



FUTURE READY

NetLink NBN Trust Annual Report 2022

CONTENTS

Overview

- 01 Who We Are
- 02 What We Do
- 04 Our Trust Structure
- 06 Value Creation
- 08 Our Performance at a Glance
- 10 Chairman's Letter
- 14 Chief Executive Officer's Letter



What We Do



Chairman's Letter

Business Review

- 18 Operating Review
- 22 Financial Review



Chief Executive Officer's Letter



Operating Review

Corporate Governance & Transparency

- 26 Board of Directors
- 32 Senior Management
- 34 Corporate Governance
- 66 Enterprise Risk Management
- 72 Investor Relations



Sustainability Report



Financials

Sustainability

- 74 Corporate Social Responsibility
- 76 Sustainability Report

Financials & Additional Information

- 113 NetLink NBN Trust and its Subsidiaries Financial Statements
- 191 Additional Information
- 197 Trustee-Manager Financial Statements
- 215 Statistics of Unitholdings Corporate Information



To read more visit
www.netlinknbn.com

WHO
WE ARE

THE FIBRE OF A SMART NATION

NetLink NBN Trust's nationwide network is the foundation of Singapore's Next Generation Nationwide Broadband Network ("Next Gen NBN"), over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands.

NetLink NBN Trust and its subsidiaries ("NetLink") design, build, own and operate the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and Central Offices) of Singapore's Next Gen NBN. NetLink's extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

NetLink NBN Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017. It is a constituent of the FTSE ST Large & Mid Cap Index, FTSE ST Singapore Shariah Index and the MSCI Global Small Cap – Singapore Index.

VISION

To be the leading telecommunications infrastructure provider in Singapore

MISSION

We connect consumers and businesses anywhere in Singapore to the nationwide fibre broadband network

We build strong and trusted partnerships with our industry operators to deliver reliable fibre connectivity to their customers

We provide open and equal access to all industry operators

We are committed to helping Singapore achieve its vision as a Smart Nation

CORE VALUES

PARTNERSHIP

We measure our success by our partners'

EXCELLENCE

We relentlessly pursue quality and excellence

INTEGRITY

We are fair, honest and accountable

TEAMWORK

We leverage individual strengths to work as one

RESPECT

We care for every employee



WHAT WE DO

Residential Homes

- HDB/High Rise Residential Apartment
- Landed Residential Area

NetLink's network is used mainly for the purpose of end-user fibre connections, currently for broadband, Internet-Protocol TV and Voice over Internet Protocol services. It is the only fibre network with nationwide residential coverage in Singapore.



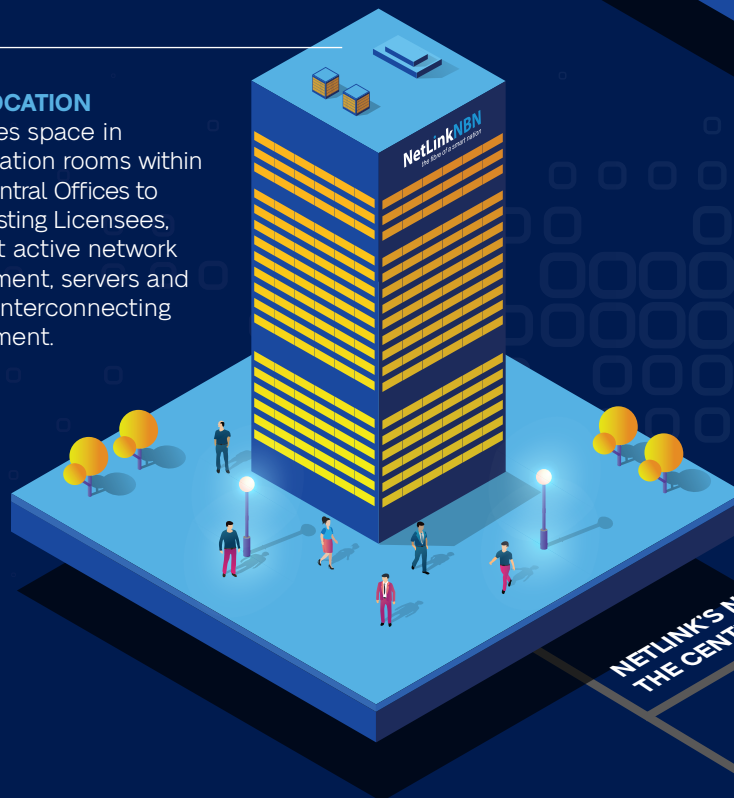
Central Offices

CENTRAL OFFICES

Leases space in NetLink's Central Offices to Singapore Telecommunications Limited ("Singtel") for housing of certain equipment and operations.

CO-LOCATION

Provides space in co-location rooms within the Central Offices to Requesting Licensees, to host active network equipment, servers and other interconnecting equipment.



NETLINK'S NETWORK CONNECTS THE CENTRAL OFFICES TO:

Segment Fibre

Provides dedicated point-to-point fibre connections which comprise Central Office-to-Central Office fibre connections and Central Office-to-Main Distribution Frame room fibre connections, among others.



Non-Residential Premises

NetLink's network is used for the purpose of end-user fibre connections, to provide fibre services to non-residential end-users such as businesses, shopping malls, transport providers, government agencies, hospitals, and schools.



Ducts and Manholes

Provides, among others, Requesting Licensees with licences for the shared use of, and access to, building lead-in ducts and lead-in manholes.



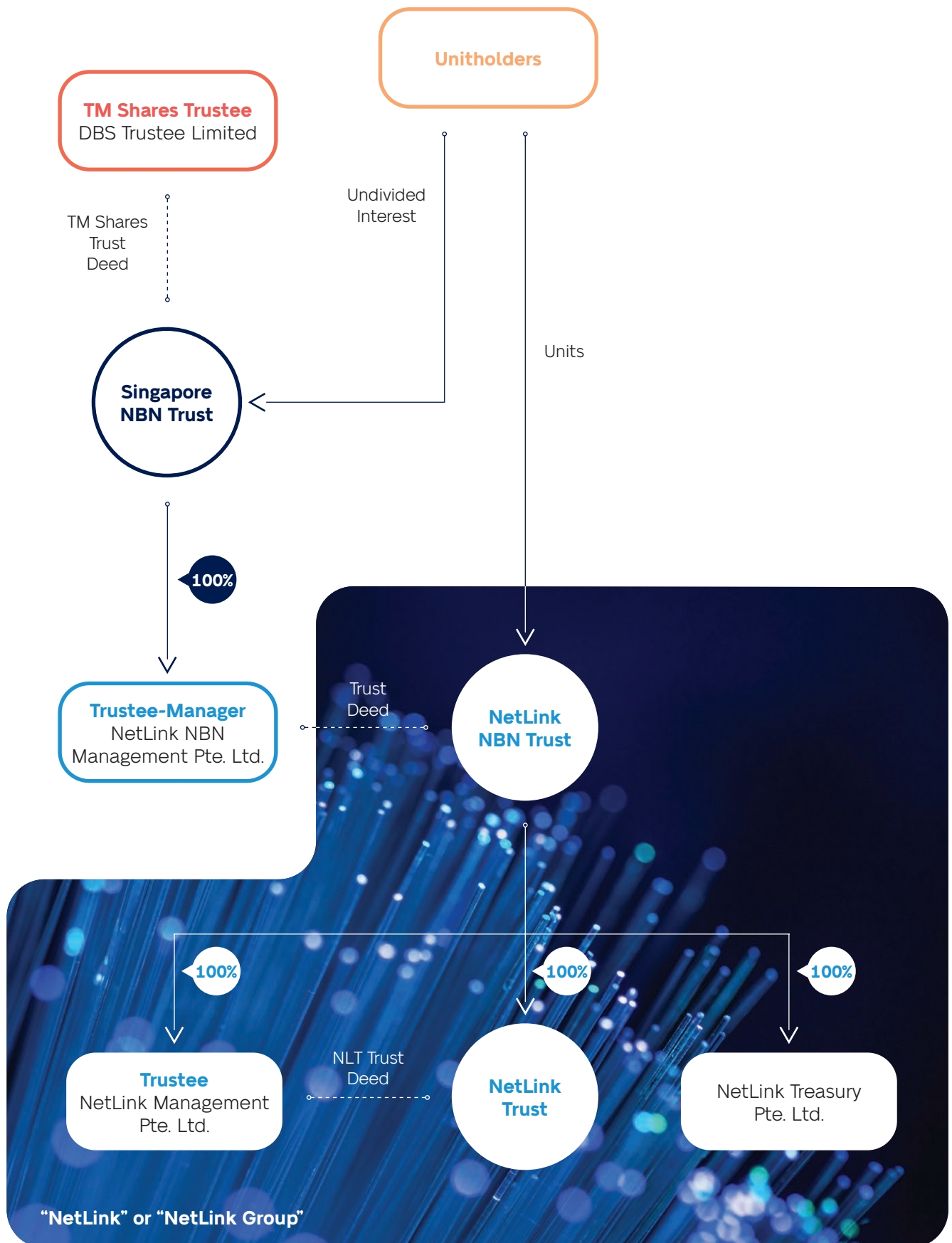
Non-Building Address Point ("NBAP")



- Lamp Post
- Mobile Base Station
- Wi-Fi hotspot
- Billboard/Signage

NBAP services include the connection to any location in mainland Singapore and its connected islands that does not have a physical address or assigned postal code, e.g. lamp posts, bus stops, multi-storey carparks and traffic lights. NBAP applications include infrastructure of telecommunications operators (such as wireless base stations), cameras, sensors, signages and outdoor kiosks.

OUR TRUST STRUCTURE



NetLink NBN Trust (also referred to as the **"Trust"**) is a trust constituted on 19 June 2017 by a declaration of trust by NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust (**"Trustee-Manager"**), under the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018, the Second Amending and Restating Deed dated 28 September 2020, and the Third Amending and Restating Deed dated 19 July 2021) (collectively, **"Trust Deed"**). NetLink NBN Trust is registered as a business trust under the Business Trusts Act 2004 (**"BTA"**), and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) on 19 July 2017.

The Trustee-Manager is incorporated in Singapore, and the management of NetLink NBN Trust is undertaken by the Trustee-Manager, the shares of which (**"TM Shares"**) are held on trust for the benefit of the unitholders of NetLink NBN Trust (**"Unitholders"**) in proportion to such Unitholders' respective percentage of units held or owned in NetLink NBN Trust (**"Units"**).

Further, subject to the terms of the trust deed (**"TM Shares Trust Deed"**) constituting Singapore NBN Trust (**"TM Shares Trust"**), DBS Trustee Limited (as trustee of Singapore NBN Trust and the legal owner of the TM Shares) will exercise its rights and powers over the Trustee-Manager in such manner as the Unitholders may direct by way of resolutions passed at general meetings. This means that Unitholders are empowered to direct DBS Trustee Limited (among other things, by ordinary resolution at the Annual General Meeting (**"AGM"**) of the TM Shares Trust) to approve the

appointment or re-election of the directors of the Trustee-Manager (**"Directors"**) (each Director of the Trustee-Manager being required to retire from office at least once every three years). This structure allows the Trustee-Manager to be internalised in contrast with other structures where the trustee-managers are typically owned by sponsors.

An internalised structure pre-empts any conflict of interest between the Unitholders and the Trustee-Manager from arising. The complete alignment of interest between the Trustee-Manager and the Unitholders is a strong factor in the choice of NetLink NBN Management Pte. Ltd. as trustee-manager.

This internalised structure of the Trustee-Manager also benefits NetLink NBN Trust and its subsidiaries (referred to collectively as **"NetLink"**), and together with the Trustee-Manager referred to as **"NetLink NBN Group"**) in the following ways:

- (a) The appointment and re-election of Directors of the Trustee-Manager are subject to Unitholders' approval. With this right provided to Unitholders (which is not available where the trustee-managers are owned by sponsors), Unitholders have a direct role in the election of Directors.
- (b) The fees payable to the Trustee-Manager are primarily used to defray the Trustee-Manager's expenses (for example, director's fees payable to the Directors of the Trustee-Manager, as well as certain statutory and administrative costs incurred by the Trustee-Manager). This results in substantially lower fees

payable to the Trustee-Manager as compared to other trustee-managers which charge fees on different basis. In addition, there are no acquisition or divestment fees. The lower fee that stems from the internalised structure of the Trustee-Manager results in cost savings for NetLink NBN Trust.

- (c) There is stability and continuity in the management of NetLink NBN Trust. While the BTA and the Trust Deed provide mechanism for the removal of the Trustee-Manager, such removal is unlikely to occur as the interests of the Trustee-Manager and the Unitholders are aligned, and the Directors of the Trustee-Manager are directly elected by the Unitholders.

In addition, pursuant to Infocomm Media Development Authority's (**"IMDA"**) requirements, the Trust Deed provides that no appointment or removal of the Trustee-Manager shall be effective unless:

- (a) IMDA has approved such appointment or removal; and
- (b) such appointment or removal is not contrary to the control and ownership restrictions under the licence held by the Trustee-Manager to provide facilities-based operations.

The Trust does not have a Sponsor. Further, the Trustee-Manager does not hold any Units in the Trust, and so does not have a blocking stake in the event of a takeover. However, the prior approval of IMDA is required for any amalgamation, reconstruction or change to the trust structure of NetLink.

VALUE CREATION

What Makes Us Unique?



The only nationwide passive infrastructure provider in the world



Open and non-discriminatory access to industry partners

Stakeholders

Government and regulators

Telecommunication service providers

Employees

Community

Investors

How We Create Value

- Committed to high standards of Corporate Governance
- Continuous compliance to the mandated Quality of Service ("QoS")
- Manage our risks through a comprehensive Enterprise Risk Management programme and a robust Business Continuity Management programme

- Non-discriminatory access to all industry partners
- Support trials and initiatives by industry partners
- Universal service obligations to lay fibre to all existing and new homes and buildings so that service providers can provide services quickly and efficiently
- Ensure that there are sufficient spare fibres to meet planned and ad hoc demand hence providing a robust and resilient fibre network

- Regular communications with employees to keep them in touch with development in the organisation
- Provide training courses for employees with opportunities to upskill themselves
- Extend health screening packages to all employees to keep them safe and healthy

- Help the low-income, the disadvantaged families, and the elderly
- Encourage and support our employees to get involved in company-organised events for the less-privileged as a way to contribute back to society
- Make fibre connectivity readily available to everyone in Singapore

- Committed to uphold high standards of transparency and accountability to Unitholders
- Continue to engage investors through conferences, non-deal roadshows, quarterly briefings, and 1-on-1 meetings to keep them up to date with business operations
- Manage cashflows efficiently to deliver sustainable distributions



**Universal and
future-proof
nationwide fibre
network**



**Resilient business model
with transparent,
and regulated
revenue stream**



**Stable regulatory
environment**

Value Created in FY22

- Met all our QoS targets
- Maintained 99.99% network availability
- Successfully executed the Business Continuity Plan and navigated through the COVID-19 pandemic, ensuring that critical services were not disrupted
- ISO22301:2019 BCMS certified
- ISO45001:2018 OHSMS certified

- Invested approximately S\$62 million to enhance our fibre network
- Additional 15,913 home-passed
- Added approximately 6,000km of fibre cables
- Provided state-of-the-art fibre network infrastructure in partnership with a telco to support the local gaming and esports industry
- Participated in the 5G Smart Estate Trial @ Singapore Science Park and the Singapore Maritime Drone Estate
- Enabled the nationwide trials of quantum-safe communication technologies over the nationwide optical fibre network
- Structured special pricing for Small and Medium Enterprises during the pandemic to ease their cost burden

- Proactive engagement with employees to keep them updated with the COVID-19 situation so that employees who can work from home were able to do so comfortably and effectively
- Kept our employees safe by adopting robust Safe Management Measures and implementing regular Antigen Rapid Testing
- Provided an average of 21.3 learning hours per employee

- Approximately 260 volunteer hours over a series of corporate social responsibility events organised amidst social distancing measures
- Continued to support IMDA's Home Access Programme for low-income households. To date, over 14,000 homes have benefitted from this programme
- Participated in IMDA's Digital Learning Clinics to help the elderly be comfortable and familiar with digital technology
- Provided financial support and volunteers to TOUCH Young Arrows – Eunoz, our adopted charity for FY22, enriching the lives of the children from low-income or disadvantaged backgrounds
- Sponsored bursaries to financially disadvantaged students from the Singapore Institute of Technology

- Ranked first in the Governance Index for Trust (GIFT) for the third consecutive year
- Our SGTI Index ranking improved from 5th to 4th spot, under the REIT and Business Trust Category
- Named Winner of the Corporate Excellence and Resilience Award (Large Cap) at the Singapore Corporate Award 2021
- Winner of the Shareholder Communications Excellence Award, REITs and Business Trusts Category at the SIAS Investors' Choice Awards 2021
- Healthy average daily trading volume of 7.5 million units
- Distribution Per Unit increased by 1.0% in FY22

OUR PERFORMANCE AT A GLANCE

Revenue (S\$m)



EBITDA¹ (S\$m)



Distribution Per Unit (Singapore Cents)



¹ EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.

Revenue

S\$377.6m

EBITDA²

S\$266.9m

EBITDA² Margin

70.7%

Profit After Income Tax

S\$91.3m

Distribution Per Unit ("DPU")

5.13 cents

Gross Debt

S\$666.0m

Net Asset Per Unit

69.7 cents

Distribution Yield³

5.3%

| | Group | | |
|---|-------------------------------|-----------------------------|-----------------------------|
| | Financial Year Ended 31 March | | |
| | 2022 ("FY22") S\$'000 | 2021 ("FY21") S\$'000 | 2020 ("FY20") S\$'000 |
| Total assets | 4,031,892 | 4,123,455 | 4,208,771 |
| Total liabilities | 1,315,446 | 1,319,752 | 1,301,833 |
| Total borrowings (gross) | 666,000 | 666,000 | 666,000 |
| Net assets | 2,716,446 | 2,803,703 | 2,906,938 |
| Cash Flow | | | |
| Cash flow generated from operating activities | 258,731 | 264,512 | 262,518 |
| Cash flow used in investing activities | (73,865) | (60,246) | (75,531) |
| Cash flow used in financing activities | (205,584) | (202,354) | (166,984) |
| Change in cash | (20,718) | 1,912 | 20,003 |
| Key Financial Indicators | | | |
| Interest cover | 29.8x | 14.8x | 13.4x |
| Gross debt/EBITDA ² | 2.5x | 2.5x | 2.6x |
| Effective average interest rate ⁴ | 1.11% | 2.48% | 2.83% |

More details can be found under "Financial Review" on page 22 to 25.

² EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.

³ Distribution yield is based on a DPU of 5.13 Singapore cents and a unit price of 97.5 cents as at 31 March 2022.

⁴ The interest expenses used in the computation of effective average interest rate included realised loss on interest rate swaps.

CHAIRMAN'S LETTER

READY FOR THE FUTURE

Mr Chaly Mah Chee Kheong
Chairman



Dear Unitholders,

On behalf of the Board of Directors and the Management of NetLink NBN Management Pte. Ltd. (**“the Trustee-Manager”**), I am pleased to deliver NetLink NBN Trust’s Annual Report for the financial year ended 31 March 2022 (**“FY22”**).

Year in Review

We recorded a steady financial performance even as the COVID-19 pandemic persisted into the second year with the emergence of new variants of the virus. Singapore, together with the rest of the world, had to cope with intermittent pullbacks in economic and border re-openings, supply chain issues and continued geopolitical uncertainties.

As the government continues to open the economy progressively, NetLink will remain vigilant and has put in place measures to minimise any disruption for our end-users should there be any adverse developments. We are thankful to our front-line staff and contractors who remained committed to serve our customers and stakeholders despite having to deal with manpower constraints and changing safe distancing measures.

Against the backdrop of a challenging operating environment, NetLink reported higher revenue for FY22 at S\$377.6 million. We recorded an EBITDA and profit after tax of S\$266.9 million and S\$91.3 million respectively.

In FY22, distribution to Unitholders amounted to S\$199.9 million or 5.13 Singapore cents per unit, an increase of 1.0% compared to 5.08 Singapore cents a year ago.

NetLink recorded a steady increase in the number of residential, non-residential as well as non-building address point (**“NBAP”**) and segment connections, thereby enabling NetLink to achieve a resilient financial performance for the financial year under review. As we expand our network to reach new residential dwellings and commercial buildings, we expect demand for residential fibre connections to remain healthy on the back of the proliferation of connected devices, driven by organic growth from new and existing households and the higher adoption of fibre connections by SMEs in Singapore.

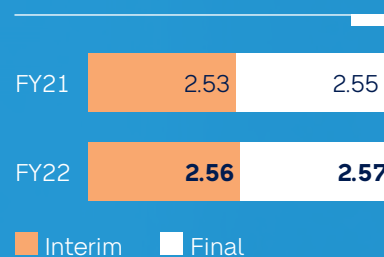
Going forward, we will continue our partnerships with Requesting Licensees (**“RLs”**) and Retail Service Providers to support their efforts to acquire new customers, as well as projects requiring NBAP and segment connections. We will continue to enhance our network capability to improve our presence at major data centres and support 5G network rollouts by mobile operators. In addition, we will continue to extend customised pricings to support RLs participating in projects involving multi-site and/or nationwide connectivity.



NetLink plays a vital role in providing the underlying critical infrastructure that enables the delivery of ultra-high-speed internet access throughout Singapore and its connected islands. Singapore now has one of the highest wired broadband penetration rates in the world with more than 95% of homes enjoying ultra-high-speed internet access via NetLink’s fibre network.



Distribution Per Unit
(Singapore cents per Unit)



CHAIRMAN'S LETTER

Industry Landscape

The pandemic has accelerated the global digitalisation transformation trend which has revolutionised the world; the way we live, work and play has changed irreversibly. We have come to benefit from the convenience of hybrid work and study arrangements. Businesses will continue to embrace digitalisation to enhance efficiency and cater to the e-commerce boom. Singapore is ready to tap the burgeoning opportunities arising from the digital economy, with fibre broadband being an essential utility in homes and workplaces.

NetLink plays a vital role in providing the underlying critical infrastructure that enables the delivery of ultra-high-speed internet access throughout Singapore and its connected islands. Singapore now has one of the highest wired broadband penetration rates in the world with more than 95% of homes enjoying ultra-high-speed internet access via NetLink's fibre network. Our ultra-high-speed fibre broadband network can be used to power the growing list of connected devices in our smart homes, from online video streaming, video doorbells to smart thermostats. The pace of digital transformation has opened the door to data-intensive activities of the future like video conferencing and collaboration tools, asset monitoring, remote learning, telehealth, virtual reality gaming and immersive media.

Furthermore, as 5G is rolled out, more Internet of Things ("IoT") and

other Smart Nation applications are expected to be adopted, increasing the need for fibre connections to support these deployments. Tapping on the rollout of 5G, we expect a higher demand for NBAP and segment connections due to network densification requirements; as more fibre will be needed to deliver the ultra-high-speed and low latency performance of 5G technology. A denser network will also allow for greater capacity, flexibility, and resilience.

We are excited to contribute towards Singapore's 5G journey to establish a world-class, secure, and resilient infrastructure, which will put Singapore in a stronger position to grow our 5G innovation ecosystem; and positioning us for the next bound of growth in the digital economy.

Sustainability

The Board considers sustainability to be an important part of NetLink's business strategy formulation and decision-making processes.

Together with the Sustainability Steering Committee, the Board oversees the management and monitoring of material Environment, Social and Governance ("ESG") factors which are aligned to six identified United Nation's Sustainable Development Goals ("SDGs") that are of priority to NetLink. This is to ensure that NetLink is resilient and adaptable to change while creating value for all our stakeholders in the long-term.

On the environment front, NetLink has taken steps to better understand and assess the climate change related risks to our business and analysed our ability to remain resilient to these risks. In particular, we are making a concerted effort to actively track and monitor our energy consumption, including in our Central Offices, to identify areas to improve. Going forward, we will continuously seek opportunities to embark on more energy efficiency initiatives, which may include the use of renewable energy, electric vehicles and adopting green features for our future Central Offices.

As a responsible corporate citizen, NetLink is committed to supporting the community by providing subsidised fibre broadband connectivity to pre-qualified beneficiaries, including seniors and school-going children from low-income households. This is part of IMDA's Home Access Programme and efforts to bring technology to those who have lesser access to it so that they can carry out their daily tasks and social activities online.

As we continue to expand our business and network infrastructure, the Board remains committed in leading the sustainability agenda for NetLink and ensures that our efforts are aligned to the long-term business strategy. We will continue to evaluate our performance against the targets and measure our progress.



Recognition

We are heartened and humbled that NetLink's consistent efforts in maintaining a high standard of governance over the years have been validated by industry accolades and awards from various key industry stakeholders.

For the third consecutive year, NetLink topped the rankings in the Governance Index for Trusts ("**GIFT**"). We extended our lead in the GIFT ranking with a new high score of 95 in 2021, up from 90 in 2020. We are honoured to be highlighted as a role model for other trusts and rank top on the list of better governance and lower business risk REITs and business trusts. We also improved our ranking in the Singapore Governance and Transparency Index ("**SGTI**"), coming in fourth position, up from 2020's fifth position.

At the Singapore Corporate Awards 2021, NetLink won the Corporate Excellence and Resilience Award, Large-Caps Category, in recognition of our efforts in upholding good corporate governance amidst the challenges brought forth by the pandemic. The award's assessment criteria included financial resilience, strategic and operational excellence, people management, sustainability, and digital initiatives.

We are also heartened that our investor relations efforts amidst the ongoing pandemic were recognised by Securities Investors Association

of Singapore (SIAS), which named NetLink winner for the Shareholder Communications Excellence Award, REITs & Business Trusts Category at its 2021 Investors' Choice Awards. This award is especially significant as it was a recognition of our team's nimble shift to leverage digital platforms to ensure communication channels were unaffected amidst the pandemic.

The Board remains committed to good governance and will continue to work with the Management team to enhance and uphold our corporate governance practices and to ensure utmost transparency and disclosure to all stakeholders. We firmly believe that good corporate governance is fundamental for NetLink's long-term business sustainability and value creation for our stakeholders.

Future Ready

At the time of writing, the world is learning to live with COVID-19 and is progressively opening. However, the Russia-Ukraine conflict which broke out in February has drastically increased the uncertainty about the recovery of the global economy and inflationary pressures. Backed by a robust balance sheet, we will continue to monitor our operating environment closely and proactively manage any potential risks. Besides growing our existing business, NetLink will also be exploring opportunities to invest in telecommunications infrastructure businesses overseas,

which are likely to generate a stable cashflow.

We look forward to NetLink's next phase of development following the upcoming review of NetLink Trust's services (including prices) for the services offered under its Interconnection Offer with the IMDA. The result of the regulatory review is expected to be completed by early 2023.

Acknowledgements

On behalf of the Board, I would like to convey my gratitude to our Unitholders, stakeholders, partners and clients for your support and confidence in the Board's stewardship and NetLink NBN Trust.

I would also like to thank my fellow Directors for their valuable counsel over the past year. I am grateful to the management team and staff for their dedication and hard work amidst the challenging operating environment.

With a culture of strong corporate governance and rigorous processes across the organisation, the Board is confident that NetLink will continue to strive for and deliver excellence. We look forward to the continued support from all our stakeholders.

Chaly Mah Chee Kheong
Chairman

CHIEF EXECUTIVE OFFICER'S LETTER



Looking ahead, we will continue to enhance our network capability to improve our presence at major data centres and support network rollouts by mobile operators. Backed by our strong balance sheet and financial resources, we will also be exploring opportunities to invest in telecommunication infrastructure businesses overseas.



Connection Numbers

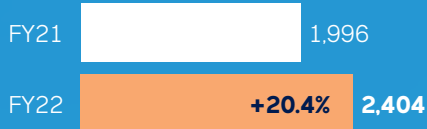
Residential



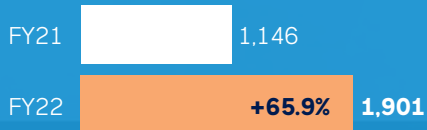
Non-Residential



NBAP



Segment



Dear Unitholders,

FY22 marks the third year of COVID-19 in Singapore as NetLink continued to demonstrate resilience navigating the challenging macroenvironment, amidst ongoing supply chain disruptions, manpower shortages, and geopolitical uncertainties brought about by the Russia-Ukraine conflict. As the world gears up for a post-pandemic recovery, NetLink will continue to stay nimble and remain steadfast in our efforts to support Singapore's Next Generation Nationwide Broadband Network.

Despite the challenges, revenue in FY22 increased 2.5% to S\$377.6 million, mainly due to higher residential, non-building address point ("**NBAP**") and segment connections revenue, installation-related revenue and ancillary project revenue, which was partially offset by lower Central Office revenue. Residential connections remained the key driver of NetLink Group's revenue, contributing 63.8% of total revenue. Revenue from residential connections increased by S\$2.8 million to S\$240.7 million in FY22, in tandem with the growth in residential connections.

Revenue from non-residential connections also increased 1.7% in FY22 to S\$30.9 million. Meanwhile, NBAP and segment connections revenue increased by 46.4% or S\$4.1 million to S\$13.0 million in FY22, arising from higher demand for point-to-point connections and Central Office-diversity connections to support mobile network rollout and other projects requiring high resiliency.

