect the independence of the external auditor. Given the level of non-audit services provided in 2014, specific approvals were also provided by the AC for certain non-audit services, including for services provided by Deloitte (Taiwan) for settling the tax disputes as described on Note 27 of the Consolidated Financial Statements on page 84 of this Annual Report. In assessing the independence of the external auditor, the AC considered several factors, including the nature and extent of the non-audit services provided and that such non-audit services relating to the tax disputes are not expected to recur. Based on the above reviews and approvals, in the AC's opinion, the non-audit services provided in 2014 would not affect the independence of the external auditor.

Please refer to page 83 of this Annual Report for the aggregate amount of fees paid to the external auditor for the year ended 31 December 2014.

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

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

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# CORPORATE GOVERNANCE STATEMENT

## Principle 13: Internal audit

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

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

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

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

The Trustee-Manager does not have a stand-alone internal audit function. However, the Trustee-Manager is part of Macquarie Group Limited within the Macquarie Group, and IAD conducts periodic internal control reviews of all Macquarie businesses. The IAD has direct access to the Board Chairman of the Trustee-Manager if required. The AC monitors the scope of any internal audit to be conducted and the independence of any internal audit team. Generally, the IAD meets the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Please refer below for the Board's assessment of the adequacy and effectiveness of internal controls.

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

## Principle 14: Unitholder rights

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

## Principle 15: Communication with Unitholders

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

The Trustee-Manager will provide timely, open and accurate information to all stakeholders, including investors, regulators and the wider investment community. The Board has adopted policies and procedures in relation to compliance with the disclosure requirements under the SGX-ST Listing Rules, having regard to the recommendations of the Code.

The Trustee-Manager has developed a Unitholder communications policy. The cornerstone of this policy is the delivery of timely and relevant information to Unitholders. Financial and other information (including press releases and SGX-ST announcements) are made available on APTT's website at [www.aptt.com.sg](http://www.aptt.com.sg).

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

## Principle 16: Conduct of Unitholder meetings

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

General meetings of Unitholders will be convened at least once a year and Unitholders will be allowed to vote in person or via proxy. There will be separate resolutions at general meetings on each distinct issue and the chairperson of the AC, NC and RC will be present and available to address questions at the AGM. The external auditors are also invited to address queries from the Unitholders regarding the audit.

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# CORPORATE GOVERNANCE STATEMENT

## INTERNAL CONTROLS

Based on internal controls and risk management established and maintained by the Group and the Trustee-Manager, work performed by the IAD and external auditors of the Group, and reviews performed by the Audit Committee, the Board and the Trustee-Manager, the Board, with the concurrence of the Audit Committee, are 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 2014 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

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

## SECURITIES TRADING

In line with Listing Rule 1207(19), the Trustee-Manager confirms that APTT has adopted a Securities Trading (Window) Policy with respect to dealings in securities by directors and officers of the Trustee-Manager. This policy means that trading in both securities and derivatives of APTT can only occur during the four-week window commencing on the day after:

- (i) The release of annual or quarterly results;
- (ii) The AGM; or
- (iii) Lodgement of a disclosure document for capital raising.

The trading window is not to be opened until the day after these events to enable the market to digest the information that has been disclosed.

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

The directors and officers of MIRA and the Trustee-Manager are discouraged from trading on short-term considerations. Additionally, the Directors, the directors and officers of MIRA and the Trustee-Manager are reminded not to trade in situations where the insider trading laws and rules would prohibit trading.

## STATEMENT OF POLICIES AND PRACTICES

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

- (a) The Trust property of APTT is properly accounted for and Trust property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as Trustee-Manager of APTT and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all Trust property has been fully accounted for.
- (b) Management provides regular updates to the Board and the Audit Committee about potential projects that it is looking into on behalf of APTT and the Board and the Audit Committee ensure that all such projects are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board, the Audit Committee and/or management will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers.
- (c) The Trustee-Manager is not involved in any other businesses other than managing APTT. All potential conflicts, if arising, will be identified by the Board and management and reviewed. In addition, the majority of the Board are Independent Directors who do not have management or business relationships with the Trustee-Manager and are independent from any substantial shareholder of the Trustee-Manager and are therefore able to examine independently and objectively, any potential conflicts between the interest of the Trustee-Manager in its own capacity and the interests of all Unitholders.

## CORPORATE GOVERNANCE STATEMENT

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

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

There is (i) a Non-Compete Undertaking pursuant to which the Sponsor has undertaken that it shall not, and shall procure that none of the existing or future funds managed by MIRA, nor MIRA will, compete with APTT for pay-TV businesses and broadband businesses located in Taiwan, Hong Kong, Japan and Singapore (Relevant Business); (ii) a Right of First Refusal pursuant to which the Sponsor has undertaken to procure that the Macquarie Capital business division of the Sponsor (Macquarie Capital) gives the Trustee-Manager a written notice of any proposed offer of sale or investment opportunity by a third party to Macquarie Capital of any Relevant Business and (iii) a Right of First Offer pursuant to which the Sponsor has undertaken to procure that Macquarie Capital gives the Trustee-Manager a written notice of any proposed offer of sale by Macquarie Capital of its interests in a Relevant Business.

The Trustee-Manager maintains a register of all opportunities/transactions arising from the implementation of the Non-Compete Undertaking, the Right of First Refusal and the Right of First Offer. Also, the Trustee-Manager incorporates in its internal audit plan, a review of the implementation of the Non-Compete Undertaking, the Right of First Refusal and the Right of First Offer and the Audit Committee reviews the internal audit procedures and function of the Trustee-Manager at least annually, including to ascertain that the terms of the Non-Compete Agreement and the ROFR Agreement have been complied with.

- (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 bases, including any quotations from unrelated parties obtained to support such bases, 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 financial year. The Audit Committee reviews at least quarterly in each financial year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. The review includes the examination of the nature of the transaction and its supporting documents or such other data that the Audit Committee deems necessary. If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

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

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

- (e) The expenses payable to the Trustee-Manager in its capacity as the Trustee-Manager of APTT out of the Trust property are appropriate and in accordance with the Trust Deed, and regular internal reviews are carried out to ensure such expenses payable are in order. Fees and expenses paid to the Trustee-Manager out of Trust property for the year ended 31 December 2014 are disclosed in Note 26(iv) of the Consolidated Financial Statements, on page 82 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.

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# CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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# REPORT OF THE TRUSTEE-MANAGER

The Directors of Macquarie APTT Management Pte. Limited, the Trustee-Manager of Asian Pay Television Trust (APTT or the Trust) and the Trustee-Manager of APTT (the Trustee-Manager), 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 2014. Although APTT was constituted on 30 April 2013, the acquisition of the assets and business undertakings of its initial portfolio, Taiwan Broadband Communications Group (TBC), was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue and expenses of TBC were included for the period from 30 May to 31 December 2013.

## DIRECTORS

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

Mr Yong Lum Sung (Chairman and Independent Director)

Mr Tan Chung Yaw, Richard (Independent Director)

Mr Leong Shin Loong (Independent Director)

Mr Tri Luu Pham (Independent Director)

Mr Benjamin Ian Way (Vice-Chairman and Non-Executive Director)

Mr Cheong Wei Yue (Chief Executive Officer and Executive Director) (appointed on 15 October 2014)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS

Neither at the end of nor at any time during the year ended 31 December 2014 was the Trustee-Manager a party to any arrangement whose object was to enable the Directors to acquire benefits by means of acquisition of units in APTT.

## DIRECTORS' INTERESTS IN UNITS

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

|                                        | Holdings registered<br>in the name of Director |                                                                     | Holdings in which a Director is<br>deemed to have an interest |                                                                     |
|----------------------------------------|------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|
|                                        | As at<br>31 December<br>2014                   | As at beginning of<br>the year, or date of<br>appointment, if later | As at<br>31 December<br>2014                                  | As at beginning of<br>the year, or date of<br>appointment, if later |
| Number of units held by:               |                                                |                                                                     |                                                               |                                                                     |
| Mr Yong Lum Sung                       | -                                              | -                                                                   | -                                                             | -                                                                   |
| Mr Tan Chung Yaw, Richard <sup>1</sup> | 115,000                                        | -                                                                   | 100,000                                                       | 100,000                                                             |
| Mr Leong Shin Loong                    | -                                              | -                                                                   | -                                                             | -                                                                   |
| Mr Tri Luu Pham                        | 393,000                                        | 393,000                                                             | -                                                             | -                                                                   |
| Mr Benjamin Ian Way                    | 150,000                                        | 150,000                                                             | -                                                             | -                                                                   |
| Mr Cheong Wei Yue <sup>2</sup>         | 25,000                                         | 25,000                                                              | 14,000                                                        | 14,000                                                              |
| <b>Total</b>                           | <b>683,000</b>                                 | <b>568,000</b>                                                      | <b>114,000</b>                                                | <b>114,000</b>                                                      |

<sup>1</sup> Deemed interest is held by Mrs Lim Kim Suan Cynthia (spouse of Mr Tan Chung Yaw, Richard).

<sup>2</sup> Deemed interest is held by Mr Cheong Wei Yue through his Supplementary Retirement Scheme Account.

There were no changes in any of the above mentioned interests in APTT between the end of the financial year and 21 January 2015.

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# REPORT OF THE TRUSTEE-MANAGER

## OPTIONS

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in APTT. No units have been issued during the financial 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 financial year.

## DIRECTORS' CONTRACTUAL BENEFITS

No Director has received or become entitled to receive a benefit by reason of any material contract made by APTT or its subsidiaries with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## AUDIT COMMITTEE

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

Mr Tri Luu Pham (chairman)  
Mr Yong Lum Sung  
Mr Tan Chung Yaw, Richard

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

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

- (i) to review with the auditor of the Trust:
  - the audit plan of the Trust;
  - the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager;
  - the auditor's audit report for the Trust; and
  - the auditor's management letter and management's response;
- (ii) to review:
  - the assistance given by the officers of the Trustee-Manager to the auditor of the Trust;
  - the scope and results of the internal audit procedures of the Trustee-Manager;
  - the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed;
  - the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust property;
  - interested person transactions for potential conflicts of interest;
  - risk management policies and guidelines and monitor compliance therewith; and
  - the statement of financial position and statement of profit or loss of the Trustee-Manager and statements of financial position, statements of profit or loss and statements of cash flows of the Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;
- (iii) to review significant reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

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## 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; and
- (ix) to meet with external and internal auditors, without the presence of the Chief Executive Officer and the Chief Financial Officer, at least on an annual basis.

The Audit Committee has full access to and has the cooperation of the management of the Trustee-Manager and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer of the Trustee-Manager to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

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

## INDEPENDENT AUDITOR

The independent auditor, Deloitte & Touche LLP, has expressed its willingness to accept reappointment.

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



**Cheong Wei Yue**  
Chief Executive Officer and Executive Director

25 February 2015



**Yong Lum Sung**  
Chairman and Independent Director

25 February 2015

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## STATEMENT BY THE TRUSTEE-MANAGER

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

- (a) the consolidated financial statements of the Group and the statements of financial position and statements of changes in equity of APTT as set out on pages 40 to 96 are drawn up so as to give a true and fair view of the state of affairs of the Group and of APTT as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of APTT for the financial year ended on that date in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the BTA) and International Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to pay APTT's debts 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 constituting the Trust;
- (b) the interested person transactions entered into by the Group during the year ended 31 December 2014 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 2014 for issue.

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



**Cheong Wei Yue**  
Chief Executive Officer and Executive Director

25 February 2015



**Yong Lum Sung**  
Chairman and Independent Director

25 February 2015

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## STATEMENT BY THE CHIEF EXECUTIVE OFFICER

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



**Cheong Wei Yue**

Chief Executive Officer and Executive Director

25 February 2015

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# INDEPENDENT AUDITOR'S REPORT

## TO THE UNITHOLDERS OF ASIAN PAY TELEVISION TRUST

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Asian Pay Television Trust (APTT or the Trust) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Trust as at 31 December 2014, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group and the statements of changes in equity of APTT for the financial year ended on that date, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 96.

#### Trustee-Manager's responsibility for the financial statements

Macquarie APTT Management Pte. Limited (the Trustee-Manager) is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A, (the Act) and International Financial Reporting Standards (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 accounts and to maintain accountability of assets.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements.

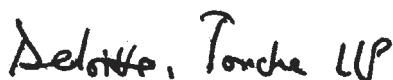
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements of the Group and the statements of financial position and statements of changes in equity of APTT are properly drawn up in accordance with the Act and IFRS so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of APTT for the financial year ended on that date.

### 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.



Public Accountants and Chartered Accountants

Singapore, 25 February 2015

# STATEMENTS OF FINANCIAL POSITION

|                                                   | Note   | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|---------------------------------------------------|--------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Assets</b>                                     |        |                                              |                                              |                                              |                                              |
| <b>Current assets</b>                             |        |                                              |                                              |                                              |                                              |
| Cash and cash equivalents                         | 5      | 74,490                                       | 96,228                                       | 7,317                                        | 4,759                                        |
| Trade and other receivables                       | 6      | 11,538                                       | 11,483                                       | 213                                          | 1,511                                        |
| Derivative financial instruments                  | 11     | 362                                          | 39                                           | 362                                          | 39                                           |
| Other assets                                      | 12     | 1,759                                        | 1,184                                        | 526                                          | 354                                          |
|                                                   |        | <b>88,149</b>                                | <b>108,934</b>                               | <b>8,418</b>                                 | <b>6,663</b>                                 |
| <b>Non-current assets</b>                         |        |                                              |                                              |                                              |                                              |
| Investment in subsidiaries                        | 7      | -                                            | -                                            | 1,342,351                                    | 1,342,351                                    |
| Property, plant and equipment                     | 8      | 175,749                                      | 149,512                                      | -                                            | -                                            |
| Intangible assets                                 | 9      | 2,223,424                                    | 2,238,188                                    | -                                            | -                                            |
| Income tax refund receivable                      | 10     | 1,091                                        | 8,299                                        | -                                            | -                                            |
| Derivative financial instruments                  | 11     | -                                            | 48                                           | -                                            | 48                                           |
| Other assets                                      | 12     | 745                                          | 663                                          | -                                            | -                                            |
|                                                   |        | <b>2,401,009</b>                             | <b>2,396,710</b>                             | <b>1,342,351</b>                             | <b>1,342,399</b>                             |
| <b>Total assets</b>                               |        | <b>2,489,158</b>                             | <b>2,505,644</b>                             | <b>1,350,769</b>                             | <b>1,349,062</b>                             |
| <b>Liabilities</b>                                |        |                                              |                                              |                                              |                                              |
| <b>Current liabilities</b>                        |        |                                              |                                              |                                              |                                              |
| Borrowings from financial institutions            | 13     | 17,460                                       | 6,120                                        | -                                            | -                                            |
| Retirement benefit obligations                    | 15(i)  | 929                                          | 353                                          | -                                            | -                                            |
| Derivative financial instruments                  | 11     | 42                                           | 671                                          | 42                                           | 671                                          |
| Trade and other payables                          | 14     | 20,005                                       | 19,116                                       | 9,047                                        | 7,712                                        |
| Income tax payable                                | 27     | 10,609                                       | 138,721                                      | 1                                            | -                                            |
| Other liabilities                                 | 17     | 54,686                                       | 52,056                                       | 120                                          | 412                                          |
|                                                   |        | <b>103,731</b>                               | <b>217,037</b>                               | <b>9,210</b>                                 | <b>8,795</b>                                 |
| <b>Non-current liabilities</b>                    |        |                                              |                                              |                                              |                                              |
| Borrowings from financial institutions            | 13     | 1,035,877                                    | 943,148                                      | -                                            | -                                            |
| Retirement benefit obligations                    | 15(ii) | 11,320                                       | 10,439                                       | -                                            | -                                            |
| Derivative financial instruments                  | 11     | 994                                          | 426                                          | 294                                          | 176                                          |
| Deferred tax liabilities                          | 16     | 53,808                                       | 6,351                                        | -                                            | -                                            |
| Other liabilities                                 | 17     | 7,601                                        | 7,185                                        | -                                            | -                                            |
|                                                   |        | <b>1,109,600</b>                             | <b>967,549</b>                               | <b>294</b>                                   | <b>176</b>                                   |
| <b>Total liabilities</b>                          |        | <b>1,213,331</b>                             | <b>1,184,586</b>                             | <b>9,504</b>                                 | <b>8,971</b>                                 |
| <b>Net assets</b>                                 |        | <b>1,275,827</b>                             | <b>1,321,058</b>                             | <b>1,341,265</b>                             | <b>1,340,091</b>                             |
| <b>Equity</b>                                     |        |                                              |                                              |                                              |                                              |
| Unitholders' funds                                | 18     | 1,342,851                                    | 1,342,851                                    | 1,342,851                                    | 1,342,851                                    |
| Reserves                                          | 19     | (8,428)                                      | (292)                                        | -                                            | -                                            |
| Accumulated deficit                               | 20     | (60,930)                                     | (23,827)                                     | (1,586)                                      | (2,760)                                      |
| <b>Equity attributable to Unitholders of APTT</b> |        | <b>1,273,493</b>                             | <b>1,318,732</b>                             | <b>1,341,265</b>                             | <b>1,340,091</b>                             |
| Non-controlling interests                         | 21     | 2,334                                        | 2,326                                        | -                                            | -                                            |
| <b>Total equity</b>                               |        | <b>1,275,827</b>                             | <b>1,321,058</b>                             | <b>1,341,265</b>                             | <b>1,340,091</b>                             |

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

# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

|                                                                                | Note    | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period <sup>1</sup> ended<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------------------------------------------|---------|------------------------------------------------------|---------------------------------------------------------------------|
| <b>Revenue</b>                                                                 |         |                                                      |                                                                     |
| Basic cable TV                                                                 | 25(i)   | 255,774                                              | 147,641                                                             |
| Premium digital cable TV                                                       | 25(ii)  | 13,792                                               | 7,861                                                               |
| Broadband                                                                      | 25(iii) | 49,163                                               | 29,538                                                              |
| <b>Total revenue</b>                                                           |         | <b>318,729</b>                                       | <b>185,040</b>                                                      |
| <b>Operating expenses</b>                                                      |         |                                                      |                                                                     |
| Broadcast and production costs                                                 | 26(i)   | (60,088)                                             | (35,492)                                                            |
| Staff costs                                                                    | 26(ii)  | (26,988)                                             | (16,120)                                                            |
| Depreciation and amortisation expense                                          | 26(iii) | (48,737)                                             | (25,350)                                                            |
| Trustee-Manager fees                                                           | 26(iv)  | (7,167)                                              | (4,162)                                                             |
| Foreign exchange (loss)/gain                                                   | 26(v)   | (3,357)                                              | 1,769                                                               |
| Other operating expenses                                                       | 26(vi)  | (30,502)                                             | (17,782)                                                            |
| <b>Total operating expenses</b>                                                |         | <b>(176,839)</b>                                     | <b>(97,137)</b>                                                     |
| <b>Operating profit</b>                                                        |         | <b>141,890</b>                                       | <b>87,903</b>                                                       |
| Interest and other finance costs                                               | 26(vii) | (44,090)                                             | (25,237)                                                            |
| <b>Profit before income tax</b>                                                |         | <b>97,800</b>                                        | <b>62,666</b>                                                       |
| Income tax benefit/(expense)                                                   | 27      | 16,860                                               | (17,343)                                                            |
| <b>Profit after income tax</b>                                                 |         | <b>114,660</b>                                       | <b>45,323</b>                                                       |
| <b>Profit after income tax attributable to:</b>                                |         |                                                      |                                                                     |
| Unitholders of APTT                                                            |         | 114,328                                              | 45,139                                                              |
| Non-controlling interests                                                      |         | 332                                                  | 184                                                                 |
| <b>Profit after income tax</b>                                                 |         | <b>114,660</b>                                       | <b>45,323</b>                                                       |
| <b>Basic and diluted earnings per unit attributable to Unitholders of APTT</b> | 32      | <b>7.96 cents</b>                                    | <b>3.14 cents</b>                                                   |

<sup>1</sup> The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. Although APTT was constituted on 30 April 2013, the acquisition of the assets and business undertakings of its initial portfolio, Taiwan Broadband Communications Group (TBC), was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue and expenses of TBC were included for the period from 30 May 2013 to 31 December 2013.

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

# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|                                                                              | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period <sup>1</sup> ended<br>31 December<br>2013<br>\$'000 |
|------------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------|
| <b>Profit after income tax</b>                                               | <b>114,660</b>                                       | <b>45,323</b>                                                       |
| <b>Other comprehensive income, net of tax</b>                                |                                                      |                                                                     |
| <b>Items that will not subsequently be reclassified to profit or loss:</b>   |                                                      |                                                                     |
| Remeasurement of defined benefit obligations                                 | (1,702)                                              | (1,605)                                                             |
|                                                                              | <b>(1,702)</b>                                       | <b>(1,605)</b>                                                      |
| <b>Items that may subsequently be reclassified to profit or loss:</b>        |                                                      |                                                                     |
| Exchange differences on translation of foreign operations                    | (10,137)                                             | 1,077                                                               |
| Unrealised movement in fair value of cash flow hedging financial instruments | (456)                                                | 240                                                                 |
|                                                                              | <b>(10,593)</b>                                      | <b>1,317</b>                                                        |
| <b>Other comprehensive loss for the year/period, net of tax</b>              | <b>(12,295)</b>                                      | <b>(288)</b>                                                        |
| <b>Total comprehensive income</b>                                            | <b>102,365</b>                                       | <b>45,035</b>                                                       |
| <b>Total comprehensive income attributable to:</b>                           |                                                      |                                                                     |
| Unitholders of APTT                                                          | 102,033                                              | 44,851                                                              |
| Non-controlling interests                                                    | 332                                                  | 184                                                                 |
| <b>Total comprehensive income</b>                                            | <b>102,365</b>                                       | <b>45,035</b>                                                       |

<sup>1</sup> The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. Although APTT was constituted on 30 April 2013, the acquisition of the assets and business undertakings of its initial portfolio, TBC, was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue and expenses of TBC were included for the period from 30 May 2013 to 31 December 2013.

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

# STATEMENTS OF CHANGES IN EQUITY

| Group                                                                   | Unitholders' funds | Reserves        | Accumulated deficit | Total attributable to Unitholders of APTT | Non-controlling interests | Total equity     |
|-------------------------------------------------------------------------|--------------------|-----------------|---------------------|-------------------------------------------|---------------------------|------------------|
|                                                                         | \$'000             | \$'000          | \$'000              | \$'000                                    | \$'000                    | \$'000           |
| <b>Balance as at 1 January 2014</b>                                     | <b>1,342,851</b>   | <b>(292)</b>    | <b>(23,827)</b>     | <b>1,318,732</b>                          | <b>2,326</b>              | <b>1,321,058</b> |
| Total comprehensive income for the year                                 |                    |                 |                     |                                           |                           |                  |
| Profit after income tax                                                 | -                  | -               | 114,328             | 114,328                                   | 332                       | 114,660          |
| Other comprehensive loss, net of tax                                    | -                  | (12,295)        | -                   | (12,295)                                  | -                         | (12,295)         |
| <b>Total</b>                                                            | <b>-</b>           | <b>(12,295)</b> | <b>114,328</b>      | <b>102,033</b>                            | <b>332</b>                | <b>102,365</b>   |
| Transactions with Unitholders, recognised directly in equity            |                    |                 |                     |                                           |                           |                  |
| Settlement to transactions with non-controlling interests               | -                  | -               | -                   | -                                         | (127)                     | (127)            |
| Transfer to capital reserves                                            | -                  | 4,159           | (4,159)             | -                                         | -                         | -                |
| Distributions paid                                                      | -                  | -               | (147,272)           | (147,272)                                 | (197)                     | (147,469)        |
| <b>Total</b>                                                            | <b>-</b>           | <b>4,159</b>    | <b>(151,431)</b>    | <b>(147,272)</b>                          | <b>(324)</b>              | <b>(147,596)</b> |
| <b>Balance as at 31 December 2014</b>                                   | <b>1,342,851</b>   | <b>(8,428)</b>  | <b>(60,930)</b>     | <b>1,273,493</b>                          | <b>2,334</b>              | <b>1,275,827</b> |
| <b>Balance as at 29 May 2013<sup>1</sup></b>                            | <b>-</b>           | <b>-</b>        | <b>-</b>            | <b>-</b>                                  | <b>-</b>                  | <b>-</b>         |
| Total comprehensive income for the period                               |                    |                 |                     |                                           |                           |                  |
| Profit after income tax                                                 | -                  | -               | 45,139              | 45,139                                    | 184                       | 45,323           |
| Other comprehensive loss, net of tax                                    | -                  | (288)           | -                   | (288)                                     | -                         | (288)            |
| <b>Total</b>                                                            | <b>-</b>           | <b>(288)</b>    | <b>45,139</b>       | <b>44,851</b>                             | <b>184</b>                | <b>45,035</b>    |
| Transactions with Unitholders, recognised directly in equity            |                    |                 |                     |                                           |                           |                  |
| Issuance of units <sup>2</sup>                                          | 1,342,851          | -               | -                   | 1,342,851                                 | -                         | 1,342,851        |
| Non-controlling interests arising from acquisition of subsidiaries      | -                  | -               | -                   | -                                         | 1,997                     | 1,997            |
| Adjustment to non-controlling interests on change in ownership interest | -                  | (4)             | -                   | (4)                                       | 4                         | -                |
| Capital contribution from non-controlling interests                     | -                  | -               | -                   | -                                         | 226                       | 226              |
| Settlement to transactions with non-controlling interests               | -                  | -               | -                   | -                                         | (85)                      | (85)             |
| Distributions paid                                                      | -                  | -               | (68,966)            | (68,966)                                  | -                         | (68,966)         |
| <b>Total</b>                                                            | <b>1,342,851</b>   | <b>(4)</b>      | <b>(68,966)</b>     | <b>1,273,881</b>                          | <b>2,142</b>              | <b>1,276,023</b> |
| <b>Balance as at 31 December 2013</b>                                   | <b>1,342,851</b>   | <b>(292)</b>    | <b>(23,827)</b>     | <b>1,318,732</b>                          | <b>2,326</b>              | <b>1,321,058</b> |

<sup>1</sup> The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. Although APTT was constituted on 30 April 2013, the acquisition of the assets and business undertakings of its initial portfolio, TBC, was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue and expenses of TBC were included for the period from 30 May 2013 to 31 December 2013.

<sup>2</sup> One unit was issued on date of constitution but only paid on listing date on 29 May 2013. 1,436,799,999 units were issued on 29 May 2013 upon listing of the Trust on the SGX-ST.

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

# STATEMENTS OF CHANGES IN EQUITY

| Trust                                                        | Unitholders' funds<br>\$'000 | Accumulated deficit<br>\$'000 | Total equity<br>\$'000 |
|--------------------------------------------------------------|------------------------------|-------------------------------|------------------------|
| <b>Balance as at 1 January 2014</b>                          | <b>1,342,851</b>             | <b>(2,760)</b>                | <b>1,340,091</b>       |
| Total comprehensive income for the year                      |                              |                               |                        |
| Profit after income tax                                      | -                            | 148,446                       | 148,446                |
| <b>Total</b>                                                 | <b>-</b>                     | <b>148,446</b>                | <b>148,446</b>         |
| Transactions with Unitholders, recognised directly in equity |                              |                               |                        |
| Distributions                                                | -                            | (147,272)                     | (147,272)              |
| <b>Total</b>                                                 | <b>-</b>                     | <b>(147,272)</b>              | <b>(147,272)</b>       |
| <b>Balance as at 31 December 2014</b>                        | <b>1,342,851</b>             | <b>(1,586)</b>                | <b>1,341,265</b>       |
| <b>Balance as at 29 May 2013<sup>1</sup></b>                 | <b>-</b>                     | <b>-</b>                      | <b>-</b>               |
| Total comprehensive income for the period                    |                              |                               |                        |
| Profit after income tax                                      | -                            | 66,206                        | 66,206                 |
| <b>Total</b>                                                 | <b>-</b>                     | <b>66,206</b>                 | <b>66,206</b>          |
| Transactions with Unitholders, recognised directly in equity |                              |                               |                        |
| Issuance of units <sup>2</sup>                               | 1,342,851                    | -                             | 1,342,851              |
| Distributions                                                | -                            | (68,966)                      | (68,966)               |
| <b>Total</b>                                                 | <b>1,342,851</b>             | <b>(68,966)</b>               | <b>1,273,885</b>       |
| <b>Balance as at 31 December 2013</b>                        | <b>1,342,851</b>             | <b>(2,760)</b>                | <b>1,340,091</b>       |

<sup>1</sup> The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. Although APTT was constituted on 30 April 2013, the acquisition of the assets and business undertakings of its initial portfolio, TBC, was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue and expenses of TBC were included for the period from 30 May 2013 to 31 December 2013.

<sup>2</sup> One unit was issued on date of constitution but only paid on listing date on 29 May 2013. 1,436,799,999 units were issued on 29 May 2013 upon listing of the Trust on the SGX-ST.

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

|                                                                         | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period <sup>1</sup> ended<br>31 December<br>2013<br>\$'000 |
|-------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                             |                                                      |                                                                     |
| Profit after income tax                                                 | 114,660                                              | 45,323                                                              |
| Adjustments for:                                                        |                                                      |                                                                     |
| Depreciation and amortisation expense                                   | 48,737                                               | 25,350                                                              |
| Interest and other finance costs                                        | 44,090                                               | 25,237                                                              |
| Unrealised foreign exchange loss/(gain)                                 | 2,572                                                | (2,034)                                                             |
| Income tax (benefit)/expense                                            | (16,860)                                             | 17,343                                                              |
| <b>Operating cash flows before movements in working capital</b>         | <b>193,199</b>                                       | <b>111,219</b>                                                      |
| Trade and other receivables                                             | (55)                                                 | (1,535)                                                             |
| Income tax refund receivable                                            | 111                                                  | (223)                                                               |
| Trade and other payables                                                | 889                                                  | 3,807                                                               |
| Retirement benefit obligations                                          | (245)                                                | 43                                                                  |
| Other assets and liabilities                                            | (770)                                                | (33,565)                                                            |
| <b>Cash generated from operations</b>                                   | <b>193,129</b>                                       | <b>79,746</b>                                                       |
| Income tax paid, net of refunds                                         | (55,299)                                             | (2,347)                                                             |
| <b>Net cash inflows from operating activities</b>                       | <b>137,830</b>                                       | <b>77,399</b>                                                       |
| <b>Cash flows from investing activities</b>                             |                                                      |                                                                     |
| Acquisition of property, plant and equipment <sup>2</sup>               | (69,434)                                             | (40,334)                                                            |
| Acquisition of intangible assets <sup>3</sup>                           | (13,379)                                             | (1,250)                                                             |
| Acquisition of subsidiaries <sup>4</sup>                                | -                                                    | (670,090)                                                           |
| <b>Net cash outflows from investing activities</b>                      | <b>(82,813)</b>                                      | <b>(711,674)</b>                                                    |
| <b>Cash flows from financing activities</b>                             |                                                      |                                                                     |
| Interest and other finance costs paid                                   | (40,146)                                             | (22,452)                                                            |
| Borrowings from financial institutions                                  | 116,303                                              | 33,855                                                              |
| Repayment of borrowings to financial institutions                       | (6,044)                                              | (171,045)                                                           |
| Settlement of derivative financial instruments                          | 728                                                  | (58,282)                                                            |
| Proceeds from issue of units                                            | -                                                    | 1,017,252                                                           |
| Capital contribution from non-controlling interests                     | -                                                    | 226                                                                 |
| Settlement to transactions with non-controlling interests               | (127)                                                | (85)                                                                |
| Distribution to non-controlling interests                               | (197)                                                | -                                                                   |
| Distributions to Unitholders                                            | (147,272)                                            | (68,966)                                                            |
| <b>Net cash (outflow)/inflows from financing activities</b>             | <b>(76,755)</b>                                      | <b>730,503</b>                                                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>             | <b>(21,738)</b>                                      | <b>96,228</b>                                                       |
| Cash and cash equivalents at the beginning of the year/period           | 96,228                                               | -                                                                   |
| <b>Cash and cash equivalents at the end of the year/period (Note 5)</b> | <b>74,490</b>                                        | <b>96,228</b>                                                       |

<sup>1</sup> The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. Although APTT was constituted on 30 April 2013, the acquisition of the assets and business undertakings of its initial portfolio, TBC, was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue, expenses and cash flows of TBC were included for the period from 30 May 2013 to 31 December 2013.

<sup>2</sup> During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$73.0 million (2013: \$42.6 million) of which \$5.8 million remained unpaid as at 31 December 2014 (2013: \$2.3 million).

<sup>3</sup> During the financial year, the Group acquired intangible assets with an aggregate cost of \$13.6 million (2013: \$1.3 million) of which \$0.2 million remained unpaid as at 31 December 2014 (2013: \$0.01 million).

<sup>4</sup> Excludes cash and cash equivalents of \$103.5 million held by TBC, acquired by APTT on 29 May 2013, as disclosed in Note 4 (ii).

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

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# 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 Business Trusts Act, Chapter 31A of Singapore (the BTA). APTT is managed by Macquarie APTT Management Pte. Limited (the Trustee-Manager), a wholly owned subsidiary of Macquarie Capital Group Limited. The Trust has acquired the pay-TV and broadband businesses of Taiwan Broadband Communications Group (TBC) from Macquarie International Infrastructure Fund Limited and MKOF Media Investment Limited on the listing date of 29 May 2013.

APTT's prospectus was registered with the Monetary Authority of Singapore (MAS) on 16 May 2013 in connection with the proposed listing of the units in APTT. The Trust was admitted to the mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) and was listed on the SGX-ST on 29 May 2013.

APTT's investment mandate is to acquire controlling interests and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore.

The consolidated financial statements of the Group and the statements of financial position and statements of changes in equity of APTT for the year ended 31 December 2014 were authorised for issue by the Board of Directors of the Trustee-Manager (the Board) on 25 February 2015.

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of preparation (continued)

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

The current financial year was from 1 January 2014 to 31 December 2014. Since APTT was constituted on 30 April 2013, the comparative information has been presented from 1 April 2013 (the date of constitution of APTT) to 31 December 2013 as the acquisition of the assets and business undertakings of its initial portfolio, TBC, was only completed on 29 May 2013. Consequently, there were no operating activities for the period prior to 29 May 2013. Revenue, expenses and cash flows of TBC were included for the period from 30 May 2013 to 31 December 2013.

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

### Changes in accounting policy and disclosures

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

There are no IFRS or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on the Group.

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

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

|                              |                                                                                          |
|------------------------------|------------------------------------------------------------------------------------------|
| IFRS 9                       | <i>Financial Instruments</i> <sup>5</sup>                                                |
| IFRS 15                      | <i>Revenue from contracts with customers</i> <sup>4</sup>                                |
| Amendments to IAS 16, IAS 38 | <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>3</sup> |
| Amendments to IAS 19         | <i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>                        |
| Amendments to IFRSs          | <i>Annual Improvements to IFRSs 2010-2012 Cycle</i> <sup>2</sup>                         |
| Amendments to IFRSs          | <i>Annual Improvements to IFRSs 2011-2013 Cycle</i> <sup>1</sup>                         |

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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# NOTES TO THE FINANCIAL STATEMENTS

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of preparation (continued)

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

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 financial statements of the Group and of the Trust in the period of their initial adoption except for the following:

#### **IFRS 15 Revenue from contracts with customers**

In May 2014 IFRS 15 was issued, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 will take effect from financial years beginning on or after 1 January 2017. The Group is currently evaluating the impact of the changes in the period of initial adoption.

### (b) Subsidiary companies

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Subsidiary companies (continued)

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

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

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

### (c) Business combination

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

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

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

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Changes in the 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.

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.

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# NOTES TO THE FINANCIAL STATEMENTS

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Business combination (continued)

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (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. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

### (e) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Singapore dollar, which is the APTT's functional currency as APTT is listed in Singapore and its main investors are also based in Singapore.

#### (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 statement of profit or loss.

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

#### (iii) Group companies

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

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

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## NOTES TO THE FINANCIAL STATEMENTS

### 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Foreign currency translation (continued)

##### (iii) Group companies (continued)

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

#### (f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered to be reliably measureable until all contingencies relating to the sale have been resolved. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Revenue is recognised in profit or loss as follows:

- revenue from Basic cable TV, Premium digital cable TV and Broadband services is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.
- revenue from bundled products and services is recognised based on values allocated to the individual element of the bundled products and services in accordance to the earning process of each element.

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

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

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

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# NOTES TO THE FINANCIAL STATEMENTS

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) 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.

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 derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

### (i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss and other comprehensive income relating to the hedged item.