Growing our Business and Future Proofing our Network

We will continue to expand our network to reach new residential dwellings and commercial buildings. In support of Singapore's digital inclusion effort, NetLink will collaborate with the Requesting Licensees ("**RLs**") and Retail Service Providers ("**RSPs**") to encourage first-time users to subscribe to fibre broadband services. In addition, NetLink continues to connect low-income households to the Next Generation Nationwide Broadband Network via initiatives such as the Home Access Programme.

NetLink will also continue to partner with the RLs and RSPs to support their efforts to acquire new enterprise customers and to offer services using our NBAP and segment connections. In this regard, NetLink will extend customised pricings to support RLs participating in projects involving multi-site and/or nationwide connectivity; and make available offerings to help digital transformations of SMEs.

GROWING OUR BUSINESS

Mr Tong Yew Heng
Chief Executive Officer



CHIEF EXECUTIVE OFFICER'S LETTER

As rapid digitalisation requires increased network resilience, we have enhanced our physical path diversity to offer options that can mitigate single point of failure. Fibre connections to a single site can be connected to different NetLink Central Offices, where the network equipment of the RLS are co-located. For instance, in FY22, we collaborated with M1 to offer diversity in intranet and internet services to learning institutions in Singapore, as required by the Ministry of Education.

To better safeguard our fibre network infrastructure, we are upgrading our fibre monitoring system to enhance network availability and minimise downtime in the event of a fibre outage. Such an outage is often caused by third-party contractor carrying out earthworks. Upon completion, the system will enhance the scanning of the fibre cables 24/7, and automatically detects and locates any fibre cable faults.

We are keenly aware that the key to realising fundamental transformation starts from within. We are actively embracing digital transformation by adopting and implementing various digital initiatives and solutions in our business and operations. For instance, we will be implementing a chatbot function on our website to serve our end-users better. Apart from the 24/7 availability, the chatbot can help us improve our service by capturing and analysing detailed data of our end-users' pain points. We will also be further digitalising and

automating our procurement process to simplify our sourcing, approval and purchasing workflow. On the finance operations front, we are looking into implementing an e-invoice and e-payment platform that is linked to our accounting system.

Sustainability

In the global race to net zero emission, we are doing our part to decarbonise our business progressively. We have set an ambitious target of reducing our scope 1 and 2 emissions by 50% by FY30 (using FY22 as a baseline) and achieving net zero by 2050.

In arriving at our targets, we have carefully reviewed the cause of our emissions and have identified opportunities for decarbonisation in the coming years. Some of the planned initiatives include replacing diesel vehicles with electric vehicles, upgrading existing cooling systems in our buildings to higher energy efficiency models and using more environmentally friendly refrigerants.

All our future Central Offices, including the one in the North, scheduled to be operational in 2024, will be designed in accordance with BCA's Green Mark Standards and be supported by resilient building infrastructure.

Environmental, Social and Governance (ESG) factors have always been at the core of NetLink's business and we are heartened to see these factors gain prominence and take centre stage

in the business and investment community. Looking ahead, we remain committed to monitoring our performance closely and implementing strategies to achieve these targets as we continue to support the nation's 5G and other technological advancements in a sustainable and environmentally friendly manner.

More details on our sustainability efforts can be found on page 76 - 106.

Future Ready

If the past two years are anything to go by, developing our organisational agility and capacity for change has never been more important. As we emerge stronger from the pandemic, we will continue to future-proof the business, ensuring that we are well-poised to tap the benefits and opportunities offered by an era of rapid digitalisation.

As the number of connected devices grow exponentially, so will data consumption. Fixed fibre broadband continues to be the most cost-effective and scalable solution to handle large amount of data. Studies have shown that a reliable 5G network may be the answer for faster speeds, greater bandwidth, and ultra-low latency with the advantage of high mobility. That said, more base stations and antennas are required to ensure good 5G coverage due to the technology's shorter wavelength and range. This is where fibre optics, which is the best medium to deliver the high data throughput required by 5G, comes in.

With our extensive experience in fibre optics and knowledge of the latest communication technologies, we are well-positioned to support large-scale and complex 5G deployments, be it for the masses or for private use by enterprises, from installation to fibre network design.

As an enabler of digitalisation, we are actively supporting various 5G-related trials to solidify our position as the fibre network provider for the nation. Such initiatives include supporting the Maritime Drone Estate in the test-bedding and development of drone technologies for maritime applications such as shore-to-ship deliveries and remote ship inspections, and the 5G Smart Estate Trial @ Singapore Science Park by providing the fibre network infrastructure to connect TPG Telecom's 5G mobile base stations.

In FY22, NetLink participated in the Singapore's Quantum Engineering Programme (QEP) to provide fibre cables to support nationwide trials of quantum-safe communication technologies that aim to develop robust network security solutions for critical infrastructure and companies handling sensitive data. In addition, in partnership with M1, NetLink played an active role in the development of Singapore's burgeoning esports industry. This was achieved through a series of sponsorships aimed at delivering state-of-the-art fibre network infrastructure to empower the competitive and industry aspirations of the local gaming community.

Taking part in such initiatives allowed our extensive fibre network in Singapore to be continually improved and refined to ensure our capability to deliver fibre connections capable of meeting the exacting demands of future technologies.

Looking ahead, we will continue to enhance our network capability to improve our presence at major data centres and support network rollouts by mobile operators. Backed by our strong balance sheet and financial resources, we will also be exploring opportunities to invest in telecommunications infrastructure businesses overseas.

Appreciation

Finally, I would like to extend my heartfelt thanks to all stakeholders, including Unitholders, partners and customers for your unwavering trust and confidence as we navigated yet another challenging year. Last but not least, I would like to thank our staff for their dedication and invaluable efforts that contributed to our resilient performance over the past year. We look forward to your continued support in the years ahead as we continue to future-proof our business to be ready for what may lie ahead!

Tong Yew Heng
Chief Executive Officer

OPERATING REVIEW



The Next Generation Nationwide Broadband Network ("**Next Gen NBN**") - the foundation in support of Singapore's goal to be a leading digital economy - was one of the first networks in the world that involved the mandated separation of infrastructure assets. By providing an open and non-discriminatory wholesale access to the Next Gen NBN, telecommunications operators can focus on offering innovative retail products and services to consumers and businesses without incurring high fixed and running costs.

As the appointed Network Company ("**NetCo**") of the Next Gen NBN, NetLink offers the following services on a non-discriminatory basis:

End-User Connections



Residential



Non-Residential



Non-Building
Address Points
("NBAP")

Network Infrastructure Services



Co-location
Services



Segment
Connections



Ducts and
Manholes
Access

Regulatory Environment

Catering exclusively to the telecommunications operators in Singapore, we operate the Next Gen NBN within the regulatory framework of the Infocomm Media Development Authority ("IMDA"). We adhere to the standards and regulations set by IMDA in the following areas:

- Codes of Practice
- Quality of Service ("QoS") Standards (for example, Service Provisioning Timeframe for Residential/Non-Residential End-User Connections)
- Telecom and Media Competition Code
- NetCo Interconnection Code
- Universal Service Obligation

We hold a Facilities-Based Operations ("FBO") licence granted by IMDA. Failure to meet the obligations of the FBO licence or any regulatory requirement imposed by IMDA (including QoS standards), may result in the imposition of financial penalties or other enforcement actions by IMDA. NetLink Trust is also required to pay an annual licence fee to IMDA

(which is based on our audited annual gross turnover).

Pricing

Most of our pricing is regulated, as prescribed in the NetCo Interconnection Code and the Interconnection Offer ("ICO").

The last price review by IMDA was completed in May 2017. The revised prices were determined using the Regulatory Asset Base ("RAB") model for the five-year period effective from January 2018 until December 2022 (or such other date as may be determined by IMDA).

We are currently undergoing the review of NetLink Trust's services (including prices) offered under the ICO with the IMDA. The regulatory review is expected to be completed by early 2023.

The RAB model provides for the recovery of the following cost components:

- Return of capital deployed (i.e. depreciation)
- Return on capital employed
- Operating expenditure

The main assumptions in the RAB model are:

- The base year of the RAB is 2012. Assets that were purchased up to 2012 (year inclusive) are valued at 2012 prices, while assets purchased after 2012 are valued at the year of purchase. The standard annuity method is used for the purpose of regulatory depreciation.
- The return on capital is based on the nominal pre-tax weighted average cost of capital ("WACC") derived using the Capital Asset Pricing Model ("CAPM") approach. The RAB model takes into consideration that the technology for the underlying passive infrastructure will not change significantly over the near term. As such, NetLink believes that the RAB model provides an equitable rate of return to investors, and at the same time, ensures that pricing corresponds with the current demand and supply dynamics.



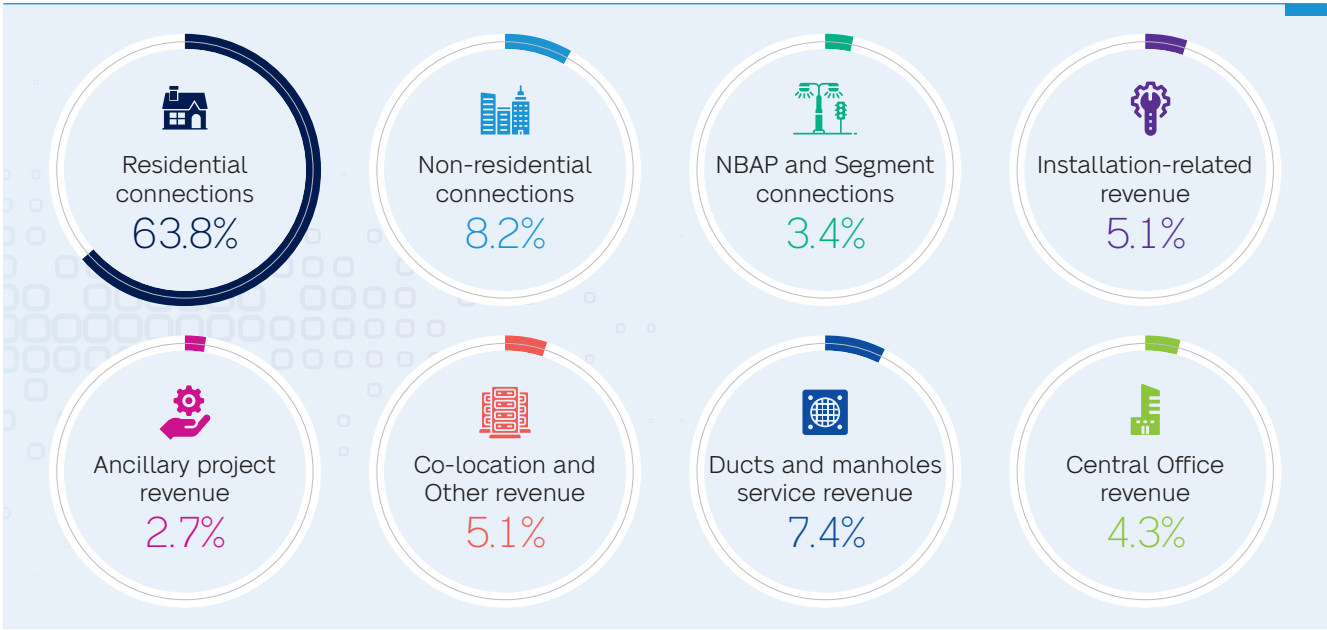
OPERATING REVIEW

A Resilient Business Model

Due to the nature of our industry, a substantial proportion of our revenue is regulated – approximately 93% in FY22. Approximately 83% of our revenue in FY22 were contributed from RAB-regulated revenue, namely Residential Connections, Non-Residential Connections, NBAP Connections, Segment Connections, and Ducts and Manholes Services. Revenue derived from the RAB-based pricing framework was consistent with that in FY21.



Revenue Contribution in FY22



Connections

Residential End-User Connections



The Residential End-User Connections remained the key driver of NetLink's revenue, contributing 63.8% of the total revenue. This was attributed by a modest organic growth of 1.2% in connection numbers in FY22. New household penetration continued to be slow due to delays in construction and renovation of homes caused by the manpower resource crunch in the building and construction sector.

Non-Residential End-User Connections



The number of Non-Residential End-User Connections grew by 4.5% despite the headwinds from the COVID-19 safe management measures.

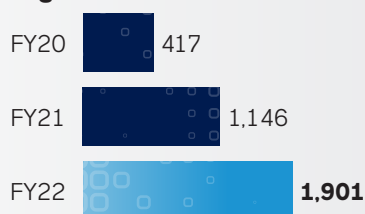
The growth was partly contributed by the success of our adoption drive programmes, where we established customised agreements with service providers to bundle our Non-Residential Connections with their broadband services. Our promotional pricing for Non-Residential Connection Service that aimed to reduce fibre broadband cost for small and medium enterprises also yielded some results.

NBAP and Segment Connections

NBAP



Segment



The NBAP and Segment Connections saw an increase of 20.4% and 65.9% respectively. Demands for NBAP and Segment Connections were fuelled by point-to-point connections that support mobile network rollout and other projects requiring high resiliency.



Meeting our Quality-of-Service Standard

As an essential service provider, we are relentless in our pursuit of service quality excellence. Over the past years, we have implemented various initiatives, such as the rollout of additional fibre capacity to residential homes across our nationwide network, the pre-laying of fibre infrastructure to non-residential buildings to speed up service provisioning, as well as the constant enhancement of work processes to improve our QoS performance. As a testament to our efforts, we met all our QoS performance indicators in FY22.

FINANCIAL REVIEW

REVENUE

| | Group | | |
|---|-----------------|-----------------|-----------------|
| | FY22 S\$'000 | FY21 S\$'000 | Variance (%) |
| Fibre business revenue: | | | |
| Residential connections | 240,730 | 237,963 | 1.2 |
| Non-residential connections | 30,923 | 30,395 | 1.7 |
| NBAP and Segment connections | 12,994 | 8,876 | 46.4 |
| Installation-related revenue | 19,277 | 16,624 | 16.0 |
| Ancillary project revenue | 10,059 | 8,775 | 14.6 |
| Co-location and Other revenue | 19,376 | 19,024 | 1.9 |
| Total Fibre Business Revenue | 333,359 | 321,657 | 3.6 |
| Ducts, manholes and Central Office revenue: | | | |
| Ducts and manholes service revenue | 27,978 | 28,721 | (2.6) |
| Central Office revenue | 16,274 | 18,088 | (10.0) |
| Total Ducts, Manholes and Central Office Revenue | 44,252 | 46,809 | (5.5) |
| Total Revenue | 377,611 | 368,466 | 2.5 |

With contractor resources returning to normal levels, revenue of S\$377.6 million for FY22 was 2.5% higher as compared to that of FY21 mainly due to higher residential, Non-Building Address Points ("NBAP") & segment connections revenue, installation-related revenue and ancillary project revenue. This was partially offset by lower Central Office revenue.

Residential connections revenue increased by S\$2.8 million from higher number of connections. As at 31 March 2022, there were 1,464,217 connections as compared to 1,446,784 connections as at 31 March 2021. NBAP and segment connections revenue increased by S\$4.1 million because of higher demand for point-to-point connections and Central Office-diversity connections to support mobile network rollout and other projects requiring high resiliency. Higher installation-related revenue of S\$2.7 million was mainly due to higher residential service activations and non-residential termination point installation orders. Higher ancillary project revenue of S\$1.3 million was due to more projects being completed in FY22 as compared to FY21 which was affected by stoppages in construction work nationwide.

Central Office revenue decreased by S\$1.8 million mainly due to spaces surrendered by the main lessee in NetLink's seven Central Offices and reduction in rental rates effective from September 2021.

EXPENSES

| | Group | | |
|---------------------------------|------------------|------------------|-----------------|
| | FY22 S\$'000 | FY21 S\$'000 | Variance (%) |
| Operation and maintenance costs | (18,892) | (16,542) | 14.2 |
| Installation costs | (10,090) | (9,541) | 5.8 |
| Ancillary project direct costs | (6,753) | (6,809) | (0.8) |
| Depreciation and amortisation | (169,723) | (167,792) | 1.2 |
| Staff costs | (27,455) | (29,959) | (8.4) |
| Finance costs | (10,479) | (11,281) | (7.1) |
| Management fee | (1,016) | (1,024) | (0.8) |
| Other operating expenses | (49,320) | (43,844) | 12.5 |
| Total Expenses | (293,728) | (286,792) | 2.4 |

Total expenses for FY22 were S\$6.9 million higher mainly due to higher operations and maintenance costs and other operating expenses.

Operation and maintenance costs were higher by S\$2.4 million mainly due to rental charges incurred for the use of a Requesting Licensee's ("RL's") lead-in ducts to provision NetLink's fibre for landed homes, higher security manning costs and repair works in the Central Offices, and higher co-location costs due to increased rates for power charges.

Other operating expenses were S\$5.5 million higher mainly due to a remeasurement loss of S\$12.4 million relating to finance lease receivables arising from the reduction in rental rates upon the renewal of the Central Office lease agreements with the lessee from September 2021. The increase was partially offset by a one-off write-off of capitalised project costs of S\$7.4 million in FY21 in relation to the discontinuation of an IT contract¹.

The reduction in rental rates did not have a material cashflow impact for FY22 nor is it expected to have a material cashflow impact for each of the subsequent years. The accounting standards require the reduction in rental rate for FY22 and subsequent years (i.e. remaining lease term of the leasehold ranging from 47 to 67 years) to be recognised upfront as the remeasurement loss described above.

EBITDA²

| | Group | | |
|---------------|-----------------|-----------------|-----------------|
| | FY22 S\$'000 | FY21 S\$'000 | Variance (%) |
| EBITDA | 266,941 | 270,237 | (1.2) |
| EBITDA margin | 70.7% | 73.3% | (2.6 pp) |

EBITDA was lower than FY21 by S\$3.3 million or 1.2%. The lower EBITDA was mainly due to a remeasurement loss of S\$12.4 million relating to finance lease receivables arising from the reduction in rental rates upon the renewal of the Central Office lease agreements with the lessee from September 2021. The EBITDA variance was also due to S\$5.7 million lower net government grants received in FY22 and a S\$7.4 million write-off of capitalised project costs in FY21 in relation to the discontinuation of an IT contract¹.

¹ Please refer to SGXNet announcement released on 27 February 2020.

² EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.

FINANCIAL REVIEW

NET PROFIT AFTER TAX

| | Group | | |
|-----------------------------|-----------------|-----------------|-----------------|
| | FY22 S\$'000 | FY21 S\$'000 | Variance (%) |
| Net profit after tax | 91,262 | 94,812 | (3.7) |
| Net profit after tax margin | 24.2% | 25.7% | (1.5 pp) |

Net profit after tax at S\$91.3 million in FY22 was 3.7% lower than FY21 and net profit after tax margin was 24.2% of revenue. The lower net profit after tax was contributed by lower EBITDA and higher depreciation & amortisation, partially offset by higher tax credit from lower profits made in FY22 as compared to FY21 and lower finance costs.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for the financial year ended 31 March 2022 was S\$73.9 million as compared to S\$60.2 million in FY21. Capital commitment as at 31 March 2022 stood at S\$52.0 million.

NetLink is required by Infocomm Media Development Authority ("IMDA") to set aside monies into a capital expenditure reserve fund ("**Capex Reserve Fund**") which cumulates to S\$40.0 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from IMDA for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NetLink Trust's ("**NLT**") network infrastructure. As at 31 March 2022, NLT had already incurred S\$35.3 million of the Capex Reserve Fund to improve network resiliency and expand capacity, which is S\$1.3 million more than the prevailing Capex Reserve Fund required of S\$34.0 million. Hence, no further fund is set aside as at 31 March 2022.

LIQUIDITY AND CAPITAL RESOURCES

| | Group | |
|--|-----------------|-----------------|
| | FY22 S\$'000 | FY21 S\$'000 |
| Profit before income tax | 87,078 | 91,642 |
| Non-cash item and net interest expense adjustments | 186,715 | 172,827 |
| Net change in working capital | (11,133) | 7,128 |
| Income tax paid | (3,929) | (7,085) |
| Net cash generated from operating activities | 258,731 | 264,512 |
| Net cash used in investing activities | (73,865) | (60,246) |
| Net cash used in financing activities | (205,584) | (202,354) |
| Net change in cash and cash equivalents | (20,718) | 1,912 |
| Cash and cash equivalents at beginning of financial year | 170,536 | 168,624 |
| Cash and cash equivalents at end of financial year | 149,818 | 170,536 |
| Cash and cash equivalents consist of: | | |
| Cash and bank balances | 149,818 | 170,536 |
| Capex Reserve Fund | - | - |

The Group's net cash from operating activities of S\$258.7 million in FY22 was S\$5.8 million lower than FY21. The decrease was contributed mainly by the increase in trade and other receivables from higher billings in ancillary projects and contract assets, partially offset by lower interest and tax paid between the two corresponding periods.

Net cash used in investing activities of S\$73.9 million in FY22 was S\$13.6 million higher than FY21 as there were stoppages of construction work amid safety measures to contain COVID-19 transmission which led to lower capital expenditures incurred for property, plant and equipment in FY21.

Net cash used in financing activities in FY22 was higher than FY21 mainly due to higher distribution paid in FY22.

FINANCIAL LEVERAGE

Committed revolving credit facility ("RCF") and term loan

| Maturity | Terms | As at | As at |
|------------|------------------------------------|-----------------------|-----------------------|
| | | 31 March 2022 | 31 March 2021 |
| | | S\$'000 (Utilised) | S\$'000 (Utilised) |
| March 2022 | S\$510 million Five-Year Term Loan | - | 510,000 |
| March 2022 | S\$90 million Five-Year RCF | - | - |
| March 2023 | S\$210 million Three-Year RCF | 156,000 | 156,000 |
| May 2026 | S\$510 million Five-Year Term Loan | 510,000 | - |
| | | 666,000 | 666,000 |

As at 31 March 2022, the Group had borrowings drawn of S\$666.0 million and undrawn facilities of S\$54.0 million. As part of refinancing activities, the Trustee-Manager cancelled both the S\$90.0 million Five-Year RCF and the S\$510.0 million Five-Year Term Loan on 19 May 2021 and 31 May 2021 respectively. The S\$510.0 million Five-Year Term Loan which commenced on 21 May 2021 is a Singapore Overnight Rate Average ("**SORA**")-based Term Loan with maturity date on 21 May 2026. This facility was used to refinance the previous S\$510.0 million Swap Offer Rate ("**SOR**")-based Five-Year Term Loan.

The effective average interest rate was 1.11%³ (FY21: 2.48%³) per annum. NetLink uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. NetLink had entered a series of pay-fixed-receive-floating interest rate swaps to convert the variable interest rate swaps on its bank loan into fixed interest rates, for a total notional principal amount of S\$510.0 million (FY21: Nil). Accordingly, interest on 76.6% (FY21: Nil) of the Group's existing bank loans had been hedged.

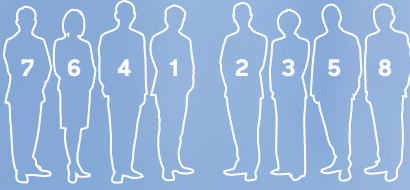
As at 31 March 2022, gross debt/EBITDA ratio was 2.5 times (FY21: 2.5 times). Interest coverage ratio (EBITDA/Interest) was 29.8 times (FY21: 14.8 times).

Net Asset Value

The net asset value per unit based on issued units as at 31 March 2022 was 69.7 Singapore cents.

³ The interest expenses used in the computation of effective average interest rate included realised loss on interest rate swaps.

BOARD OF DIRECTORS



1. **Mr Chaly Mah Chee Kheong**
Chairman of the Board
2. **Mr Eric Ang Teik Lim**
3. **Ms Koh Kah Sek**
4. **Mr Yeo Wico**
5. **Mr Sean Patrick Slattery**
6. **Ms Ku Xian Hong**
7. **Mr William Woo Siew Wing**
8. **Mr Tong Yew Heng**





BOARD OF DIRECTORS

Mr Chaly Mah Chee Kheong

- Chairman of the Board
- Non-Executive and Independent Director of the Trustee-Manager
- Chairman of the Nominating Committee
- Chairman of the Remuneration Committee
- Member of the Risk and Regulatory Committee

| Date of First Appointment as a Director: | Date of Appointment as Chairman | Date of Last Re-election as a Director: |
|--|---------------------------------|---|
| 21 February 2017 | 19 April 2017 | 28 September 2020 |

- Bachelor of Commerce, University of Melbourne, Australia
- Fellow, Institute of Chartered Accountants, Australia & New Zealand
- Fellow, Certified Practising Accountants, Australia
- Fellow, Association of Chartered Certified Accountants, United Kingdom
- Fellow, Institute of Singapore Chartered Accountants

Present directorships in other listed companies:

- CapitaLand Investment Limited

Other principal commitments:

- Chairman, Singapore Tourism Board
- Chairman, Singapore Accountancy Commission
- Chairman, Surbana Jurong Private Limited
- Board Member, Monetary Authority of Singapore
- Member of the Board of Trustees, National University of Singapore
- Board Member, Flipkart Private Limited

Other appointments:

- Non-Resident High Commissioner of the Republic of Singapore to the Independent State of Papua New Guinea
- Non-Resident Ambassador to the Republic of Costa Rica
- Council Member, National Jobs Council
- Board of Trustee, SG Eco Fund

Past directorships in other listed companies held over preceding five years:

Nil

Background and working experience:

Mr Mah, 66, was with Deloitte for over 38 years. He retired in 2016 as the CEO of Deloitte Southeast Asia and Chairman of Deloitte Singapore. He was the CEO of Deloitte Asia Pacific and member of the Deloitte Global Executive from 2007 to 2015 and the Vice Chairman of Deloitte Global Board from 2015 to 2016.

Mr Eric Ang Teik Lim

- Non-Executive and Independent Director of the Trustee-Manager
- Member of the Nominating Committee
- Member of the Audit Committee

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
|--|---|
| 24 March 2017 | 19 July 2021 |

- Bachelor of Business Administration (Honours), University of Singapore (now known as the National University of Singapore)

Present directorships in other listed companies:

- Raffles Medical Group
- Wing Tai Holdings Limited

Other principal commitments:

- Board Member, Surbana Jurong Private Limited

Past directorships in other listed companies held over preceding five years:

- Board Member, Hwang Capital (Malaysia) Berhad
- Board Member, Sembcorp Marine Limited

Background and working experience:

Mr Ang, 69, was a Senior Executive Advisor at DBS Bank Ltd ("DBS Bank") before retiring in January 2020. He had been with DBS Bank since the start of his banking career in 1978. Prior to his role as an advisor at DBS Bank, he was the head of its Capital Markets. Through the years, Mr Ang has developed a wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines Ltd, Singapore Telecommunications Ltd and CapitaLand Mall Trust. He had previously served on the boards of Hwang Capital (Malaysia) Berhad, Sembcorp Marine Limited, Changi Airport Group, DBS Foundation Ltd and NetLink Management Pte. Ltd. (the trustee of NetLink Trust).

Ms Koh Kah Sek

- Non-Executive and Independent Director of the Trustee-Manager
- Chairman of the Audit Committee

Date of First Appointment as a Director:

21 February 2017

Date of Last Re-election as a Director:

28 September 2020

- Bachelor of Commerce, University of Melbourne, Australia
- Fellow, CPA Australia
- CA (Singapore), Institute of Singapore Chartered Accountants

Present directorships in other listed companies:

- Far East Orchard Limited

Other principal commitments:

- Executive Director and Chief Financial Officer, Far East Organization
- Fellow Member and Divisional Councillor of CPA Australia (Singapore Division)
- Chair, CFO Committee, CPA Australia (Singapore Division)
- Council Member – Professional Education Council, Singapore Accountancy Commission
- Member, Accounting Standards Council Singapore
- Committee Member, Audit Committee Chapter, Singapore Institute of Directors
- Director, Baker & Cook Pte Ltd

Past directorships in other listed companies held over preceding five years:

Nil

Background and working experience:

Ms Koh, 50, is the Executive Director and Chief Financial Officer ("CFO") of Far East Organization ("FEO"), where she is responsible for FEO's financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. She also oversees corporate functions of FEO's Group Legal Division.

Ms Koh is a board member of Far East Orchard Limited ("FEOR") since 2016 and has assumed the role as board Chairman of FEOR on 18 April 2022. She was a member of the Remuneration Committee from 2017 to 2021.

Prior to joining FEO, Ms Koh worked in Singapore Telecommunications Limited ("SingTel") from 2005 to 2011. In SingTel, she held various senior management positions, such as the Group Financial Controller, CFO of Singapore Business and Group Treasurer. Ms Koh previously served as a board member of public listed companies including Globe Telecom, Inc. and Advanced Info Service Public Company Limited. Prior to joining SingTel, Ms Koh began her career with PriceWaterhouse and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed F&B company in Singapore.

Mr Yeo Wico

- Non-Executive and Independent Director of the Trustee-Manager
- Member of the Audit Committee
- Member of the Remuneration Committee

Date of First Appointment as a Director:

21 February 2017

Date of Last Re-election as a Director:

19 July 2019

- LLB (Hons), National University of Singapore

Present directorships in other listed companies:

- Vicplas International Ltd.

Other principal commitments:

- Partner, Allen & Gledhill LLP
- Changi Airports International Pte. Ltd.

Past directorships in other listed companies held over preceding five years:

Nil

Other appointments:

- Corporate Law Advisory Panel (standing advisory panel to ACRA)
- Income Tax Board of Review
- Appeal Advisory Panels constituted under the Business Trusts Act, Financial Advisers Act, Insurance Act, Securities and Futures Act and Trust Companies Act

Background and working experience:

Mr Yeo, 55, is currently a partner of Allen & Gledhill LLP, a Singapore law firm. He has been in legal practice in Singapore as an Advocate and Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr Yeo was admitted as a non-practising solicitor of England and Wales and as an attorney and Counselor-at-Law in the State of New York. He also serves as the independent non-executive chairman and director of Vicplas International Ltd. He was previously an independent non-executive director of CitySpring Infrastructure Management Pte. Ltd., the then trustee-manager of CitySpring Infrastructure Trust (now known as Keppel Infrastructure Trust) and a non-executive director of SP Services Limited (a wholly-owned subsidiary of Singapore Power Limited). He has also completed his terms of service as a member of the Accounting Standards Council.

BOARD OF DIRECTORS

Ms Ku Xian Hong

- Non-Executive and Independent Director of the Trustee-Manager
- Member of the Risk and Regulatory Committee
- Member of the Remuneration Committee

Date of First Appointment as a Director:

1 October 2018

Date of Last Re-election as a Director:

19 July 2021

- Bachelor of Science, National University of Singapore
- Master of Business Administration (with Distinction), DePaul University, Chicago

Present directorships in other listed companies:

- Far East Orchard Limited

Other principal commitments:

- Council Member, Singapore Cancer Society
- Chair, IT Committee, Singapore Cancer Society

Other appointments:

- Board Member, Anyhealth Company Limited

Past directorships in other listed companies held over preceding five years:

Nil

Background and working experience:

Ms Ku, 62, is currently a Council Member of the Singapore Cancer Society. She sits on the Board of Anyhealth Company Limited, a company in China focused on providing business-to-business (B2B) and business-to-consumer (B2C) healthcare mobile solutions. She also serves on the Board and working committees of a number of non-profit organisations. She was in the editorial committee of the first edition of the series of Corporate Governance Guides published by the Singapore Institute of Directors.

Ms Ku was a Managing Director in Accenture Singapore before retiring in November 2013. She assumed multiple Asia Pacific leadership roles over her 27-year career at Accenture and spent several years in China, Hong Kong and Taiwan establishing the Greater China Change Management practice to help clients transform their organisation and workforce.

Mr Sean Patrick Slattery

- Non-Executive and Non-Independent Director of the Trustee-Manager
- Chairman of the Risk and Regulatory Committee

Date of First Appointment as a Director:

28 April 2017

Date of Last Re-election as a Director:

28 September 2020

- Bachelor of Economics, University of Sydney, Australia
- Fellow, Certified Practising Accountants, Australia

Present directorships in other listed companies:

Nil

Other principal commitments:

- Vice President (Regulatory & Interconnect), Singapore Telecommunications Limited

Other appointments:

- Member of Audit Committee, PT Telekomunikasi Selular

Past directorships in other listed companies held over preceding five years:

Nil

Background and working experience:

Mr Slattery, 55, is currently the Vice President (Regulatory & Interconnect) at Singapore Telecommunications Limited ("Singtel") and is responsible for, among others, managing regulatory and interconnect matters for Singtel. He is also a Member of the Audit Committee of PT Telekomunikasi Selular.

Mr Slattery was involved in the formation of NetLink Trust in 2011, and the deployment and acquisition of the nationwide fibre network in Singapore. Prior to joining Singtel in 1998, Mr Slattery was with Optus Communications Pte. Ltd.. He was also a director of CityNet Infrastructure Management Pte. Ltd., the then trustee-manager of NetLink Trust, from 2011 to 2017.

Mr William Woo Siew Wing

- Non-Executive and Non-Independent Director of the Trustee-Manager
- Member of the Nominating Committee

Date of First Appointment as a Director:

27 November 2020

Date of Last Re-election as a Director:

19 July 2021

- Bachelor of Applied Science in Computing (Distinction), Queensland University of Technology, Australia
- Executive MBA, National University of Singapore with an Academic Excellence Award

Present directorships in other listed companies:

Nil

Other principal commitments:

- Group Chief Information Officer and Group Chief Digital Officer, Singapore Telecommunications Limited

Other appointments:

- Board Member, Trustwave Holdings Inc
- Board Member, VA Dynamic Sdn Bhd

Past directorships in other listed companies held over preceding five years:

Nil

Background and working experience:

Mr Woo, 58, is currently Singapore Telecommunications Limited (Singtel)'s Group Chief Information Officer and Group Chief Digital Officer. He is responsible for driving the IT vision and strategy in technology management to enable the digital transformation at Singtel Group. He is also a member of the Singtel Management Committee.

Mr Woo joined Singtel from Xchanging PLC, a London-listed leading business processing and technology service provider and integrator, where he was Managing Director for the South East Asia region. Prior to that, Mr Woo worked at Electronic Data Systems (EDS) for 20 years and had held various senior management roles which included Managing Director of South East Asia & India and Vice President, Global Service Delivery of Asia.

Mr Tong Yew Heng

- Executive and Non-Independent Director of the Trustee-Manager
- Chief Executive Officer of the Trustee-Manager

Date of First Appointment as a Director:

21 February 2017

Date of Last Re-election as a Director:

19 July 2021

- Bachelor of Engineering (Honours), University of Strathclyde, United Kingdom
- Master of Business Administration, Nanyang Technological University
- Executive Development Programme, International Institute of Management Development, Switzerland
- CA (Singapore), Institute of Singapore Chartered Accountants

Present directorships in other listed companies:

Nil

Other principal commitments:

Nil

Past directorships in other listed companies held over preceding five years:

Nil

Background and working experience:

Mr Tong, 59, has been the CEO of NetLink Trust ("NLT") since January 2016. In this role, he is responsible for the overall leadership and performance of NLT. Mr Tong brings with him more than 20 years of experience from senior management positions in various industries. Prior to joining NLT, Mr Tong was Executive Vice President, Corporate & Market Development, of Singapore Technologies Electronics Limited. Before that, he was CEO of CitySpring Infrastructure Trust.

SENIOR
MANAGEMENT

Mr Tong Yew Heng
Chief Executive Officer

Mr Chye Hoon Pin
Chief Operating Officer

Mr Wong Hein Jee (Lester)
Chief Financial Officer



Mr Wee Kee Chor
Director, Facilities and
Co-Location

Mr Parry Huang
Director, Service Provisioning

Mr Kelvin Chia
Director, Treasury and
Corporate Finance



Mr Lee Khoon Aik
Director, Regulatory and
Interconnect

Mr Widjaja Suki
Director, Products, Business
Development and Process

Ms Christine Yeo
Financial Controller



Mr Tiong Onn Seng
Senior Director (Operations)

Mr Melvin Chan
Director, Engineering Planning

Mr Danny Leow
Director, Operations,
Implementation and Maintenance



Mr Victor Chan
Director, Corporate Planning and
Communications

Ms Alice Lim
Director, Human Resource and
Administration

Mr Lim Ke Xiu
Counsel, Legal and
Secretariat

CORPORATE GOVERNANCE

Introduction

NetLink NBN Trust (also referred to as "**Trust**") is a trust constituted on 19 June 2017 by a declaration of trust by NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust (the "**Trustee-Manager**"), under the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018, the Second Amending and Restating Deed dated 28 September 2020 and the Third Amending and Restating Deed dated 19 July 2021) (collectively, the "**Trust Deed**"). NetLink NBN Trust is registered as a business trust under the Business Trusts Act 2004 ("**BTA**"), and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 July 2017.

The Trustee-Manager is incorporated in Singapore, and the management of NetLink NBN Trust is undertaken by the Trustee-Manager, the shares of which are held on trust for the benefit of the unitholders of NetLink NBN Trust (the "**Unitholders**") in proportion to such Unitholders' respective percentage of units held or owned in NetLink NBN Trust (the "**Units**").

Further, subject to the terms of the trust deed ("**TM Shares Trust Deed**") constituting Singapore NBN Trust ("**TM Shares Trust**"), DBS Trustee Limited (as trustee of Singapore NBN Trust and the legal owner of the TM Shares) will exercise its rights and powers over the Trustee-Manager in such manner as the Unitholders may direct by way of resolutions passed at general meetings. This means that Unitholders are empowered to direct DBS Trustee Limited (among other things, by ordinary resolution at the Annual General Meeting ("**AGM**") of the TM Shares Trust) to approve the appointment or re-election of the directors of the Trustee-Manager ("**Directors**") (each Director of the Trustee-Manager being required to retire from office at least once every three years). This structure allows the Trustee-Manager to be internalised in contrast with other structures where the trustee-managers are typically owned by sponsors.

An internalised structure pre-empts any conflict of interest between the Unitholders and the Trustee-Manager from arising. The complete alignment of interest between the Trustee-Manager and the Unitholders is a strong factor in the choice of NetLink NBN Management Pte. Ltd. as trustee-manager.

This internalised structure of the Trustee-Manager also benefits NetLink NBN Trust and its subsidiaries (referred to collectively as "**NetLink**", and together with the Trustee-Manager referred to as "**NetLink NBN Group**") in the following ways:

- (a) The appointment and re-election of Directors of the Trustee-Manager are subject to Unitholders' approval. With this right provided to Unitholders (which is not available where the trustee-managers are owned by sponsors), Unitholders have a direct role in the election of Directors.
- (b) The fees payable to the Trustee-Manager are primarily used to defray the Trustee-Manager's expenses (for example, director's fees payable to the Directors of the Trustee-Manager, as well as certain statutory and administrative costs incurred by the Trustee-Manager). This results in substantially lower fees payable to the Trustee-Manager as compared to other trustee-managers which charges fees on different basis. In addition, there are no acquisition or divestment fees. The lower fee that stems from the internalised structure of the Trustee Manager results in cost savings for NetLink NBN Trust.
- (c) There is stability and continuity in the management of NetLink NBN Trust. While the BTA and the Trust Deed provide mechanism for the removal of the Trustee-Manager, such removal is unlikely to occur as the interests of the Trustee-Manager and the Unitholders are aligned, and the Directors of the Trustee-Manager are directly elected by the Unitholders.

In addition, pursuant to Info-communications Media Development Authority of Singapore's ("**IMDA**")'s requirements, the Trust Deed provides that no appointment or removal of the Trustee-Manager shall be effective unless:

- (a) IMDA has approved such appointment or removal; and
- (b) such appointment or removal is not contrary to the control and ownership restrictions under the licence held by the Trustee-Manager to provide facilities-based operations.

The Trust does not have a Sponsor. Further, the Trustee-Manager does not hold any Units in the Trust, and so does not have a blocking stake in the event of a takeover. However, the prior approval of IMDA is required for any amalgamation, reconstruction or change to the trust structure of NetLink NBN Trust.

Code of Corporate Governance

The board of directors and management team of the Trustee-Manager are fully committed to maintaining high standards of corporate governance, and firmly believe that good corporate governance is essential to protecting the best interests of Unitholders and maintaining the sustainability of the business of NetLink.

The Trustee-Manager has complied with the principles of the Code of Corporate Governance 2018 ("**2018 Code**") and largely complied with the provisions of the 2018 Code, and where there is a variation from any provisions of the 2018 Code, appropriate explanations have been provided on the reason for such variations and how the existing practices adopted are consistent with the intent, aim and philosophy of the relevant principles of the 2018 Code. The Trustee-Manager also ensures that all applicable laws, rules and regulations including the Securities and Futures Act 2001 ("**SFA**"), the Listing Rules, and the BTA, including the relevant regulations thereunder, are duly complied with.

This report describes the Trustee-Manager's main corporate governance policies and practices with specific reference to the 2018 Code, and should be read in totality with the other sections of this Annual Report which are cross-referred.

SECTION (A): BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:

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

Provision 1.1:

Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The board of directors of the Trustee-Manager ("**Board**") is responsible for the overall management and the corporate governance of NetLink NBN Trust – including setting the direction and goals for the Trustee-Manager's management team ("**Management**"), monitoring the achievement of these goals and holding Management accountable for its performance. The Board seeks to align the interests of NetLink NBN Trust with that of Unitholders, and to balance the interests of other stakeholders.

The Board is collectively responsible for the long-term success of NetLink NBN Trust and its value creation, and exercises close oversight over key areas in corporate governance, strategy, finance, risk management and internal controls, and human resources. For example, NetLink has in place an employee's Code of Conduct which sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity and has a Supplier's Code of Conduct which sets out the minimum standards that the NetLink NBN Group's suppliers ("**Suppliers**") need to comply with. Amongst others, Suppliers are expected to act ethically and comply with all relevant laws and regulations in their business operations. More details on the Board's oversight of these matters, as well as the codes of conduct and policies that the Board has put in place are set out under "Accountability and Audit" on pages 52 to 56.

The Board provides a balanced and understandable assessment of NetLink's performance, position and prospects to Unitholders in a timely manner, through publication of its business updates and financial results, and via announcements on NetLink NBN Trust's website and SGXNET. Following Singapore Exchange Regulation ("**SGX RegCo**")'s removal of mandatory quarterly reporting, the Board provides business updates on NetLink for its first and third quarters. These business updates supplement the half-year and full-year financial results. Notwithstanding the removal of quarterly reporting, the Board continues to conduct regular scheduled meetings for the first and third quarters of the financial year to review the business updates.

All Directors act honestly and exercise reasonable diligence in the discharge of the duties of his or her office and, in particular, will take all reasonable steps to ensure that the Trustee-Manager discharges its duties under the BTA, and gives priority to the interests of all Unitholders as a whole over the interests of the Trustee-Manager in the event of a conflict between the interests of all Unitholders as a whole and the interests of the Trustee-Manager. In NetLink NBN Group's case, as the Trustee-Manager is beneficially owned by the Unitholders as a whole, the interests of the Unitholders as a whole and the interests of the Trustee-Manager are completely aligned, and this pre-empts any conflict of interest from arising.

CORPORATE GOVERNANCE

All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. In any situation that involves a conflict of interest with NetLink NBN Trust, Directors recuse themselves from participating in any discussion and decision on the matter.

Provision 1.2:

Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense¹. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

The NetLink NBN Group has established appropriate internal policies to ensure compliance with legislative and regulatory requirements, including requirements under the BTA and the Listing Rules.

A formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

Newly-appointed Directors undergo a comprehensive orientation programme which includes site visits to NetLink's central offices and co-location rooms to better apprise them of NetLink's business. First-time Directors who do not have prior experience as a director of a Singapore listed company are also provided with a comprehensive briefing on the roles, duties and obligations of directors and will undergo compulsory training in the roles and responsibilities of a director of a listed issuer as prescribed under the Listing Rules.

Mr William Woo Siew Wing who was appointed on 27 November 2020 and had no prior experience as a director of a listed company had completed his mandatory training as a director of a listed issuer in October 2021.

Directors are regularly updated on changes to applicable laws and regulations (e.g. regulatory developments), developments in corporate governance and changes in accounting standards, either during Board meetings or via electronic mail. Management also circulates to Directors, relevant articles relating to recent developments in the telecoms industry, such as 5G plans and the integration of ESG into telecoms.

Under the direction of the Chairman and the Chief Executive Officer ("**CEO**"), the Company Secretaries facilitate good information flow between the Board and Management. The Company Secretaries assist Directors in ensuring compliance with their obligations under the relevant rules and regulations, and in the Directors' professional development. During the period under review, some Directors attended the external courses/seminars as listed below:

| Course/Seminar | Organiser |
|---|---|
| Leadership Lessons: Realising the Value of CG in ASEAN | Singapore Institute of Directors |
| Future of Sustainability Disclosures | Singapore Exchange Regulation (SGX RegCo) |
| Creating Value at Board Level – Market vs Stock | Singapore Institute of Directors |
| SGX Regulatory Symposium 2021: Market Needs in a Changing Landscape | SGX RegCo |
| Front Seats: Conversations in GlobalFinance | SGX RegCo |
| Driving Climate Change through Executive Compensation | Singapore Institute of Directors |
| Future of Assurance – Digital Risks | Singapore Institute of Directors |
| SID Directors Conference | Singapore Institute of Directors |
| Board Governance of SPACS | Singapore Institute of Directors |

The Company Secretaries also inform Directors of relevant upcoming conferences and seminars (e.g. training programmes conducted by the SID). The expenses of such events attended by the Directors are borne by the Trustee-Manager.

¹ Rule 210(5)(a) of the Listing Rules requires any director who has had no prior experience as a director of a listed company to undergo training in the roles and responsibilities of a listed company director.

Provision 1.3:

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.

The Board Charter sets out, *inter alia*, matters that require the Board's approval viz:

- (a) major funding proposals, investments, acquisitions, and divestments including commitments in terms of capital and other resources;
- (b) annual budgets and financial plans;
- (c) annual and quarterly financial reports;
- (d) internal controls and risk management strategies, and execution; and
- (e) appointment of Directors, CEO, Chief Financial Officer ("CFO"), and Chief Operating Officer ("COO"), including review of their performance and remuneration packages.

As a general rule, the Board reviews and approves transactions that require disclosure by NetLink NBN Trust pursuant to the Listing Rules. The policy guidelines on Delegation of Authority on Expenditure and Revenue ("**DOA Policy**") also set out the financial limits that require the Board's approval. In its DOA Policy, the Trustee-Manager has adopted a set of internal guidelines which set out the financial authority limits for expenditure, asset disposals and write-off, revenue, and treasury transactions that require the approval of the Board. Appropriate delegations of authority and approval sub-limits are also established at the Management level to facilitate operational efficiency.

Provision 1.4:

Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

The following Board committees have been set up with clear terms of reference to assist the Board in the discharge of its responsibilities:

- Audit Committee ("**AC**")
- Risk and Regulatory Committee ("**RRC**")
- Nominating Committee ("**NC**")
- Remuneration Committee ("**RC**")

Information on the AC, RRC, NC and RC (collectively, "**Board Committees**") and their respective terms of reference can be found in the subsequent sections of this report.

Provision 1.5:

Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The schedules of all Board and Board Committee meetings, and the AGMs of NetLink NBN Trust and the TM Shares Trust are planned one calendar year in advance, in consultation with the Directors. The Board meets at least four times a year and convenes at other times as warranted by particular circumstances to discuss and review the NetLink NBN Group's key activities. Matters on which the Board is consulted include business strategies and policies for the NetLink NBN Group, its annual budget, the performance of the business and the financial affairs of the NetLink NBN Group. The Board also reviews and approves the release of the half-year and full-year financial results and business updates.

The Trustee-Manager's Constitution provides for Board meetings to be held via telephone or video conference. During the period when measures were tightened to curb the spread of COVID-19, Board and Board Committee meetings were held via video conference.

CORPORATE
GOVERNANCE

To ensure that each Director is able to give sufficient time and attention to the NetLink NBN Group's affairs, the Trustee-Manager has in place a Policy on Multiple Directorships. As a general rule, each Director may hold a maximum of five directorships in listed companies. Where a Director holds directorships in more than one listed company within the same group of companies by virtue of his or her employment, such directorships may be considered as a single directorship.

A record of the Directors' attendance at the AGMs, Board and Board Committee meetings for FY2022 is set out in the table below.

| Name | AGM | | Board | | Audit Committee | | Risk & Regulatory Committee | | Nominating Committee | | Remuneration Committee | | Board Strategy Retreat | |
|------------------------------|------|----------|-------|----------|-----------------|----------|-----------------------------|----------|----------------------|----------|------------------------|----------|------------------------|----------|
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Chaly Mah Chee Kheong | 1 | 1 | 5 | 5 | 5 | 5 | 4 | 4 | 2 | 2 | 3 | 3 | 1 | 1 |
| Koh Kah Sek | 1 | 1 | 5 | 5 | 4 | 4 | - | - | - | - | - | - | 1 | 1 |
| Eric Ang Teik Lim | 1 | 1 | 5 | 5 | 4 | 4 | - | - | 2 | 2 | - | - | 1 | 1 |
| Ku Xian Hong | 1 | 1 | 5 | 5 | - | - | 4 | 4 | - | - | 3 | 3 | 1 | 1 |
| Yeo Wico | 1 | 1 | 5 | 5 | 4 | 4 | - | - | - | - | 3 | 3 | 1 | 1 |
| William Woo | 1 | 1 | 5 | 4 | - | - | - | - | 2 | 2 | - | - | 1 | 1 |
| Sean Patrick Slattery | 1 | 1 | 5 | 3 | - | - | 4 | 4 | - | - | - | - | 1 | 1 |
| Tong Yew Heng ⁽¹⁾ | 1 | 1 | 5 | 5 | 4 | 4 | 4 | 4 | 2 | 2 | 3 | 3 | 1 | 1 |

Note:

⁽¹⁾ Mr Tong Yew Heng is not a member of the Board Committees but attends the meetings in his capacity as CEO.

Provision 1.6:

Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

Management provides the Board with relevant, complete, adequate and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an on-going basis. Management has in place a procedure for papers to be circulated to the Board or to be submitted at Board meetings. Board papers adhere to a standard format which includes background information, issues for deliberation, and risk mitigation measures.

To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda, papers and presentation slides are uploaded onto a secured electronic platform, one week before the relevant meeting. Directors can access these materials via their personal computers, laptops, smartphones and other mobile devices prior to, during and after meetings. Hard copies of these materials are also distributed to the Directors at their request. Members of Management who prepared the Board papers and can provide additional insights into matters at hand would be present at the relevant meeting.

Management provides the Board with monthly reports on NetLink's financial and business performance, and such explanation and information as the Board may require, to enable the Board to make a balanced and informed assessment of NetLink's performance, position and prospects. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates. Since the start of the COVID-19 pandemic, Management has been providing the Board with regular status updates on how the NetLink NBN Group manages its operations under its business continuity planning ("BCP"). To keep the Board abreast of investors' feedback and perceptions, the NetLink NBN Group Investor Relations provides the Board with a summary of the investor relations activities, feedback gathered from investors, unit price performance and analysis of the Trust's unitholder register on a half-yearly basis. Summaries of analyst/media reports are also provided to the Board each time after the NetLink NBN Group announces its quarterly business updates, half-year and full-year financial results.

Provision 1.7:

Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

Directors have separate and independent access to Management and the Company Secretaries. As a matter of good corporate governance practice, the role of the Company Secretary has been clearly defined.

The Company Secretaries attend to corporate secretarial administration matters. They assist the Board and Management in implementing and strengthening corporate governance policies and procedures. The Company Secretaries ensure that Board procedures are properly followed. They prepare the agenda for Board and Board Committee meetings in consultation with the Chairman, the respective Board Committee Chairpersons and the CEO, and attend Board and Board Committee meetings. The appointment and the removal of the Company Secretaries are subject to the Board's approval.

The Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties, the expenses of which are borne by the Trustee-Manager.

CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2:

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

Provision 2.1:

An "independent" director² is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations³, its substantial shareholders⁴ or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company⁵.

Provision 2.2:

Independent directors make up a majority of the Board⁶ where the Chairman is not independent⁷.

Provision 2.3:

Non-executive directors make up a majority of the Board.

As at the date of this Annual Report, the Board consists of eight members, five of whom are independent Directors. Of the three non-independent Directors, two are non-executive Directors and one (being the CEO) is an executive Director. The Chairman of the Board ("**Chairman**"), Mr Chaly Mah Chee Kheong, is an independent Director. The independent Directors and their immediate family members have no relationships with the Trustee-Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of NetLink NBN Trust. More details on the independence of Directors are set out under "Additional Information" on pages 191 to 194.

The composition of the Board also complies with the BTA and the Business Trusts Regulations 2005 ("**BTR**"), and consists 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.

² Rule 1207(10B) of the Listing Rules requires the Board to identify in the company's annual report each director it considers to be independent.

³ The term "**related corporation**", in relation to the company, has the same meaning as currently defined in the Companies Act 1967, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary

⁴ A "**substantial shareholder**" is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act 2001.

⁵ A director who falls under the circumstances described in Rule 210(5)(d) of the Listing Rules is not independent. These circumstances apply to the following: (i) a director being employed by the company or any of its related corporations for the current or any of the past three financial years; (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the Remuneration Committee; (iii) a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers. Rule 210(5)(d)(i) and (ii) of the Listing Rules come into effect from 1 January 2019. Rule 210(5)(d)(iii) of the Listing Rules and Rule 410(3)(d)(iii) will come into effect on 1 January 2022. Prior to 1 January 2022, the corresponding Guideline 2.4 in the 2012 Code of Corporate Governance will continue to apply.

⁶ Rule 210(5)(c) of the Listing Rules requires independent directors to make up at least one-third of the Board. This rule will be come into effect on 1 January 2022. Prior to 1 January 2022, the corresponding Guideline 2.1 in the 2012 Code of Corporate Governance will continue to apply.

⁷ The Chairman is not independent when (i) he or she is not an independent director, (ii) he or she is also the CEO, (iii) he or she and the CEO are immediate family members as defined in the Listing Manual of the Singapore Exchange (i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent), (iv) he or she and the CEO have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the Nominating Committee, or (v) he or she is part of the Management team.

Provision 2.4

The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

The current composition of the Board and the Board Committees is set out below:

| Name | Board | Audit Committee | Risk and Regulatory Committee | Nominating Committee | Remuneration Committee |
|-----------------------|-----------------------------------|-----------------|-------------------------------|-------------------------|------------------------|
| Chaly Mah Chee Kheong | Chairman and Independent Director | - | Member | Chairman ⁽¹⁾ | Chairman |
| Koh Kah Sek | Independent Director | Chairman | - | - | - |
| Eric Ang Teik Lim | Independent Director | Member | - | Member ⁽²⁾ | - |
| Ku Xian Hong | Independent Director | - | Member | - | Member |
| Yeo Wico | Independent Director | Member | - | - | Member |
| Sean Patrick Slattery | Non-Executive Director | - | Chairman | - | - |
| William Woo Siew Wing | Non-Executive Director | - | - | Member | - |
| Tong Yew Heng | Executive Director | - | - | - | - |

⁽¹⁾ Mr Chaly Mah Chee Kheong was appointed Chairman of Nominating Committee on 1 April 2022.

⁽²⁾ Mr Eric Ang stepped down as Chairman of Nominating Committee on 1 April 2022. He remains as a Member of the Nominating Committee.

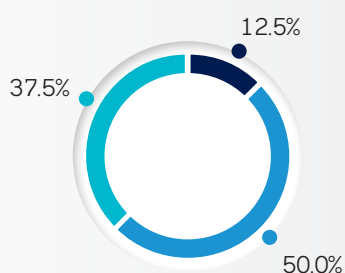
Annually, the NC reviews the structure, size and composition of the Board to ensure appropriate balance and diversity. The Board has a diversity policy which requires the NC to take into consideration diversity in skills, industry and business experiences, gender, age, culture, nationalities, tenure of service, and other distinguishing qualities of the members of the Board, and with the objective of bringing to the Board different perspectives, experiences and competencies. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. In its annual review, the NC was satisfied that the objectives of the diversity policy continue to be met. The Board has achieved 25% of women-on-board in line with the Council for Board Diversity's target for top 100 primary-listed companies in Singapore. The NC also takes into consideration the Board's diversity policy for appointment of new Directors.

The Board consists of Directors with core competencies in areas such as accounting, banking, financial, IT, telecoms, engineering, law and industry knowledge. In concurrence with the NC, the Board is of the view that the current eight-member Board has the appropriate structure, size, diversity and composition to provide effective guidance and make decisions in the best interests of the NetLink NBN Group. The Board also includes two female Directors in recognition of the importance of gender diversity. The current Board composition reflects a diversity of gender, age, skills and knowledge. Below is a graphic presentation of Board diversity by age and gender:

FY22 Age and Gender Diversity Amongst the Board of Directors

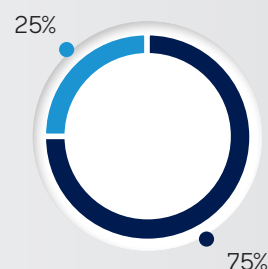
By age group

- 30 - 50 years old
- 51 - 60 years old
- 61 - 70 years old



By gender

- Male
- Female



CORPORATE GOVERNANCE

Provision 2.5:

Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Directors and Management openly discuss and debate issues at Board meetings. Non-executive Directors are kept apprised of NetLink's business through monthly business reviews (which include financial highlights, operational performance indicators and key risks monitoring indices) circulated by Management. Minutes of all Board Committee meetings are circulated to the Board so that the Directors are aware and kept updated as to the proceedings and matters discussed during such meetings. At every Board Meeting, a Non-executive Directors session without the CEO's and Management's presence is scheduled for the Non-executive Directors to review the performance and effectiveness of Management and feedback is thereafter provided to the CEO and Management.

Chairman and Chief Executive Officer**Principle 3:**

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

Provision 3.1:

The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making⁸.

Provision 3.2:

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The positions of Chairman and CEO are separately held by two persons in order to maintain effective checks and balances. This promotes greater accountability from Management and allows the Board to exercise its independence in its oversight of and deliberations with Management. There is a clear separation of the roles and responsibilities between the Chairman and the CEO, as set out in the Role Statement of the Chairman and the CEO.

The Chairman is responsible for the overall management of the Board as well as ensuring that Directors and Management work together with integrity and competency. He leads the Board to ensure its effectiveness in all aspects of its role. Among other things, the Chairman ensures effectiveness by steering productive and comprehensive discussions amongst Board members and Management on strategic and other key issues pertinent to the business and operations of the NetLink NBN Group. He encourages active engagement, participation by and contribution from all Directors. With the assistance of the Company Secretaries, he schedules meetings and prepares meeting agendas to enable the Board to perform its duties responsibly having regard to NetLink NBN Trust's operations. He also monitors the flow of information from Management to the Board to ensure that material information is provided in a timely manner to Directors. The Chairman plays a key role in promoting high standards of corporate governance and transparency, and ensuring effective communication with the stakeholders.