### (ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

### (i) Financial instruments recognition, measurement and derecognition

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Financial instruments recognition, measurement and derecognition (continued)

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

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

### (j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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.

### (k) Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### (l) Loans and receivables

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

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

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

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

### (m) 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.

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## NOTES TO THE FINANCIAL STATEMENTS

### 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

|                          |            |
|--------------------------|------------|
| • Buildings              | 2-50 years |
| • Leasehold improvements | 3-10 years |
| • Network equipment      | 2-10 years |
| • Transport equipment    | 5 years    |
| • Plant and equipment    | 2-6 years  |
| • Leased equipment       | 3 years    |

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

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

The residual value, useful life and depreciation method are reviewed at each financial 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.

#### (n) Leases

##### The Group as lessee

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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## NOTES TO THE FINANCIAL STATEMENTS

### 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Intangible assets

##### (i) Intangible assets acquired separately

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

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

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

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

#### Cable 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 Taiwan's Cable Radio and Television Law (the CRTL), the National Communications Commission (NCC) or similarly established regulatory body in accordance with the laws of Taiwan renews a cable TV licence every nine years at no significant cost. Unless there is a significant risk of an offence against the CRTL or a breach of conditions under the licence, there is no reason to believe the licence will not be renewed. Further, the lives of the cable TV licences are not limited by any technical, legal, commercial or other 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 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 15 months.

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## NOTES TO THE FINANCIAL STATEMENTS

### 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Intangible assets (continued)

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

###### 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.

#### (p) 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 Unit (CGU) expected to benefit from synergies arising from the business combination.

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

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

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

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

#### (q) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The amounts are unsecured and are usually paid within a reasonable period of time from their recognition. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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## NOTES TO THE FINANCIAL STATEMENTS

### 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) 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.

#### (s) Retirement benefit obligations

The Group operates both a defined benefit scheme and a defined contributions 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 lump sum benefits based on years of service and final 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 to the reporting date, calculated at least annually by independent actuaries.

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

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

##### (ii) Defined contribution scheme

The defined contribution scheme comprises fixed contributions made by the Group with the Group's legal or constructive obligation being limited to these contributions. Contributions to the defined contribution scheme are recognised as an expense as they become payable. 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.

#### (t) 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.

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## NOTES TO THE FINANCIAL STATEMENTS

### 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

#### (v) Borrowing costs

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

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

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

#### (w) Current and deferred tax

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

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

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

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.

#### (x) 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.

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## NOTES TO THE FINANCIAL STATEMENTS

### 2) SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Earnings per unit

##### (i) Basic

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

##### (ii) Diluted

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

### 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 the estimates used in the preparation of the financial statements are reasonable. Actual results in the future, however, may differ from those reported.

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

#### (i) Indefinite useful lives of the cable TV licences (Note 9)

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. Unless there is a significant risk of a violation of CRTL or a breach of the conditions of any of the licences, there is no reason to believe the licence will not be renewed. In addition, the lives of the cable TV licences are not limited by any technical, legal, commercial or other 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 licence as at acquisition date as it is deemed that recovery is through sales and sales tax rate is zero. 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 useful lives of the licences are subject to annual impairment testing, as discussed below.

#### (ii) Impairment of goodwill and intangible assets with indefinite useful lives (Note 9)

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 fair values of these assets, which are calculated based on discounted cash flow model using forecast cash flows generated by the Group and an appropriate discount rate. Having considered the above, the Trustee-Manager is of the view that there is no impairment of goodwill and cable TV licences amounting to \$2,211.4 million as at 31 December 2014 (31 December 2013: \$2,236.0 million).

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (iii) Depreciation and impairment of property, plant and equipment (Note 8)

As at 31 December 2014, the carrying value of property, plant and equipment was \$175.7 million (31 December 2013: \$149.5 million) as disclosed in Note 8. All items of property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight-line method. The Trustee-Manager exercises its judgment in estimating the useful lives and residual value of the depreciable assets. The estimated useful lives reflects 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) ACQUISITION OF SUBSIDIARIES

On 29 May 2013, APTT acquired 100% interest in the Taiwan Broadband Communications Group (TBC). This transaction has been accounted for by the acquisition method of accounting. TBC is a leading, integrated cable operator in Taiwan that generates stable cash flows and has an attractive growth profile. TBC is the sole licenced provider of cable TV services in five closely clustered franchise areas in Taiwan, namely South Taoyuan, Hsinchu County, North Miaoli, South Miaoli and Taichung City. TBC offers basic cable TV, premium digital cable TV and broadband services to households and businesses in these areas.

#### (i) Consideration transferred

|                                       | As at<br>29 May 2013<br>\$'000 |
|---------------------------------------|--------------------------------|
| Settlement of purchase consideration: |                                |
| Cash transfer                         | 773,569                        |
| Issue of APTT units                   | 325,599                        |
| <b>Total</b>                          | <b>1,099,168</b>               |

# NOTES TO THE FINANCIAL STATEMENTS

## 4) ACQUISITION OF SUBSIDIARIES (continued)

### (ii) Fair value of assets acquired and liabilities assumed on the date of acquisition

|                                                                       | As at<br>29 May 2013<br>\$'000 |
|-----------------------------------------------------------------------|--------------------------------|
| <b>Current assets</b>                                                 |                                |
| Cash and cash equivalents                                             | 103,479                        |
| Trade and other receivables                                           | 9,948                          |
| Other assets                                                          | 2,203                          |
| <b>Non-current assets</b>                                             |                                |
| Property, plant and equipment                                         | 131,237                        |
| Intangible assets (excluding goodwill on acquisition of subsidiaries) | 2,224,254                      |
| Income tax refund receivable                                          | 8,076                          |
| Other assets                                                          | 1,004                          |
| <b>Current liabilities</b>                                            |                                |
| Derivative financial instruments                                      | (58,772)                       |
| Trade and other payables                                              | (16,941)                       |
| Income tax payable                                                    | (130,232)                      |
| Other liabilities                                                     | (77,078)                       |
| <b>Non-current liabilities</b>                                        |                                |
| Borrowings from financial institutions                                | (1,081,636)                    |
| Retirement benefit obligations                                        | (9,144)                        |
| Deferred tax liabilities                                              | (5,757)                        |
| Other liabilities                                                     | (6,826)                        |
| <b>Net assets</b>                                                     | <b>1,093,815</b>               |

### (iii) Goodwill arising on acquisition

|                                                                           | As at<br>29 May 2013<br>\$'000 |
|---------------------------------------------------------------------------|--------------------------------|
| Consideration transferred                                                 | 1,099,168                      |
| Add: Non-controlling interests' share of identifiable net assets acquired | 1,997                          |
| Less: Fair value of identifiable net assets acquired                      | (1,093,815)                    |
| <b>Goodwill arising on acquisition</b>                                    | <b>7,350</b>                   |

Goodwill arose in the acquisition of TBC because the acquisition included the customer list and customer relationships of TBC as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, rented or exchanged, either individually or together with any related contracts.

None of the goodwill arising on this acquisition was expected to be deducted for tax purposes.

### (iv) Net cash outflow on acquisition

|                                                               | As at<br>29 May 2013<br>\$'000 |
|---------------------------------------------------------------|--------------------------------|
| Consideration transferred in cash (Note 4(i))                 | 773,569                        |
| Less: Cash and cash equivalent balances acquired (Note 4(ii)) | (103,479)                      |
| <b>Net cash outflow on acquisition</b>                        | <b>670,090</b>                 |

# NOTES TO THE FINANCIAL STATEMENTS

## 4) ACQUISITION OF SUBSIDIARIES (continued)

### (v) Impact of acquisition on the results of the Group

Included in the revenue and profit for the period ended 31 December 2013 was \$185.0 million and \$51.7 million respectively attributable to TBC acquired by the Trust.

Had the acquisition of TBC been effected at 1 January 2013, the revenue of the Group from continuing operations for the year ended 31 December 2013 would have been \$311.5 million, and the profit for the year from continuing operations would have been \$74.4 million. The Directors considered these pro-forma numbers to represent an approximate measure of the performance of the Group and to provide a reference point for comparison in future periods.

## 5) CASH AND CASH EQUIVALENTS

|              | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|--------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Cash on hand | 37                                           | 37                                           | -                                            | -                                            |
| Cash at bank | 74,453                                       | 96,191                                       | 7,317                                        | 4,759                                        |
| <b>Total</b> | <b>74,490</b>                                | <b>96,228</b>                                | <b>7,317</b>                                 | <b>4,759</b>                                 |

The currency denomination and exposure to currency risk of cash and cash equivalents are disclosed in Note 28(ii)(a).

## 6) TRADE AND OTHER RECEIVABLES

|                                            | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Trade receivables due from outside parties | 11,539                                       | 11,496                                       | -                                            | -                                            |
| Other receivables due from subsidiaries    | -                                            | -                                            | 213                                          | 1,511                                        |
| Less: Provision for doubtful receivables   | (1)                                          | (13)                                         | -                                            | -                                            |
| <b>Total</b>                               | <b>11,538</b>                                | <b>11,483</b>                                | <b>213</b>                                   | <b>1,511</b>                                 |

Trade receivables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less any impairment. At financial statements date, the carrying amounts of current trade and other receivables approximate their fair values. The currency denomination and exposure to currency risk and credit risk of trade and other receivables are disclosed in Note 28(ii)(a) and Note 28(ii)(b) respectively.

## 7) 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<br>incorporation | Equity holding<br>2014<br>% |                  | Equity holding<br>2013<br>% |                  |
|-------------------------|----------------------------|-----------------------------|-----------------------------|------------------|-----------------------------|------------------|
| Name of subsidiary      |                            |                             |                             | 2014<br>\$'000   |                             | 2013<br>\$'000   |
| APTT Holdings 1 Limited | Investment holding company | Bermuda                     | 100                         | 704,734          | 100                         | 704,734          |
| APTT Holdings 2 Limited | Investment holding company | Bermuda                     | 100                         | 637,617          | 100                         | 637,617          |
| <b>Total cost</b>       |                            |                             |                             | <b>1,342,351</b> |                             | <b>1,342,351</b> |

# NOTES TO THE FINANCIAL STATEMENTS

## 7) INVESTMENT IN SUBSIDIARIES (continued)

The following entities were within the Group as at 31 December 2014:

| 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. <sup>1</sup> | 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                   | 77%                              | 100%                            | 31 December    |
| Tai Luo Tze Co., Ltd                     | Subsidiary | Investment holding company      | Taiwan                   | 77%                              | 100%                            | 31 December    |
| Tau Luen Co., Ltd                        | Subsidiary | Investment holding company      | Taiwan                   | 77%                              | 100%                            | 31 December    |
| Taiwan Broadband Communications Co., Ltd | Subsidiary | A multisystem cable TV operator | Taiwan                   | 59.3%                            | 100%                            | 31 December    |
| Nan Tao Yuan Cable Television Co., Ltd   | Subsidiary | A cable TV system operator      | Taiwan                   | 59.3%                            | 100%                            | 31 December    |
| Best Cable Television Co., Ltd           | Subsidiary | A cable TV system operator      | Taiwan                   | 59.3%                            | 100%                            | 31 December    |
| Shin Ho Cable Television Co., Ltd        | Subsidiary | A cable TV system operator      | Taiwan                   | 59.3%                            | 100%                            | 31 December    |
| Chun Chien Cable TV Co., Ltd             | Subsidiary | A cable TV system operator      | Taiwan                   | 59.3%                            | 99.9%                           | 31 December    |
| Chi Yuan Cable TV Co., Ltd <sup>1</sup>  | Subsidiary | A cable TV system operator      | Taiwan                   | 8.9%                             | 100%                            | 31 December    |

<sup>1</sup> Although the Group effectively holds 15% and 8.9% interest in Harvest Cable Holdings B.V. (Harvest Cable Holdings) 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 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' and Chi Yuan's economic interest. Accordingly, the Group regards Harvest Cable Holdings and Chi Yuan as subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

### 8) 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.

| Group<br>Cost            | As at<br>1 January<br>2014<br>\$'000 | Additions/<br>transfers<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2014<br>\$'000 |
|--------------------------|--------------------------------------|-----------------------------------|---------------------|-----------------------------------------|----------------------------------------|
| Land                     | 2,772                                | -                                 | -                   | (31)                                    | 2,741                                  |
| Buildings                | 3,637                                | 62                                | -                   | (40)                                    | 3,659                                  |
| Leasehold improvements   | 362                                  | 114                               | -                   | (4)                                     | 472                                    |
| Network equipment        | 153,383                              | 70,008                            | -                   | (1,625)                                 | 221,766                                |
| Plant and equipment      | 3,838                                | 766                               | -                   | (44)                                    | 4,560                                  |
| Transport equipment      | 2,193                                | 865                               | -                   | (22)                                    | 3,036                                  |
| Leased equipment         | 383                                  | -                                 | -                   | (3)                                     | 380                                    |
| Asset under construction | 7,613                                | 1,146                             | -                   | (64)                                    | 8,695                                  |
| <b>Total</b>             | <b>174,181</b>                       | <b>72,961</b>                     | <b>-</b>            | <b>(1,833)</b>                          | <b>245,309</b>                         |

| Group<br>Cost            | Acquired on<br>acquisition<br>as at 29 May<br>2013<br>\$'000 | Additions/<br>transfers<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2013<br>\$'000 |
|--------------------------|--------------------------------------------------------------|-----------------------------------|---------------------|-----------------------------------------|----------------------------------------|
| Land                     | 2,764                                                        | -                                 | -                   | 8                                       | 2,772                                  |
| Buildings                | 3,425                                                        | 203                               | -                   | 9                                       | 3,637                                  |
| Leasehold improvements   | 288                                                          | 73                                | -                   | 1                                       | 362                                    |
| Network equipment        | 114,590                                                      | 38,514                            | -                   | 279                                     | 153,383                                |
| Plant and equipment      | 3,154                                                        | 667                               | -                   | 17                                      | 3,838                                  |
| Transport equipment      | 2,197                                                        | -                                 | -                   | (4)                                     | 2,193                                  |
| Leased equipment         | 383                                                          | -                                 | -                   | -                                       | 383                                    |
| Asset under construction | 4,436                                                        | 3,170                             | -                   | 7                                       | 7,613                                  |
| <b>Total</b>             | <b>131,237</b>                                               | <b>42,627</b>                     | <b>-</b>            | <b>317</b>                              | <b>174,181</b>                         |

| Group<br>Accumulated depreciation | As at<br>1 January<br>2014<br>\$'000 | Depreciation<br>during the<br>period<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2014<br>\$'000 |
|-----------------------------------|--------------------------------------|------------------------------------------------|---------------------|-----------------------------------------|----------------------------------------|
| Land                              | -                                    | -                                              | -                   | -                                       | -                                      |
| Buildings                         | (242)                                | (401)                                          | -                   | 2                                       | (641)                                  |
| Leasehold improvements            | (114)                                | (139)                                          | -                   | 1                                       | (252)                                  |
| Network equipment                 | (23,084)                             | (42,524)                                       | -                   | 206                                     | (65,402)                               |
| Plant and equipment               | (801)                                | (1,333)                                        | -                   | 8                                       | (2,126)                                |
| Transport equipment               | (398)                                | (662)                                          | -                   | 2                                       | (1,058)                                |
| Leased equipment                  | (30)                                 | (51)                                           | -                   | -                                       | (81)                                   |
| Asset under construction          | -                                    | -                                              | -                   | -                                       | -                                      |
| <b>Total</b>                      | <b>(24,669)</b>                      | <b>(45,110)</b>                                | <b>-</b>            | <b>219</b>                              | <b>(69,560)</b>                        |

# NOTES TO THE FINANCIAL STATEMENTS

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

| Group                    | On acquisition<br>as at 29 May<br>2013<br>\$'000 | Depreciation<br>during the<br>period<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2013<br>\$'000 |
|--------------------------|--------------------------------------------------|------------------------------------------------|---------------------|-----------------------------------------|----------------------------------------|
| Accumulated depreciation |                                                  |                                                |                     |                                         |                                        |
| Land                     | -                                                | -                                              | -                   | -                                       | -                                      |
| Buildings                | -                                                | (242)                                          | -                   | -                                       | (242)                                  |
| Leasehold improvements   | -                                                | (114)                                          | -                   | -                                       | (114)                                  |
| Network equipment        | -                                                | (23,100)                                       | -                   | 16                                      | (23,084)                               |
| Plant and equipment      | -                                                | (800)                                          | -                   | (1)                                     | (801)                                  |
| Transport equipment      | -                                                | (399)                                          | -                   | 1                                       | (398)                                  |
| Leased equipment         | -                                                | (30)                                           | -                   | -                                       | (30)                                   |
| Asset under construction | -                                                | -                                              | -                   | -                                       | -                                      |
| <b>Total</b>             | <b>-</b>                                         | <b>(24,685)</b>                                | <b>-</b>            | <b>16</b>                               | <b>(24,669)</b>                        |

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

| Group                    | Carrying<br>value as at<br>1 January<br>2014<br>\$'000 | Additions/<br>transfers<br>\$'000 | Disposals<br>\$'000 | Depreciation<br>during the<br>period<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | Carrying<br>value as at<br>31 December<br>2014<br>\$'000 |
|--------------------------|--------------------------------------------------------|-----------------------------------|---------------------|------------------------------------------------|-----------------------------------------|----------------------------------------------------------|
| Land                     | 2,772                                                  | -                                 | -                   | -                                              | (31)                                    | 2,741                                                    |
| Buildings                | 3,395                                                  | 62                                | -                   | (401)                                          | (38)                                    | 3,018                                                    |
| Leasehold improvements   | 248                                                    | 114                               | -                   | (139)                                          | (3)                                     | 220                                                      |
| Network equipment        | 130,299                                                | 70,008                            | -                   | (42,524)                                       | (1,419)                                 | 156,364                                                  |
| Plant and equipment      | 3,037                                                  | 766                               | -                   | (1,333)                                        | (36)                                    | 2,434                                                    |
| Transport equipment      | 1,795                                                  | 865                               | -                   | (662)                                          | (20)                                    | 1,978                                                    |
| Leased equipment         | 353                                                    | -                                 | -                   | (51)                                           | (3)                                     | 299                                                      |
| Asset under construction | 7,613                                                  | 1,146                             | -                   | -                                              | (64)                                    | 8,695                                                    |
| <b>Total</b>             | <b>149,512</b>                                         | <b>72,961</b>                     | <b>-</b>            | <b>(45,110)</b>                                | <b>(1,614)</b>                          | <b>175,749</b>                                           |

| Group                    | Carrying<br>value on<br>acquisition<br>as at 29 May<br>2013<br>\$'000 | Additions/<br>transfers<br>\$'000 | Disposals<br>\$'000 | Depreciation<br>during the<br>period<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | Carrying<br>value as at<br>31 December<br>2013<br>\$'000 |
|--------------------------|-----------------------------------------------------------------------|-----------------------------------|---------------------|------------------------------------------------|-----------------------------------------|----------------------------------------------------------|
| Land                     | 2,764                                                                 | -                                 | -                   | -                                              | 8                                       | 2,772                                                    |
| Buildings                | 3,425                                                                 | 203                               | -                   | (242)                                          | 9                                       | 3,395                                                    |
| Leasehold improvements   | 288                                                                   | 73                                | -                   | (114)                                          | 1                                       | 248                                                      |
| Network equipment        | 114,590                                                               | 38,514                            | -                   | (23,100)                                       | 295                                     | 130,299                                                  |
| Plant and equipment      | 3,154                                                                 | 667                               | -                   | (800)                                          | 16                                      | 3,037                                                    |
| Transport equipment      | 2,197                                                                 | -                                 | -                   | (399)                                          | (3)                                     | 1,795                                                    |
| Leased equipment         | 383                                                                   | -                                 | -                   | (30)                                           | -                                       | 353                                                      |
| Asset under construction | 4,436                                                                 | 3,170                             | -                   | -                                              | 7                                       | 7,613                                                    |
| <b>Total</b>             | <b>131,237</b>                                                        | <b>42,627</b>                     | <b>-</b>            | <b>(24,685)</b>                                | <b>333</b>                              | <b>149,512</b>                                           |

As at 31 December 2014, the Group has pledged property, plant and equipment having carrying amounts of approximately \$154.2 million (31 December 2013: \$126.9 million) to secure banking facilities granted to the Group (Note 13). As at 31 December 2013, the Taiwan tax authorities had tax liens on certain of the Group's real properties and assets amounting to \$8.0 million, pending resolution of the tax disputes. Such liens were removed following the settlement of the tax disputes as disclosed in Note 27.