The CEO has full executive responsibilities over the business direction and operational decisions in the day-to-day management of NetLink NBN Trust. He works with Management to ensure that action plans have been put in place in developing an effective enterprise risk management system. He works with the Board to determine NetLink NBN Trust's strategy and is responsible for the implementation of the strategies and policies approved by the Board. The CEO provides leadership and guidance to Management in order to meet the strategic and operational objectives of NetLink NBN Trust. He develops and manages good relationships with the stakeholders, such as Unitholders, the regulators and the investment community.

⁸ Rule 1207(10A) of the Listing Rules requires the Board to disclose the relationship between the Chairman and the CEO if they are immediate family members.

Provision 3.3:

The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

The Chairman and CEO are not immediate family members. Given that the roles of the Chairman and CEO are separate and the Chairman is independent, no lead independent Director is required to be appointed.

Board Membership**Principle 4:**

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

Provision 4.1:

The Board establishes a NC⁹ to make recommendations to the Board on relevant matters relating to:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel¹⁰;**
- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;**
- (c) the review of training and professional development programmes for the Board and its directors; and**
- (d) the appointment and re-appointment¹¹ of directors (including alternate directors, if any)¹².**

Provision 4.2:

The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

Provision 4.3

The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

Provision 4.4

The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence¹³, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

⁹ Rule 210(5)(e) of the SGX Listing Rules (Mainboard) / Rule 406(3)(e) of the SGX Listing Rules (Catalist) requires companies to establish one or more committees as may be necessary to perform the functions of an Audit Committee, a Nominating Committee and a Remuneration Committee. Each committee formed has written terms of reference which clearly set out the authority and duties of the committee.

¹⁰ The term **"key management personnel"** shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

¹¹ Rule 720(5) of the SGX Listing Rules (Mainboard) / Rule 720(4) of the SGX Listing Rules (Catalist) requires all directors to submit themselves for re-nomination and re-election at least once every three years.

¹² Rule 720(6) of the Listing Rules requires key information on directors to be provided together with each resolution on the proposed appointment or re-appointment of directors.

¹³ Such relationships include business relationships which the director, his or her immediate family member, or an organisation which the director, or his or her immediate family member is a substantial shareholder, partner (with 5% or more stake), executive officer or director in has with the company or any of its related corporations, and the director's direct association with a substantial shareholder of the company, in the current and immediate past financial year. Where the director or his or her immediate family member, or a company that he, she or they are a substantial shareholder in, provides to or receives from the company or its subsidiaries any significant payments or material services, the amount and nature of the service is disclosed.

CORPORATE GOVERNANCE

Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments¹⁴ of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

The NC comprises three Directors, all of whom are non-executive Directors and a majority of whom (including the NC Chairman) are independent, namely:

| | |
|--------------------------|----------|
| Mr Chaly Mah Chee Kheong | Chairman |
| Mr Eric Ang Teik Lim | Member |
| Mr William Woo Siew Wing | Member |

The terms of reference of the NC provides that the NC shall comprise at least three non-executive Directors, the majority of whom shall be independent (including being independent from management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager).

The NC's responsibilities include, but are not limited to, the following:

- (a) establishing procedures and making recommendations to the Board on relevant matters relating to the appointment and re-appointment of Directors and considering the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance;
- (b) reviewing and making recommendations to the Board on relevant matters relating to the board succession plans for Directors, the development of a process and the criteria for evaluation of the performance of the Board, to ensure that the size and diversity of the Board continue to:
 - (i) meet the needs of the Trustee-Manager and NetLink NBN Trust; and
 - (ii) facilitate effective decision making;
- (c) reviewing and making recommendations to the Board on training and professional development programmes for the Board;
- (d) reviewing, on an annual basis and as and when circumstances require, whether or not a Director is independent; and
- (e) reviewing other directorships held by each Director and deciding whether or not a Director is able to carry out, and has been adequately carrying out, his duties as a Director of the Trustee-Manager.

Each member of the NC abstains from voting on any resolution in respect of the matter in which he has an interest.

The NC seeks to refresh the Board membership progressively and in a systematic manner, to avoid losing institutional knowledge. The NC also reviews the succession plans for the CEO, the CFO and the COO. The NC recognises the importance of succession planning as part of corporate governance and there is an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and systematic renewal of the Board and key executives. In FY2020, Aon Solutions Singapore Pte Ltd ("**Aon**") was commissioned to review the succession plans for senior Management (including the CEO, the CFO and the COO). In FY2022, Management updated the NC, amongst others, on the actions taken following Aon's FY2020 recommendations on the senior Management succession plans.

The NC decides how the Board's performance is to be evaluated and propose objective performance criteria. The Chairman of the NC acts on the results of the performance evaluation of the Board, and selections of members of the Board, in consultation with the NC. As in previous years, the Board has appointed an external consultant, Aon, to conduct an evaluation of the Board, the Board Committees and individual Directors for FY2022.

¹⁴ The term "**principal commitments**" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

The NC conducts an annual review of each Director's independence in accordance with the BTA and the BTR requirements and takes into consideration the relevant guidelines in the 2018 Code and the Practice Guidance 2021 in relation to the 2018 Code. In any situation that involves a conflict of interest with NetLink NBN Trust, Directors recuse themselves from participating in any discussion and decision on the matter. More details on the independence of the Directors are set out under "Board Composition and Guidance on pages 40 to 42 and under "Additional Information" on pages 191 to 194.

Each of the Directors consults the Chairman of the Board prior to accepting further commitments which might either give rise to a conflict of interest or a conflict with any of his duties to the Trustee-Manager and/or NetLink NBN Trust, or which might detract from the time that he is able to devote to his role as a Director. The Chairman of the Board himself has to consult the NC before accepting such commitments.

The Board has adopted guidelines to address the competing time commitments that are faced when Directors serve on multiple boards, set out in a Policy on Multiple Directorships. As a general rule, the maximum number of listed company directorships that a Director may hold is five. Where a Director holds directorships in more than one listed company within the same group of companies by virtue of his employment, such directorships may be considered as a single directorship. In appropriate circumstances, the NC may approve a different maximum number of listed company board appointments for a Director, taking into account relevant factors such as the role that the Director plays on the boards that he sits on, whether or not he is employed in an executive position, and the individual skills, ability and capacity of the Director.

For FY2022, the Board is satisfied that all Directors have been able to and have adequately carried out their duties as Directors notwithstanding their other listed company board representations and other principal commitments. Having reviewed each Director's attendance, participation, contribution, expertise and competing time commitments, the Board (with the NC's concurrence) is of the view that none of the Directors hold a significant number of directorships and other principal commitments that may impede his/her ability to discharge his/her duties. The Board further notes that, in line with the Trustee-Manager's Policy on Multiple Directorships, none of the Directors hold five or more listed company directorships.

None of the Directors has appointed an alternate director.

The Trustee-Manager has put in place a framework for selection, appointment and re-appointment of Directors. In the process of searching for qualified persons to serve on the Board, the NC will strive for the inclusion of diverse groups and viewpoints. The NC leads the process and makes recommendations to the Board for approval. In making its recommendations, the NC also give due regard to the diversity policy adopted by the Board. The Board will consider, inter alia, skills, industry and business experience, gender, age, culture, nationalities, and other distinguishing qualities of the candidates, before selecting the right candidate. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review. In searching for appropriate candidates, the Board uses executive search firms and third-party institutions, like the SID, to identify a broader range of suitable candidates.

To ensure that new Directors are aware of their duties and obligations, a formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

Newly-appointed Directors undergo a comprehensive orientation programme which includes site visits to NetLink's central offices and co-location rooms to better apprise them of NetLink's business. First-time Directors who do not have prior experience as a director of a Singapore listed company are also provided with a comprehensive briefing on the roles, duties and obligations of directors and will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed under the Listing Rules.

Under the deed (i.e. the TM Shares Trust Deed) constituting Singapore NBN Trust (i.e. the TM Shares Trust), Unitholders (as beneficiaries of Singapore NBN Trust) have the right to, by ordinary resolution in accordance with the TM Shares Trust Deed, direct DBS Trustee Limited (as legal owner of the shares in the Trustee-Manager) to approve the re-election of each Director at the AGM of the Trustee-Manager. Each Director of the Trustee-Manager shall retire from office at least once every three years and for this purpose, at each AGM of the Trustee-Manager, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and shall be eligible for re-election at that AGM (the Directors so to retire being those longest in office). The CEO, as a Director, is subject to the same retirement by rotation.

CORPORATE GOVERNANCE

Annually, the Company Secretary will inform the NC which Directors are due for retirement at the AGM. The NC will then review the composition of the Board and decide whether to recommend to the Board the re-election of these retiring Directors, after taking into account factors such as their attendance, participation, contribution, expertise and competing time commitments. At the upcoming AGM, the following Directors will be retiring by rotation and they have offered themselves for re-election:

- (a) Ms Koh Kah Sek;
- (b) Mr Yeo Wico; and
- (c) Mr Sean Patrick Slattery.

The NC recommends the re-election of these Directors to the Board for approval having regard to the Directors' contribution and performance, with reference to the results of the assessment of the performance of the individual Director.

In addition, pursuant to Article 89 of the Constitution of the Trustee-Manager, a Director appointed by the Board to fill a casual vacancy or appointed as an additional Director may only hold office until the next AGM, at which he will be eligible for re-election by Unitholders. During the year under review, the Board has not appointed any new Director.

As the Trustee-Manager is a Designated Telecommunication Licensee, approval from IMDA is required for the change in appointment of its Chairman, Directors and CEO.

All key information on the Directors, including listed company directorships and principal commitments, are set out under "Board of Directors" on pages 26 to 31. Information relating to the Directors who are retiring and offering themselves for re-election at the upcoming AGM are as set out in Appendix 7.4.1 of the Listing Rules, and can be found in the "Additional Information on Directors seeking re-election" on pages 23 to 28 of the Report of Singapore NBN Trust for FY2022.

Board Performance

Principle 5:

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

Provision 5.1

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

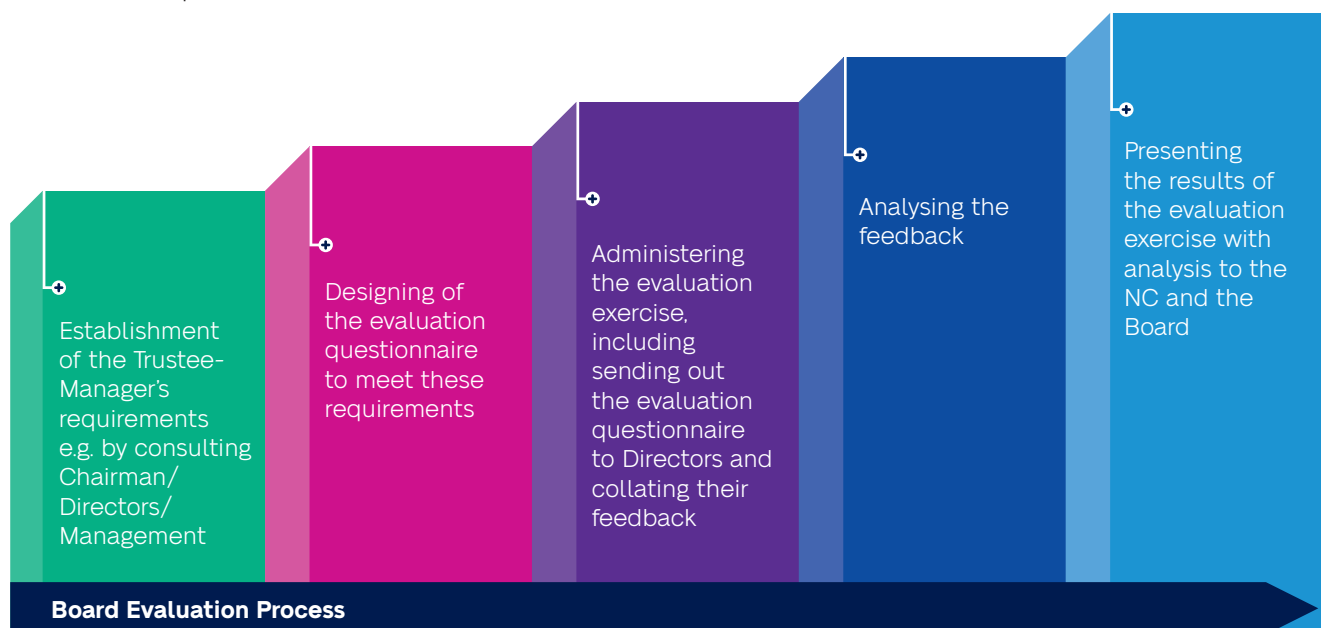
Provision 5.2

The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

The Board has in place a process carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and each individual Director. Directors' self and peer evaluation are carried out for individual Directors to assess each Director's contribution to the Board.

To ensure that these assessments are conducted fairly, the Board has appointed an external facilitator, Aon, to conduct the evaluation. Save for Aon's appointment in FY2022 as external facilitator to conduct the Board evaluation, Aon does not have any other connection with the Trustee-Manager or any of the Directors. The Board believes that the use of an external facilitator promotes objectivity, neutrality and confidentiality. The external facilitator has also provided a more detailed and in-depth assessment including benchmarking the results with industry standards.

The evaluation process is illustrated below:



The evaluation focuses on areas such as Board structure, Board processes, managing the Trustee-Manager's performance, Board strategy and priorities, Corporate Integrity & ESG Factors, the development and succession planning for Directors and senior Management (including the CEO), teamwork amongst Directors, and each Director's contribution to the Board. Objective performance criteria, which allow benchmarking with industry peers, have been set for such evaluation. The results of the evaluation for FY2022 indicated that in overall perception, the Board compares favourably with the boards of the Trustee-Manager's peer companies.

Through self and peer feedback mechanisms, each Director is evaluated on attributes such as contribution, knowledge and abilities, and teamwork. Upon completion of the evaluation exercise, each Director receives a copy of the ratings on his or her evaluation analysis.

SECTION (B): REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6:

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

Provision 6.1

The Board establishes a Remuneration Committee ("RC")¹⁵ to review and make recommendations to the Board on:

- (a) a framework of remuneration for the Board and key management personnel; and**
- (b) the specific remuneration packages for each director as well as for the key management personnel.**

Provision 6.2

The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

Provision 6.3

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

¹⁵ Rule 210(5)(e) of the SGX Listing Rules (Mainboard) / Rule 406(3)(e) of the SGX Listing Rules (Catalist) requires companies to establish one or more committees as may be necessary to perform the functions of an Audit Committee, a Nominating Committee and a Remuneration Committee. Each committee formed should have written terms of reference which clearly set out the authority and duties of the committee.

CORPORATE GOVERNANCE

Provision 6.4

The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

The RC comprises three Directors, all of whom are non-executive and independent Directors, namely:

| | |
|--------------------------|----------|
| Mr Chaly Mah Chee Kheong | Chairman |
| Ms Ku Xian Hong | Member |
| Mr Yeo Wico | Member |

The terms of reference of the RC provides that the RC shall comprise at least three non-executive Directors, the majority of whom shall be independent (including being independent from management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager).

The RC's responsibilities include, but are not limited to, the following:

- reviewing and recommending to the Board, in consultation with the Chairman of the Board (where applicable), a general framework of remuneration for the Board and key management personnel, and specific remuneration packages for each Director and key management personnel, for endorsement by the Board;
- reviewing the obligations of the NetLink NBN Group arising in the event of the termination of the service contracts of executive Directors and key management personnel, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous; and
- administering and approving awards under the Long-Term Incentive Plan (please refer to "Long-Term Incentive Component" under "CEO/Executive Director and Key Management Personnel Remuneration" on pages 49 to 50) and/or other long-term incentive schemes to Directors and/or senior executives of the NetLink NBN Group).

The Director of Human Resource assists the RC in the execution of its functions, and makes reference to market surveys and information where relevant. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the NetLink NBN Group and its appointed consultants will not affect the independence and objectivity of the remuneration consultants.

Level and Mix of Remuneration

Principle 7:

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

Provision 7.1:

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

Provision 7.2:

The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

Provision 7.3:

Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

The RC establishes remuneration policies that are in line with the NetLink NBN Group's business strategies and risk policies as well as long-term interests of the NetLink NBN Group and the Unitholders, with a view to ensuring remuneration packages are sufficiently competitive to attract, retain and motivate Directors and key management personnel of the appropriate experience and expertise. In its deliberations, the RC will take into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive.

The framework for determining Directors' fees is set out under "Disclosure on Remuneration" on pages 50 to 52. Directors' fees are wholly paid out in cash. Nevertheless, Directors are encouraged to hold NetLink NBN Trust units so as to better align the interests of Directors with the interests of Unitholders.

The framework for determining the remuneration of the key management personnel is described in the paragraphs below. Remuneration packages comprise fixed components and variable components, including short-term and long-term incentive components, and are structured around measured key performance indicators.

CEO/Executive Director and Key Management Personnel Remuneration

The RC seeks to ensure that the level and mix of remuneration for the CEO and key management personnel are competitive, aligned with Unitholders' interests and promote the NetLink NBN Group's long-term success.

The letters of appointment of the CEO, the CFO and the COO provide that the incentive components of their remuneration may be reclaimed in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to NetLink.

During FY2022, there was no termination, retirement or post-employment benefits granted to the Directors, the CEO and key management personnel. None of the NetLink NBN Group's employees is an immediate family member of any Director or the CEO.

Remuneration for the CEO and key management personnel comprises a fixed component, variable cash component, long-term incentive component and market-related benefits:

A. Fixed Component

The fixed component comprises the base salary and fixed allowances.

B. Variable Cash Component

The variable cash component is given in the form of an Annual Variable Bonus ("**AVB**"). This AVB is a cash-based incentive for the CEO and key management personnel, which is linked to the achievement of annual performance targets.

Corporate and individual performance objectives are set at the beginning of each financial year. The objectives are aligned to NetLink's overall strategic, financial, operational and sustainability-linked goals, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of NetLink and the individual. While the performance objectives are different for each executive, they are assessed on the same principles across five broad categories of targets, namely Financial and Operational Performance; People; Projects and Processes; Stakeholders; and Strategic.

The target AVB for the CEO and key management personnel is pre-set at a fixed percentage of their annual base salary, and is adjusted based on the achievement of the corporate and individual targets at the end of each financial year. The final AVB pay-out can range from 0 to 1.5 times of the target pay-out for the CEO, the CFO and the COO, and range from 0 to 2 times of the target pay-out for other key management personnel.

C. Long-Term Incentive Component

The NetLink Trust Long-Term Incentive Plan ("**Plan**") is an incentive plan first established in April 2017 with the objective of rewarding and retaining key executives for driving long-term business performance that is aligned with Unitholders' interest. Under the Plan, the performance conditions are set over a three-year performance period and are based on operating cash flow¹⁶, return on total assets and absolute total unitholder return. The target award for eligible roles is set as a multiple of monthly base salary and the magnitude is determined using market benchmark on total compensation.

The awards are granted on a contingent basis, and the awards will be determined and fully vest at the end of a three-year performance period (beginning on 1 April immediately preceding the date of grant), based on performance against the measures identified above, with a minimum threshold performance being specified in respect of each performance measure and with superior performance in respect of each performance measure allowing for a maximum final award of up to 1.5 times of the contingent award.

¹⁶ Operating cash flow replaces free cash flow as one of the performance conditions with effect from FY2023 onwards.

CORPORATE GOVERNANCE

The awards are to be paid out in cash in full upon vesting. In this regard, the awards which are granted will be notionally converted into a number of Units based on the volume weighted average unit price over a 12-month period ending March¹⁷ of the year in which the awards are granted, and such notional number of Units, multiplied by the achievement factor of 0 to 1.5 times depending on the performance achieved against the measures identified above, will then be converted into and paid out in cash based on the volume weighted average unit price over a 12-month period ending March¹⁷ of the year at the end of the three-year performance period.

To the extent that any awards are granted to the CEO, the CFO and/or the COO, such awardee is required, within one year following the vesting of the relevant awards (subject to the awardee still being in NetLink's employment), to accumulate a minimum unitholding in NetLink NBN Trust equal to such person's prevailing annual base salary at the time of vesting of the awards. This obligation to accumulate a minimum unitholding does not apply to other participants in the Plan.

D. Market-related Benefits

These benefits, which include club membership and flexi benefit and non-cash benefits such as medical, dental, comprehensive health screening and car-parking, are comparable with local market practices.

Disclosure on Remuneration

Principle 8:

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

The remuneration framework is based on policies which are aligned with Unitholders' interests to support NetLink's business with the aim of retaining key capabilities, provide sound and structure funding of remuneration in ensuring affordability and sustainable value creation. Competitive remuneration packages are offered to attract and retain experienced individuals. The remuneration policies, the procedures for setting remuneration and the relationships between remuneration, performance and value creation are described in Principle 7 above.

Provision 8.1:

The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and**
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.**

Provision 8.2:

The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Provision 8.3:

The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

¹⁷ This applies to awards from June 2022 onwards. Prior years' awards were notionally converted into a number of Units based on the average daily closing unit price from January to March of the year in which the awards were granted, and depending on the performance achieved against the measure identified above, converted into and paid out in cash based on the average daily closing unit price of the Units in the three-month period immediately prior to the end of the three-year performance period.

Non-Executive Directors' Remuneration

For FY2022, the framework for determining the Directors' fees is set out below. This framework was first adopted in FY2020 after the Board commissioned Aon in October 2018 to review the remuneration framework for non-executive Directors to ensure that Director remuneration is market benchmarked. In FY2021, Aon was commissioned again to conduct a review of the remuneration framework for Non-Executive Directors. After review, the Board agreed to maintain the Directors' fee structure for FY2022. For FY2023, following the RC's recommendation, the Board also agreed that the Directors' fee structure be maintained.

| Appointment | Fees per annum (S\$) |
|--------------------------------------|----------------------|
| Board Chairman | 150,000 |
| Board Member | 75,000 |
| Audit Committee Chairman | 50,000 |
| Audit Committee Member | 30,000 |
| Risk & Regulatory Committee Chairman | 35,000 |
| Risk & Regulatory Committee Member | 20,000 |
| Nominating Committee Chairman | 20,000 |
| Nominating Committee Member | 12,000 |
| Remuneration Committee Chairman | 20,000 |
| Remuneration Committee Member | 12,000 |

The annual remuneration of Directors for FY2022 is as follows:

| Directors | Directors' Fees (S\$) |
|--------------------------------------|-----------------------|
| Chaly Mah Chee Kheong | 202,000 |
| Eric Ang Teik Lim | 125,000 |
| Koh Kah Sek | 125,000 |
| Ku Xian Hong | 107,000 |
| Yeo Wico | 117,000 |
| Sean Patrick Slattery ⁽¹⁾ | 110,000 |
| William Woo Siew Wing ⁽¹⁾ | 87,000 |
| Total | 873,000 |

Note:

⁽¹⁾ Fees are paid to Director's employer company.

The CEO, Mr Tong Yew Heng, is an Executive Director and is therefore remunerated as part of senior Management. He does not receive Directors' Fees.

CEO's and Top Five Key Management Personnel's Remuneration

Following is a breakdown of the level and mix of the annual remuneration of the CEO and each of the top five key management personnel in FY2022, set out in bands of S\$250,000:

Table 1: CEO's Remuneration

| Name | Fixed ⁽¹⁾ (S\$) | Variable ⁽²⁾ (S\$) | CPF ⁽³⁾ (S\$) | Benefits ⁽⁴⁾ (S\$) | LTI ⁽⁵⁾ (S\$) | Total Remuneration (S\$) |
|---------------|-------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|--------------------------------|
| Tong Yew Heng | 609,024 | 663,316 | 13,440 | 8,359 | 520,715 | 1,814,854 |

Mr Tong Yew Heng was granted a long-term incentive award of S\$571,824 in June 2022. The award is granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period in FY2025, based on performance against the performance conditions set.

CORPORATE
GOVERNANCE**Table 2: Top Five Key Management Personnel's Remuneration**

| Remuneration Band | Fixed ⁽¹⁾ (%) | Variable ⁽²⁾ (%) | CPF ⁽³⁾ (%) | Benefits ⁽⁴⁾ (%) | LTI ⁽⁵⁾ (%) | Total Remuneration (%) |
|-------------------------------------|-----------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|------------------------------|
| Between S\$750,001 and S\$1,000,000 | | | | | | |
| Chye Hoon Pin | 42 | 26 | 1 | 1 | 30 | 100 |
| Wong Hein Jee Lester | 41 | 24 | 1 | 1 | 33 | 100 |
| Between S\$500,001 and S\$750,000 | | | | | | |
| Nil | | | | | | |
| Between S\$250,001 and S\$500,000 | | | | | | |
| Tiong Onn Seng | 59 | 23 | 3 | 1 | 14 | 100 |
| Widjaja Suki | 62 | 17 | 4 | 2 | 15 | 100 |
| Yeo Lee Kiang Christine | 62 | 18 | 5 | 1 | 14 | 100 |

Note:

⁽¹⁾ Fixed refers to base salary and fixed allowances for FY2022.

⁽²⁾ Variable refers to cash-based incentives earned in FY2022 and paid out in June 2022.

⁽³⁾ CPF refers to company statutory contributions to the Singapore Central Provident Fund in FY2022.

⁽⁴⁾ Benefits in FY2022 are stated on the basis of direct costs and include benefits like club membership and flexi benefit and other non-cash benefits such as medical, dental, comprehensive health screening and car-parking.

⁽⁵⁾ LTI refers to the 2019 long-term incentive plan award which has become fully vested. This award will be paid out in July 2022.

The total remuneration paid to the top five senior Management personnel (who are not Directors or the CEO) in FY2022 was approximately S\$3,088,454.

There are no employees of the NetLink NBN Group who are substantial Unitholders of the Trust, or are immediate family members of the Directors or the CEO or a substantial Unitholder of the Trust, and whose remuneration exceeds S\$100,000 during FY2022.

The top five members of senior Management (who are not Directors or the CEO) were granted LTI awards in aggregate of S\$560,751 in June 2022. These awards are granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period in FY2025, based on performance against the performance conditions set.

SECTION (C): ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9:

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders¹⁸.

Provision 9.1:

The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

¹⁸ Rule 610(5) and Rule 719(1) of the Listing Rules require the Board to comment on the adequacy and effectiveness of the company's internal controls and risk management systems, and the AC's concurrence with the Board's comments. Where either the Board or the AC comments that the issuer's group's internal controls or risk management systems have weaknesses, the issuer must provide clear disclosure on the weaknesses and the steps taken to address them.

Provision 9.2:

The Board requires and discloses in the company's annual report that it has received assurance from:

- (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and**
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.**

The NetLink NBN Group aims to excel as the planner, builder, operator and long-term owner of quality infrastructure assets and provider of quality infrastructure services, adding value to its stakeholders and achieving consistent returns. The Board views risk management as a key contributing factor in achieving its objectives.

The Board oversees risk governance in the NetLink NBN Group through frameworks for risk management and the implementation of internal controls. Through the NetLink NBN Group's risk governance structure, and with the assistance of the RRC and the AC, the Board seeks to manage potential risks associated with the execution of its business strategies and create value for its stakeholders.

The NetLink NBN Group's risk governance structure is illustrated in the table below.



The RRC comprises three Directors, the majority of whom are non-executive and independent Directors, namely:

| | |
|--------------------------|----------|
| Mr Sean Patrick Slattery | Chairman |
| Mr Chaly Mah Chee Kheong | Member |
| Ms Ku Xian Hong | Member |

The terms of reference of the RRC provides that the RRC shall comprise at least three Directors, the majority of whom are non-executive and independent (including being independent from Management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager).

CORPORATE GOVERNANCE

The RRC's responsibilities include, but are not limited to, the following:

- (a) providing oversight and reviewing the adequacy and effectiveness of the risk management system and system of internal controls of the NetLink NBN Group, and reviewing the NetLink NBN Group's overall risk assessment processes, policies and guidelines that inform the Board's decision-making;
- (b) advising the Board on the NetLink NBN Group's overall risk tolerance and strategy;
- (c) reviewing the risk management processes and activities of the NetLink NBN Group to mitigate and manage risk at acceptable levels determined by the Board;
- (d) keeping under review the effectiveness of the NetLink NBN Group's internal controls and risk management systems and reviewing and approving the statements to be included in the annual report of NetLink NBN Trust concerning the effectiveness of the NetLink NBN Group's internal control and risk management systems;
- (e) reviewing the Trust's compliance with regulatory obligations imposed by IMDA, particularly in respect of:
 - (i) the control and ownership restrictions set out in the FBO licence granted to the Trustee-Manager by IMDA;
 - (ii) the Capex Reserve Requirement¹⁹; and
 - (iii) the restrictions on services offered by the Trust as set out in the FBO licence granted to the Trustee-Manager by IMDA; and
- (f) providing guidance and recommendations to the Board on strategic regulatory matters.

Each member of the RRC abstains from voting on any resolutions in respect of the matter in which he has an interest.

The RRC, under its terms of reference, has the responsibility to, among others, provide oversight and review the adequacy and effectiveness of the risk management system. While the overall supervision of risk management rests with the RRC, the AC is involved in monitoring Management's efforts in managing financial and financial reporting-related risks, and internal controls, and liaises closely with the RRC. Information is shared on a regular basis between the AC and the RRC.

The RRC is supported by a Management Risk Committee ("**MRC**") comprising management executives which reviews the effectiveness of the risk management processes on a regular basis and reports any substantial findings of risks or non-compliance to the RRC. The CEO chairs the MRC.

NetLink has implemented an Enterprise Risk Management ("**ERM**") framework based on ISO 31000: 2018 (Risk Management Guidelines) with the aim of pursuing a systematic and structured approach towards the effective management of risk that will promote a more stable and informed environment for NetLink to meet its intended objectives.

In adopting ISO 31000: 2018 (Risk Management Guidelines), NetLink seeks to achieve the following objectives through the effective management of risk:

- (a) good corporate governance standards;
- (b) a structured and disciplined approach to manage risks and promote a consistent process across NetLink;
- (c) an effective system of internal controls;

¹⁹ "Capex Reserve Requirement" is the requirement for NetLink Trust to set aside monies each year for at least 20% of capital expenditure reserve fund ("**Capex Reserve**"), which cumulates to S\$40 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from IMDA for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NetLink Trust's network infrastructure. As at 31 March 2022, NetLink Trust had already incurred S\$35.3 million of the Capex Reserve to improve network resiliency and expand capacity, which is S\$1.3 million more than the prevailing Capex Reserve required of S\$34.0 million. Hence, no further fund is set aside as at 31 March 2022.

- (d) a culture of risk awareness at all levels within NetLink;
- (e) successful business performance; and
- (f) manage risks to a level commensurate with the corporate appetite for risks.

The MRC is accountable to the RRC and the Board for the effectiveness of the ERM framework, policies and resources employed to identify, manage and report risks relating to NetLink's activities.

Significant risks facing NetLink are identified and assigned to relevant risk owners. The risk owners will perform an assessment on the potential impact and likelihood of those risks occurring, the adequacy of NetLink's internal controls and the action plans taken to mitigate such risks. This assessment will be documented in NetLink's risk register and updated at least on an annual basis. Risks are then categorised into Tier 1 and Tier 2 risks based on significance, which will be further deliberated by the MRC and the RRC.

To enhance risk monitoring, key risk indicators are developed and monitored. For any breach of the indicators, this will be escalated to MRC and RRC for discussion and review of action plans.

More information on NetLink's ERM framework can be found under "Enterprise Risk Management" on pages 66 to 71.

Various policies have been developed and implemented to ensure proper governance.

NetLink has in place an employee's Code of Conduct which sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.

Employees must comply with the NetLink NBN Group's reporting and disclosure requirements of potential or actual conflicts of interest, and are prohibited from engaging in situations or situations which could result in conflicts of interest. All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. A Director recuses himself and abstains from the Board's decision on matters relating to any transaction in which he has an interest.

The Anti-Bribery and Corruption Policy further reinforces the NetLink NBN Group's commitment to maintain high ethical standards. The NetLink NBN Group adopts a "zero tolerance" position to bribery and corruption and the policy sets out the responsibilities of the NetLink NBN Group and its employees in observing and upholding this position.

The abovementioned policies, together with other policies such as the Gift, Prize, Entertainment and Hospitality Policy and the Corporate Donation and Sponsorship Policy, which are available to employees on a shared online platform, deter and manage risk of unethical behaviour.

The NetLink NBN Group also has in place a Supplier's Code of Conduct which sets out the minimum standards that Suppliers need to comply with. Amongst others, Suppliers are expected to act ethically and comply with all relevant laws and regulations in their business operations.

NetLink NBN Group adopts a zero-tolerance policy against ethical and legal violations. Consistent with this commitment and to maintain a high standard of integrity in its business conduct, NetLink NBN Group has put in place a whistle-blowing policy. The policy and the related procedures provide NetLink NBN Group's employees and parties who have dealings with NetLink NBN Group with well-defined, accessible and trusted channels to report to the Company any suspected fraud, corruption, dishonest practices, misconduct, wrongdoing and/or other improprieties relating to NetLink NBN Group and its Officers and provide for the independent investigation of any reported incidents and appropriate follow-up actions. The objective of the policy is to encourage the reporting of such matters – by ensuring that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal and detrimental or unfair treatment. The policy provides that the identity of the whistle-blower will be kept confidential. It further provides that NetLink NBN Group will not tolerate the harassment or victimisation of anyone reporting a genuine concern and that it will ensure the protection of whistle-blowers against reprisal and detrimental or unfair treatment.

CORPORATE GOVERNANCE

The AC is responsible for oversight and monitoring of whistle-blowing. The policy identifies those authorised to receive complaints, including a whistle-blower hotline services independently managed by an external service provider. These channels have been made available with details published on NetLink's website (https://netlinknbn.com/corporate_governance.html). All whistle-blower complaints are investigated independently and overseen by the AC. Investigations are performed by independent, appropriately skilled and knowledgeable persons and the outcome of each investigation is reported to the AC. The AC reviews all whistle-blowing complaints at its quarterly meetings and where required, appropriate follow-up actions are taken.

The whistle-blowing policy is publicly disclosed on NetLink NBN Group's website and made available to all employees on NetLink's intranet. Further, as part of NetLink NBN Group's efforts to promote strong ethical values and fraud and control awareness, the whistle-blowing policy, including the procedures for raising concerns, is covered and explained during staff training and periodic communication to all staff, as part of NetLink NBN Group's efforts to promote strong ethical values, and fraud and control awareness.

The Trustee-Manager is required to comply with the provisions of the Listing Rules relating to Interested Person Transactions ("**IPTs**") as well as the BTA and such other guidelines relating to IPTs as may be prescribed by relevant laws, regulations and guidelines. In this regard, the Trustee-Manager has adopted an Interested Person Transactions Policy which sets out, inter alia, procedures for reviewing IPTs, to ensure that all IPTs will be undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of NetLink NBN Trust and its minority Unitholders. The list of IPTs for the year under review can be found under 'Additional Information' on page 196.

In terms of internal controls, the internal and external auditors conduct reviews on the adequacy and effectiveness of the NetLink NBN Group's internal controls and report any material non-compliances or weaknesses in internal controls to the AC for review. The AC also reviews the adequacy and effectiveness of the measures taken by Management on recommendations made by the internal and external auditors to rectify such non-compliances and weaknesses.

The Board has received assurance from:

- (a) the CEO and the CFO that NetLink's financial records have been properly maintained and the financial statements for the year under review give a true and fair view of NetLink's operations and finances; and
- (b) the CEO, the CFO and the COO (collectively "**C-Suite**") that the system of risk management and internal controls in place within the NetLink NBN Group is adequate and effective in addressing the risks which the NetLink NBN Group considers relevant and material to its business operations.

The C-Suite has obtained similar assurances from the heads of operational and corporate departments in the NetLink NBN Group on the risk management and internal control systems within their respective scope, to support their assurance statement to the Board.

Based on:

- (a) the system of risk management and internal controls established and maintained by the NetLink NBN Group as described above;
- (b) work performed by the internal and external auditors; and
- (c) assurances from the C-Suite together with regular reviews performed by Management,

the Board, with the concurrence of the AC and the RRC, is of the opinion that the NetLink NBN Group's system of risk management and internal controls were adequate and effective as at 31 March 2022 to address the risks (including financial, operational, compliance and information technology risks), which the NetLink NBN Group considers relevant and material to its operations.

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

Audit Committee

Principle 10:

The Board has an AC²⁰ which discharges its duties objectively.

Provision 10.1

The duties of the AC include:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

Provision 10.2:

The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3:

The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Provision 10.4:

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

Provision 10.5:

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

The Audit Committee is required to comprise at least three members:

- all of whom are independent from management and business relationships with the Trustee-Manager; and
- at least a majority of whom, including the Chairman of the AC, are independent from management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager.

The members of the AC are:

| | |
|----------------------|----------|
| Ms Koh Kah Sek | Chairman |
| Mr Eric Ang Teik Lim | Member |
| Mr Yeo Wico | Member |

²⁰ Rule 210(5)(e) of the SGX Listing Rules (Mainboard) / Rule 406(3)(e) of the SGX Listing Rules (Catalist) requires companies to establish one or more committees as may be necessary to perform the functions of an Audit Committee, a Nominating Committee and a Remuneration Committee. Each committee formed should have written terms of reference which clearly set out the authority and duties of the committee.

CORPORATE GOVERNANCE

All AC members are independent Directors. None of the AC members were former partners or directors of the Trustee-Manager's external auditor within the last two years or hold any financial interest in the external auditor.

The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions given their experience as directors and/or senior management/partners in the accounting, financial and legal sectors.

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 internal and external audits in respect of cost, scope and performance.

The AC's responsibilities also include, but are not limited to, the following:

- (a) reviewing the quality and reliability of information prepared for inclusion in NetLink NBN Trust's financial reports;
- (b) reviewing NetLink NBN Trust's consolidated financial statements, as well as the assurances from the CEO and the CFO on the financial records and financial statements, and any announcements relating to NetLink NBN Trust's financial performance prior to submission to the Board;
- (c) reviewing with the auditors of NetLink NBN Trust:
 - (i) the audit plan of NetLink NBN Trust;
 - (ii) the auditor's audit report for NetLink NBN Trust;
 - (iii) the auditor's management letter and management's response;
 - (iv) the assistance given by the officers of the Trustee-Manager to the auditors of NetLink NBN Trust;
 - (v) the scope and results of the internal audit procedures implemented by the Trustee-Manager;
 - (vi) the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed; and
 - (vii) the internal guidelines and 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 (to determine if such guidelines and procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders), the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property;
- (d) reviewing interested person transactions to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders;
- (e) reviewing any actual or potential conflicts of interest matters referred to the AC. This includes reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board. Upon disclosure of an actual or potential conflict of interest by a Director, the AC will consider whether a conflict of interest does in fact exist. A Director who is a member of the AC will not participate in any proceedings of the AC in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the AC may deem reasonably necessary. Where a conflict of interest does exist, the AC will resolve or propose, where appropriate, the relevant measures for the management of such conflicts;
- (f) reviewing the balance sheet, and profit and loss account of the Trustee-Manager, as well as the balance sheet, profit and loss account and cash flow statement of NetLink NBN Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;

- (g) reporting to the Board:
- (i) 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 (b), (c), (d), (e) and (f); and
 - (ii) 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;
- (h) reporting 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 (g);
- (i) nominating a person or persons as auditor of the Trust, notwithstanding anything contained in the Trust Deed;
- (j) reviewing and monitoring Management's efforts in managing financial and financial reporting-related risks and internal controls;
- (k) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Trustee-Manager and the Trust and any announcements relating to the Trustee-Manager's and the Trust's financial performance;
- (l) reviewing the policy and arrangements by which staff of the Trustee-Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective shall be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (m) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the NetLink NBN Group's risk management systems and internal controls, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties;
- (n) monitoring and reviewing the implementation of the auditors' recommendations for internal control weaknesses (if any);
- (o) reviewing the adequacy, effectiveness, independence, scope and results of the external auditors;
- (p) reviewing all hedging policies to be implemented by NetLink;
- (q) determining the criteria for selection, monitoring and assessing the external auditor, and making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, as well as approving the remuneration and terms of engagement of the external auditor.
- (r) reviewing at least annually the independence, adequacy and effectiveness, scope and results of the internal audit function and processes, as well as ensuring that the internal auditor is adequately resourced and set up to carry out its functions; and
- (s) meeting with the external and internal auditors, without the presence of the executive officers, at least on an annual basis.

The AC has considered the performance of the external auditors and the volume of non-audit services provided by the external auditors together with the fees paid for such services. The AC is satisfied that the independence and objectivity of the external auditors have not been impaired by the provision of those services. The aggregate amount of audit fees paid/payable to the external auditors is S\$223,000 of which S\$175,000 pertains to annual audit services and S\$48,000 pertains to non-audit services (as shown in Note 10 under "Notes to the Financial Statements" on page 155). The fees for non-audit services were mainly for a limited assurance engagement on NetLink's Sustainability Report and tax advisory services.

The AC has the authority to investigate matters within its terms of reference and has unfettered access to the NetLink NBN Group's management, and internal and external auditors. AC meetings are attended by the CEO and the CFO as well as the internal and external auditors.

CORPORATE GOVERNANCE

During FY2022, the AC reviewed the Trustee-Manager's and NetLink's financial statements and accompanying announcements before recommending them to the Board for approval. The AC also met with the internal and external auditors without the presence of Management to obtain feedback on the competency and adequacy of the finance function, to review the assistance given to the internal and external auditors, and to discuss the financial reporting process and the Trustee-Manager's and NetLink's financial condition, the system of internal controls, and other significant comments and recommendations by the auditors. Where relevant, the AC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore. The key audit matters reported by the external auditors and reviewed by the AC for FY2022 are set out below:

| Key Audit Matter | How the Audit Committee addressed the matter |
|----------------------------|--|
| Goodwill impairment review | <p>The AC considered the methodology, estimates and assumptions such as WACC of 5.3% and terminal growth rate of 1.5% used in the valuation model for purpose of determining if there is any impairment of goodwill.</p> <p>The AC also considered the auditor's report and findings of the external auditors on their assessment for the key assumptions driving the value-in-use calculation, in particular the discount and long-term growth rate.</p> <p>The AC was satisfied that the review process and the methodology used were appropriate and disclosures in the financial statements were adequate. The external auditor has included this item as a key audit matter in the auditor's report for the financial year ended 31 March 2022. Please refer to page 119.</p> |

The Board confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules. The information included in this Annual Report, excluding the Financial Statements and auditor's report, was provided to the external auditors after the auditor's report date. The external auditors have completed the work in accordance with SSA 720 (Revised) The Auditor's Responsibilities Relating to Other Information, and they have noted no exception.

NetLink's external auditors prepare an audit plan on an annual basis, taking into consideration, amongst other things, the financial reporting-related risks identified by the internal auditors, and presents such audit plan to the AC for its review and concurrence. NetLink's external auditors also report to the AC on matters relating to internal financial controls that come to their attention during the course of their normal audit and provides related recommendations for improvements. The AC reviews, among others, the scope and results of the external audit, and the independence and objectivity of the external auditors.

The Trustee-Manager has an Internal Audit Department ("IA") that is independent of the activities it audits. The primary reporting line of IA is to the AC, which also decides on the appointment, termination and remuneration of the Director of IA. IA has unfettered access to all the records, documents, property and personnel, including access to the AC, when carrying out the internal audit reviews and has appropriate standing within the NetLink NBN Group. The AC reviews, among others, the independence, the role and effectiveness of IA and the AC may make recommendations for any changes to IA's processes, approach and focus areas. The AC also performs reviews to ensure that IA is adequately resourced and skilled, in line with the nature, size and complexity of the business, and to confirm that IA is able to properly function as internal auditors of the NetLink NBN Group.

IA adopts a risk-based approach in formulating the annual audit plan that aligns its activities to the key strategies and risks across the NetLink NBN Group's business. IA plans its internal audit schedules in consultation with, but independently of, Management and the plan has been designed to cover all aspects of NetLink NBN Group. The IA plan is submitted to the AC for approval prior to the beginning of each financial year. The reviews performed by IA are aimed at assisting the AC and the Board in promoting sound risk management, robust internal controls and good corporate governance, through assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of NetLink NBN Group. IA's reviews also focus on compliance with NetLink NBN Group's policies, procedures and regulatory responsibilities. On a quarterly basis, IA reports are submitted to the AC for discussion. In particular, IA will update the AC on the progress in executing the IA plan and any major internal control gaps and lapses. The AC will also monitor the timely and proper implementation of the required corrective actions undertaken by Management.

IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the Institute of Internal Auditors and has incorporated these Standards into its audit practices. IA is resourced and staffed with persons having the relevant qualifications (Chartered Accountancy and Certified Internal Auditor) and internal audit experience. For areas requiring additional technical assistance, IA will engage the relevant technical experts to assist with the performance of these reviews.

Based on the above, the AC is satisfied that the internal audit function is independent, effective, and adequately resourced.

The AC is kept apprised by Management and through presentations by the auditors of changes in financial reporting standards and issues which have a direct impact on financial statements.

SECTION (D): SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11:

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

Provisions 11.1:

The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

Provision 11.2:

The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

Provision 11.3:

All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

Provision 11.4:

The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Trustee-Manager is committed to treating all of NetLink NBN Trust's Unitholders fairly and equitably and to facilitate the exercise of Unitholders' rights. All Unitholders enjoy specific rights under the Trust Deed, the Trustee-Manager's Constitution and the relevant laws and regulations, including the right to attend and vote at general meetings.

DBS Trustee Limited (as share trustee of Singapore NBN Trust) holds the shares of the Trustee-Manager on trust for the benefit of the beneficiaries of Singapore NBN Trust (being the Unitholders) *pari passu*, each of whom has an undivided interest in the Trustee-Manager in proportion to their respective percentage of units held or owned by each of them in the Trust. The TM Shares Trust Deed provides that the Trustee-Manager agrees and undertakes to call and hold meetings and proceedings of the beneficiaries of Singapore NBN Trust for the purposes of the TM Shares Trust Deed in accordance with the Trust Deed. The TM Shares Trust Deed also provides that all rights of voting conferred by the shares in the Trustee-Manager shall be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders. Accordingly, in addition to the AGM of the Trust held each year, an AGM of the TM Shares Trust is also held each year as immediately after the AGM of the Trust.

The Trustee-Manager welcomes Unitholders' participation at NetLink NBN Trust's AGMs, the AGMs of the TM Shares Trust, and any Extraordinary General Meetings ("EGM"). The Board and senior Management attends all general meetings to address Unitholders' queries. Unitholders will be given opportunity to communicate their views on various matters concerning NetLink.

CORPORATE GOVERNANCE

In view of the COVID-19 pandemic, the AGM on 19 July 2021 was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). The Notice of AGM was sent to Unitholders by electronic means via publication on NetLink NBN Trust's website. It was also released via SGXNET and made available on the SGX website. The Notice of AGM sets out, inter alia, the alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions either in advance of the AGM or during the AGM, and voting by appointing the Chairman of the AGM as proxy at the AGM.

Similarly, the NetLink NBN Trust Annual Report 2021 was made available to Unitholders on SGXNET and NetLink NBN Trust's website. Unitholders who wish to receive a physical copy of the Annual Report 2021 and ancillary documents can submit their request at the Investor Relations website.

All Directors and the external auditors of NetLink and the Trustee Manager attended the AGMs on 19 July 2021 via electronic means. No other Unitholders' meeting was held during the financial year under review. The Trustee-Manager did not receive any questions in advance from Unitholders by the deadline of 12 July 2021 for Unitholders to submit questions in advance. Hence, the Trustee-Manager had on the same day reminded Unitholders via an SGXNET announcement that although they have not submitted questions in advance, they will still be able to submit questions "live" at the AGMs. The said announcement was also posted on NetLink NBN Trust's website.

The AGM on 20 July 2022 will be held via electronic means pursuant to the COVID-19 (Temporary Measures) Order as described above. At the upcoming AGM, Unitholders will also be able to submit questions "live" at the AGM through the "live" chat function via the audio-visual platform and also vote "live" by themselves or their duly appointed proxies via electronic means. Further details on the conduct of the upcoming AGM are set out in the Notice of AGM dated 24 June 2022 and its related announcement which have been made available on NetLink NBN Trust's website and SGXNET.

The subsequent paragraphs describe the usual practice when there are no pandemic risks and the COVID-19 Temporary Measures are not in operation.

The Trustee-Manager will notify Unitholders when NetLink NBN Trust's annual report and notice of AGM have been published on NetLink NBN Trust's website and also released via SGXNET and made available on the SGX website. Unitholders who wish to receive a physical copy of the AGM notice, the Annual Report and ancillary documents can submit their request at the Investor Relations website.

For EGMs, the Trustee-Manager will similarly notify Unitholders when the notice of EGM and the circular (which contain details of the matters to be proposed for Unitholders' consideration and approval) have been published on NetLink NBN Trust's website and also released via SGXNET and made available on the SGX website. Unitholders who wish to receive a physical copy of the EGM notice and the circular can submit their request at the Investor Relations website.

At AGMs, the CEO will make a presentation to Unitholders on NetLink's business performance and its prospects, going forward. The presentation materials will be posted on SGXNET and NetLink NBN Trust's corporate website.

At Unitholders' meetings, each resolution proposed will be voted on by way of electronic poll voting for Unitholders/proxies present at the meetings. The detailed results showing the number of votes cast for and against each resolution, and the respective percentages, will be tallied and displayed on screen to Unitholders immediately after each poll is conducted at the Unitholders' meeting. The results of the poll of each Unitholders' meeting will also be announced in a timely manner after the Unitholders' meeting via SGXNET.

Unitholders may appoint up to two proxies to attend and vote on their behalf if they are unable to attend in person, and corporate Unitholders 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/EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual, in accordance with the Trust Deed. Unitholders who are Relevant Intermediaries (as defined in the Companies Act 1967) may appoint more than two proxies at a meeting of Unitholders, such that indirect investors may be appointed as proxies to participate in Unitholders' meetings. Details on the appointment of proxies are contained in the proxy forms which will be despatched to Unitholders together with the notice of AGM/EGM.

Resolutions submitted at the AGM are separate and not bundled or made inter-conditional on each other, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Trustee-Manager will explain the reasons and material implications. The tabling of separate resolutions gives Unitholders the right to express their views and exercise their voting rights on each resolution separately. Information is also provided on each resolution to enable Unitholders to exercise their vote on an informed basis. Such information includes the Directors' fees framework for the resolution on the payment of Directors' fees, and the background and board committee positions of the relevant Directors for the resolutions on the re-election of Directors.

The Trustee-Manager does not intend to adopt absentia voting methods (e.g. via mail, email or fax) for NetLink NBN Trust and Singapore NBN Trust until issues such as the authentication of unitholder identity and other related security and integrity of such information can be resolved. Notwithstanding the foregoing, as Unitholders may appoint proxies to attend and vote on their behalf as further mentioned above, the Board is of the view that Unitholders will still be able to participate effectively in and vote at the general meetings even in the absence of absentia voting.

Provision 11.5:

The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

Minutes of NetLink NBN Trust's and Singapore NBN Trust's AGM/EGM will be posted on the Trust's website as soon as practicable. The minutes will record substantial and relevant comments or queries from Unitholders relating to the meetings, and responses from the Board and Management. The Trustee-Manager also ensures that all material information relating to the NetLink NBN Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including Unitholders. In accordance with the COVID-19 Temporary Measures Order, the Minutes of the NetLink NBN Trust's and the Singapore NBN Trust's AGM in 2021 were published on SGXNET and posted on the Trust's website within one month after the AGMs were held. The said Minutes include the questions submitted by Unitholders and the responses to these questions.

Provision 11.6:

The company has a dividend policy and communicates it to shareholders²¹.

NetLink NBN Trust's distribution is to distribute 100% of its cash available for distribution, which includes distribution received from its wholly-owned subsidiary, NetLink Trust. NetLink Trust distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust, after setting aside reserves and provisions for, amongst other things, future capital expenditure (including the funding of a capital expenditure reserve fund pursuant to regulatory requirements), debt repayment and working capital as may be required. Distributions by NetLink NBN Trust and NetLink Trust will be made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates.

Engagement with Shareholders

Principle 12:

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

Provision 12.1:

The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

Provision 12.2:

The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Provision 12.3:

The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

²¹ Rule 704(24) Listing Rules requires that in the event that the Board decides not to declare or recommend a dividend, the company must expressly disclose the reason(s) for the decision together with the announcement of the financial statements.

CORPORATE GOVERNANCE

The Trustee-Manager is committed to keeping Unitholders and the public fully informed of information that may have a material effect on the price or value of NetLink NBN Trust's units through timely disclosure of information to the SGX-ST via the SGXNET, to assist investors in their investment decisions. The Trustee-Manager has in place a policy on announcements which governs the timely and accurate disclosure of announcements via SGXNET.

The Trustee-Manager actively engages its stakeholders (including Unitholders, fund managers, analysts and the media) through its Investor Relations ("IR") department, which has a dedicated IR policy to promote regular, effective and fair communication with its Unitholders. The IR policy is committed to a two-way process to allow the Trustee-Manager to explain NetLink's business as well as to gather feedback. The IR policy sets out the communication tools and practices adopted by the Trustee-Manager, including the protocol for email and phone replies to investor queries. Further details of the IR policy can be found under "Investor Relations" on pages 72 to 73.

The IR team conducts roadshows together with senior Management and participates in one-on-one investor meetings, investor seminars and conferences, which may be virtual or in person, to keep the market and investors apprised of its financial performance and corporate development. The aim of such meetings is to provide investors with prompt disclosure of relevant information, provide a better understanding of NetLink's operations and financial performance, and to enable investors to make informed investment decisions, as well as to solicit and understand the views of Unitholders. Management makes available all of its briefing materials to the SGX-ST through SGXNET and via NetLink NBN Trust's corporate website at www.netlinknbn.com.

Investors can also contact the IR team by email at investor@netlinknbn.com. This email address is published on NetLink NBN Trust's corporate website. Further details of the IR activities during FY2022 can be found under "Investor Relations" on pages 72 to 73.

Managing Stakeholders Relationships

Principle 13:

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

Provision 13.1:

The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

Provision 13.2:

The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Provision 13.3:

The company maintains a current corporate website to communicate and engage with stakeholders.

The NetLink NBN Group takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Sustainability governance structure and framework were put in place to identify, engage with, and manage material environment, social and governance factors which are important to stakeholders and to the NetLink NBN Group.

The following corporate websites are maintained to communicate and engage with stakeholders:

- www.netlinknbn.com
- www.netlinktrust.com

More information on the NetLink NBN Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found under "Sustainability Report" on pages 76 to 112.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

The NetLink NBN Group has adopted an internal compliance Code of Best Practices on Securities Dealings ("**Code**") to provide guidance to the NetLink NBN Group, its Directors and employees ("**Officers**") on dealing in securities of NetLink NBN Trust. In line with the Singapore Exchange Securities Trading Limited's guide on prevention of insider dealing, "*Handling of Confidential Information and Dealings in Securities*", the Code:

- (a) elaborates on prohibitions under the Securities and Futures Act 2021 and the Singapore Exchange Securities Trading Limited Listing Rules; and
- (b) stresses the importance of prohibitions against insider trading and market misconduct, and the potential civil and criminal sanctions which could result from breach of obligations.

In accordance with the Code, the NetLink NBN Group and its Officers are prohibited from dealing in NetLink NBN Trust's securities during the period commencing (a) two weeks before the announcement of NetLink NBN Trust's business updates for the first and third quarter of the financial year; and (b) one month before the announcement of NetLink NBN Trust's half year and full year financial results, and ending on the date of the announcement of the relevant business updates or financial results ("**black-out period**"). In exceptional circumstances when Officers wish to deal in NetLink NBN Trust's securities (especially during a black-out period), they must obtain prior written approval of the Board, the Chairman, or the CEO, as the case may be. A full explanation of the exceptional circumstances and proposed dealing must be given before any such request will be considered. Quarterly notices are issued to Officers to, among other things:

- (a) remind them that it is an offence to deal in NetLink NBN Trust's securities, as well as securities of other listed issuers, while in possession of unpublished price-sensitive information; and
- (b) inform them on the start of each blackout period.

As and when appropriate, Officers will be issued advisories to refrain from dealing in NetLink NBN Trust's securities.

Officers are required to confirm annually that they have complied with the Code and quarterly notices are issued to Officers informing them not to deal in NetLink NBN Trust's securities during a black-out period. The Code also discourages dealings on short-term considerations and cautions that it is an offence to deal in NetLink NBN Trust's securities (as well as securities of other listed issuers) while in possession of unpublished price-sensitive information.

In addition, Directors are required to report to the Company Secretaries within two business days whenever they deal in NetLink NBN Trust's securities and the latter will make the necessary announcements in accordance with the requirements of SGX-ST.

MATERIAL CONTRACTS AND INTERESTED PERSON TRANSACTIONS

There are no material contracts entered into by NetLink NBN Trust or any of its subsidiaries involving the interests of the CEO, any Director, any controlling shareholder of the Trustee Manager, either subsisting or entered into for FY2022, other than:

- (a) contracts as disclosed on pages 238 to 242 of the IPO Prospectus (<https://netlinknbn.com/ipo.html>); and
- (b) interested person transactions as disclosed on page 196 of this Annual Report.

ENTERPRISE RISK MANAGEMENT

Our Approach

At NetLink, we strive to excel as the planner, builder, operator and long-term owner of quality infrastructure assets and provider of quality infrastructure services, adding value to our customers and achieving consistent returns. In doing

so, we seek to manage potential risks associated with the execution of its business strategies and maximise any opportunities that may arise.

We recognise that risks arise in many forms and can have positive or negative impacts on our reputation,

as well as compliance, operational and financial performances.

As such, we have adopted the international standard ISO 31000: 2018 Risk Management – Guidelines, with the aim of pursuing a systematic and structured approach towards



the effective management of risk that will promote a more stable and informed environment for NetLink to meet its intended objectives.

We seek to achieve the following objectives through the effective management of risk:

Risk Governance Structure

Board of Directors

Oversees risk governance in NetLink through frameworks for risk management and the implementation of internal controls activities.