# NOTES TO THE FINANCIAL STATEMENTS

## 9) INTANGIBLE ASSETS

All items of intangible assets are initially recorded at cost, subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

### 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 acquisition date as it is deemed that recovery is through sales and sales tax rate is zero.

### Software

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

### Programming rights

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

### Goodwill

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

| Group<br>Cost      | As at<br>1 January<br>2014<br>\$'000 | Additions<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2014<br>\$'000 |
|--------------------|--------------------------------------|---------------------|---------------------|-----------------------------------------|----------------------------------------|
| Cable TV licence   | 2,228,661                            | -                   | -                   | (24,588)                                | 2,204,073                              |
| Software           | 2,820                                | 1,532               | -                   | (28)                                    | 4,324                                  |
| Programming rights | -                                    | 12,030              | -                   | (15)                                    | 12,015                                 |
| Goodwill           | 7,370                                | -                   | -                   | (82)                                    | 7,288                                  |
| <b>Total</b>       | <b>2,238,851</b>                     | <b>13,562</b>       | <b>-</b>            | <b>(24,713)</b>                         | <b>2,227,700</b>                       |

| Group<br>Cost    | Acquired on<br>acquisition<br>as at 29 May<br>2013<br>\$'000 | Additions<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2013<br>\$'000 |
|------------------|--------------------------------------------------------------|---------------------|---------------------|-----------------------------------------|----------------------------------------|
| Cable TV licence | 2,222,700                                                    | -                   | -                   | 5,961                                   | 2,228,661                              |
| Software         | 1,554                                                        | 1,262               | -                   | 4                                       | 2,820                                  |
| Goodwill         | 7,350                                                        | -                   | -                   | 20                                      | 7,370                                  |
| <b>Total</b>     | <b>2,231,604</b>                                             | <b>1,262</b>        | <b>-</b>            | <b>5,985</b>                            | <b>2,238,851</b>                       |

# NOTES TO THE FINANCIAL STATEMENTS

## 9) INTANGIBLE ASSETS (continued)

### Goodwill (continued)

| Group<br>Accumulated amortisation | As at<br>1 January<br>2014<br>\$'000 | Amortisation<br>during the<br>period<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2014<br>\$'000 |
|-----------------------------------|--------------------------------------|------------------------------------------------|---------------------|-----------------------------------------|----------------------------------------|
| Cable TV licence                  | -                                    | -                                              | -                   | -                                       | -                                      |
| Software                          | (663)                                | (1,216)                                        | -                   | 6                                       | (1,873)                                |
| Programming rights                | -                                    | (2,411)                                        | -                   | 8                                       | (2,403)                                |
| Goodwill                          | -                                    | -                                              | -                   | -                                       | -                                      |
| <b>Total</b>                      | <b>(663)</b>                         | <b>(3,627)</b>                                 | <b>-</b>            | <b>14</b>                               | <b>(4,276)</b>                         |

| Group<br>Accumulated amortisation | On<br>acquisition<br>as at 29 May<br>2013<br>\$'000 | Amortisation<br>during the<br>period<br>\$'000 | Disposals<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | As at<br>31 December<br>2013<br>\$'000 |
|-----------------------------------|-----------------------------------------------------|------------------------------------------------|---------------------|-----------------------------------------|----------------------------------------|
| Cable TV licence                  | -                                                   | -                                              | -                   | -                                       | -                                      |
| Software                          | -                                                   | (665)                                          | -                   | 2                                       | (663)                                  |
| Goodwill                          | -                                                   | -                                              | -                   | -                                       | -                                      |
| <b>Total</b>                      | <b>-</b>                                            | <b>(665)</b>                                   | <b>-</b>            | <b>2</b>                                | <b>(663)</b>                           |

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

| Group              | Carrying<br>value as at<br>1 January<br>2014<br>\$'000 | Additions<br>\$'000 | Disposals<br>\$'000 | Amortisation<br>during the<br>period<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | Carrying<br>value as at<br>31 December<br>2014<br>\$'000 |
|--------------------|--------------------------------------------------------|---------------------|---------------------|------------------------------------------------|-----------------------------------------|----------------------------------------------------------|
| Cable TV licence   | 2,228,661                                              | -                   | -                   | -                                              | (24,588)                                | 2,204,073                                                |
| Software           | 2,157                                                  | 1,532               | -                   | (1,216)                                        | (22)                                    | 2,451                                                    |
| Programming rights | -                                                      | 12,030              | -                   | (2,411)                                        | (7)                                     | 9,612                                                    |
| Goodwill           | 7,370                                                  | -                   | -                   | -                                              | (82)                                    | 7,288                                                    |
| <b>Total</b>       | <b>2,238,188</b>                                       | <b>13,562</b>       | <b>-</b>            | <b>(3,627)</b>                                 | <b>(24,699)</b>                         | <b>2,223,424</b>                                         |

| Group            | Carrying<br>value on<br>acquisition<br>as at 29 May<br>2013<br>\$'000 | Additions<br>\$'000 | Disposals<br>\$'000 | Amortisation<br>during the<br>period<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | Carrying<br>value as at<br>31 December<br>2013<br>\$'000 |
|------------------|-----------------------------------------------------------------------|---------------------|---------------------|------------------------------------------------|-----------------------------------------|----------------------------------------------------------|
| Cable TV licence | 2,222,700                                                             | -                   | -                   | -                                              | 5,961                                   | 2,228,661                                                |
| Software         | 1,554                                                                 | 1,262               | -                   | (665)                                          | 6                                       | 2,157                                                    |
| Goodwill         | 7,350                                                                 | -                   | -                   | -                                              | 20                                      | 7,370                                                    |
| <b>Total</b>     | <b>2,231,604</b>                                                      | <b>1,262</b>        | <b>-</b>            | <b>(665)</b>                                   | <b>5,987</b>                            | <b>2,238,188</b>                                         |

The value of the cable TV licence and goodwill is allocated to the Group's CGU which is principally engaged in the basic cable TV, premium digital cable TV and broadband services in Taiwan. The Trustee-Manager is of the view that there is no impairment of cable TV licence and goodwill as the recoverable amount was higher than the carrying amount as at 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS

## 9) INTANGIBLE ASSETS (continued)

### Impairment test for cable TV licences and goodwill

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

The Group prepares cash flow forecasts based on management's latest business plan for forecast horizon of five years and derives the terminal value based on terminal multiple of 12.5 times (31 December 2013: 11.2 times). This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the CGU was 8.0% (31 December 2013: 7.9%). As at 31 December 2014, any reasonably possible change to the key assumptions applied were not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

## 10) INCOME TAX REFUND RECEIVABLE

As at 31 December 2014, the Group had an aggregate income tax refund receivable of \$1.1 million (31 December 2013: \$8.3 million), which consists of the income tax withheld with respect to interest payments on shareholder loans among the onshore affiliates in Taiwan. According to the tax laws in Taiwan, 10% income tax must be withheld on the interest payment made locally. The withholding taxes, similar to prepaid tax, can be used as tax credits or be refunded when filing the relevant onshore affiliate's income tax return.

## 11) DERIVATIVE FINANCIAL INSTRUMENTS

### (i) Currency forwards

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

As at 31 December 2014, the total notional amount of outstanding foreign exchange contracts to which the Trust was committed to, is as follows:

|                                                  | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Sell NT\$3,611 million (2013: NT\$3,545 million) | 152,508                                      | 150,266                                      | 152,508                                      | 150,266                                      |

As at 31 December 2014, mark-to-market movements, both current and non-current assets, on such swaps were \$0.4 million (31 December 2013: \$0.04 million) and nil (31 December 2013: \$0.05 million); and current and non-current liabilities on such swaps were \$0.04 million (31 December 2013: \$0.7 million) and \$0.3 million (31 December 2013: \$0.2 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 borrowings from financial institutions by swapping a proportion of those borrowings from floating rates to fixed rates. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 11) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

### (ii) Interest rate swaps (continued)

The fair value of interest rate swaps with nominal value of NT\$22.5 billion as at 31 December 2014 (31 December 2013: NT\$18 billion) was estimated at \$0.7 million (31 December 2013: \$0.2 million), which resulted in derivative financial instrument liability of the Group. These amounts were based on using valuation techniques at the balance sheet date. The aforementioned interest rate swaps qualify for hedge accounting. Therefore, the changes in the fair value of hedging interest rate derivative, totalling loss of \$0.5 million for the year ended 31 December 2014 (for the period ended 31 December 2013: gain of \$0.2 million), were recognised directly in other comprehensive income.

## 12) OTHER ASSETS

|                           | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|---------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Current</b>            |                                              |                                              |                                              |                                              |
| Prepayments               | 540                                          | 576                                          | -                                            | -                                            |
| Tax receivables           | 641                                          | 456                                          | 526                                          | 342                                          |
| Other assets              | 578                                          | 152                                          | -                                            | 12                                           |
| <b>Total current</b>      | <b>1,759</b>                                 | <b>1,184</b>                                 | <b>526</b>                                   | <b>354</b>                                   |
| <b>Non-current</b>        |                                              |                                              |                                              |                                              |
| Refundable deposits       | 730                                          | 675                                          | -                                            | -                                            |
| Deferred cost             | 15                                           | (12)                                         | -                                            | -                                            |
| <b>Total non-current</b>  | <b>745</b>                                   | <b>663</b>                                   | <b>-</b>                                     | <b>-</b>                                     |
| <b>Total other assets</b> | <b>2,504</b>                                 | <b>1,847</b>                                 | <b>526</b>                                   | <b>354</b>                                   |

## 13) BORROWINGS FROM FINANCIAL INSTITUTIONS

|                                    | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|------------------------------------|----------------------------------------------|----------------------------------------------|
| Current portion                    | 17,460                                       | 6,120                                        |
|                                    | <b>17,460</b>                                | <b>6,120</b>                                 |
| Non-current portion                | 1,057,737                                    | 969,333                                      |
| Less: Unamortised arrangement fees | (21,860)                                     | (26,185)                                     |
|                                    | <b>1,035,877</b>                             | <b>943,148</b>                               |
| <b>Total</b>                       | <b>1,053,337</b>                             | <b>949,268</b>                               |

Borrowings are repayable in tranches by 2020 and are secured by land, buildings, network equipment and plant and equipment (Note 8) 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 borrowing facilities. In addition, guarantees in favour of the lenders under the borrowing facilities are provided by TBC Holdings B.V. and Harvest Cable Holdings B.V. As at 31 December 2014, the total value of assets pledged for borrowings was \$154.2 million (31 December 2013: \$126.9 million).

The borrowings are denominated in NT\$ and bear a floating interest rate of Taiwan's three-month secondary market commercial paper rate plus an interest margin of 2.2% to 3.0% based on the leverage ratio of the Group. As discussed in Note 11(ii), the Group uses interest rate swaps to swap a portion of its borrowings from floating rate to fixed rate. As at 31 December 2014, the notional amount swapped was NT\$22.5 billion (31 December 2013: NT\$18 billion). The Group's average effective interest rate is less than 4% per annum. Interest on the borrowings is payable quarterly.

The Trustee-Manager has reviewed the Group's settlement procedures during the year ended 31 December 2014 to ensure that no such circumstances had occurred which would have led to breach of loan agreement.

# NOTES TO THE FINANCIAL STATEMENTS

## 14) TRADE AND OTHER PAYABLES

|                                                     | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|-----------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Trade payables due to outside parties               | 16,123                                       | 15,218                                       | -                                            | -                                            |
| Base management fees payable to the Trustee-Manager | 3,865                                        | 3,776                                        | 3,865                                        | 3,776                                        |
| Other payables due to subsidiaries                  | -                                            | -                                            | 5,165                                        | 3,814                                        |
| Other payables due to outside parties               | 17                                           | 122                                          | 17                                           | 122                                          |
| <b>Total</b>                                        | <b>20,005</b>                                | <b>19,116</b>                                | <b>9,047</b>                                 | <b>7,712</b>                                 |

The currency denomination and exposure to currency risk of trade and other payables are disclosed in Note 28(ii)(a).

## 15) RETIREMENT BENEFIT OBLIGATIONS

The Group operates two retirement benefit arrangements for all employees in accordance with legislation in the country of employment for all employees: for eligible employees in Taiwan, a defined benefit plan and for all other employees, a defined contribution plan. The defined benefit plan provides benefits based on years of service and average salary in the six months 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 2014, the Group's retirement benefit obligations, classified as current and non-current liabilities, were \$0.9 million (31 December 2013: \$0.4 million) and \$11.3 million (31 December 2013: \$10.4 million) respectively.

### (i) Defined contribution plan

The total expense recognised in the consolidated statements of profit or loss of \$1.4 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$0.8 million), represented contribution payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2014, contribution of \$0.9 million due in respect of 2014 has not been paid over to the plans (2013: \$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 the 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% 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 2014 was \$0.1 million (during the period ended 31 December 2013: \$0.04 million).

The amounts included in the consolidated statements of financial position arising from the Group's obligation in respect of its defined benefit plan are as follows:

|                                                               | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Present value of funded defined benefit obligations           | 15,570                                       | 14,534                                       |
| Less: Fair value of plan assets                               | (4,250)                                      | (4,095)                                      |
| <b>Net liability arising from defined benefit obligations</b> | <b>11,320</b>                                | <b>10,439</b>                                |

# NOTES TO THE FINANCIAL STATEMENTS

## 15) RETIREMENT BENEFIT OBLIGATIONS (continued)

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

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

|                                                                                     | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|-------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Current service cost                                                                | 86                                                   | 48                                                     |
| Net interest cost on the defined benefit obligations                                | 251                                                  | 122                                                    |
| Interest income on plan assets                                                      | (73)                                                 | (37)                                                   |
| <b>Components of defined benefit costs recognised in profit or loss</b>             | <b>264</b>                                           | <b>133</b>                                             |
| Remeasurement on the net defined benefit liability:                                 |                                                      |                                                        |
| Actuarial losses arising from changes in demographic assumptions                    | 794                                                  | 10                                                     |
| Actuarial gains arising from changes in financial assumptions                       | (743)                                                | (71)                                                   |
| Actuarial losses arising from changes in experience adjustments                     | 1,651                                                | 1,666                                                  |
| <b>Components of defined benefit costs recognised in other comprehensive income</b> | <b>1,702</b>                                         | <b>1,605</b>                                           |
| <b>Total</b>                                                                        | <b>1,966</b>                                         | <b>1,738</b>                                           |

The current service cost and the net interest expense are included in the staff costs in 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 in the current financial year are as follows:

|                                                                  | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>               | <b>14,534</b>                                | <b>12,953</b>                                |
| Current service cost                                             | 86                                           | 48                                           |
| Interest cost                                                    | 251                                          | 122                                          |
| Remeasurement (gains)/losses:                                    |                                              |                                              |
| Actuarial losses arising from changes in demographic assumptions | 794                                          | 10                                           |
| Actuarial gains arising from changes in financial assumptions    | (743)                                        | (71)                                         |
| Actuarial losses arising from changes in experience adjustments  | 1,673                                        | 1,648                                        |
| Benefits paid                                                    | (858)                                        | (211)                                        |
| Foreign exchange difference                                      | (167)                                        | 35                                           |
| <b>Balance at the end of the year/period</b>                     | <b>15,570</b>                                | <b>14,534</b>                                |

# NOTES TO THE FINANCIAL STATEMENTS

## 15) RETIREMENT BENEFIT OBLIGATIONS (continued)

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

#### Reconciliations (continued)

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

|                                                      | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>   | <b>4,095</b>                                 | <b>3,828</b>                                 |
| Interest income                                      | 73                                           | 37                                           |
| Actuarial gains/(losses) from experience adjustments | 22                                           | (18)                                         |
| Contributions by employer                            | 272                                          | 277                                          |
| Benefits paid                                        | (170)                                        | (41)                                         |
| Foreign exchange difference                          | (42)                                         | 12                                           |
| <b>Balance at the end of the year/period</b>         | <b>4,250</b>                                 | <b>4,095</b>                                 |

#### 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 2014 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<br>31 December<br>2014<br>(%) | Group as at<br>31 December<br>2013<br>(%) |
|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Discount rate used in determining present values | 1.875                                     | 2.000                                     |
| Future salary increase rate                      | 2.750                                     | 3.000                                     |
| Expected rate of return on plan assets           | 2.000                                     | 2.000                                     |

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

|                                | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|--------------------------------|----------------------------------------------|----------------------------------------------|
| Cash and cash equivalents      | 800                                          | 999                                          |
| Short-term notes               | 106                                          | 191                                          |
| Money market funds             | 44                                           | -                                            |
| Bonds                          | 490                                          | 412                                          |
| Other fixed income instruments | 624                                          | 764                                          |
| Equities                       | 2,060                                        | 1,687                                        |
| Others                         | 126                                          | 42                                           |
| <b>Total</b>                   | <b>4,250</b>                                 | <b>4,095</b>                                 |

The fair values of the above equity and debt instruments are determined based on the quoted market prices in active markets.