Risk and Regulatory Committee ("RRC")

Provides oversight and reviews the adequacy and effectiveness of the risk management system and provides overall supervision of risk management.

Management Risk Committee ("MRC")

Ensures the effectiveness of NetLink's Enterprise Risk Management ("**ERM**") framework, policies and resources employed to identify, manage and report risks relating to NetLink's activities.

Risk Owners

Responsible for the effective implementation of risk management strategies, control measures, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board, and report risks relating to NetLink's activities.

ENTERPRISE RISK MANAGEMENT

Key Risks

Key risks faced by NetLink and the actions we have taken to mitigate these risks.

| Risk | Risk Description | Risk Action Plans |
|--|---|--|
|  <p>Business Continuity Risk</p> | <p>The provision of NetLink's services depend on people and on the quality, stability, resilience, and robustness of its integrated network. The network can experience damage or cessation of operations from fire, flooding, heavy rainfall, other natural disasters, power loss, vandalism, acts of terrorism, pandemic outbreak, cyber-attacks and computer viruses, cable cuts and other events beyond NetLink's control. Any failure of or damage to NetLink's physical infrastructure could lead to significant costs and disruptions.</p> <p>Challenges brought on by COVID-19, if not managed or resolved carefully, could disrupt our operations.</p> | <ul style="list-style-type: none"> ○ Invested in disaster recovery systems and put in place a robust Business Continuity Management System ("BCMS") programme. Our BCMS programme was certified to ISO 22301:2019 standard and annual audits are conducted to maintain its certification. ○ Updated business continuity plans ("BCP") and conducted exercises to familiarise stakeholders with the BCPs annually. ○ Engaged an independent external consultant to conduct an Industry Crisis Management Plan exercise which involved our customers, the Requesting Licensees ("RLs") and regulator so as to validate the documented crisis management procedures, increase awareness of the plan among our stakeholders and prepare them to coordinate their actions with the rest of the stakeholders in the event of a disaster ○ With the different challenges brought on by COVID-19, we worked with different stakeholders in accordance with our BCP and acted to minimise the impact of business disruptions. |
|  <p>Outsourcing Risk</p> | <p>NetLink outsources the majority of its construction work to third-party contractors. This includes the construction and maintenance of ducts and manholes, the installation of fibre cables, including installation of fibre connections at end-user locations.</p> <p>For the work required, our contractors rely heavily on foreign workers and are subjected to the policies that govern the employment of foreign workers.</p> <p>Due to the nature of our business, we are reliant on certain key contractors who employ mainly foreign workers to construct, upgrade and maintain our network.</p> | <ul style="list-style-type: none"> ○ Identified and signed contracts with more contractors so that we are not reliant on a few contractors. ○ Continually engage our contractors to monitor the level of manpower resources so as to ensure that our operations are not materially impacted by their lack of manpower resources. |

Risk



Cybersecurity Risk

Risk Description

Cybersecurity threats have not only been increasing in recent times but are also getting more sophisticated.

As NetLink's businesses and operations rely heavily on Information Technology ("IT"), NetLink is exposed to cybersecurity threats, data privacy breaches as well as other network security and stability risks.

Risk Action Plans

- Established policies and frameworks to ensure information system security and network stability.
- Deployed a layered cybersecurity defense framework that includes end-point security, firewall with built-in threat intelligence and a Security Information and Event Management solution which helps to identify and detect abnormalities in our computer systems and potential intrusions.
- Performed continuous vulnerability scanning and fine-tuning of system alerts to mitigate cyber threats.
- Periodic audits are conducted by our internal and external auditors, and penetration testing is conducted annually by a third-party. Any vulnerabilities identified through these audits are reviewed and mitigated.
- Provided training to our employees on cybersecurity awareness and regularly reminded employees to be vigilant to such threats.



IT System Implementation Risk

NetLink faces risks relating to the implementation of its new IT systems to replace the existing Operations Support System/Business Support System ("OSS/BSS") system.

NetLink will rely on the new IT systems for the operation of most of NetLink's activities once these systems are implemented. Any failure of the new systems could have a material adverse effect on NetLink's operations and financial performance, including, but not limited to, delays in responding to connection requests from the Requesting Licensees, delays in resolving any disruptions to NetLink's network and delays in billing and invoicing activities. Additionally, any failure of NetLink's IT systems may impact its ability to meet the QoS timeframe standards.

- To ensure that the new IT systems are built for purpose, we monitor and track the various stages of the project life cycle. Issues, gaps, and defects are identified, documented and reviewed weekly.
- On a monthly basis, NetLink together with the system integrator conducts a senior level steering committee meeting to discuss project progress and critical issues.
- During testing phase, extensive testing will be performed throughout the systems, including user engagement to test and validate the to-be business process and verify that the requirements have been met.

ENTERPRISE RISK MANAGEMENT

Risk



Capital Management Risk

Risk Description

Liquidity Risk

Liquidity risk is the risk that NetLink will encounter when it has difficulty in meeting financial obligations due to shortage of funds.

NetLink manages its capital to ensure that it will be able to continue as a going concern and to ensure that all externally imposed capital requirements have been complied with.

NetLink targets an investment grade credit rating and distribution consistent with our distribution policy.

Interest Rate Risk

Certain of NetLink's indebtedness are floating rate debt. Any increase in the underlying reference rates will increase the Trust Group's borrowing costs and will reduce cash flows from operations.

Risk Action Plans

- NetLink's funding requirements for its working capital, capital expenditure and other costs and expenses have historically been met mainly through cash generated from operations, credit facilities from banks and existing cash deposits.
- Maintained diversified funding sources with both financial institutions and capital markets and maintained relationships with multiple financial institutions.
- Refinancing risk is monitored by considering the maturity profile of debt facilities and available sources of funding. As far as possible, the maturities of debt facilities are spread out to mitigate refinancing risks.
- As at 31 March 2022, the current liabilities of NetLink exceeded current assets by S\$21.9 million due to the classification of the S\$156.0 million loan as a short-term liability. NetLink is in discussion with the lenders on the refinancing of the S\$156.0 million bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date.
- On 21 May 2021, NetLink entered into a new S\$510.0 million, Five-Year Singapore Overnight Rate Average ("SORA")-based Term Loan with maturity date on 21 May 2026. For more details on our existing loan facilities, please refer to page 25.
- NetLink actively reviews its mix of borrowings in both floating and fixed rate instruments to manage its overall exposure to interest rate risk. NetLink manages its interest rate exposure arising from its borrowings through interest rate swaps. As at 31 March 2022, approximately 76.6% of NetLink's borrowings were hedged.



Regulatory Compliance Risk

As a public telecommunication licensee, a listed entity and a registered business trust, NetLink is subject to regulations by the Infocomm Media Development Authority, Singapore Exchange Limited, Monetary Authority of Singapore and various other authorities. NetLink must ensure its compliance with a variety of legislation, regulations and codes of practice and could be subject to future regulatory changes and/or other Singapore government intervention.

- Maintained a framework to provide an overarching approach to ensure that the business operates in compliance with external laws and regulations.
- Identified responsible persons to manage compliance with the applicable laws and regulatory obligations, with central reporting of compliance issues to the MRC and an escalation process to the RRC.

| Risk | Risk Description | Risk Action Plans |
|---|--|---|
|  <p>Critical System Failure Risk</p> | <p>NetLink's physical aboveground and underground fibre-related infrastructure and IT infrastructure are critical to the operational performance of NetLink.</p> | <ul style="list-style-type: none"> Measures in place to identify fault and failure to our key systems such that remedial actions can be taken. Regular maintenance on our equipment to ensure that critical systems are kept in good working condition and replaced in time. |
|  <p>Technology Risk</p> | <p>NetLink operates in an environment driven by technological changes.</p> <p>With the rapid advancement in technology, technological changes may require NetLink to replace and/or upgrade its network infrastructure in order to remain competitive against newer products and services.</p> <p>While NetLink's network currently offers the highest potential speeds for data transmission among commercially available options, customers and applications that do not require higher speed data connections may choose to rely on these alternative technologies for their data connectivity, especially if offered on more attractive terms.</p> | <ul style="list-style-type: none"> Regular market scans to understand emerging trends and/or changes in broadband consumption behaviour, including the deployment and adoption of substitute technologies in Singapore and overseas markets so as to keep ourselves up to date on the new technology developments. Assessed the results of the market scans, with a view to update our business plans in light of new technological developments. |
|  <p>Customer Concentration Risk</p> | <p>NetLink has no direct material relationship with the end-users of the network and is largely dependent on the RLs for marketing activities and growth in demand for the use of the network.</p> <p>Due to the niche market we are in locally, demand for use of NetLink's network, and the revenue streams resulting from this, is primarily dependent on the activities of the RLs/Retail Service Providers (NetLink's customer) to expand their own customer bases.</p> <p>In the event that there is an unanticipated loss of key customers it may significantly impact NetLink's revenue streams.</p> | <ul style="list-style-type: none"> Carried out regular engagements with the RLs to understand their requirements and to address any challenges and feedback that they may have. Monitored trends and market development on a monthly basis so that we are ready to undertake mitigating strategies where required. Conducted credit assessment on the RLs on an annual basis or as and when required. |

INVESTOR RELATIONS

Proactive, Open Engagement

At NetLink, we are committed to proactive, timely and consistent communication with Unitholders, analysts, and the investment community. Through a myriad of communication channels, the team continued to engage with various stakeholders in a timely manner, to keep them abreast of NetLink's performance and outlook and to ensure that they have the necessary information to make informed investment decisions.

In spite of the continued COVID-19 Safe Management Measures in FY22, Management met with over 200 institutional investors, financial institutions, and private bankers and approximately 600 retail investors and trading representatives via virtual conferencing. These engagements allowed for timely two-way communication on NetLink's operational and financial performance, corporate strategy, and other matters such as the impact the evolving COVID-19 situation had on operations.

We ensure all material information are announced with the Singapore

Exchange ("**SGX-ST**") and promptly make available the announcements on our corporate website to ensure fair, equal, and prompt dissemination of information. To further engage with analysts, a post-results conference call was held every quarter to allow the analysts to interact directly with Management. Meetings were held by way of online video conferencing and teleconferencing. To be alerted of any new announcements, Unitholders and the public can also subscribe to NetLink email alert list. Contact details of the IR department are also listed on the website for investor queries.

In FY22, we held a virtual Annual General Meeting ("**AGM**") which had over 100 attendees. Unitholders were encouraged to send in their questions before the meeting and to also ask questions 'live' during the meeting. The minutes of the meeting and questions and answers are available on NetLink's website.

Unitholder Analysis

As at 31 March 2022, market capitalisation was approximately S\$3.8 billion, based on the closing price of S\$0.975 on 31 March 2022.

The average unit price for the period was S\$0.962, hitting a high of S\$1.02 on 23 November 2021 and a low of S\$0.90 on 1 April 2021. Average daily trading volume during this period was 7,493,944 units.

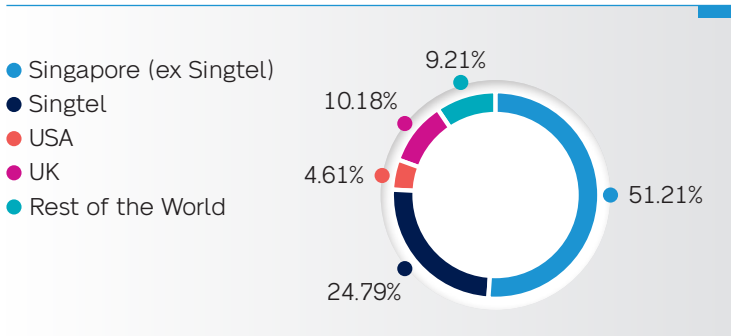
Distribution Policy

The Trust's full distribution policy can be found in the prospectus dated 10 July 2017.

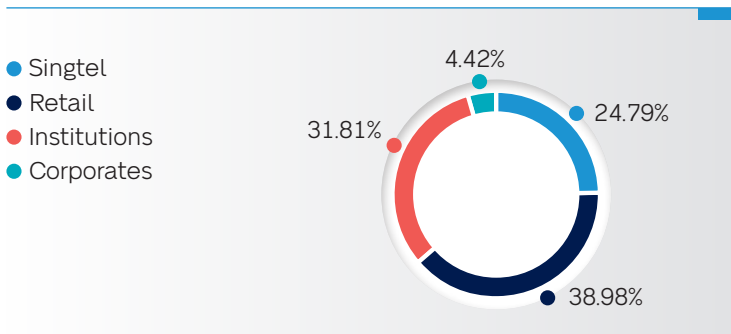
NetLink NBN Trust's distribution policy is to distribute 100% of its cash available for distribution, which includes distributions received from its wholly-owned subsidiary NetLink Trust ("**NLT**"). NLT's distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust after setting aside reserves and provisions for, amongst others, future capital expenditure, debt repayment and working capital as may be required.

Distributions by NetLink NBN Trust will be made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the 6-month period ending on each of the said dates.

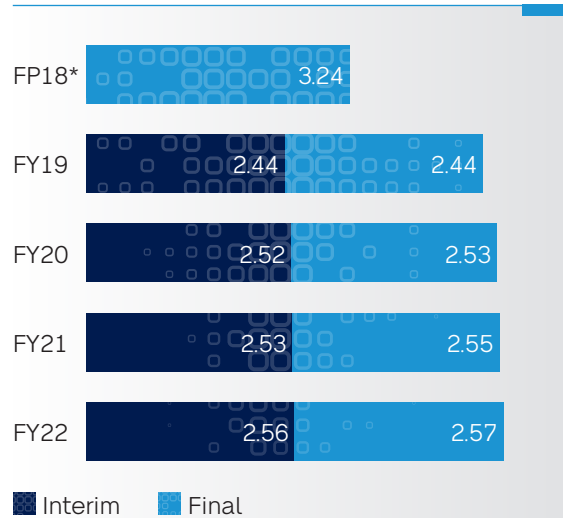
Ownership by Geography as at 31 March 2022



Unitholder base by Type as at 31 March 2022



Distribution Per Unit (Singapore cents per Unit)



* For the financial period from 19 June 2017 (date of constitution) to 31 March 2018. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on 19 July 2017, the date on which NetLink NBN Trust was listed.

Recognition

As testament to the quality of NetLink's investor engagement and corporate governance efforts, NetLink was recognised by the community for our high standards of communication and investor engagement. More details of our Corporate Governance efforts can be found on pages 34 to 65.

Ranked 1st

Governance Index for Trusts (GIFT) 2021

Ranked 4th

Singapore Governance and Transparency Index 2021

REIT and Business Trust Category

Winner

SIAS Investors' Choice Award

Shareholder Communication Excellence Award, REITS & Business Trust Category

Winner

Singapore Corporate Awards 2021

Corporate Excellence and Resilience



Investor Relations Calendar FY22

Quarter 1

- Full Year Financial Results for the period ended 31 March 2021
- Briefing to Maybank Kim Eng Trading Representatives
- CGS-CIMB NDR
- Citi Pan Asia Regional Conference
- UOB NDR
- SGX-Credit Suisse Corporate Day

Quarter 2

- Q1 Financial Results for the period ended 30 June 2021
- Briefing to Phillip Capital Trading Representatives
- Tiger Brokers Retail Investor Briefing
- DBS NDR
- Annual General Meeting

Quarter 3

- Q2 Financial Results for the period ended 30 September 2021
- UOB NDR
- Daiwa Investment Conference
- Briefing to CGS-CIMB Trading Representatives
- SGX-SIAS Corporate Connect

Quarter 4

- Q3 Financial Results for the period ended 31 December 2021
- DBS Vickers Pulse of Asia Conference
- Briefing to DBS Vickers Private Bankers
- Briefing to Lim & Tan Trading Representatives
- Nomura ASEAN Virtual Conference

CORPORATE SOCIAL RESPONSIBILITY

At NetLink, we believe in being a valued partner to the communities we operate in and contributing to the overall well-being of our beneficiaries through meaningful volunteering opportunities. In alignment with our Corporate Social Responsibility (“CSR”) mission and values, we support and serve causes and groups we choose, namely low-income disadvantaged families, and the elderly.

In FY22, we donated over S\$300,000 and put in approximately 260 man-hours in a series of CSR activities organised within

the guidelines of various Safe Management Measures. In addition, we made a S\$40,000 commitment to the Singapore Institute of Technology (“SIT”), to be given to financially disadvantaged Singaporean students.

We continued our support of Infocomm Media Development Authority’s (“IMDA”) Home Access Programme by contributing an additional S\$50,000 on top of the committed S\$600,000 over a three-year period. To date, this programme has benefitted more than 14,000 homes that have gained access to

subsidised fibre connectivity. This has become increasingly significant as Singapore moves towards a digitalised society. In addition, we participated in IMDA’s Digital Learning Clinics, which aims to help the elderly be comfortable and familiar with digital technology through a set of curated curricula. We will continue to help all Singaporeans to be digitally ready, *Future Ready*.

Our adopted charity for the year was TOUCH Young Arrows – Eunos (“TYA – Eunos”), serving children between the ages of 5 to 14 from low-income



IMDA's Home Access Programme: Helping Seniors become more digitally prepared



Hand-made art piece by the Seniors of Care Corner in appreciation of our support



Food from the Heart: Packing food bundles to be distributed to needy families

or disadvantaged backgrounds. Our sponsorship helped to cover the expenses related to running TYA – Eunoz and enrichment classes for the children. TYA – Eunoz organises activities such as academic coaching and character-building activities, family-related events and other social and educational activities. Due to the ongoing COVID-19 situation, in-person activities were limited. However, that did not stop our volunteers from bringing the children to the River Safari during the September school holiday break. As this was a first for many of them, the children were very excited to

learn about the animals and fishes and to see them up-close. To close out the year, the children had their Christmas wish-list granted by our volunteers.

To further maximise our CSR efforts, we partnered with various social enterprises and businesses in the community. We continued our work with *Food from the Heart* to aid in the packing and distribution of food bundles to needy families. We also partnered with *Care Corner* to refurbish the homes of seniors that live alone or are from low-income families. Volunteers stepped in to

spruce up their homes, giving the elderly a clean and safe home to lead a dignified life.

In the new year, we will continue to deepen our involvement in the community through meaningful volunteerism activities and donations. We will continue to seek meaningful ways to assist Singaporeans to become digitally literate as well as to assist the less fortunate in the community.



Refurbishing the homes of low-income Seniors or those who live alone



Bringing the children of TYA - Eunoz to the River Safari

SUSTAINABILITY REPORT



Board Statement

The Board of Directors (the “**Board**”) is pleased to present NetLink NBN Trust and its subsidiaries’ (“**NetLink**”) fourth Sustainability Report, which highlights our Environmental, Social and Governance (“**ESG**”) performance, as well as steps taken over the past year to advance our sustainability goals. This report showcases the many ways NetLink embeds sustainability in all aspects of our operations and mission to connect the nation.

At NetLink, sustainability has always been an integral part of our business strategy and is embedded in our business operations. This is underpinned by a strong commitment from our Board, which provides oversight and guidance to drive sustainability agenda across the organisation. Working closely with the Sustainability Steering Committee (“**SSC**”), which comprises members of our management team, the Board provides guidance to manage and monitor material ESG factors to ensure that NetLink is resilient and adaptable to change while continuing to deliver sustainable business outcomes and long-term value creation for our stakeholders. To this end, we have identified 2 new material ESG topics – Climate Change, as well as Data Security and Privacy in this year’s report to address the concerns and interests of our stakeholders. Our material ESG topics are also aligned to 6 United Nations’ Sustainable Development Goals (“**SDGs**”) to address global challenges and spotlight key areas for us to better focus our sustainability efforts.

The COVID-19 pandemic continued to pose challenges to the business and social landscape in the past year. While we were operating in an increasingly challenging environment, this also presented opportunities for NetLink to contribute to the society in a meaningful way, and thus, creating long-term value for all our stakeholders. We believe we rose to the challenge and continued to meet the needs of the wider society and nation by providing extensive, reliable and robust fibre network connection across Singapore. The pandemic shone light on the importance of

our network as we continued to deliver reliable fibre connectivity across the nation and provide support to many Singapore residents as they adjusted to the new normal of working from home. NetLink has also continued to support the 5G rollout in Singapore and explore new ways to help accelerate the growth of the 5G ecosystem, helping Singapore achieve its vision as a Smart Nation.

As a responsible business, NetLink strives to align and contribute towards the national environmental agenda amid the global urgency for all to play a part to preserve environmental resources for future generations. With Singapore Green Plan 2030 underway, we take active and tangible steps to support the transformation of our nation into a greener and more sustainable city. Seeking to align to the national agenda, we have set an ambitious target to reach net zero by 2050 for emissions within our operations. In FY22, we worked with an external consultant to develop our carbon inventory. This provided a baseline for us to devise our strategies to meet our net zero commitments. NetLink will continue to seek new ways to mitigate our impact on the environment and contribute towards the Singapore's government target of peaking emissions by 2050 and achieving net zero emissions by the second half of the century.

To enhance the credibility of ESG information disclosed in the sustainability report and increase confidence among our stakeholders, NetLink subjected our report to external assurance, ahead of SGX's recent changes to its listing regulations which requires all listed companies to subject their sustainability report to assurance by their internal auditors from FY23 onwards.

We are excited to share our long-term sustainability journey with you as we continuously seek to improve and review the effectiveness of our measures, and plan to achieve our goals.

NetLink NBN Trust
Board of Directors

About This Report

NetLink reaffirms our commitment to sustainability with the publication of our fourth Sustainability Report (the "Report"). This Report provides a summary of the sustainability performance, practices, commitments and targets across all NetLink's operations and assets in Singapore for the financial year ended 31 March 2022 ("FY22"), unless otherwise stated.

This Report is recommended to be read in conjunction with the financial and governance information detailed in the Annual Report. Both reports aim to provide a more comprehensive and transparent reporting of NetLink's yearly objectives and performance to our stakeholders.

The Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards Core option and SGX-ST Listing Manual (Rules 711A and 711B). NetLink has continued to adopt the GRI Standards as it is a globally recognised reporting framework that focuses on topics material to NetLink and our key stakeholders. Furthermore, it enables NetLink to report upon our ESG performance in a transparent and meaningful manner. The full list of disclosures can be found in the GRI content index at the end of the Report (Pages 103-106).

Our sustainability initiatives will continue to evolve and NetLink welcomes all feedback as it enables us to continuously improve our sustainability practices and reporting. Please write to investor@netlinknbn.com.

SUSTAINABILITY REPORT

Our Achievements



Climate Change

- Set targets to reduce our scope 1 and 2 carbon emissions by 50% by FY30 (using FY22 as a baseline) and achieve net zero by 2050
- Reviewed the potential impacts of climate change on our operations to ensure resiliency of our business and operations in the event of disruptions from climate change



Data Security and Privacy

- Achieved zero incidents relating to data breaches of personal data or company-related confidential data



Waste Management

- Maintained zero cases of non-compliance on waste disposal practices
- Minimised fibre waste generated from operations and achieved a scrap rate of 1% on fibre cable issued during the year



Connecting the Nation

- Maintained 100% islandwide fibre coverage
- Supported 5G rollout and collaborated with industry players to conduct 5G trials across Singapore
- Supported SMEs in their digital transformation through promotional pricing with more than 2,100 qualified orders received as at 31 March 2022



Talent Retention

- Launched "Listening Ear", a programme to give a voice to our staff to share their views
- Recorded employee turnover rate of 15.4%, lower than the High-Tech industry turnover rate of 16.5%
- Provided an average of 21.3 learning hours per employee



Infrastructure, Quality and Network Availability

- Invested approximately S\$62 million to enhance and ensure the robustness of our fibre network
- Maintained 99.99% network availability



Diversity and Equal Opportunity

- Maintained zero incidents of discrimination during the year



Governance and Transparency

- Received 4 awards/recognitions in FY22, notably:
 - Winner of the Corporate Excellence and Resilience Award (Large-Cap)
 - Ranked 1st on the Governance Index for Trusts
- Maintained zero cases of corruption and zero cases of significant breaches of laws and regulations



Occupational Health and Safety

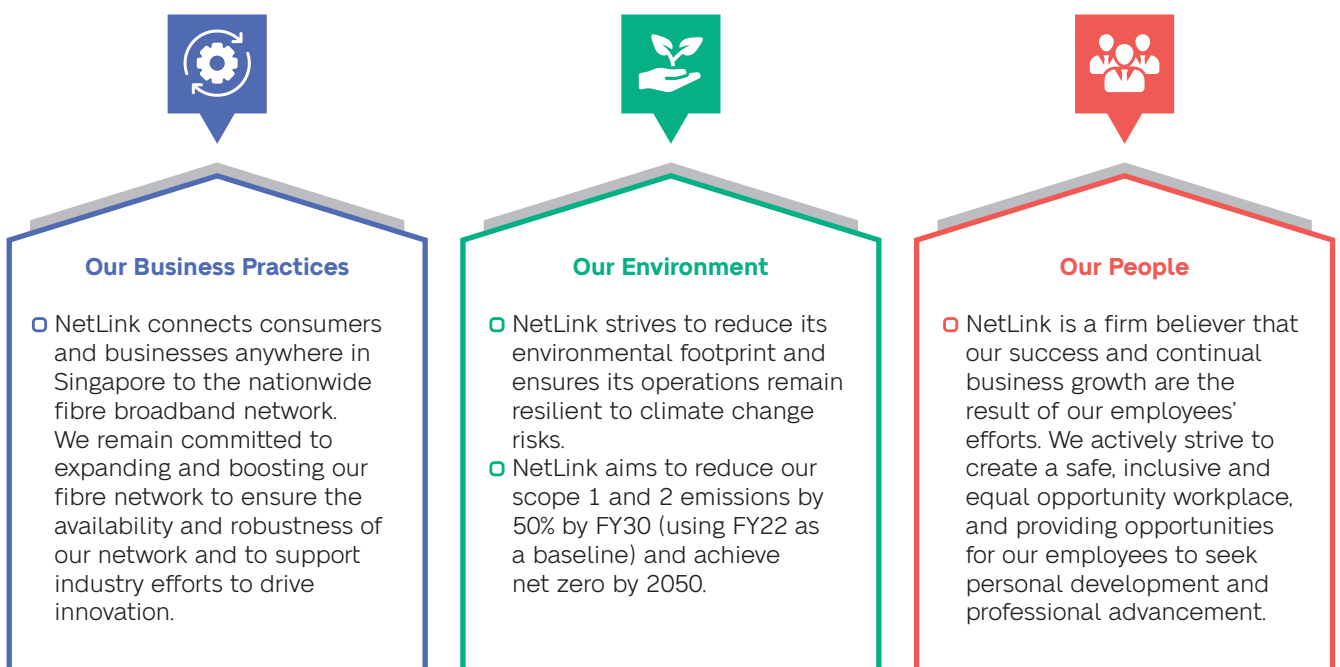
- Maintained zero work-related incidents resulting in fatalities or permanent disabilities

NetLink's Sustainability Strategy and Governance

As the impact of climate change intensifies across the world, there is growing consensus for governments and businesses to step up and accelerate climate action. At NetLink, we strive to create long-term value for our stakeholders by integrating sustainable practices into our daily operations. Guided by our core values of Partnership, Excellence, Integrity, Teamwork, and Respect, we continue to monitor sustainability-related risks and identify new opportunities that support our long-term strategy.



Our long-term strategy is supported by our sustainability framework. Our framework demonstrates NetLink's action plans across three focus areas – Our Business Practices, Our Environment and Our People – to translate our long-term strategy into positive impacts for all stakeholders.



SUSTAINABILITY REPORT

Sustainability Governance

A strong sustainability governance structure is essential in driving sustainability strategies across the business operation and ensuring sustainable growth in the long run.

Our Sustainability Governance Structure



At NetLink, the Board oversees and sets the direction for our sustainability approach and material ESG issues. The Board incorporates sustainability issues in NetLink's strategic formulation as well as approves and manages ESG issues material to the business. At three out of four board meetings held quarterly, sustainability is discussed as part of the agenda where the Board and management review and update NetLink's current sustainability initiatives to be in line with market expectations and best practices, as well as the organisation's sustainability performances against targets set.

Supporting the Board is the Sustainability Steering Committee ("**SSC**") which comprises the C-Suite. The SSC is responsible to develop sustainability objectives and strategies, manage and monitor NetLink's sustainability performance. The SSC and key management personnel hold several meetings in the year to discuss topics relating to sustainability. This includes the assessment of material ESG topics, carbon emissions targets, and proposed decarbonisation initiatives amongst many others. The SSC updates the Board on NetLink's sustainability performance and seeks guidance on our current sustainability strategy during board meetings. To ensure accountability, we have included relevant ESG targets into our corporate key performance indicators, which are linked to the SSC members' remuneration.

Our management team is committed to driving our sustainability efforts to ensure NetLink is a responsible corporate citizen.

Assurance

For FY22, Deloitte & Touche LLP was engaged to provide limited assurance on selected FY2022 GRI disclosures using Singapore Standard on Assurance Engagements 3000. The assurance statement can be found on Pages 107-112 of this report.

In addition, Netlink's Internal Audit department has included a review of Netlink's Sustainability Report into its audit review cycle. Any findings from the review will be shared with management and management commits to undertake any corrective actions required.

NetLink's Material Factors

NetLink regularly reviews and assesses the relevance of factors material to our business and significant to both internal and external stakeholders. In FY22, we worked with an external consultant to carry out a materiality assessment to assess the relevance of previously identified ESG factors. A three-step materiality assessment was used to determine material ESG factors:

1. **Identification of material ESG factors** based on extensive research into sustainability trends affecting our industry, peer evaluation as well as conducting online questionnaires with both internal and external stakeholders to understand their concerns. The survey aimed to obtain a holistic assessment of key ESG factors that impact stakeholders' decision-making process. Internal stakeholders include employees and senior management from diverse business units, while external stakeholders include financial analysts, unitholders, customers, contractors, regulators, local communities, lenders, and workers' union.
2. **Prioritisation of material ESG factors** was based on discussions held with management, taking into consideration of the prioritisation of key ESG factors by stakeholders. NetLink takes a dynamic materiality approach that focuses on material topics that can impact our stakeholders and business in the long term and immediate future.
3. **Validation of material ESG factors** by seeking approval from the Board.

During the materiality review process, we identified two new material ESG factors that are material to our operations – Data Security and Privacy, and Climate Change. The list of our material ESG factors are as follows.

Material ESG Factors

| Our Business Practices | Our Environment | Our People |
|---|--|--|
| <ul style="list-style-type: none"> <input type="checkbox"/> Economic performance¹ <input type="checkbox"/> Connecting the nation <input type="checkbox"/> Infrastructure, quality and reliability of network <input type="checkbox"/> Governance & transparency <input type="checkbox"/> Compliance with laws and regulations <input type="checkbox"/> Data security and privacy | <ul style="list-style-type: none"> <input type="checkbox"/> Climate change <input type="checkbox"/> Waste management | <ul style="list-style-type: none"> <input type="checkbox"/> Talent retention <input type="checkbox"/> Diversity & equal opportunity <input type="checkbox"/> Occupational health and safety |

Management had also identified sustainable supply chain and local communities as non-material ESG factors for disclosure. The Board and Management will monitor these factors closely and will consider expanding relevant disclosures in due course.




¹ For Economic Performance, this is disclosed in the Business Review and Financial Statements sections in the in the Annual Report (pages 18 to 25 and 114 to 190).





SUSTAINABILITY REPORT

Stakeholder Engagement

NetLink is committed to creating a positive impact on the environment and creating sustainable value for our stakeholders. We believe that day-to-day conversations and regular engagement is crucial in building trust with our stakeholders and driving business growth. Furthermore, the concerns and interests of stakeholders will enable us to identify key sustainability areas to focus upon and implement our sustainability strategy to achieve our goals.

In FY22, NetLink conducted a stakeholder mapping exercise to identify our material stakeholders, whom we surveyed to gain their perspectives on sustainability. We will continue to forge relationships with our stakeholders and ensure their concerns and needs are addressed.

| Key Stakeholders | Engagement Methods and Frequency | Key Topics of Concern | NetLink's Response | |
|---|---|---|---|--|
| Unitholders/ Analysts  | Throughout the year <hr/> Annually | <ul style="list-style-type: none"> ○ Release of financial results and announcements, press releases, and other required disclosures through SGXNet and NetLink's website ○ Meetings and calls with analysts ○ Investor conferences / roadshows <hr/> <ul style="list-style-type: none"> ○ SGX Corporate Connect Seminar ○ Annual General Meeting | <ul style="list-style-type: none"> ○ Business and operations performance ○ Business strategy and outlook ○ Regulatory Pricing Framework and Determination ○ Sustainability issues | <ul style="list-style-type: none"> ○ Regularly engage the investment community and provide timely information to the market |
| Lenders  | Throughout the year <hr/> As and when needed | <ul style="list-style-type: none"> ○ Announcements and press releases <hr/> <ul style="list-style-type: none"> ○ Meeting with lenders | <ul style="list-style-type: none"> ○ Business and operations performance ○ Business strategy and outlook | <ul style="list-style-type: none"> ○ Regularly engage lenders and provide timely information to them |
| Customers  | Annually <hr/> Throughout the year | <ul style="list-style-type: none"> ○ Customer survey <hr/> <ul style="list-style-type: none"> ○ Regular meetings with customers to understand the projected demand | <ul style="list-style-type: none"> ○ Reliability and quality of infrastructure ○ Ability to meet the infrastructure demand ○ Sourcing and operations in the value chain | <ul style="list-style-type: none"> ○ Invest in our network to ensure availability and reliability of our network, with 100% islandwide coverage ○ Regular meetings with customers to understand their concerns and to address them |




| Key Stakeholders | Engagement Methods and Frequency | Key Topics of Concern | NetLink's Response |
|---|---|--|---|
| Contractors/Suppliers  | <p>Throughout the year</p> <ul style="list-style-type: none"> Regular meetings with contractors and suppliers | <ul style="list-style-type: none"> Business performance Anti-corruption Occupational health and safety | <ul style="list-style-type: none"> Various policies in place to govern procurement process, anti-bribery and corruption, suppliers' code of conduct Regular meetings in place to discuss operational issues |
| Employees  | <p>Upon joining the Company</p> <hr/> <p>Twice a year</p> <hr/> <p>Throughout the year</p> <hr/> <p>Once every 2 years</p> | <ul style="list-style-type: none"> Induction for new employees Performance appraisals Staff activities that promote well-being Training and awareness programmes Employee engagement survey | <ul style="list-style-type: none"> Compensation and benefits Career development Employee well-being Occupational health and safety Established practices and policies which cover areas such as market competitive remuneration packages, talent development, occupational health & safety etc Various channels are available for employees to provide their feedback, e.g., during townhall meetings, performance appraisal sessions, Listening Ear sessions etc. Feedback received will be deliberated by management and appropriate actions will be undertaken |
| Local communities  | <p>Throughout the year</p> <ul style="list-style-type: none"> Two-way discussion with focus groups | <ul style="list-style-type: none"> Monetary or non-monetary contributions to the local community | <ul style="list-style-type: none"> Contribute at community events through volunteering and corporate donations |
| Government and regulators  | <p>Throughout the year</p> <ul style="list-style-type: none"> Ongoing communication and consultation with the relevant authorities | <ul style="list-style-type: none"> Compliance with laws and regulations | <ul style="list-style-type: none"> Established policies and procedures to ensure compliance with laws and regulations |

SUSTAINABILITY REPORT

NetLink's Support for the SDGs

In 2015, the United Nations introduced 17 Sustainable Development Goals ("SDG") and called upon countries and businesses to address the world's most pressing sustainable development challenges by 2030. To align with the global agenda and contribute towards building a sustainable future for all, our material topics are mapped to the SDGs. We have identified six SDGs where we believe we could create positive environmental, social and economic impact through our business operations.

| Sustainable Development Goals | NetLink's Commitment | NetLink's Initiatives |
|---|---|---|
|  <p>Goal 3: Good Health and Well-being</p> <p>Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> | <p>NetLink believes in creating a healthy and safe workplace and promoting the well-being of our employees and contractors</p> | <p>Occupational Health & Safety</p> <ul style="list-style-type: none"> ○ Prioritise the health and safety of our employees and contractors by implementing robust procedures and policies, constantly seeking for opportunities to improve their well-being <p>Sustainable Supply Chain</p> <ul style="list-style-type: none"> ○ Perform workplace health and safety risk assessments and ensure control measures are in place to manage and minimise risks for contractors |
|  <p>Goal 8: Decent Work and Economic Growth</p> <p>Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries</p> | <p>Through our business operations, NetLink seeks to contribute to economic growth and invest in the development of employees to ensure productive contribution to growth</p> | <p>Economic Performance</p> <ul style="list-style-type: none"> ○ Our extensive fibre network contributes to economic growth and supports the creation of Singapore's Smart Nation <p>Talent Retention</p> <ul style="list-style-type: none"> ○ Create a dynamic workforce through retaining and fostering talent, and providing opportunities for personal development and professional advancement |
|  <p>Goal 9: Industry, Innovation and Infrastructure</p> <p>Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> | <p>NetLink connects consumers and businesses anywhere in Singapore to the nationwide fibre broadband network.</p> | <p>Connecting the Nation</p> <ul style="list-style-type: none"> ○ Maintain 100% islandwide fibre coverage and supporting industry efforts in driving innovation <p>Infrastructure, Quality and Reliability of Networks</p> <ul style="list-style-type: none"> ○ Continued investments to boost and expand our fibre network to increase the robustness and reduce the risk of system downtime |

| Sustainable Development Goals | NetLink's Commitment | NetLink's Initiatives |
|---|---|---|
|  <p>Goal 10: Reduced Inequalities</p> <p>Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p> | <p>Ensuring equal opportunities for all and cultivating a diverse workplace</p> | <p>Diversity and equal opportunity</p> <ul style="list-style-type: none"> ○ Create a diverse and inclusive environment that provides equal access to career opportunities and progression |
|  <p>Goal 12: Responsible Consumption and Production</p> <p>Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources</p> | <p>NetLink strives to ensure efficient and sustainable consumption of resources to minimise impacts on the environment.</p> | <p>Climate Change</p> <ul style="list-style-type: none"> ○ Proactively monitor our energy consumption and seek new initiatives to reduce our greenhouse gas ("GHG") emission footprint <p>Waste</p> <ul style="list-style-type: none"> ○ Adopt responsible waste management and look to reduce our waste as far as possible |
|  <p>Goal 13: Climate Action</p> <p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> | <p>NetLink strives to reduce its environmental footprint and ensures its operations remain resilient to climate change risks.</p> | <p>Climate Change</p> <ul style="list-style-type: none"> ○ Setting targets to reduce GHG emissions ○ Reviewing the impact of climate-related risks on operations and taking steps to ensure operational resiliency |

SUSTAINABILITY REPORT



Our Business Practices

Connecting the Nation

As the owner and operator of the largest passive fibre network infrastructure in Singapore, NetLink is in the position to support Singapore's Smart Nation Initiatives. The latter aims to leverage on technology to transform Singapore into the world's first Smart Nation and create an inclusive digital society.

Our extensive network, with 100% island-wide fibre coverage, provides fibre connections to primarily three types of end-user connections – residential, non-residential and non-building address points ("**NBAP**"). NetLink's extensive network also supported our customers' 5G rollout and other 5G trials in Singapore to help accelerate the growth of the 5G ecosystem.

The importance of a reliable network is ever more important during the COVID-19 pandemic. The reliability and availability of fibre enable businesses and employees in Singapore to adopt flexible working arrangements by working on the go and from home. With stable and fast internet connections, employees can perform work tasks at home almost seamlessly and opt for video conferencing over commutes and business travels. With greater adoption of such work arrangements, there would be reduced commuting required to reach different workplaces, thus leading to lesser carbon emissions for Singapore.



Additionally, being the sole fibre network provider for residential fibre connections has also enabled us to create a positive impact on the environment as our network inherently promotes efficiencies compared to multiple network infrastructures. The single residential network facilitates network sharing among Requesting Licensees ("**RLs**"), reducing the need for separate constructions of fibre networks by different operators. Network sharing allows us to provide the same standard of service to users, while also reducing disruptions to Singapore's road users and the public during the construction phase. This approach reduced the resources needed to build the residential fibre network in Singapore, thus minimising costs and impact on the environment as compared to adopting a multiple networks approach.

Singapore tops in global ranking of median fixed broadband speeds

(<https://www.straitstimes.com/tech/tech-news/singapore-tops-in-global-ranking-of-median-fixed-broadband-speeds>)

Owning and operating the largest passive fibre network infrastructure in Singapore, NetLink is humbled to have contributed to Singapore's achievement of being the world's fastest broadband nation in 2021. According to The Speedtest Global Index by Internet metrics company Ookla, Singapore topped the global ranking of median fixed broadband speeds for the months of October through December 2021.

With an extensive network providing island wide fibre coverage, NetLink will continue to tap on opportunities to improve the quality of our network and provide reliable fibre connections for all Singaporeans.

To anticipate the future demand for fibre at residential and non-residential dwellings and meet customers' demands, NetLink continues to be a participant of the Telecommunications Facility Coordination Committee in Singapore. We actively engage with the government agencies to better understand the deployment plan for sensors to new and existing townships and work closely with our RLs to anticipate demands through their campaigns to gain customers.

Apart from using our fibre to connect the nation, we believe our network can also support the growth of different industries in Singapore. In July 2021, the largest E-sports Experience Centre was opened at the Singapore Sports Hub to cultivate e-sports and empower the aspirations of the industry players in the local gaming community. In support of this growing industry, NetLink supported the Centre with fibre broadband deployments that meet the exacting standards demanded by the gaming and esports industry. We also leverage on our high-speed fibre network to also continue forming partnerships with industry partners and supporting businesses.

Partnerships to Contribute towards Singapore's Smart Nation Initiative

This year, NetLink was commissioned by M1 to provide fibre connections to support part of its 5G services rollout, which serves as a testament that our infrastructure is future-ready for nationwide 5G rollout. We remain committed to supporting the growth of the 5G innovation ecosystem in Singapore and actively collaborate with industry partners to pilot various 5G trials.

During the same period, we supported Simba Telecom's 5G network by providing fibre network infrastructure to connect Simba Telecom's 5G mobile base stations across Singapore Science Park 1 and 2. The 5G network was deployed as part of trial for automated shuttle bus service.

NetLink is also participating in the Quantum Engineering Programme, launched in 2018 by the National Research Foundation, Singapore and hosted by the National University of Singapore. With this collaboration, NetLink seeks to play a key role in enabling new technologies to be deployed over NetLink's fibre optic network to bring about a more robust network security for companies handling sensitive data. This is an increasingly important area in view of today's digital economy and way of life. We are optimistic that such developments will bring about positive changes and even offer new opportunities in the coming years. The trials under the National Quantum-Safe Network, which are targeted to begin in FY23, will be conducted across several sites in Singapore, connected by NetLink's fibre.

Supporting SMEs in their Digital Transformation

This year, NetLink continued to offer a promotional price for its Non-Residential Connection Service ("Non-Residential Service") to service providers. Participating service providers will receive rebates for each new Non-Residential Service connection that they apply for their SME customers. These rebates will offset the Monthly Recurring Charge for the Non-Residential Service for 12 months. The promotion is valid for new orders till August 2022.

We believe that this promotion will help service providers create more competitive fixed broadband offers to SMEs, thereby reducing the cost for SMEs. With our high-speed fibre network, SMEs could conduct their businesses online and accelerate the digitalisation of their businesses, which was crucial during the COVID-19 pandemic period. As of 31 March 2022, we had received more than 2,100 qualified orders for this promotion.

In FY22, as a result of NetLink's initiatives to enhance our network coverage and anticipate the fibre network demand of our customers, the total number of connections of end-users and NBAP increased by 1.3% as compared to FY21.



Performance in FY22

Number of connections: Residential

Homes passed: 1,545,000

Homes reached: 1,493,296

End-users: 1,464,217

Number of connections: Non-residential

Buildings reached: 42,462

End-users: 50,278

Number of NBAP connections: 2,404



Target for FY23

NetLink will build a network infrastructure that anticipates Singapore's growing needs in the coming year.

SUSTAINABILITY REPORT

Infrastructure, Quality and Reliability of Networks

Even as COVID-19 impacts our way of life, NetLink continues to work tirelessly to ensure a stable, resilient and above all, a reliable network.

In FY22, we invested approximately S\$62 million to boost and expand our fibre network to increase the robustness and reduce the risk of system downtime to our customers. Throughout the year, we continue to enhance our fibre network by laying more backbone fibres to provide point-to-point and diversity options. This expansion of our network capabilities will enable a wider range of services to our customers. NetLink remains committed to meeting the Government's objectives of increasing broadband speeds over the next few years.

Apart from investing in infrastructure to ensure the quality and reliability of our networks, we also adopt preventive measures across our fibre network to minimise disruptions of our services. To identify and manage the occurrence of faulty connections in our fibre network, we use cutting edge test equipment, remote fibre monitoring systems, and respond quickly to faults reported by the RLS. This enables NetLink to maintain the reliability of the network by tracking and resolving any faults quickly.

In Singapore, telecommunication cables are laid underground and may be accidentally or negligently cut by third party contractors carrying out earthworks. As such,

to prevent such incidents from occurring, IMDA has implemented detailed guidelines, with step-by-step procedures and comprehensive safeguards that earthworks contractors must observe before commencing earthworks.

Under the guidelines, NetLink will attend joint site meetings and trial hole inspections with third-party contractors to verify that the locations of our fibre cables before the commencement of any earthworks. This additional measure will reduce accidental damage to the critical fibre network infrastructure which can cause unnecessary inconvenience to the users of the fibre network.

For our critical systems, NetLink's employees and contractors also conduct regular inspections to ensure that the systems are always in good working condition. Our equipment is regularly maintained and replaced timely to ensure operational resiliency.

NetLink established a robust Business Continuity Management System ("BCMS") programme, certified under ISO 22301:2019, to manage the risk of widespread system failure. Regular simulated business continuity exercises are conducted to familiarise stakeholders with the BCM programme.

In FY22, NetLink achieved a network availability of 99.99%² as a result of its preventive measures and regular maintenance of the network infrastructure.



Performance in FY22

Network availability:
99.99%



Target for FY23

NetLink will continue to make investments in network infrastructure to ensure long-term reliability, quality and availability of our network to enhance our customer experience.

² Network availability (%) = [1 - (Downtime/Total Time)] x 100%, based on the assumption that faults exclude incidents which are not within NetLink's control, such as our cables cut by third party contractors not engaged by NetLink

Governance and Transparency

Good governance underpins NetLink's long-term success and sustainable business growth. We are committed to upholding the highest standard of corporate governance to maintain good market reputation and build trust among our stakeholders.

Awards and Achievements

NetLink strives to uphold the highest standard of corporate governance and is humbled to receive the following awards and/or recognitions in FY22.

| Awards / Recognitions | Description |
|--|---|
| Singapore Corporate Awards 2021 | <p>Winner of the Corporate Excellence and Resilience Award (Large-Cap)</p> <p>The Corporate Excellence and Resilience Award recognises Singapore-listed companies that have upheld best practices in corporate governance and shown leadership, innovation, and resilience during the pandemic.</p> <p>This award is a testament to our efforts in ensuring the resilience of our fibre network through this crucial period.</p> |
| Governance Index for Trusts ("GIFT") | <p>Ranked 1st on the Governance Index for Trusts</p> <p>GIFT, an index supported by SGX, assesses companies based on their corporate governance and business risks.</p> <p>In FY22, NetLink remained 1st on GIFT for the third consecutive year and achieved a score of 95, an improvement by five points over its previous high score.</p> |
| Securities Investors Association of Singapore ("SIAS") Investor's Choice Award 2021 | <p>Winner of the Shareholder Communication Excellence Award (REITs and Business Trust Category)</p> <p>NetLink was a winner of the Shareholder Communications Excellence Award in the REITs and Business Trusts category.</p> <p>This award recognises our ongoing commitment towards transparent stakeholder communications, as part of its robust and comprehensive investor relations programme.</p> |
| Singapore Governance and Transparency Index ("SGTI") | <p>Ranked 4th on the SGTI (REIT and Business Trust Category)</p> <p>The SGTI is the leading index for assessing the corporate governance practices of listed companies in Singapore. Companies are assessed based on their corporate governance disclosures and the timeliness, accessibility, and transparency of the announcement of their financial results.</p> <p>In FY22, NetLink was ranked 4th on the SGTI under the REIT and Business Trust Category, up from 5th place in FY21.</p> |

SUSTAINABILITY REPORT

Compliance with laws and regulations

NetLink complies with all relevant laws and regulations, and ensure all business is conducted ethically. We are guided by our compliance framework which provides the overarching approach to ensure our business operates in compliance with external laws and regulations, and key personnel responsible for managing the applicable laws and regulatory obligations are identified.

To ensure all employees are kept abreast of the latest revisions to laws and regulations, employees must undergo relevant training and communication sessions. Additionally, our heads of departments are required to declare their compliance with laws and regulations related to their job scopes every quarter. Any compliance issues which arise are reported to the Management Risk Committee and any major issues are escalated to the Risk & Regulatory Committee.

In FY22, NetLink maintained our performance from FY21 and recorded zero incidents of significant³ non-compliance with laws or regulations.

Anti-corruption

NetLink has zero-tolerance towards fraud and corruption. To foster ethical behaviour among employees, we are guided by a set of comprehensive policies which provides clear guidance on how we should conduct ourselves and facilitate the development of appropriate controls and procedures to achieve the highest levels of ethical standards. This includes:

- Anti-bribery and Corruption Policy
- Employees' Code of Conduct
- Gift, Prize, Entertainment and Hospitality (Accepting & Giving) Policy
- Whistle-blowing Policy
- Supplier Code of Conduct

Key information on the above policies is made publicly available on our company website (https://www.netlinknbn.com/corporate_governance.html)

Recognising the risks bribery and corruption may have on our business operations, we have put in place an 'Anti-Bribery and Corruption Policy' which is made available to all employees on the intranet. The policy provides guidance on acts that may constitute bribery, corruption, and/or money-laundering and sets out the responsibilities of employees in observing and upholding this position. Annually, all employees are required to complete compulsory e-training and acknowledge that they have read and understood the policy. Additionally, other internal communication channels such as creating pop-up posters in the intranet and including anti-bribery and corruption as a topic at our townhall meetings, are employed to raise employees' awareness on anti-bribery, corruption and ethical practices.

We also have in place a Supplier's Code of Conduct which sets out the minimum standards that our suppliers need to comply with. Amongst other social and environmental criteria, our suppliers are reminded of our zero-tolerance stance on corruption, the available whistleblowing channels, and the

requirement that our suppliers are to act ethically and comply with all relevant laws and regulations in their business operations.

Our 'Whistleblowing Policy' provides a platform for employees, stakeholders and the public to report concerns anonymously in good faith about any perceived irregularity or misconduct within the business and sets out strict protocols to follow should a report be made. Our whistleblowing channels are made publicly available on our website. Valid reports made in good faith will be investigated independently and appropriate follow-up action will be taken upon direction by the Chairman of the Audit Committee. We will respect and protect the confidentiality of a whistleblower's identity, to the fullest extent practicable, as well as the confidentiality of the details of the concern. This also extends to the protection of the whistleblower or any employee who assists in investigations, from retaliation. During the past year, there were no notable incidents were reported through this channel.

In addition to the above policies, a fraud risk assessment is conducted annually to identify material fraud and corruption risks in our entire business operations. Key internal stakeholders are roped in to perform the risk assessment, which includes reviewing the key risks and controls and ensuring that appropriate controls are in place to address material fraud and corruption risks.

In FY22, NetLink maintained zero incidents of corruption.

³ Significant non-compliance is defined as an incident resulting in a fine above \$100,000 or fines with lesser amount but with reputational impact.



Performance in FY22

Compliance with laws and regulations:

Zero incidents of significant non-compliance with laws and regulations

Anti-corruption:

Maintained zero incidents of corruption



Target for FY23

NetLink will continue to conduct business in a responsible and ethical manner, in compliance with all applicable laws and regulations.

NetLink aims to uphold and adhere to our zero-tolerance policy towards fraud, corruption and unethical actions.

Data Security and Privacy

NetLink is committed to protecting the security of all information and information systems, including both end-user data and corporate data. To this end, management ensures that the appropriate IT policies, personal data protection policy, risk mitigation strategies, cyber security programmes, systems, processes, and controls are in place to protect our IT systems and confidential data.

In particular, we have set out clear guidelines in our 'Information Security Policy' as to how information security will be managed, which demonstrates management's direction and support for information security throughout the organisation. In our Personal Data Protection Policy, we have also stated clearly how the Group collects, uses, discloses and retains personal data, with clear guidelines for employees to follow. Our privacy statement is also made publicly available on our website at https://www.netlinknbn.com/privacy_policy.html.

NetLink also has in place a system to prevent data breaches and has taken additional steps to protect end-user personal data and confidential corporate data. We deployed a layered cybersecurity defence framework that includes endpoint security, next generation firewalls with built-in threat intelligence, web application firewall and a Security Information and Event Management solution that helps to identify and detect abnormalities in our computer systems and potential intrusions. Continuous vulnerability scanning and fine-tuning of system alerts are also utilised to mitigate cyber threats.

Our IT systems are subjected to periodic audits by our internal and external auditors. A system penetration test is conducted annually by a third-party consulting firm to identify weaknesses in our security systems. Any identified vulnerabilities through these audits are reviewed and mitigated.

To ensure employees are vigilant to threats of data breaches, we regularly educate all our

employees on cybersecurity and personal data protection. During the year, employees are required to complete eLearning courses on cybersecurity and personal data protection policy and are also reminded through electronic posters and through presentations during townhall meetings. Phishing email simulation exercises are conducted throughout the year to improve staff awareness to identify phishing emails.

As a result of the diligent and strict measures mentioned above, NetLink recorded zero incidents relating to data breaches of personal data or company-related confidential data.



Performance in FY22

Data security and privacy:

Zero incidents relating to data breaches of personal data or company-related confidential data.



Target for FY23

NetLink will maintain high standards of cyber security and data protection measures and ensure strict compliance with personal data protection laws with zero major incidents relating to data breaches of personal data or company-related confidential data.

SUSTAINABILITY REPORT



Our Environment

Climate Change

As shown through global and national research, Singapore is likely to face rising sea level and warming weather. As such, NetLink recognises the importance of identifying and managing climate-related risks which may impact our business operations and affect our fibre network infrastructure.

We have taken proactive steps to monitor and mitigate potential risks. We conducted our first Climate Change Risk Assessment to assess the impact of climate change on our business operations in FY21.

We refreshed the assessment in FY22 to gain a deeper understanding of potential risks which may affect our operations and if adequate measures are in place to mitigate risks identified. As part of the assessment, we considered acute physical risks relating to increased severity of extreme weather events such as floods, and chronic physical risks such as extreme variability in weather patterns, rising mean temperatures, and rising sea levels.

Flooding

Based on our current assessment, NetLink's assets will not experience any significant impact or risk exposure due to flooding as our central offices are not found in flood-prone areas and our ducts and fibres are made with materials that will not be damaged if exposed to water. However, we have also taken precautionary measures to reduce the risks of floods.

To protect our central offices, we have various measures including:

- Sump pumps installed in our buildings which can be used to remove water from the sump pits
- Regular clearing of drains and gutters to ensure efficient discharge of rain water
- Sites are manned 24/7 and staff will respond and escalate immediately if flooding occurs.

While our fibre cables, ducts and manholes are not damaged by water exposure, we will continue to monitor and plan for measures to mitigate risks arising from potential disruptions to operations should flooding and sea-level rise takes place in the future.

Extreme weather patterns and rising temperatures

There is minimal impact of rising temperatures on our fibre network as our fibres are mostly laid underground and our fibres are made of materials which is able to withstand high temperatures. As for our central offices, we ensure that all chiller systems are regularly maintained and can continue to work effectively to cool down equipment in the event of increased temperatures.

NetLink also has in place a lightning protection system that is subjected to annual testing by Electrical Earthing and Lighting Protection to protect our buildings in the scenario of increased lightning strikes.

Moving forward, we will continue to update our climate risk assessment annually, taking into account the changing climate risks on our operations, and planning for mitigating measures to minimise disruptions to our business and operations.

Carbon Emissions

Apart from monitoring our climate risk, NetLink has chosen to take tangible steps to play our part in reducing greenhouse gas emissions. There is resounding scientific evidence that corporates have a huge responsibility to reduce carbon footprint in order to mitigate the impacts of climate change. NetLink is aligned with this global agenda and is taking active steps to reduce our environmental footprint.

To show our commitment towards managing our emission footprint and improving resource efficiency, we worked with an external consultant to develop a comprehensive GHG inventory to monitor emissions and identify hotspots to implement energy and emission reduction initiatives. We have commenced our disclosure of our Scope 1, 2 and 3 carbon emissions in this year.

We have set a target of reducing our scope 1 and 2 emissions by 50% by FY30 (using FY22 as a baseline) and achieve net zero by 2050. The Board and Management will monitor performance closely and continue to roll out strategies in the coming years to support our targets.

Energy and GHG emissions

| Energy (MWh) | FY22 |
|--|-----------------------|
| Total energy consumption within the organisation | 2,189 |
| Electricity | 1,032 |
| Diesel | 1,157 |
| Purchased RECs ⁴ | 189 |
| Emissions⁵ (tCO₂e) | FY22 |
| Scope 1 ⁶ | 619 |
| Refrigerants | 326 |
| Vehicles (diesel consumption) | 83 |
| Generators (diesel consumption) | 210 |
| Scope 2 ⁷ | 344 |
| Electricity (location-based) | 421 |
| Electricity (market-based) | 344 |
| Scope 3 ⁸ | 33,372 |
| Fuel and energy-related activities | 61 |
| Waste generated from operations | 10,366 |
| Employee commuting | 28⁹ |
| Downstream leased assets | 22,917 |
| Total emissions for scope 1, 2 & 3 (market-based) | 34,335 |

⁴ For two of our leased premises, the electricity costs were included as part of the rental packages. In these cases, the electricity supply was provided by the landlord, who had also procured RECs to compensate 100% of the electricity consumption of its buildings

⁵ NetLink reports its GHG emissions data in accordance with the GHG Protocol Standard and uses the operational control approach to consolidate GHG emissions data. The emission factors used were derived from the UK Department for Environment, Food and Rural Affairs ("DEFRA") environmental reporting guidelines, which is aligned to the Intergovernmental Panel on Climate Change's ("IPCC") approach to calculating GHG emissions and is one of the third-party databases recognised by the GHG Protocol. Our GHG emissions profile represents the total emissions in all owned and leased premises used for NetLink's operations.