# NOTES TO THE FINANCIAL STATEMENTS

## 15) RETIREMENT BENEFIT OBLIGATIONS (continued)

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

#### Principal actuarial assumptions (continued)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- 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).

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.

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 2014 was 13.5 years (31 December 2013: 13.8 years).

The Group expects to make a contribution to the defined benefit plans during the next financial year amounting to \$0.3 million (for the period ended 31 December 2013: \$0.3 million).

# NOTES TO THE FINANCIAL STATEMENTS

## 16) DEFERRED TAX LIABILITIES

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

|                                                                      | Group as at<br>1 January<br>2014<br>\$'000 | Recognised<br>in profit<br>or loss<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | Group as at<br>31 December<br>2014<br>\$'000 |
|----------------------------------------------------------------------|--------------------------------------------|----------------------------------------------|-----------------------------------------|----------------------------------------------|
| Pension expense                                                      | (753)                                      | 48                                           | 8                                       | (697)                                        |
| Impairment loss                                                      | (556)                                      | 3                                            | 7                                       | (546)                                        |
| Intangible assets partially deductible for tax purposes <sup>1</sup> | -                                          | 43,697                                       | 250                                     | 43,947                                       |
| Accelerated tax depreciation                                         | 1,783                                      | (274)                                        | (20)                                    | 1,489                                        |
| Undistributed earnings of subsidiaries                               | 4,047                                      | 5,714                                        | 1                                       | 9,762                                        |
| Unrealised exchange gains                                            | 1,830                                      | (1,961)                                      | (16)                                    | (147)                                        |
| <b>Deferred tax liabilities, net</b>                                 | <b>6,351</b>                               | <b>47,227</b>                                | <b>230</b>                              | <b>53,808</b>                                |

|                                        | Group as at<br>29 May<br>2013<br>\$'000 | Recognised<br>in profit<br>or loss<br>\$'000 | Foreign<br>exchange<br>effect<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|----------------------------------------|-----------------------------------------|----------------------------------------------|-----------------------------------------|----------------------------------------------|
| Pension expense                        | (716)                                   | (35)                                         | (2)                                     | (753)                                        |
| Impairment loss                        | (557)                                   | 2                                            | (1)                                     | (556)                                        |
| Accelerated tax depreciation           | 1,940                                   | (162)                                        | 5                                       | 1,783                                        |
| Undistributed earnings of subsidiaries | 2,453                                   | 1,587                                        | 7                                       | 4,047                                        |
| Unrealised exchange gains              | 2,637                                   | (815)                                        | 8                                       | 1,830                                        |
| <b>Deferred tax liabilities, net</b>   | <b>5,757</b>                            | <b>577</b>                                   | <b>17</b>                               | <b>6,351</b>                                 |

The following is the analysis of the deferred tax balances:

|                                                                    | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Deferred tax liabilities to be disbursed after more than 12 months | 53,808                                       | 6,351                                        |

<sup>1</sup> Following the settlement principles agreed between the Group and the Taiwan tax authorities during the year ended 31 December 2014 as disclosed in Note 27, deferred tax liabilities of \$43.9 million are recorded by the Group for the partial tax deductions in respect of amortisation of intangible assets claimed by the Group as at 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS

## 17) OTHER LIABILITIES

|                                        | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|----------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Current</b>                         |                                              |                                              |                                              |                                              |
| Collections received in advance        | 35,588                                       | 35,383                                       | -                                            | -                                            |
| Accrued expenses                       | 17,281                                       | 14,391                                       | 120                                          | 412                                          |
| Withholding tax payable                | 589                                          | 1,068                                        | -                                            | -                                            |
| Other tax payable                      | 443                                          | 958                                          | -                                            | -                                            |
| Lease obligations (Note 22)            | 225                                          | 52                                           | -                                            | -                                            |
| Long-term incentive plan (Note 26(ii)) | 442                                          | -                                            | -                                            | -                                            |
| Interest payable                       | 118                                          | 204                                          | -                                            | -                                            |
| <b>Total current</b>                   | <b>54,686</b>                                | <b>52,056</b>                                | <b>120</b>                                   | <b>412</b>                                   |
| <b>Non-current</b>                     |                                              |                                              |                                              |                                              |
| Guarantee deposits received            | 6,632                                        | 6,501                                        | -                                            | -                                            |
| Lease obligations (Note 22)            | 78                                           | 307                                          | -                                            | -                                            |
| Long-term incentive plan (Note 26(ii)) | 891                                          | 377                                          | -                                            | -                                            |
| <b>Total non-current</b>               | <b>7,601</b>                                 | <b>7,185</b>                                 | <b>-</b>                                     | <b>-</b>                                     |
| <b>Total other liabilities</b>         | <b>62,287</b>                                | <b>59,241</b>                                | <b>120</b>                                   | <b>412</b>                                   |

## 18) UNITHOLDERS' FUNDS

|                                                                     | Trust<br>Year ended<br>31 December<br>2014<br>Number of units | Trust<br>Period ended<br>31 December<br>2013<br>Number of units | Trust<br>Year ended<br>31 December<br>2014<br>\$'000 | Trust<br>Period ended<br>31 December<br>2013<br>\$'000 |
|---------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| <b>Balance at the beginning of the year/period</b>                  | <b>1,436,800,000</b>                                          | <b>-</b>                                                        | <b>1,342,851</b>                                     | <b>-</b>                                               |
| Unit issued on the date of constitution                             | -                                                             | 1                                                               | -                                                    | *                                                      |
| Unit issued upon APTT listing on SGX-ST on 29 May 2013 <sup>1</sup> | -                                                             | 1,436,799,999                                                   | -                                                    | 1,393,696                                              |
| Less: Equity issue expenses <sup>2</sup>                            | -                                                             | -                                                               | -                                                    | (50,845)                                               |
| <b>Balance at the end of year/period</b>                            | <b>1,436,800,000</b>                                          | <b>1,436,800,000</b>                                            | <b>1,342,851</b>                                     | <b>1,342,851</b>                                       |

\* Less than \$1,000

<sup>1</sup> Issued at offering price of \$0.97 per unit.

<sup>2</sup> Equity issue expenses included underwriting fees of \$35.4 million, debt advisory fees of \$5.6 million and other issue expenses of \$9.8 million.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of the units held.

On a show of hands every holder of ordinary units present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

# NOTES TO THE FINANCIAL STATEMENTS

## 19) RESERVES

|                                         | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|-----------------------------------------|----------------------------------------------|----------------------------------------------|
| Foreign currency translation reserves   | (9,060)                                      | 1,077                                        |
| Retirement benefit obligations reserves | (3,307)                                      | (1,605)                                      |
| Cash flow hedging reserves              | (216)                                        | 240                                          |
| Capital reserves                        | 4,155                                        | (4)                                          |
| <b>Total</b>                            | <b>(8,428)</b>                               | <b>(292)</b>                                 |

### (i) Foreign currency translation reserves

|                                                           | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|-----------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>        | <b>1,077</b>                                 | <b>-</b>                                     |
| Exchange differences on translation of foreign operations | (10,137)                                     | 1,077                                        |
| <b>Balance at the end of the year/period</b>              | <b>(9,060)</b>                               | <b>1,077</b>                                 |

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(e)(iii). The reserve is recognised in profit or loss when the net investment is disposed of.

### (ii) Retirement benefit obligations reserves

|                                                    | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|----------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b> | <b>(1,605)</b>                               | <b>-</b>                                     |
| Remeasurement of defined benefit obligations       | (1,702)                                      | (1,605)                                      |
| <b>Balance at the end of the year/period</b>       | <b>(3,307)</b>                               | <b>(1,605)</b>                               |

### (iii) Cash flow hedging reserves

|                                                                                            | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>                                         | <b>240</b>                                   | <b>-</b>                                     |
| Unrealised (loss)/gain on change in fair value of cash flow hedging financial instruments: |                                              |                                              |
| Interest rate swaps                                                                        | (456)                                        | 240                                          |
| <b>Balance at the end of the year/period</b>                                               | <b>(216)</b>                                 | <b>240</b>                                   |

The cash flow hedging reserve represents 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 gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 19) RESERVES (continued)

### (iv) Capital reserves

|                                                                         | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|-------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>                      | <b>(4)</b>                                   | <b>-</b>                                     |
| Adjustment of non-controlling interests on change in ownership interest | -                                            | (4)                                          |
| Transfer from accumulated profits during the year <sup>1</sup>          | 4,159                                        | -                                            |
| <b>Balance at the end of the year/period</b>                            | <b>4,155</b>                                 | <b>(4)</b>                                   |

<sup>1</sup> 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

|                                                             | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|-------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>          | <b>(23,827)</b>                              | <b>-</b>                                     | <b>(2,760)</b>                               | <b>-</b>                                     |
| Profit after income tax attributable to Unitholders of APTT | 114,328                                      | 45,139                                       | 148,446                                      | 66,206                                       |
| Transfer to capital reserve                                 | (4,159)                                      | -                                            | -                                            | -                                            |
| Distributions paid                                          | (147,272)                                    | (68,966)                                     | (147,272)                                    | (68,966)                                     |
| <b>Balance at the end of the year/period</b>                | <b>(60,930)</b>                              | <b>(23,827)</b>                              | <b>(1,586)</b>                               | <b>(2,760)</b>                               |

## 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 Netherlands. Non-controlling interests represent the preferred shares issued to external investors and their interests in the net assets of the Group are identified separately from the Group's equity therein.

|                                                                         | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|-------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>                      | <b>2,326</b>                                 | <b>-</b>                                     |
| Non-controlling interests arising on acquisition of TBC (Note 4(iii))   | -                                            | 1,997                                        |
| Capital contribution from non-controlling interests                     | -                                            | 226                                          |
| Settlement of non-controlling interests                                 | (127)                                        | (85)                                         |
| Adjustment of non-controlling interests on change in ownership interest | -                                            | 4                                            |
| Comprehensive income for the year/period                                | 332                                          | 184                                          |
| Distributions paid                                                      | (197)                                        | -                                            |
| <b>Balance at the end of the year/period</b>                            | <b>2,334</b>                                 | <b>2,326</b>                                 |

# NOTES TO THE FINANCIAL STATEMENTS

## 22) OBLIGATIONS UNDER FINANCE LEASES

### (i) Leasing arrangements

Some of the transport equipments held by the Group are under finance lease. These are shown as leased equipments in Note 8. The average lease term for the year ended 31 December 2014 was three years (31 December 2013: three years).

Average effective interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 0.8 to 1.72% per annum (31 December 2013: 0.8 to 1.72% per annum).

### (ii) Finance lease liabilities

|                                           | Minimum<br>lease<br>payments                 | Minimum<br>lease<br>payments                 | Present value<br>of minimum<br>lease<br>payments | Present value<br>of minimum<br>lease<br>payments |
|-------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|
|                                           | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Group as at<br>31 December<br>2014<br>\$'000     | Group as at<br>31 December<br>2013<br>\$'000     |
| Within one year                           | 252                                          | 90                                           | 225                                              | 52                                               |
| In the second to fifth years inclusive    | 80                                           | 335                                          | 78                                               | 307                                              |
|                                           | <b>332</b>                                   | <b>425</b>                                   | <b>303</b>                                       | <b>359</b>                                       |
| Less: Future finance charges              | (29)                                         | (66)                                         | -                                                | -                                                |
| <b>Present value of lease obligations</b> | <b>303</b>                                   | <b>359</b>                                   | <b>303</b>                                       | <b>359</b>                                       |

#### Included in the consolidated statements of financial position as:

|                                   |            |            |
|-----------------------------------|------------|------------|
| Current liabilities (Note 17)     | 225        | 52         |
| Non-current liabilities (Note 17) | 78         | 307        |
| <b>Total</b>                      | <b>303</b> | <b>359</b> |

## 23) OPERATING LEASE ARRANGEMENTS

### The Group as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of lease.

The Group rents its office buildings under operating leases.

### Payments recognised as an expense

|                        | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|------------------------|------------------------------------------------------|--------------------------------------------------------|
| Minimum lease payments | 1,381                                                | 817                                                    |

# NOTES TO THE FINANCIAL STATEMENTS

## 23) OPERATING LEASE ARRANGEMENTS (continued)

### Non-cancellable operating lease commitments

The Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

|                                        | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|----------------------------------------|----------------------------------------------|----------------------------------------------|
| Within one year                        | 1,272                                        | 1,288                                        |
| In the second to fifth years inclusive | 2,472                                        | 3,230                                        |
| After five years                       | 118                                          | 298                                          |
| <b>Total</b>                           | <b>3,862</b>                                 | <b>4,816</b>                                 |

## 24) DISTRIBUTIONS

The Group changed its distribution policy to move from semi-annual distributions to quarterly distributions as of 12 August 2014. Distributions are made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. The Trustee-Manager will pay the distributions no later than 90 days after the end of each distribution period.

The Board has declared an ordinary final distribution of 2.13 cents per unit in respect of the three months ended 31 December 2014.

|                       | Three months ended<br>31 December 2014 | Three months ended<br>30 September 2014 | Six months ended<br>31 December 2013 |
|-----------------------|----------------------------------------|-----------------------------------------|--------------------------------------|
| Ordinary distribution | 2.13 cents per unit                    | 2.00 cents per unit                     | 4.13 cents per unit                  |
| Announcement date     | 24 February 2015                       | 6 November 2014                         | 24 February 2014                     |
| Ex-distribution date  | 18 March 2015                          | 10 December 2014                        | 19 March 2014                        |
| Books closure date    | 20 March 2015                          | 12 December 2014                        | 21 March 2014                        |
| Date payable          | 27 March 2015                          | 19 December 2014                        | 28 March 2014                        |

### Breakdown of total annual distribution

|              | Year ended<br>31 December<br>2014<br>\$'000 | Period ended<br>31 December<br>2013<br>\$'000 |
|--------------|---------------------------------------------|-----------------------------------------------|
| Ordinary     | 118,536 <sup>1</sup>                        | 128,306 <sup>2</sup>                          |
| Special      | -                                           | -                                             |
| <b>Total</b> | <b>118,536</b>                              | <b>128,306</b>                                |

<sup>1</sup> Includes an amount of \$30.6 million which will be paid on 27 March 2015.

<sup>2</sup> Includes the one-time, non-recurring payment of excess cash of \$23.6 million as part of APTT's first distribution payment.

# NOTES TO THE FINANCIAL STATEMENTS

## 24) DISTRIBUTIONS (continued)

### Historical distributions

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

| Distribution period                            | Cents per unit |
|------------------------------------------------|----------------|
| Six months ended:                              |                |
| 30 June 2013 <sup>1</sup>                      | 4.80           |
| 31 December 2013                               | 4.13           |
| 30 June 2014                                   | 4.12           |
| Three months ended:                            |                |
| 30 September 2014                              | 2.00           |
| 31 December 2014 (to be paid on 27 March 2015) | 2.13           |

<sup>1</sup> The first financial period was from the APTT listing date, 29 May 2013 to 30 June 2013.

These financial statements do not reflect the distribution for the three months ended 31 December 2014, which will be accounted for in total equity as an appropriation of retained earnings in the year ending 31 December 2015.

## 25) REVENUE

For the year ended 31 December 2014, APTT reported total revenue of \$318.7 million (for the period ended 31 December 2013: \$185.0 million). Total revenue comprised: (i) Basic cable TV revenue of \$255.8 million (for the period ended 31 December 2013: \$147.6 million), (ii) Premium digital cable TV revenue of \$13.8 million (for the period ended 31 December 2013: \$7.9 million) and (iii) Broadband revenue of \$49.2 million (for the period ended 31 December 2013: \$29.5 million).

|                          | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|--------------------------|------------------------------------------------------|--------------------------------------------------------|
| <b>Revenue</b>           |                                                      |                                                        |
| Basic cable TV           |                                                      |                                                        |
| Subscription revenue     | 203,415                                              | 121,156                                                |
| Non-subscription revenue | 52,359                                               | 26,485                                                 |
|                          | <b>255,774</b>                                       | <b>147,641</b>                                         |
| Premium digital cable TV |                                                      |                                                        |
| Subscription revenue     | 13,349                                               | 7,607                                                  |
| Non-subscription revenue | 443                                                  | 254                                                    |
|                          | <b>13,792</b>                                        | <b>7,861</b>                                           |
| Broadband                |                                                      |                                                        |
| Subscription revenue     | 47,835                                               | 28,689                                                 |
| Non-subscription revenue | 1,328                                                | 849                                                    |
|                          | <b>49,163</b>                                        | <b>29,538</b>                                          |
| <b>Total revenue</b>     | <b>318,729</b>                                       | <b>185,040</b>                                         |

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## NOTES TO THE FINANCIAL STATEMENTS

### 25) REVENUE (continued)

#### (i) Basic cable TV

Basic cable TV revenue, comprising subscription and other non-subscription revenue, represents approximately 80% of total revenue (for the period ended 31 December 2013: 80%). Basic cable TV non-subscription revenue comprised predominantly revenue generated from the leasing of television channels to third parties, sales of advertising time during the Group's television programming and fees for the installation of set-top boxes. Channel leasing revenue represents a significant portion of other Basic cable TV non-subscription revenue. Basic cable TV revenue for the year ended 31 December 2014 amounted to \$255.8 million and Basic cable TV ARPU amounted to NT\$537 per month for the year.

#### (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 services. Non-subscription revenue was generated from DVR-only fees in addition to revenue generated from the installation of set-top boxes and the sale of electronic program guide data to other system operators. Premium digital cable TV revenue for the year ended 31 December 2014 amounted to \$13.8 million and Premium digital cable TV ARPU amounted to NT\$195 per month for the year.

#### (iii) Broadband

Broadband revenue comprised subscription and non-subscription revenue generated from the provision of installation services. Broadband revenue for the year ended 31 December 2014 amounted to \$49.2 million and Broadband ARPU amounted to NT\$525 per month for the year.

### 26) OPERATING EXPENSES, INTEREST AND OTHER FINANCE COSTS

An analysis of the Group's operating expenses, interest and other finance costs is as follows:

#### (i) Broadcast and production costs

Broadcast and production costs were \$60.1 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$35.5 million). Broadcast and production costs consisted of the cost of acquiring Basic cable TV and Premium digital cable TV content, 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 costs for producing the Group's own programming.

#### (ii) Staff costs

Staff costs were \$27.0 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$16.1 million). Staff costs consisted of direct employee costs and costs for general and administrative employees, in each case including salaries, bonuses and benefits, such as retirement benefits.

The Group adopted a long-term incentive plan (the LTIP) in 2013 for its senior management at TBC pursuant to which TBC senior management will be granted notional units of the Trust upon achieving prescribed performance targets. These notional units will vest in tranches over a prescribed period of time initially commencing two years after the grant of the notional units. Upon vesting of such notional units under the LTIP, TBC's senior management will receive a cash payment equal to the number of vested notional units multiplied by the then-prevailing market price of the units. Performance targets for the years 2013 and 2014 were met and as a result 2.1 million and 2.0 million notional units were granted under the LTIP respectively. LTIP expense attributable to the year ended 31 December 2014 of \$1.0 million (for the period ended 31 December 2013: \$0.4 million) has been recognised in the financial statements to reflect the estimate of the future obligations under the LTIP. As the financial effect of LTIP expense is not significant for the year ended 31 December 2014, the Trustee-Manager is of the view that no further disclosure is required.

# NOTES TO THE FINANCIAL STATEMENTS

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

### (iii) Depreciation and amortisation expense

Depreciation and amortisation expense was \$48.7 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$25.4 million). Depreciation and amortisation expense comprised depreciation and amortisation of the Group's capital expenditures in relation to network equipment, set-top boxes, other plant and equipment, programming rights and software.

### (iv) Trustee-Manager fees

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

The Trustee-Manager base fee was \$7.2 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$4.2 million). There were no performance fees payable to the Trustee-Manager for the years 2014 and 2013.

The base fee is payable semi-annually in arrears for every six months ending 30 June and 31 December of each year. Payment of the base fee, whether in the form of cash and/or units, shall be made out of 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) Foreign exchange (loss)/gain

Foreign exchange losses were \$3.4 million for the year ended 31 December 2014 (for the period ended 31 December 2013: gain of \$1.8 million).

### (vi) Other operating expenses

|                                                                | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|----------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Legal and professional fees                                    | 4,451                                                | 2,956                                                  |
| Non-recoverable GST/VAT                                        | 3,745                                                | 2,467                                                  |
| Repairs and maintenance                                        | 1,557                                                | 792                                                    |
| Promotions and marketing expenses                              | 3,317                                                | 477                                                    |
| Mark-to-market (gain)/loss on derivative financial instruments | (787)                                                | 760                                                    |
| Bank charges                                                   | 2,035                                                | 1,195                                                  |
| Printing and stationery                                        | 1,676                                                | 1,189                                                  |
| Licence fees                                                   | 2,522                                                | 1,499                                                  |
| Office administration                                          | 3,612                                                | 1,986                                                  |
| Rentals                                                        | 3,641                                                | 1,448                                                  |
| Others                                                         | 4,733                                                | 3,013                                                  |
| <b>Total other operating expenses</b>                          | <b>30,502</b>                                        | <b>17,782</b>                                          |

Other operating expenses were \$30.5 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$17.8 million). Other operating expenses include Trust expenses, comprising administrative expenses, corporate services fees, audit fees, annual filing fees, occupancy fees, legal costs, other professional fees, insurance and other miscellaneous expenses and other Group expenses, composed of rent for fibre and utility poles, installation costs, local and National Communications Commission of Taiwan (NCC) taxes, billing expenses, utility expenses, marketing expenses as well as offshore administrative expenses. Other operating expenses also include period end mark-to-market on the Trust's foreign currency swaps and a one-time fee of \$1.2 million paid to Deloitte (Taiwan), for services performed in relation to settlement of the tax disputes as discussed in Note 27.

# NOTES TO THE FINANCIAL STATEMENTS

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

### (vii) Interest and other finance costs

|                                               | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|-----------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Interest expense on loans                     | 39,314                                               | 22,215                                                 |
| Amortisation of arrangement fees              | 4,030                                                | 2,382                                                  |
| Commitment fees on loans                      | 746                                                  | 640                                                    |
| <b>Total interest and other finance costs</b> | <b>44,090</b>                                        | <b>25,237</b>                                          |

Interest and other finance costs were \$44.1 million for the year ended 31 December 2014 (for the period ended 31 December 2013: \$25.2 million). This comprised interest expense, commitment fees and amortisation of arrangement fees on the Group's debt facilities.

### (viii) Remuneration of auditors

|                                                                                | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| <b>Amounts paid or payable to Deloitte &amp; Touche LLP (Singapore) for:</b>   |                                                      |                                                        |
| Audit services                                                                 | 114                                                  | 150                                                    |
| Audit-related services                                                         | 49                                                   | 49                                                     |
| Non-audit services                                                             | -                                                    | -                                                      |
|                                                                                | <b>163</b>                                           | <b>199</b>                                             |
| <b>Amounts paid or payable to Deloitte &amp; Touche LLP network firms for:</b> |                                                      |                                                        |
| Audit services                                                                 | 491                                                  | 473                                                    |
| Audit-related services                                                         | -                                                    | -                                                      |
| Non-audit services <sup>1</sup>                                                | 1,666                                                | 527                                                    |
|                                                                                | <b>2,157</b>                                         | <b>1,000</b>                                           |

<sup>1</sup> Includes a one-time fee of \$1.2 million paid to Deloitte (Taiwan), for services performed in relation to settlement of the tax disputes as discussed in Note 27.

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

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# NOTES TO THE FINANCIAL STATEMENTS

## 27) INCOME TAXES

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

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

For the period to 31 December 2013, when filing the income tax return of the Taiwan entities, amortisation of intangible assets and interest expense on shareholders' loans and bank borrowings were claimed as tax deductible expenses. However, the tax ruling application with respect to whether such amortisations and interest expenses were tax deductible was pending the tax authorities' approval then. The accumulated balance as at 31 December 2013, for the potential tax assessments that might result from the tax authorities' disallowing the tax deductions for interest incurred for the shareholders' loans and bank borrowings and for tax amortisation of intangible assets was \$131.3 million (NT\$3.1 billion).

The income tax payable also included an accrual for potential tax liabilities that were already assessed by the tax authorities, totalling \$121.6 million (NT\$2.9 billion), as at 31 December 2013, despite the relevant tax appeals that were in the process of being reviewed by the relevant authorities.

In January 2014, the Group reached agreements with the Taiwan tax authorities on the settlement principles to settle the tax disputes. Based on the agreed settlement principles, the final settlement amount was \$41.3 million (NT\$1 billion), which was paid by drawing down on the borrowing facility established for this purpose. Since the settlement amounts under the agreed principles were lower than what the Group had accrued, the Group reversed the accruals for potential tax assessments made in the prior years of \$88.0 million (NT\$2.1 billion) to profit or loss during the year ended 31 December 2014.

As at 31 December 2013, the Taiwan tax authorities had tax liens on certain of the Group's real properties and assets (Note 8), pending resolution of the tax disputes. As at 31 December 2014, such liens were removed following the settlement of the tax disputes with the Taiwan tax authorities.

# NOTES TO THE FINANCIAL STATEMENTS

## 27) INCOME TAXES (continued)

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

|                                                                  | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Current income tax                                               | (11,762)                                             | (7,790)                                                |
| Deferred income tax (Note 16)                                    | (47,227)                                             | (577)                                                  |
| Withholding tax                                                  | (11,949)                                             | (3,594)                                                |
| Additional provision from potential tax assessment               | -                                                    | (5,382)                                                |
| Reversal of accruals for potential tax assessment in prior years | 87,798                                               | -                                                      |
| <b>Income tax benefit/(expense)</b>                              | <b>16,860</b>                                        | <b>(17,343)</b>                                        |

Income tax benefit/(expense) can be reconciled to the accounting profits as follows:

|                                                                    | Group<br>Year ended<br>31 December<br>2014<br>\$'000 | Group<br>Period ended<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| <b>Profit before income tax</b>                                    | <b>97,800</b>                                        | <b>62,666</b>                                          |
| Income tax expense calculated at 17%                               | (16,626)                                             | (10,653)                                               |
| Effect of income exempt from taxation                              | 34,655                                               | 13,509                                                 |
| Effect of expenses not deductible in determining taxable profit    | (77,018)                                             | (11,223)                                               |
| Withholding tax                                                    | (11,949)                                             | (3,594)                                                |
| Effect of potential tax assessments and prior year tax adjustments | 87,798                                               | (5,382)                                                |
| <b>Income tax benefit/(expense)</b>                                | <b>16,860</b>                                        | <b>(17,343)</b>                                        |

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

|                                                                       | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 |
|-----------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Balance at the beginning of the year/period</b>                    | <b>138,721</b>                               | <b>130,232<sup>1</sup></b>                   |
| Current income tax provision                                          | 11,762                                       | 7,790                                        |
| Income tax payment                                                    | (45,850)                                     | (2,347)                                      |
| Prepaid and withheld income tax                                       | (4,118)                                      | (2,486)                                      |
| Accruals for potential tax assessments and prior year tax adjustments | -                                            | 5,382                                        |
| Reversal of accruals for potential tax assessment in prior years      | (87,798)                                     | -                                            |
| Foreign exchange effect                                               | (2,108)                                      | 150                                          |
| <b>Balance at the end of the year/period</b>                          | <b>10,609</b>                                | <b>138,721</b>                               |

<sup>1</sup> Represents fair value of income tax payable as at 29 May 2013, acquired by APTT on the date of acquisition (Note 4(ii)).

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

### (i) Categories of financial instrument

|                                                  | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|--------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Financial assets</b>                          |                                              |                                              |                                              |                                              |
| Loans and receivables:                           |                                              |                                              |                                              |                                              |
| Cash and cash equivalents                        | 74,490                                       | 96,228                                       | 7,317                                        | 4,759                                        |
| Trade and other receivables                      | 11,538                                       | 11,483                                       | 213                                          | 1,511                                        |
| Other financial assets                           | 1,308                                        | 827                                          | -                                            | 12                                           |
| Derivative instruments:                          |                                              |                                              |                                              |                                              |
| not designated in hedge accounting relationships | 362                                          | 87                                           | 362                                          | 87                                           |
|                                                  | <b>87,698</b>                                | <b>108,625</b>                               | <b>7,892</b>                                 | <b>6,369</b>                                 |
| <b>Financial liabilities</b>                     |                                              |                                              |                                              |                                              |
| Amortised cost:                                  |                                              |                                              |                                              |                                              |
| Borrowings from financial institutions           | (1,053,337)                                  | (949,268)                                    | -                                            | -                                            |
| Trade and other payables                         | (20,005)                                     | (19,116)                                     | (9,047)                                      | (7,712)                                      |
| Other financial liabilities                      | (25,666)                                     | (21,832)                                     | (120)                                        | (412)                                        |
| Derivative instruments:                          |                                              |                                              |                                              |                                              |
| in designated hedge accounting relationships     | (700)                                        | (250)                                        | -                                            | -                                            |
| not designated in hedge accounting relationships | (336)                                        | (847)                                        | (336)                                        | (847)                                        |
|                                                  | <b>(1,100,044)</b>                           | <b>(991,313)</b>                             | <b>(9,503)</b>                               | <b>(8,971)</b>                               |
| <b>Net financial liabilities</b>                 | <b>(1,012,346)</b>                           | <b>(882,688)</b>                             | <b>(1,611)</b>                               | <b>(2,602)</b>                               |

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

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects of changes in the financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Risk management is carried out by the responsible entities within the Group under internal management policies. The Trustee-Manager identifies, evaluates and hedges financial risks and provides guidelines for overall risk management, covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

#### (a) Foreign currency risk

The Group receives dividend and investment income denominated in currencies other than the Singapore dollar, the functional currency of the Trust. The Group is therefore exposed to currency risk, as the value of the amounts receivable denominated in other currencies will fluctuate due to changes in exchange rates.

The Group assesses and monitors its current and projected foreign currency cash flows and in so far as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies and utilises a foreign exchange contract to manage the volatility of future cash flows caused by fluctuations in foreign currency exchange rates. The Group does not hold or issue derivative financial instruments for speculative purposes.

The Group has a number of investments in subsidiaries whose functional currencies are different from the presentation currency of the Group. The net assets of these subsidiaries are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

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

The tables below set out the Group's and Trust's exposures to currency risks, which excludes the currency risk exposures from intercompany receivables and payables, based on the information provided to the Trustee-Manager:

| Group<br>as at 31 December 2014                                                                                             | Singapore<br>dollar<br>\$'000          | Taiwan<br>dollar<br>\$'000          | US<br>dollar<br>\$'000          | Other<br>\$'000         | Total<br>\$'000         |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------|---------------------------------|-------------------------|-------------------------|
| <b>Financial assets</b>                                                                                                     |                                        |                                     |                                 |                         |                         |
| Cash and cash equivalents                                                                                                   | 5,760                                  | 65,141                              | 3,575                           | 14                      | 74,490                  |
| Trade and other receivables                                                                                                 | -                                      | 11,538                              | -                               | -                       | 11,538                  |
| Derivative instruments:                                                                                                     |                                        |                                     |                                 |                         |                         |
| not designated in hedge accounting relationships                                                                            | 362                                    | -                                   | -                               | -                       | 362                     |
| Other financial assets                                                                                                      | -                                      | 1,308                               | -                               | -                       | 1,308                   |
|                                                                                                                             | <b>6,122</b>                           | <b>77,987</b>                       | <b>3,575</b>                    | <b>14</b>               | <b>87,698</b>           |
| <b>Financial liabilities</b>                                                                                                |                                        |                                     |                                 |                         |                         |
| Borrowings from financial institutions                                                                                      | -                                      | (1,053,337)                         | -                               | -                       | (1,053,337)             |
| Trade and other payables                                                                                                    | (3,883)                                | (16,122)                            | -                               | -                       | (20,005)                |
| Derivative instruments:                                                                                                     |                                        |                                     |                                 |                         |                         |
| in designated hedge accounting relationships                                                                                | -                                      | (700)                               | -                               | -                       | (700)                   |
| not designated hedge in accounting relationships                                                                            | (336)                                  | -                                   | -                               | -                       | (336)                   |
| Other financial liabilities                                                                                                 | (1,789)                                | (23,320)                            | (557)                           | -                       | (25,666)                |
|                                                                                                                             | <b>(6,008)</b>                         | <b>(1,093,479)</b>                  | <b>(557)</b>                    | <b>-</b>                | <b>(1,100,044)</b>      |
| <b>Net financial assets/(liabilities)</b>                                                                                   | <b>114</b>                             | <b>(1,015,492)</b>                  | <b>3,018</b>                    | <b>14</b>               | <b>(1,012,346)</b>      |
| Less: Net financial assets/(liabilities) denominated in<br>respective functional currencies of entities within<br>the Group | 1,784                                  | (1,015,492)                         | (91)                            | -                       | (1,013,799)             |
| <b>Net currency exposure</b>                                                                                                | <b>(1,670)</b>                         | <b>-</b>                            | <b>3,109</b>                    | <b>14</b>               | <b>1,453</b>            |
| <b>Group<br/>as at 31 December 2013</b>                                                                                     | <b>Singapore<br/>dollar<br/>\$'000</b> | <b>Taiwan<br/>dollar<br/>\$'000</b> | <b>US<br/>dollar<br/>\$'000</b> | <b>Other<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| <b>Financial assets</b>                                                                                                     |                                        |                                     |                                 |                         |                         |
| Cash and cash equivalents                                                                                                   | 3,633                                  | 81,230                              | 11,121                          | 244                     | 96,228                  |
| Trade and other receivables                                                                                                 | -                                      | 11,483                              | -                               | -                       | 11,483                  |
| Derivative instruments:                                                                                                     |                                        |                                     |                                 |                         |                         |
| not designated in hedge accounting relationships                                                                            | 87                                     | -                                   | -                               | -                       | 87                      |
| Other financial assets                                                                                                      | 12                                     | 815                                 | -                               | -                       | 827                     |
|                                                                                                                             | <b>3,732</b>                           | <b>93,528</b>                       | <b>11,121</b>                   | <b>244</b>              | <b>108,625</b>          |
| <b>Financial liabilities</b>                                                                                                |                                        |                                     |                                 |                         |                         |
| Borrowings from financial institutions                                                                                      | -                                      | (949,268)                           | -                               | -                       | (949,268)               |
| Trade and other payables                                                                                                    | (3,898)                                | (15,218)                            | -                               | -                       | (19,116)                |
| Derivative instruments:                                                                                                     |                                        |                                     |                                 |                         |                         |
| in designated hedge accounting relationships                                                                                | -                                      | (250)                               | -                               | -                       | (250)                   |
| not designated in hedge accounting relationships                                                                            | (847)                                  | -                                   | -                               | -                       | (847)                   |
| Other financial liabilities                                                                                                 | (1,350)                                | (20,241)                            | (240)                           | (1)                     | (21,832)                |
|                                                                                                                             | <b>(6,095)</b>                         | <b>(984,977)</b>                    | <b>(240)</b>                    | <b>(1)</b>              | <b>(991,313)</b>        |
| <b>Net financial (liabilities)/assets</b>                                                                                   | <b>(2,363)</b>                         | <b>(891,449)</b>                    | <b>10,881</b>                   | <b>243</b>              | <b>(882,688)</b>        |
| Less: Net financial (liabilities)/assets denominated in<br>respective functional currencies of entities within<br>the Group | (1,426)                                | (891,449)                           | 387                             | -                       | (892,488)               |
| <b>Net currency exposure</b>                                                                                                | <b>(937)</b>                           | <b>-</b>                            | <b>10,494</b>                   | <b>243</b>              | <b>9,800</b>            |

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

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

| Trust<br>as at 31 December 2014                                               | Singapore<br>dollar<br>\$'000          | Taiwan<br>dollar<br>\$'000          | US<br>dollar<br>\$'000          | Other<br>\$'000         | Total<br>\$'000         |
|-------------------------------------------------------------------------------|----------------------------------------|-------------------------------------|---------------------------------|-------------------------|-------------------------|
| <b>Financial assets</b>                                                       |                                        |                                     |                                 |                         |                         |
| Cash and cash equivalents                                                     | 5,760                                  | -                                   | 1,557                           | -                       | 7,317                   |
| Trade and other receivables                                                   | -                                      | -                                   | 213                             | -                       | 213                     |
| Derivative instruments not designated in hedge<br>accounting relationships    | 362                                    | -                                   | -                               | -                       | 362                     |
| Other financial assets                                                        | -                                      | -                                   | -                               | -                       | -                       |
|                                                                               | <b>6,122</b>                           | <b>-</b>                            | <b>1,770</b>                    | <b>-</b>                | <b>7,892</b>            |
| <b>Financial liabilities</b>                                                  |                                        |                                     |                                 |                         |                         |
| Trade and other payables                                                      | (3,881)                                | -                                   | (5,166)                         | -                       | (9,047)                 |
| Derivative instruments not designated in hedge<br>accounting relationships    | (336)                                  | -                                   | -                               | -                       | (336)                   |
| Other financial liabilities                                                   | (120)                                  | -                                   | -                               | -                       | (120)                   |
|                                                                               | <b>(4,337)</b>                         | <b>-</b>                            | <b>(5,166)</b>                  | <b>-</b>                | <b>(9,503)</b>          |
| <b>Net financial assets/(liabilities)</b>                                     | <b>1,785</b>                           | <b>-</b>                            | <b>(3,396)</b>                  | <b>-</b>                | <b>(1,611)</b>          |
| Less: Net financial assets denominated in Trust's<br>functional currency      | 1,785                                  | -                                   | -                               | -                       | 1,785                   |
| <b>Net currency exposure</b>                                                  | <b>-</b>                               | <b>-</b>                            | <b>(3,396)</b>                  | <b>-</b>                | <b>(3,396)</b>          |
| <b>Trust<br/>as at 31 December 2013</b>                                       | <b>Singapore<br/>dollar<br/>\$'000</b> | <b>Taiwan<br/>dollar<br/>\$'000</b> | <b>US<br/>dollar<br/>\$'000</b> | <b>Other<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| <b>Financial assets</b>                                                       |                                        |                                     |                                 |                         |                         |
| Cash and cash equivalents                                                     | 3,633                                  | -                                   | 1,126                           | -                       | 4,759                   |
| Trade and other receivables                                                   | 1,160                                  | -                                   | 351                             | -                       | 1,511                   |
| Derivative instruments not designated in hedge<br>accounting relationships    | 87                                     | -                                   | -                               | -                       | 87                      |
| Other financial assets                                                        | 12                                     | -                                   | -                               | -                       | 12                      |
|                                                                               | <b>4,892</b>                           | <b>-</b>                            | <b>1,477</b>                    | <b>-</b>                | <b>6,369</b>            |
| <b>Financial liabilities</b>                                                  |                                        |                                     |                                 |                         |                         |
| Trade and other payables                                                      | (3,899)                                | -                                   | (3,813)                         | -                       | (7,712)                 |
| Derivative instruments not designated in hedge<br>accounting relationships    | (847)                                  | -                                   | -                               | -                       | (847)                   |
| Other financial liabilities                                                   | (411)                                  | -                                   | -                               | (1)                     | (412)                   |
|                                                                               | <b>(5,157)</b>                         | <b>-</b>                            | <b>(3,813)</b>                  | <b>(1)</b>              | <b>(8,971)</b>          |
| <b>Net financial liabilities</b>                                              | <b>(265)</b>                           | <b>-</b>                            | <b>(2,336)</b>                  | <b>(1)</b>              | <b>(2,602)</b>          |
| Less: Net financial liabilities denominated in Trust's<br>functional currency | (265)                                  | -                                   | -                               | -                       | (265)                   |
| <b>Net currency exposure</b>                                                  | <b>-</b>                               | <b>-</b>                            | <b>(2,336)</b>                  | <b>(1)</b>              | <b>(2,337)</b>          |

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

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

##### Foreign currency sensitivity

The following details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of the respective entities within the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel 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 SGD by 5% with all other variables including tax rates held constant, the effects arising from the net financial asset/liability position will be as follows:

##### Group

If foreign currency of the United States dollar is to strengthen/weaken by 5% against the functional currency of Singapore dollar, the Group's profit will increase/decrease by approximately \$0.08 million (for the period ended 31 December 2013: \$0.06 million).

If foreign currency of the Singapore dollar is to strengthen/weaken by 5% against the functional currency of United States dollar, the Group's profit will decrease/increase by approximately \$0.08 million (for the period ended 31 December 2013: \$0.05 million).

Considering the net effect, the Group's profit will increase/decrease by approximately \$0.2 million (for the period ended 31 December 2013: \$0.1 million) if the United States dollar is to strengthen/weaken by 5% against the Singapore dollar.

If foreign currency of the United States dollar is to strengthen/weaken by 5% against the functional currency of New Taiwan dollar, the Group's profit will increase/decrease by approximately \$0.08 million (for the period ended 31 December 2013: \$0.47 million).

Based on the same analysis in relation to foreign currencies of Euro (for the period ended 31 December 2013: Euro and Hong Kong dollar) against the functional currencies of United States dollar and Singapore dollar respectively, any impact on profit or loss is not material.

##### Trust

If foreign currency of the United States dollar is to strengthen/weaken by 5% against the functional currency of Singapore dollar, the Trust's profit will decrease/increase by approximately \$0.17 million (for the period ended 31 December 2013: \$0.11 million).

Based on the same analysis in relation to foreign currency of Hong Kong dollar against the functional currency of Singapore dollar, any impact on profit or loss for the period ended 31 December 2013 was not material.

#### (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 no significant concentrations of credit risk. Derivative counterparties and cash transactions are limited to well-established financial institutions of high-quality credit standing. The Group has policies in place to require advanced collection of subscription fees from customers. The Group had trade debtors amounting to \$0.7 million as at 31 December 2014 (31 December 2013: \$0.7 million), that are past due at the end of the reporting period but not impaired. These receivables are unsecured. The analysis of trade debtors that are past due but not impaired at the end of the reporting period is provided in the table below.

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

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

The carrying amounts of financial assets as shown in the statements of financial position represent the maximum amount of credit risk that the Group and Trust is exposed to at the date of the financial statements.

The credit risk of financial assets by class is as follows:

|                                                                            | Group as at<br>31 December<br>2014<br>\$'000 | Group as at<br>31 December<br>2013<br>\$'000 | Trust as at<br>31 December<br>2014<br>\$'000 | Trust as at<br>31 December<br>2013<br>\$'000 |
|----------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Bank and financial instruments</b>                                      |                                              |                                              |                                              |                                              |
| Derivative instruments not designated in<br>hedge accounting relationships | 362                                          | 87                                           | 362                                          | 87                                           |
|                                                                            | <b>362</b>                                   | <b>87</b>                                    | <b>362</b>                                   | <b>87</b>                                    |
| <b>Others</b>                                                              |                                              |                                              |                                              |                                              |
| Trade receivables neither past due<br>nor impaired                         | 10,841                                       | 10,788                                       | 213                                          | 1,511                                        |
| Trade receivables past due not impaired                                    |                                              |                                              |                                              |                                              |
| < 3 months                                                                 | 462                                          | 621                                          | -                                            | -                                            |
| 3-6 months                                                                 | 169                                          | 74                                           | -                                            | -                                            |
| > 6 months                                                                 | 66                                           | -                                            | -                                            | -                                            |
| Trade receivables past due and impaired                                    | -                                            | -                                            | -                                            | -                                            |
|                                                                            | <b>11,538</b>                                | <b>11,483</b>                                | <b>213</b>                                   | <b>1,511</b>                                 |
| <b>Total</b>                                                               | <b>11,900</b>                                | <b>11,570</b>                                | <b>575</b>                                   | <b>1,598</b>                                 |

The allowances for doubtful receivables are made based on the Group's collections experience. The above 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, the allowances for doubtful receivables recorded by the Trustee-Manager as at 31 December 2014 were \$0.001 million (31 December 2013: \$0.01 million).

#### (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 2014           | Weighted<br>average<br>interest rate<br>per annum | Demand<br>within 1<br>year<br>\$'000 | Within<br>2 to 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 | Adjustment<br>\$'000 | Total<br>\$'000  |
|-------------------------------------------|---------------------------------------------------|--------------------------------------|-------------------------------------|----------------------------|----------------------|------------------|
| Borrowings from financial<br>institutions | 3.9%                                              | 59,217                               | 589,934                             | 613,432                    | (209,246)            | 1,053,337        |
| Trade and other payables                  | -                                                 | 20,005                               | -                                   | -                          | -                    | 20,005           |
| Other liabilities                         | 0.8-1.72%                                         | 18,092                               | 971                                 | 6,632                      | (29)                 | 25,666           |
| <b>Total</b>                              |                                                   | <b>97,314</b>                        | <b>590,905</b>                      | <b>620,064</b>             | <b>(209,275)</b>     | <b>1,099,008</b> |

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

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

| Group<br>as at 31 December 2013        | Weighted<br>average<br>interest rate<br>per annum | Demand<br>within 1<br>year<br>\$'000 | Within<br>2 to 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 | Adjustment<br>\$'000 | Total<br>\$'000 |
|----------------------------------------|---------------------------------------------------|--------------------------------------|-------------------------------------|----------------------------|----------------------|-----------------|
| Borrowings from financial institutions | 3.7%                                              | 41,565                               | 461,513                             | 664,061                    | (217,871)            | 949,268         |
| Trade and other payables               | -                                                 | 19,116                               | -                                   | -                          | -                    | 19,116          |
| Other liabilities                      | 0.8-1.72%                                         | 14,685                               | 712                                 | 6,501                      | (66)                 | 21,832          |
| <b>Total</b>                           |                                                   | <b>75,366</b>                        | <b>462,225</b>                      | <b>670,562</b>             | <b>(217,937)</b>     | <b>990,216</b>  |

| Trust<br>as at 31 December 2014 | Weighted<br>average<br>interest rate<br>per annum | Demand<br>within 1<br>year<br>\$'000 | Within<br>2 to 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 | Adjustment<br>\$'000 | Total<br>\$'000 |
|---------------------------------|---------------------------------------------------|--------------------------------------|-------------------------------------|----------------------------|----------------------|-----------------|
| Trade and other payables        | -                                                 | 9,047                                | -                                   | -                          | -                    | 9,047           |
| Other liabilities               | -                                                 | 120                                  | -                                   | -                          | -                    | 120             |
| <b>Total</b>                    |                                                   | <b>9,167</b>                         | <b>-</b>                            | <b>-</b>                   | <b>-</b>             | <b>9,167</b>    |

| Trust<br>as at 31 December 2013 | Weighted<br>average<br>interest rate<br>per annum | Demand<br>within 1<br>year<br>\$'000 | Within<br>2 to 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 | Adjustment<br>\$'000 | Total<br>\$'000 |
|---------------------------------|---------------------------------------------------|--------------------------------------|-------------------------------------|----------------------------|----------------------|-----------------|
| Trade and other payables        | -                                                 | 7,712                                | -                                   | -                          | -                    | 7,712           |
| Other liabilities               | -                                                 | 412                                  | -                                   | -                          | -                    | 412             |
| <b>Total</b>                    |                                                   | <b>8,124</b>                         | <b>-</b>                            | <b>-</b>                   | <b>-</b>             | <b>8,124</b>    |

#### Non-derivative financial assets

Substantially all financial assets of the Group amounting to \$87.3 million as at 31 December 2014 (31 December 2013: \$108.5 million) and of the Trust amounting to \$7.5 million as at 31 December 2014 (31 December 2013: \$6.3 million), are on demand or due within one year.

#### Derivative financial instruments

| Group<br>as at 31 December 2014            | Demand<br>within 1 year<br>\$'000 | Within<br>2 to 5 years<br>\$'000 | After<br>5 years<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------|-----------------------------------|----------------------------------|----------------------------|-----------------|
| <b>Assets</b>                              |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | 92,081                            | -                                | -                          | 92,081          |
| Gross outflow                              | (91,719)                          | -                                | -                          | (91,719)        |
| <b>Total</b>                               | <b>362</b>                        | <b>-</b>                         | <b>-</b>                   | <b>362</b>      |
| <b>Liabilities</b>                         |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | (7,550)                           | (52,876)                         | -                          | (60,426)        |
| Gross outflow                              | 7,592                             | 53,170                           | -                          | 60,762          |
|                                            | <b>42</b>                         | <b>294</b>                       |                            | <b>336</b>      |
| Interest rate swap contracts - net settled | -                                 | 700                              | -                          | 700             |
| <b>Total</b>                               | <b>42</b>                         | <b>994</b>                       | <b>-</b>                   | <b>1,036</b>    |

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

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

##### Derivative financial instruments (continued)

| Group<br>as at 31 December 2013            | Demand<br>within 1 year<br>\$'000 | Within<br>2 to 5 years<br>\$'000 | After<br>5 years<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------|-----------------------------------|----------------------------------|----------------------------|-----------------|
| <b>Assets</b>                              |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | 24,519                            | 32,606                           | -                          | 57,125          |
| Gross outflow                              | (24,480)                          | (32,558)                         | -                          | (57,038)        |
| <b>Total</b>                               | <b>39</b>                         | <b>48</b>                        | <b>-</b>                   | <b>87</b>       |
| <b>Liabilities</b>                         |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | (77,150)                          | (15,992)                         | -                          | (93,142)        |
| Gross outflow                              | 77,821                            | 16,168                           | -                          | 93,989          |
|                                            | <b>671</b>                        | <b>176</b>                       | <b>-</b>                   | <b>847</b>      |
| Interest rate swap contracts - net settled | -                                 | 250                              | -                          | 250             |
| <b>Total</b>                               | <b>671</b>                        | <b>426</b>                       | <b>-</b>                   | <b>1,097</b>    |
| <hr/>                                      |                                   |                                  |                            |                 |
| Trust<br>as at 31 December 2014            | Demand<br>within 1 year<br>\$'000 | Within<br>2 to 5 years<br>\$'000 | After<br>5 years<br>\$'000 | Total<br>\$'000 |
| <b>Assets</b>                              |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | 92,081                            | -                                | -                          | 92,081          |
| Gross outflow                              | (91,719)                          | -                                | -                          | (91,719)        |
| <b>Total</b>                               | <b>362</b>                        | <b>-</b>                         | <b>-</b>                   | <b>362</b>      |
| <b>Liabilities</b>                         |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | (7,550)                           | (52,876)                         | -                          | (60,426)        |
| Gross outflow                              | 7,592                             | 53,170                           | -                          | 60,762          |
| <b>Total</b>                               | <b>42</b>                         | <b>294</b>                       | <b>-</b>                   | <b>336</b>      |
| <hr/>                                      |                                   |                                  |                            |                 |
| Trust<br>as at 31 December 2013            | Demand<br>within 1 year<br>\$'000 | Within<br>2 to 5 years<br>\$'000 | After<br>5 years<br>\$'000 | Total<br>\$'000 |
| <b>Assets</b>                              |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | 24,519                            | 32,606                           | -                          | 57,125          |
| Gross outflow                              | (24,480)                          | (32,558)                         | -                          | (57,038)        |
| <b>Total</b>                               | <b>39</b>                         | <b>48</b>                        | <b>-</b>                   | <b>87</b>       |
| <b>Liabilities</b>                         |                                   |                                  |                            |                 |
| Currency forward contracts - gross settled |                                   |                                  |                            |                 |
| Gross inflow                               | (77,150)                          | (15,992)                         | -                          | (93,142)        |
| Gross outflow                              | 77,821                            | 16,168                           | -                          | 93,989          |
| <b>Total</b>                               | <b>671</b>                        | <b>176</b>                       | <b>-</b>                   | <b>847</b>      |

# NOTES TO THE FINANCIAL STATEMENTS

## 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

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

As at 31 December 2014, the Group had negative working capital of \$15.6 million (31 December 2013: \$108.1 million). This included:

- \$35.6 million (31 December 2013: \$35.4 million) of collections received in advance. These are collections received from customers which do not require any future cash outflow from the Group; and
- \$131.3 million provision related to the tax disputes as at 31 December 2013, for which the Group reached agreement with the Taiwan tax authorities on the settlement principles to settle the tax disputes during the year ended 31 December 2014, as disclosed in Note 27.

After adjusting for the above amounts, the Group would have positive working capital of \$20.0 million (31 December 2013: \$58.6 million). The Group believes that it has adequate working capital for its present requirements and that its existing loan facilities, together with cash and cash equivalents, will provide sufficient funds to satisfy its working capital requirements and anticipated capital expenditures and other payment obligations for the next 12 months, after taking into consideration the following factors:

- the Group has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009, that serve over 756,000 cable TV subscribers as at 31 December 2014, with more than 100 channels of local and international content on its analogue and digital cable TV platforms in Taiwan. 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 \$137.8 million for the year ended 31 December 2014 (31 December 2013: \$77.4 million);
- in view of the constant operating cash flows generated, good credibility over the past years and full compliance with the requirements as stipulated in the general revolver loan facility agreement, the Trustee-Manager is confident it can refinance such bank borrowings 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.

As at 31 December 2014, the Group had \$48.8 million (31 December 2013: \$167.2 million) of undrawn committed bank credit facilities.

#### (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 11(ii).

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### 28) FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (continued)

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

##### (e) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. For other class of financial assets and liabilities, the Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of derivative financial instruments are determined (in particular, the valuation technique(s) and inputs used):

| Financial assets/liabilities | Fair value as at 31 December 2014 \$'000                                                                             | Fair value as at 31 December 2013 \$'000                                                                            | Fair value hierarchy | Valuation technique(s); and key input(s)                                                                                                                                              | Significant unobservable input(s) |
|------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Foreign exchange contracts   | <b>Assets:</b><br>Current - 362<br>Non-current - nil<br><br><b>Liabilities:</b><br>Current - 42<br>Non-current - 294 | <b>Assets:</b><br>Current - 39<br>Non-current - 48<br><br><b>Liabilities:</b><br>Current - 671<br>Non-current - 176 | 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          | <b>Liabilities:</b><br>Current - nil<br>Non-current - 700<br><b>(designated for hedging)</b>                         | <b>Liabilities:</b><br>Current - nil<br>Non-current - 250<br><b>(designated for hedging)</b>                        | Level 2              | Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.                                             | N/A                               |

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the current reporting period.

#### (iii) Capital risk management policies and objectives

The Group capital risk 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 2013. To achieve its capital risk 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 loan facilities to the Group. The Group is in compliance with externally imposed capital requirements for the year ended 31 December 2014 and for the period ended 31 December 2013.

### 29) NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

|                                                                                                                   | Group as at 31 December 2014 | Group as at 31 December 2013 | Trust as at 31 December 2014 | Trust as at 31 December 2013 |
|-------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Net asset value attributable to Unitholders</b>                                                                |                              |                              |                              |                              |
| Total net asset value attributable to Unitholders (\$'000)                                                        | 1,273,493                    | 1,318,732                    | 1,341,265                    | 1,340,091                    |
| Total number of units in issue used in calculation of net asset value per unit attributable to Unitholders ('000) | 1,436,800                    | 1,436,800                    | 1,436,800                    | 1,436,800                    |
| <b>Net asset value per unit attributable to Unitholders (\$)</b>                                                  | <b>0.89</b>                  | <b>0.92</b>                  | <b>0.93</b>                  | <b>0.93</b>                  |

# NOTES TO THE FINANCIAL STATEMENTS

## 30) COMMITMENTS AND CONTINGENCIES

### (i) Commitments

The Group's commitments under operating leases are disclosed in Note 23. There were no other commitments as at 31 December 2014 and 2013 both at Group and at Trust level.

### (ii) Contingencies

There were no contingent liabilities or contingent assets as at 31 December 2014 and 2013 both at Group and at Trust level.

## 31) RELATED PARTY TRANSACTIONS

### (i) The Trustee-Manager

The Trustee-Manager, Macquarie APTT Management Pte. Limited, was incorporated in Singapore under the Singapore Companies Act on 17 April 2013. The Trustee-Manager is a wholly owned subsidiary of Macquarie Capital Group Limited.

The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders and managing the business conducted by the Trust. The Trustee-Manager has powers of management over the business and assets of the Trust and its main responsibility is to manage the Trust's assets and liabilities for the benefit of the Unitholders as a whole.

The following transactions occurred between APTT and the Trustee-Manager, which included the cost of key management personnel, during the reporting period:

|                      | Year ended<br>31 December<br>2014<br>\$'000 | Period ended<br>31 December<br>2013<br>\$'000 |
|----------------------|---------------------------------------------|-----------------------------------------------|
| <b>Transactions</b>  |                                             |                                               |
| Trustee-Manager fees | 7,167                                       | 4,162                                         |

### (ii) Macquarie Group (Macquarie)

- (a) There were no fees paid to Macquarie in respect of transaction-related services during the year ended 31 December 2014. During the period ended 31 December 2013, underwriting fees of \$16.6 million, debt advisory fees of \$5.6 million and reimbursement of equity issue expenses of \$0.3 million were paid to Macquarie Capital Securities (Singapore) Pte. Limited, Macquarie Capital (Singapore) Pte. Limited and Macquarie Infrastructure Management (Asia) Pty Limited respectively.
- (b) As per the Resources Agreement between the Trustee-Manager and Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited (MIRA Singapore) in relation to the provision of resource services by MIRA Singapore to the Trustee-Manager, all fees payable in respect of ancillary services are borne by the Trust. Such fees charged by the Trustee-Manager for the year ended 31 December 2014 were \$0.2 million (for the period ended 31 December 2013: \$0.2 million).
- (c) The Group utilises Macquarie Bank Limited (MBL) Singapore Branch's foreign exchange department to hedge its foreign currency risk. During the year ended 31 December 2014, foreign exchange contracts totalling \$287.5 million (for the period ended 31 December 2013: \$407.2 million) were entered into by MBL, which earned MBL a fee of \$0.1 million (for the period ended 31 December 2013: \$0.1 million). As at 31 December 2014, cash balance of \$7.2 million, held by the Trust, is placed with MBL (31 December 2013: \$4.8 million).

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## NOTES TO THE FINANCIAL STATEMENTS

### 32) EARNINGS PER UNIT

|                                                                      | Group<br>Year ended<br>31 December<br>2014 | Group<br>Period ended<br>31 December<br>2013 |
|----------------------------------------------------------------------|--------------------------------------------|----------------------------------------------|
| Weighted average number of units in issue ('000)                     | 1,436,800                                  | 1,436,800                                    |
| Profit after income tax attributable to Unitholders of APTT (\$'000) | 114,328                                    | 45,139                                       |
| <b>Basic and diluted earnings per unit (cents)</b>                   | <b>7.96</b>                                | <b>3.14</b>                                  |

### 33) SEGMENT INFORMATION

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

### 34) COMPARATIVE FIGURES

The financial statements for 2014 cover the 12 months ended 31 December 2014. The financial statements for 2013 cover the financial period since constitution of APTT on 30 April 2013 to 31 December 2013. As a result, the comparative amounts in the financial statements are not entirely comparable.

# STATISTICS OF UNITHOLDINGS

AS AT 11 MARCH 2015

## SUBSTANTIAL UNITHOLDERS

| Substantial Unitholders            | Direct interest | %    | Deemed interest             | %    |
|------------------------------------|-----------------|------|-----------------------------|------|
| Venezio Investments Pte. Ltd.      | 113,959,812     | 7.93 | -                           | -    |
| Napier Investments Pte. Ltd.       | -               | -    | 113,959,812 <sup>1</sup>    | 7.93 |
| Tembusu Capital Pte. Ltd.          | -               | -    | 113,959,812 <sup>1</sup>    | 7.93 |
| Temasek Holdings (Private) Limited | -               | -    | 114,605,812 <sup>1, 2</sup> | 7.98 |

### Notes:

<sup>1</sup> Venezio Investments Pte. Ltd. (Venezio) is wholly owned by Napier Investments Pte. Ltd. (Napier), which is a wholly owned subsidiary of Tembusu Capital Pte. Ltd. (Tembusu), which in turn is a wholly owned subsidiary of Temasek Holdings (Private) Limited (Temasek). Napier and Tembusu are therefore deemed to be interested in the units held by Venezio.

<sup>2</sup> Temasek is deemed interested in the units held by Venezio and another subsidiary.

## ADDITIONAL INFORMATION

|                          | Total Volume<br>'000 | Highest Price<br>\$ | Lowest Price<br>\$ |
|--------------------------|----------------------|---------------------|--------------------|
| Unit performance in 2014 | 904,410              | 0.920               | 0.725              |

# STATISTICS OF UNITHOLDINGS

AS AT 11 MARCH 2015

There were 1,436,800,000 units (voting rights: 1 vote per unit) in issue as of 11 March 2015. There is only one class of units in APTT.

## DISTRIBUTION OF UNITHOLDINGS

| Size of unitholdings | No. of unitholders | %             | No. of units         | %             |
|----------------------|--------------------|---------------|----------------------|---------------|
| 1 - 99               | 95                 | 1.08          | 2,897                | 0.00          |
| 100 - 1,000          | 738                | 8.35          | 577,033              | 0.04          |
| 1,001 - 10,000       | 4,082              | 46.21         | 23,343,318           | 1.62          |
| 10,001 - 1,000,000   | 3,880              | 43.92         | 248,281,928          | 17.28         |
| 1,000,001 and above  | 39                 | 0.44          | 1,164,594,824        | 81.06         |
| <b>Total</b>         | <b>8,834</b>       | <b>100.00</b> | <b>1,436,800,000</b> | <b>100.00</b> |

## TWENTY LARGEST UNITHOLDERS

| No. | Name                                             | No. of units         | %            |
|-----|--------------------------------------------------|----------------------|--------------|
| 1   | Citibank Nominees Singapore Pte Ltd              | 280,589,649          | 19.53        |
| 2   | DBS Nominees (Private) Limited                   | 227,564,401          | 15.84        |
| 3   | HSBC (Singapore) Nominees Pte Ltd                | 144,885,014          | 10.08        |
| 4   | Venezio Investments Pte Ltd                      | 113,959,812          | 7.93         |
| 5   | United Overseas Bank Nominees (Private) Limited  | 85,326,337           | 5.94         |
| 6   | Raffles Nominees (Pte) Limited                   | 73,447,603           | 5.11         |
| 7   | Macquarie Capital Group Limited                  | 43,103,999           | 3.00         |
| 8   | DB Nominees (Singapore) Pte Ltd                  | 41,874,702           | 2.91         |
| 9   | DBSN Services Pte. Ltd.                          | 33,948,383           | 2.36         |
| 10  | BNP Paribas Securities Services Singapore Branch | 28,648,110           | 1.99         |
| 11  | CIMB Securities (Singapore) Pte. Ltd.            | 12,601,583           | 0.88         |
| 12  | Bank of Singapore Nominees Pte. Ltd.             | 8,923,678            | 0.62         |
| 13  | Phillip Securities Pte Ltd                       | 6,504,835            | 0.45         |
| 14  | DBS Vickers Securities (Singapore) Pte Ltd       | 5,213,638            | 0.36         |
| 15  | Lee Seng Chin                                    | 5,000,000            | 0.35         |
| 16  | Tan Chee Jin                                     | 4,634,398            | 0.32         |
| 17  | Goei Beng Yian Magdeline                         | 3,880,000            | 0.27         |
| 18  | UOB Kay Hian Private Limited                     | 3,599,807            | 0.25         |
| 19  | Lim & Tan Securities Pte Ltd                     | 3,300,184            | 0.23         |
| 20  | ABN AMRO Nominees Singapore Pte Ltd              | 3,096,238            | 0.22         |
|     |                                                  | <b>1,130,102,371</b> | <b>78.64</b> |

Based on the information available to the Trustee-Manager as at 11 March 2015, 89% 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.

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## **ADDITIONAL SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL DISCLOSURE REQUIREMENTS**

### **A) REMUNERATION OF AUDITORS**

Please see Note 26(viii) of the Consolidated Financial Statements on page 83 of this Annual Report.

### **B) APPOINTMENT OF AUDITORS**

The Group has complied with Rule 713 and engaged Deloitte & Touche LLP as statutory auditor for the year ended 31 December 2014.

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 auditor 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 ended 31 December 2014, or if not then subsisting, entered into since the constitution of the Trust.

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

Please see Note 31 of the Consolidated Financial Statements on page 95 of this Annual Report.

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

# ADDITIONAL SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL DISCLOSURE REQUIREMENTS

## F) PRINCIPAL DIRECTORSHIPS

The present principal directorships, other than those held in the Trustee-Manager, and the past principal directorships for a period of approximately three years prior, of each of the Directors are as follows:

| Name             | Present principal directorships                                                                                                                                                                                                                                              | Past principal directorships                                                               |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Mr Yong Lum Sung | Singapore Cruise Centre Pte. Ltd.<br>Golden Donuts Pte. Ltd.<br>Tianjin Binhai Conventions & Exhibitions Co Ltd<br>Thaicom Public Company Limited<br>Tera-Barrier Films Pte. Ltd.<br>D-SIMLAB Technologies Pte. Ltd.<br>Care Corner Singapore Ltd<br>Singex Holdings Pte Ltd | Singex Venues Pte Ltd<br>Singex Exhibitions Pte Ltd<br>Singex Exhibitions Ventures Pte Ltd |

| Name                | Present principal directorships | Past principal directorships |
|---------------------|---------------------------------|------------------------------|
| Mr Leong Shin Loong | None                            | PT Telekomunikasi            |

| Name            | Present principal directorships                                                                                                                                   | Past principal directorships |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Mr Tri Luu Pham | Just-In-Tim Consulting Pte. Ltd.<br>Tata Communications Payment Solutions Limited<br>(wholly owned subsidiary of Tata Communications Limited)<br>Neotel (Pty) Ltd | None                         |

| Name                         | Present principal directorships                                                                                                                                              | Past principal directorships                 |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Mr Tan Chung Yaw,<br>Richard | Polaris Ltd.<br>Navigis Inc.<br>PT Smartfren<br>Efflam Singapore Pte Ltd<br>Mobility Development Group<br>MyRepublic Limited<br>Efflam Limited<br>FLASHiZ International S.A. | Bridge Mobile Pte. Ltd.<br>PT Telekomunikasi |

# ADDITIONAL SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL DISCLOSURE REQUIREMENTS

## F) PRINCIPAL DIRECTORSHIPS (continued)

| Name                | Present principal directorships                              | Past principal directorships |
|---------------------|--------------------------------------------------------------|------------------------------|
| Mr Benjamin Ian Way | Global Star GP Ltd                                           | None                         |
|                     | Macquarie Korea Opportunities Management, Ltd.               |                              |
|                     | C&M Co., Ltd                                                 |                              |
|                     | Cable TV S.A.                                                |                              |
|                     | China Water Capital                                          |                              |
|                     | Hong Kong Huahan Holdings Investment Limited                 |                              |
|                     | Jia Guang Co., Ltd                                           |                              |
|                     | Jie Guang Co., Ltd                                           |                              |
|                     | Kangnam City Gas Co., Ltd                                    |                              |
|                     | Macquarie Investment Management (Bermuda) Limited            |                              |
|                     | APTT Holdings 1 Limited                                      |                              |
|                     | Taiwan Broadband Communications Co., Ltd                     |                              |
|                     | TBC Holdings B.V.                                            |                              |
|                     | Wo Jun Co., Ltd                                              |                              |
|                     | Macquarie Greater China Infrastructure Advisory Limited      |                              |
|                     | Macquarie Greater China Limited                              |                              |
|                     | Macquarie Infrastructure and Real Assets (Hong Kong) Limited |                              |
|                     | MEGCIF Asset Holdings II Limited                             |                              |
|                     | MEGCIF Asset Holdings Limited                                |                              |
|                     | MEGCIF Asset Management I Limited                            |                              |
|                     | MEGCIF Asset Management II Limited                           |                              |
|                     | Upper Fame International Limited                             |                              |
|                     | South China Highway Development (H.K.) Limited               |                              |
|                     | Asia Pacific Fortune (H.K.) Limited                          |                              |
|                     | Best Stream Global Limited                                   |                              |
|                     | Macquarie Infrastructure Limited                             |                              |
|                     | MEGCIF Investments 1 Limited                                 |                              |
|                     | MEGCIF Investments 2 Limited                                 |                              |
|                     | MEGCIF Investments 3 Limited                                 |                              |
|                     | MEGCIF Investments 5 Limited                                 |                              |
|                     | MEGCIF Investments 6 Limited                                 |                              |
|                     | MEGCIF Investments Holding Limited                           |                              |
| Name                | Present principal directorships                              | Past principal directorships |
| Mr Cheong Wei Yue   | APTT Holdings 2 Limited                                      | None                         |
|                     | Cable TV S.A.                                                |                              |
|                     | Deqiao Petrochemical Logistics Pte. Ltd.                     |                              |
|                     | Guangzhou South China Highway & Bridge Industry Ltd          |                              |
|                     | Hengyang Holding Pte. Ltd.                                   |                              |
|                     | Macquarie International China Holdings Limited               |                              |
|                     | TBC Holdings B.V.                                            |                              |

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# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the second Annual General Meeting of the Unitholders of Asian Pay Television Trust (APTT) will be held at the Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on 23 April 2015, Thursday, at 10.30 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of APTT Group for the financial year ended 31 December 2014 and the Auditor's Report thereon.  
(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.  
(Resolution 2)
3. To transact any other ordinary business which may properly be transacted at an Annual General Meeting of the Unitholders.

## SPECIAL BUSINESS

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

4. General mandate to issue units in APTT (Units)

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

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

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

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

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued pursuant to Instruments made or granted pursuant to this Resolution) must not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to Unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);
- (B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) will be based on the number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
  - (I) new Units arising from the conversion or exercise of the Instruments; and
  - (II) any subsequent bonus issue, consolidation or subdivision of Units;
- (C) in exercising the authority conferred by this Resolution, the Trustee-Manager must comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the BTA;
- (D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution will continue in force until (i) the conclusion of the next Annual General Meeting of APTT or (ii) the date by which the next Annual General Meeting of APTT is required by law to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Trustee-Manager be and is hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of APTT to give effect to the authority conferred by this Resolution.

(See Explanatory Note)

(Resolution 3)

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



**Lee Wai Sum**  
Company Secretary

Singapore, 6 April 2015

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# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Note

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

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

## Notes

1. A Unitholder entitled to attend and vote at the Annual General Meeting of Unitholders is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of APTT, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Annual General Meeting.

## Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting (the Meeting) and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents) for the purpose of the processing and administration of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the Purposes), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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**ASIAN PAY TELEVISION TRUST**

(A business trust constituted on 30 April 2013 under the laws of the Republic of Singapore)

Registration Number: 2013005

Macquarie APTT Management Pte. Limited

(Incorporated in the Republic of Singapore)

(As Trustee-Manager of Asian Pay Television Trust)

Company Registration Number: 201310241D

**PROXY FORM**

(Please see notes overleaf before completing this form)

\*I/We \_\_\_\_\_

(NRIC/Passport No./Company Registration No. \_\_\_\_\_ )

of \_\_\_\_\_ (Address)

being a \*Unitholder/Unitholders of Asian Pay Television Trust (APTT) hereby appoint:

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

and/or (delete as appropriate)

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

or failing \*him/her/them, the Chairman of the Annual General Meeting (AGM) of the APTT as \*my/our \*proxy/proxies to attend and to vote for \*me/us and on \*my/our behalf and, if necessary, to demand a poll, at the AGM of APTT, to be held at the Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on 23 April 2015, Thursday, at 10.30 a.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/her/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be \*my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for \*me/us and on \*my/our behalf and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

| No. | Resolutions relating to:                                                                                                                                                                                      | **For | **Against |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------|
|     | <b>Ordinary Business</b>                                                                                                                                                                                      |       |           |
| 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 2014 and the Auditor's Report thereon |       |           |
| 2   | Reappointment of Deloitte & Touche LLP as the Auditor of APTT                                                                                                                                                 |       |           |
|     | <b>Special Business</b>                                                                                                                                                                                       |       |           |
| 3   | Authority to issue new units in APTT                                                                                                                                                                          |       |           |

\* Delete accordingly.

\*\* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

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

\_\_\_\_\_  
Signature(s) of Unitholder(s)/Common Seal of corporate Unitholder

**Notes:**

1. Please insert the total number of units in APTT (Units) held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of APTT, you should insert that number of Units. If you have Units entered against your name in the said Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A Unitholder of APTT entitled to attend and vote at a meeting of APTT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of APTT.
3. Where a Unitholder appoints two proxies, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two proxies and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
4. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
5. The instrument appointing a proxy or proxies must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of APTT, at the following address: Asian Pay Television Trust, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2015.

**General:**

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

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#### **APTT Annual Report Disclaimer**

Asian Pay Television Trust (APTT) is a business trust registered under the Business Trusts Act (Chapter 31A of Singapore) and listed on the Singapore Exchange Securities Trading Limited. Macquarie APTT Management Pte. Limited (MAMPL) is the Trustee-Manager of APTT. MAMPL is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) (MGL).

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or provide assurance in respect of the obligations of these entities.

MAMPL, as the Trustee-Manager of APTT, is entitled to fees for so acting. MGL and its related corporations, together with the officers and directors, may hold securities in APTT from time to time.

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

Information, including forecast financial information, in this 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 has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of APTT. Past performance is not a reliable indication of future performance.

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.

The offering of units in APTT was sponsored by Macquarie Capital (Singapore) Pte. Limited and J.P. Morgan (S.E.A.) Limited as joint issue managers (the Joint Issue Managers). The Joint Issue Managers assume no responsibility for the contents of this presentation.

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

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**Macquarie APTT Management Pte. Limited**

Company Registration Number: 201310241D

10 Marina Boulevard, #17-01, Marina Bay Financial Centre Tower 2, Singapore 018983

Telephone: +65 6601 0888 Facsimile: +65 6601 0653 Email: [contact@aptt.com.sg](mailto:contact@aptt.com.sg)

[www.aptt.com.sg](http://www.aptt.com.sg)