⁶ Scope 1 emissions include direct emissions from refrigerants and fuel from back-up generators in NetLink's properties, as well as fuel from NetLink-owned vehicles.

⁷ Scope 2 emissions include indirect emissions from electricity consumed at NetLink's owned and leased premises used for NetLink's operations. Estimates were made when electricity bills were not received. NetLink also discloses its electricity consumption using market-based and location-based approaches. The former accounts for the application of purchased RECs.

⁸ Scope 3 emissions include fuel and energy-related activities, waste, employee commute and downstream leased assets.

⁹ Employee commuting was based on an employee survey conducted. 91% of NetLink employees took part in the survey and the numbers reflected have been averaged and pro-rated to reflect 100% of employees.

SUSTAINABILITY REPORT

Decarbonisation strategies

To achieve our FY30 and net zero targets, we take a holistic approach towards emission reduction by adopting various measures to tackle emissions within NetLink (Scope 1 and 2). Some initiatives that we are considering to be implemented in the future years include:

- Replacing existing lights with LED lights or motion-sensing lighting in our Central Offices
- Installing detection systems to detect leakage of refrigerants in the existing chillers
- Replacing existing chillers with a higher energy efficiency model at the appropriate time and using more environmentally-friendly refrigerants
- Replacing diesel vehicles with electric vehicles

NetLink is also cognizant of the GHG emissions in the value chain. Our scope 3 emissions represent 97% of our total GHG emissions as the bulk of our energy consumption is used by our customers in our Central Offices. This includes electricity used to power co-location rooms where the equipment of our customers is maintained and electricity consumed by a customer who had leased spaces in our Central Offices. Although we do not have direct control over the equipment used by our customers, NetLink will continue to engage with our customers to tap on shared opportunities to reduce emissions.

NetLink will continue to seek new ways to minimise our environmental footprint and raise awareness among our employees through training and regular internal communication to achieve our long-term climate goals.

Reviewing the energy efficiency of our existing Central Offices

We continued to review our energy usage in our Central Offices. This year, we partnered with an external consultant to conduct a study on how to optimise chillers' efficiency at one of our Central

Offices. Based on the report, we will look at incorporating the recommendations into our planned chiller replacement program for our Central Offices.

We have also continued to explore the potential of piloting a 'blanking'

project – an initiative to reduce energy consumed for cooling based on a containment concept and plan to implement this initiative in three of our existing co-location rooms in FY23. We will monitor the results before expanding this project to the remaining co-location rooms.



Artist's Impression

New Central Office to be built and operational ready in 2024

NetLink is planning to build a new Central Office in the northern area of Singapore which will be operational in 2024. The new building, which is designed in accordance with BCA's Green Mark Standards, will be supported by resilient building infrastructure. Green initiatives to improve performance efficiencies in areas such as energy, water and environment are incorporated in the design of the new Central Office.

Some of these green initiatives include:

- Employing passive design strategies for the building envelope to minimise heat gain to the building interior
- Employing an environmentally conscious palette of materials, including low embodied carbon materials, low volatile organic compounds paint, recyclable or recycled materials, sustainable timber, locally produced products where practical and products with Singapore Green Label certification
- Designing with a focus on long-term usage by using materials that are robust and durable to optimise lifecycle performance of assets
- Bringing natural light into the office as much as possible
- Providing charging stations for electric vehicles
- Installing high-efficiency chiller systems
- Implementing effective and complete physical separation of the hot air (IT equipment outlet) from the cold air (IT equipment inlet) to eliminate hot and cold air mixing, thus reducing energy consumption
- Assessing the potential and viability to leverage on renewable energy
- Using water-efficient fittings



Performance in FY22

Energy use:
2,189 MWh

Scope 1 emissions:
619 tCO₂e

Scope 2 emissions:
344 tCO₂e

Scope 3 emissions:
33,372 tCO₂e



Target for FY23

NetLink will reduce our scope 1 and 2 emissions by 50% by FY30 (using FY22 as a baseline) and achieve net zero by 2050.

Waste Management

As NetLink continues to expand its fibre network across the nation, it is imperative for us to minimise the waste produced from NetLink's business operations. The main type of waste generated in our operations is fibre scraps (excess fibre from fibre cable installation works which are too short to be reused) and recovered fibre cables through cable diversion projects. Recognising the significant amount of waste our business may generate, NetLink adopts responsible waste management practices to minimise our environmental impact and ensure the operational efficiency of NetLink's business.

Fibre Scraps

NetLink practises good fibre cable installation planning to limit the amount of fibre scrap generated by carefully calculating fibre cable requirements for each installation work. Furthermore, we ensure that any excess fibre cable not used during the installation process are returned to the warehouse for future use. In FY22, we generated a total of 1% of fibre scrap in proportion to the total fibre cable issued and met our target of limiting the percentage of fibre scraps disposed of in proportion to total fibre issued to less than 2.5%.

Recovered Fibre Cables

Where cable diversion is required, for example, due to road works or buildings to be demolished, NetLink will recover the previously laid fibre cables and lay new fibre cable. These recovered fibre cables cannot be reused and will be disposed of.

Total fibre waste disposed of have increased as compared to FY21 due to more due to more diversion projects being carried out which resulted in more recovered fibre cables. NetLink will continue to seek new opportunities in our continued efforts to minimise the amount of fibre waste generated.

Waste Disposal

To dispose fibre waste, NetLink appointed an external waste vendor who will collect the fibre waste and dispose it at a National Environment Agency approved facility for incineration and the ashes will be sent to the landfill by the incinerator contractor.

NetLink ensures that waste is disposed in accordance with applicable laws and regulations, and in FY22, we are pleased that we recorded zero incidents of non-compliance with the relevant laws and regulations on waste disposal practices.



Performance in FY22

Total Fibre Waste Disposed:
487 tonnes

Fibre scrap:
17 tonnes

Recovered fibre cable:
470 tonnes

Percentage of Fibre Waste Generated in Proportion to Total Fibre Cables Issued:

1% of fibre scrap in proportion to total fibre cable issued

Compliance with the Relevant Laws and Regulations:

Zero incidents of non-compliance with the relevant laws and regulations on waste disposal practices



Target for FY23

NetLink targets to keep fibre scrap (generated from cable installation) within 2.5% of the total fibre cable issued for the year and continues to maintain compliance with the relevant laws and regulations on waste disposal practices.

SUSTAINABILITY REPORT



Our People

Talent Retention

NetLink is a firm believer that our success and continual business growth is the result of our employees' efforts. Our employees are our most valuable assets, and we are committed to creating a workplace that retains employees through competitive remuneration and developing a workforce with a diverse talent pool by providing opportunities to seek both personal and professional development. This is important to ensure business resilience and for NetLink to stay ahead in the rapidly changing landscape.

To attract and develop talent, we established our Human Resource ("HR") practices and policies which cover areas such as market competitive remuneration packages, talent development and education assistance programmes, performance appraisals and employee well-being programmes. Furthermore, we also regularly engage our employees through surveys and during townhall meetings to ensure their needs are addressed and aligned to our HR efforts. Biennially, NetLink conducts an employee engagement survey, with the last survey conducted in FY21.

Talent Attraction and Retention

NetLink values talent and believes in recruiting talented and motivated individuals who share our values

and know-how to best navigate through different challenges. An agile and diverse talent workforce is important to us as it will fuel business growth and create value for our stakeholders. As such, we offer market competitive salaries despite the challenging economic environment to recruit candidates based on merit, guided by our Recruitment Guidelines. Annually, NetLink also participates in market surveys and reviews our benefits by engaging HR consultancy services to ensure that the remuneration and benefits offered to employees are on par with the market.

As of 31 March 2022, NetLink had 357 permanent and contract employees, and 3 temporary¹⁰ employees and interns.

During the year, our hiring rate was 15.1% and our turnover rate was 15.4%.

While there was an increase in our turnover rate in FY22 as compared to the previous year, we continued to achieve a lower turnover rate as compared to the industry.

For FY22, our turnover rate of 15.4% was 0.9 percentage points lower than the High-Tech industry turnover rate of 16.5%.

Training and Development

At NetLink, we empower our employees to shape the future of our business and invests in

the upskilling of employees by enhancing their competencies and ensuring they have the relevant skill sets to carry out their jobs to the best of their ability. To develop our employees and maximise their potential, NetLink provides training and development opportunities which includes courses related to leadership, other soft skills and technical skills for all employees. Training needs are identified through employees' annual performance review sessions and discussions with the Heads of Departments.

During the year, NetLink attained total learning hours of 7,607 hours and each employee recorded an average of 21.3 learning hours. These training hours comprised of different forms of learning: online learning on LinkedIn Learning, e-learning courses, virtual and in-person internal and external trainings.

Apart from internal training, NetLink continues to provide educational assistance to support eligible employees interested in pursuing further education via our Education Assistance Programme. We believe in investing in and grooming talents who are motivated to progress their careers with the company as there are tangible benefits to be derived from an employee's personal growth and professional capabilities.

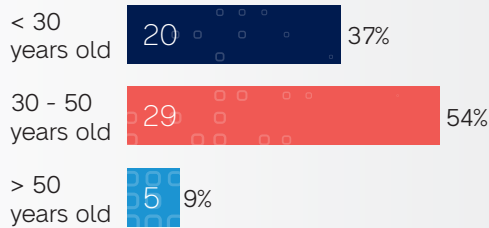
¹⁰ Temporary employees refer to employees whose contract of service with NetLink is less than one year.

New Hires¹¹

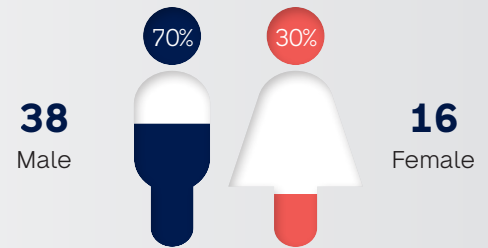
Total Number:
54

Hiring Rate:
15.1%

By age group



By gender

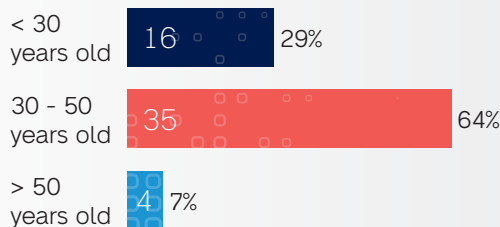


Turnover¹²

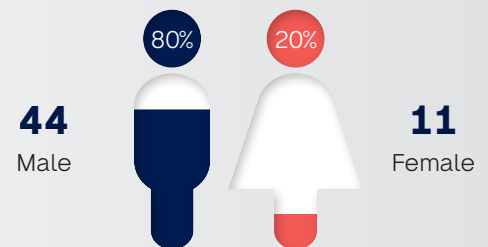
Total Number:
55

Turnover Rate:
15.4%

By age group

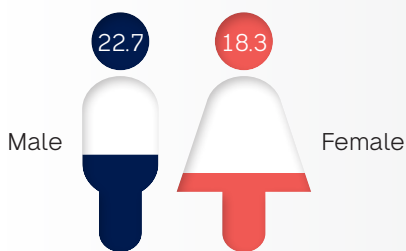


By gender



Average Training Hours

By gender



By employee category



¹¹ Hiring rate is computed based on the number of new hires during the year divided by year-end headcount for permanent and contract employees. With regards to breakdown of new hires by gender and age group, the rate is computed based on the number of new hires in each category (by age group and gender respectively) divided by the total number of new hires.

¹² Turnover rate is computed based on the turnover number during the year divided by year end headcount for permanent and contract employees. With regards to the breakdown of turnover by gender and age group, the rate is computed based on the turnover number in each category (by age group and gender respectively) divided by the total turnover number.

SUSTAINABILITY REPORT

Employee Well-being

NetLink embraces employee well-being in the workplace and its importance in ensuring a motivated workforce. As such, we are committed to creating an environment that supports our employees and ensure that they feel cared for and valued. Through engaging our employees in company-wide townhall meetings and cascading this into the wider organisation through departments, functions and team meetings, we seek to create a positive workplace culture.

Various initiatives and programmes are also carried out during the year to show our care for our employees and improve the overall workplace culture. For example, we launched a new programme, Listening Ear, to give a voice to our staff to share their views. We have also organised various mental wellness programmes in conjunction with the Health Promotion Board to bring awareness on mental health issues to our employees during our Learning Week in July 2021. For staff who tested positive for COVID-19, we sent care packages to them.



Performance in FY22

Turnover rate:

Realised a turnover rate of 15.4%, lower than the High-Tech industry turnover rate of 16.5%

Average training hours:

Recorded 21.3 average training hours per employee per year



Target for FY23

NetLink targets to achieve an annual employee turnover rate lower than the industry norm and to continue to invest in learning and developing our people to build knowledge, skills and internal capabilities in the forthcoming year.

Diversity and Equal Opportunity

NetLink embraces diversity as it believes having employees from different backgrounds and values will bring fresh perspectives to the business and will create meaningful conversations. We ensure equal opportunities are provided to all employees by promoting diversity and inclusion in the workplace. This will help lay the foundation for innovation and growth.

We have 245 male employees and 112 female employees, which is equivalent of a ratio of 69% male to 31% female of the total workforce. Most of NetLink's employees fall within the 30 – 50 years old bracket, making up 69% of the workforce.

NetLink's Board remains the same as last year, comprising eight Board members from various backgrounds and experiences. Female Board members make up 25% of the Board, while 62.5% of the Board members are below the age of 60. For more details on board diversity, please refer to page 41 in our corporate governance report.

Non-discrimination

NetLink adopts fair employment practices and strives for all employees to feel valued and inclusive at the workplace. Our HR policies and practices reflect our commitment to provide equal access to employment, career opportunities and recruitment based on merit.

We have put in place an employee grievance policy, which sets out the procedures in reporting and managing employee grievances. Employees can share their grievances with HR department. Issues raised will be treated with confidentiality and HR department will review and seek an appropriate settlement of the grievance. None of the reported cases relates to discrimination matters.

We also have a Collective Agreement with the Union of Telecoms Employees of Singapore to oversee the interests and well-being of our employees. As of 31 March 2022, 29% of the eligible employees are covered by this Collective Agreement.

NetLink is pleased to report zero incidents of discrimination in FY22 and we maintained our performance from FY21.



Performance in FY22

Employee Diversity:

NetLink has maintained a fairly diverse workforce

Incidents of Discrimination:

Zero incidents of discrimination recorded



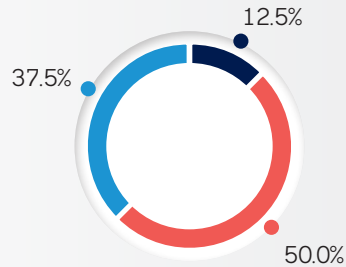
Target for FY23

NetLink targets to continue maintaining a diverse and inclusive workforce and providing fair opportunities to employees based on merit. In addition, NetLink will maintain no incidents of discrimination in the organisation.

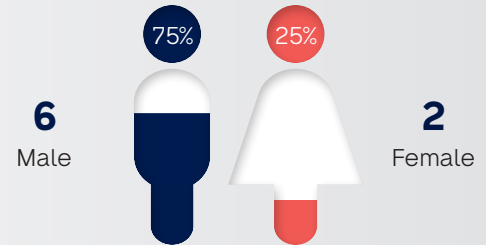
FY22 Age and Gender Diversity Amongst the Board of Directors

By age group

- 30 - 50 years old
- 51 - 60 years old
- 61 - 70 years old



By gender

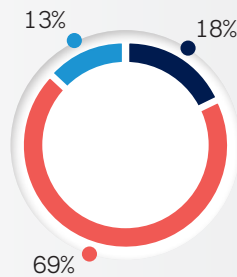


Employee category by Age and Gender

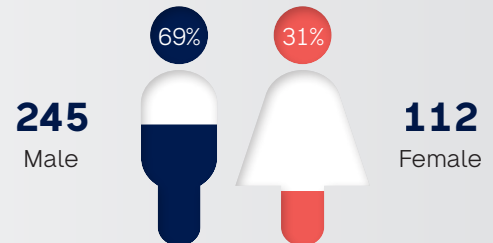
Overall Employee Profile

By age group

- 65 < 30 years old
- 245 30 - 50 years old
- 47 >50 years old



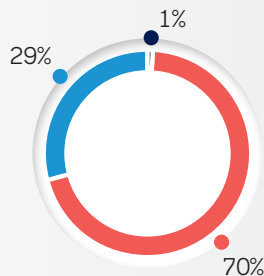
By gender



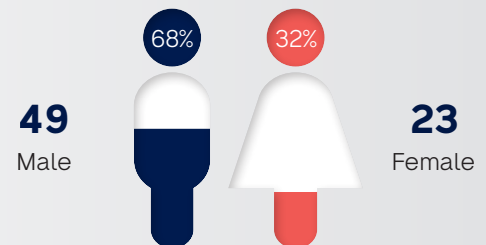
Senior Managers and above

By age group

- 1 < 30 years old
- 50 30 - 50 years old
- 21 >50 years old



By gender



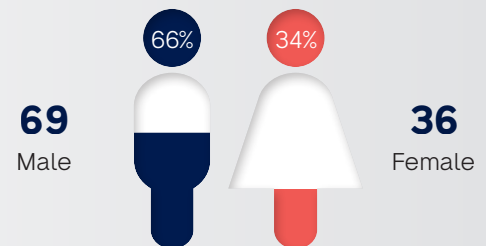
Managers and Executives

By age group

- 4 <30 years old
- 92 30 - 50 years old
- 9 > 50 years old



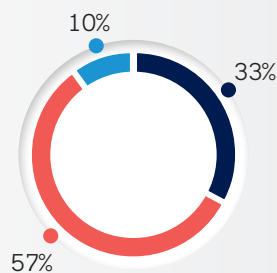
By gender



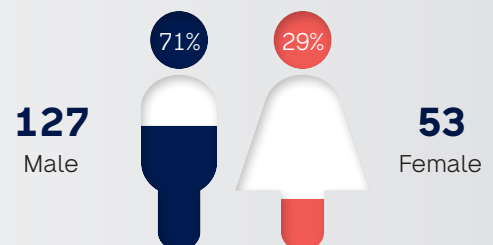
Non-Executives

By age group

- 60 <30 years old
- 103 30 - 50 years old
- 17 > 50 years old



By gender



SUSTAINABILITY REPORT

Occupational Health and Safety

NetLink places utmost importance and prioritises safeguarding the occupational health and safety (“OHS”) of our employees and stakeholders. We strive to inculcate a strong safety culture across our business by taking proactive steps and implementing robust internal controls to manage and mitigate our health and safety risks. Our health and safety measures implemented applies to not only our direct employees but also those working on our behalf to build, connect and maintain our network.

Health and Safety Management

At NetLink, we take a holistic approach towards ensuring a safe work environment for all employees. We established an OHS Committee, comprising senior management and heads of departments across the business to oversee and manage all OHS practices at our business operations.

NetLink is guided by our OHS Management System (“OHSMS”) and Health, Safety, Security and Environment (“HSSE”) Policy to achieve our target of zero-work related incidents. The OHSMS which is ISO 45001-certified provides us with processes and steps to take to mitigate potential health and safety impacts while the HSSE Policy outlines our commitment to ensure that all business activities are conducted safely in a secured workplace and the health of our employees and stakeholders are protected. The OHSMS and HSSE Policy are managed and reviewed annually by the OHS Committee. All employees are required to adhere to the policies and guidelines outlined in the OHSMS.

In FY22, NetLink retained its bizSAFE certifications and bizSAFE Partner certification by WSH Council in recognition of our efforts to have our business partners maintain the bizSAFE programme.

Health and Safety Procedures and Controls

NetLink adopts a risk-based approach towards creating a healthy and safe workplace by minimising the potential safety impacts. To that end, we have established internal control processes and procedures to identify hazards, assess risks, determine controls and report

and investigate incidents. We also follow the hierarchy of controls to control and reduce any OHS risks. Documented operating procedures such as the Hazard Identification, Risk Assessment and Determining Controls Procedure and Incident Investigation Procedure continue to apply to all operations across the business and provide the overarching guidelines for employees to implement control measures, eliminate hazards and report and investigate incidents. To ensure that the procedures are comprehensive and evolve with the business, a review is conducted once every three years.



Health and Safety Awareness

To maintain zero work-related incidents at the workplace and ensure employees are vigilant and compliant with our OHS procedures, NetLink takes an active approach to instil the importance of health and safety among our employees. New employees are introduced to the OHS Policy, OHSMS Manual and emergency response plans upon joining and additional training is also assigned to employees based on their work responsibilities and risk exposure to enhance their knowledge and skills in managing OHS risks. Employees are evaluated for their competency and are required to undergo retraining until they meet the safety standards. NetLink also further communicates safety messages to our employees by broadcasting safety posters through email.

In addition to workplace safety, NetLink protects our employees by offering insurance programmes covering medical and healthcare services. Health screening is also provided to permanent employees once every two years.



Additional Safety Measures during COVID-19

As the pandemic continued to affect business during the year, NetLink adopted a holistic approach to respond to the crisis. The Pandemic Steering Committee, together with the various heads of departments, meet regularly to discuss safety issues and the measures that need to be put in place to ensure the safety of our employees and stakeholders.

Throughout the year, NetLink took all necessary precautionary measures and implemented additional safety measures as follows:

- Keeping employees informed of the developing COVID-19 situation and advising on safe management measures, ensuring employees wear a mask at all times, providing hand sanitisers, ensuring safe distancing, etc.
- Implementing safe distancing measures at our offices and worksites for our employees and our contractor's workers
- Activating alternate workplace arrangement, whereby employees operate on a split team arrangement and adhering to the government's guidelines on work from home percentages for employees who can perform their work from home
- Issuing Antigen Rapid Test Kits to employees so that they can perform self-test once a week before returning to the office

NetLink will continue to monitor the situation and enhance its safety measures in line with all Governments' regulations.

Monitoring Contractor Performance

NetLink sets up controls to manage and minimise risks for contractors whose workers are exposed to high safety and environmental risks.

The controls require the contractors to:

- Comply with all applicable laws and regulations such as the Workplace Safety and Health (Confined Spaces) Regulations 2009 and Workplace Safety and Health (Work at Heights) Regulations 2013
- Attend the necessary safety courses and provide adequate safety equipment to the workers
- Have full-time site supervisors with relevant certifications
- Follow guidance put out by the Ministry of Health on safe distancing
- Take full responsibility for the safety of all site operations and methods of construction
- Minimise impacts to the environment such as removing debris from construction sites and sealing keyholes of manhole covers to prevent the breeding of mosquitoes

NetLink's HSSE officer conducts random spot checks to ensure that contractors comply with our requirements. We also perform risk assessments to identify contractors who have exposure to health and safety risks. Such contractors are inspected by NetLink or appointed agents to ensure that they comply with our health and safety requirements at worksites. Findings from the spot checks are reported and shared with the contractors and follow up inspections are conducted to ensure that the findings have been rectified.

SUSTAINABILITY REPORT

As a testament to our commitment towards ensuring the health and safety of our employees and stakeholders, zero work-related incidents that resulted in permanent disability were reported in FY22. However, during the year, one contractor tripped and fell while working at NetLink's premises. Although the accident did not result in any major injury, NetLink ensured preventive measures were put in place to avoid the occurrence of similar incidents in future. Due to the occurrence of this incident, this resulted in a workplace injury frequency rate of 1 per million man-hours worked.



Performance in FY22

Workplace injuries:

Zero work-related incidents that resulted in permanent disability

Workplace fatalities:

Zero work-related fatalities

Management System Certifications:

- ▣ bizSAFE Star certified
- ▣ bizSAFE Partner certified
- ▣ ISO 45001 Standards on Occupational Health and Safety



Target for FY23

NetLink endeavours to maintain our performance of zero work-related incidents that resulted in staff permanent disability or fatality.

Sustainable Supply Chain¹³

Due to the nature of our business, we purchase fibre cables from overseas suppliers and use external contractors for the installation of our fibre network in Singapore. Hence, we recognise that our social and environmental impacts extend beyond our business operation.

To mitigate social and environmental risks along the supply chain, NetLink has a 'Supplier Code of Conduct' which all suppliers/contractors engaged by NetLink will need to abide by as part of their contract. The 'Supplier Code of Conduct' sets out the baseline standards which all suppliers/contractors need to comply with, including compliance with all laws and regulations in the countries they operate in, upholding human rights, discrimination and labour standards as well as implementing appropriate measures to minimise the environmental impact of their operations among many.

We have taken extra measures to manage health, safety and environmental concerns along the supply chain. All key suppliers and contractors had been carefully selected through tender processes and have passed NetLink's comprehensive screening process. Notably, for our key fibre suppliers and contractors, we require them to have bizSAFE 3 certification (for Singapore companies) and ISO certifications (or equivalent) on occupational health and safety, quality management system and environmental management for supplier's manufacturing facilities where relevant.

Every year, we evaluate the performance of key suppliers and contractors via a self-assessment, based on criteria such as product quality, service quality, time delivery,

responsiveness etc. Feedback will be provided to suppliers/contractors on areas for improvement.

We also plan to start discussions with our key suppliers and contractors on their green initiatives and how they are managing their carbon emissions, with a view towards ensuring a greener supply chain.

Local Communities¹³

NetLink seeks to create sustained economic and social impact in the communities we operate in. We believe we are in a unique position where we can generate positive outcomes and contribute towards building a better community. Our approach towards Corporate Social Responsibility ('CSR') is the commitment to building connections that will create value and inspire a better tomorrow. Our focus groups are the low income, disadvantaged families, and the elderly.

In FY22, we contributed approximately S\$320,000 in cash donations and our employees spent a total of approximately 260 hours in volunteering activities and giving back to society.

Notably, we continued to support the Infocomm Media Development Authority's Home Access Programme 3.0; this provides eligible low-income households with subsidised fibre broadband connectivity. To date, more than 14,000 homes have benefited from this third instalment of the Home Access programme.

For further details regarding how we have contributed to society and empowered lives through partnerships with stakeholders and volunteering engagements, please refer to pages 74 - 75. of the Annual Report.

GRI Content Index

| GRI Standards | Disclosure Number | Disclosure Title | Page Reference and/or Remark |
|--|--------------------|--|---|
| General Disclosures | | | |
| GRI 102 (2016): General Disclosures | 102-1 | Name of the organisation | NetLink NBN Trust and its subsidiaries |
| | 102-2 | Activities, brands, products, and services | Pages 1-3 |
| | 102-3 | Location of headquarters | Singapore |
| | 102-4 | Location of operations | Singapore |
| | 102-5 | Ownership and legal form | Pages 4-5, 128, 215-216 |
| | 102-6 | Markets served | Pages 2-3 |
| | 102-7 | Scale of the organisation | Pages 18-25, 96 |
| | 102-8 | Information on employees and other workers | Pages 96-101 |
| | 102-9 | Supply chain | Page 102 |
| | 102-10 | Significant changes to the organisation and its supply chain | N/A |
| | 102-11 | Precautionary principle or approach | Pages 66-71 |
| | 102-12 | External initiatives | NetLink adopts ISO standards for: <ul style="list-style-type: none"> ○ ISO 22301:2019 Business Continuity Management - pages 68, 88 ○ ISO 31000:2018 Risk Management - page 66 ○ ISO 45001:2018 Occupational Health and Safety - pages 100, 102 |
| | 102-13 | Membership of associations | NetLink has memberships with organisations such as Singapore National Employers Federation. |
| | 102-14 | Statement from senior decision-maker | Pages 76-77 |
| | 102-16 | Values, principles, standards, and norms of behaviour | Page 1 |
| | 102-18 | Governance Structure | Page 80 |
| | 102-40 | List of stakeholder groups | Pages 82-83 |
| | 102-41 | Collective bargaining agreements | Page 98 |
| | 102-42 | Identifying and selecting stakeholders | Pages 82-83 |
| | 102-43 | Approach to stakeholder engagement | Pages 82-83 |
| | 102-44 | Key topics and concerns raised | Pages 82-83 |
| | 102-45 | Entities included in the consolidated financial statements | Page 167 |
| | 102-46 | Defining report content and topic boundaries | Page 77 |
| | 102-47 | List of material topics | Page 81 |
| | 102-48 | Restatements of information | N/A |
| | 102-49 | Changes in reporting | N/A |
| | 102-50 | Reporting period | 1 April 2021 to 31 March 2022 |
| | 102-51 | Date of most recent report | NetLink's Sustainability Report for FY21, incorporated in our FY21 Annual Report, was published on SGXNet in June 2021. |
| | 102-52 | Reporting cycle | Annual |
| | 102-53 | Contact point for questions regarding the report | Page 77 |
| | 102-54 | Claims of reporting in accordance with GRI standards | Page 77 |
| 102-55 | GRI content index | Pages 103-106 | |
| 102-56 | External assurance | Pages 81, 107-112 | |

SUSTAINABILITY REPORT

GRI Content Index

| GRI Standards | Disclosure Number | Disclosure Title | Page Reference and/or Remark |
|--|-------------------|--|------------------------------|
| Material Topic: Economic Performance | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Pages 18-25, 114-190 |
| | 103-3 | Evaluation of the management approach | |
| GRI 201 (2016): Economic Performance | 201-1 | Direct economic value generated and distributed | |
| Material Topic: Connecting the Nation | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Pages 86-87 |
| | 103-3 | Evaluation of the management approach | |
| GRI 203 (2016): Indirect Economic Performance | 203-2 | Significant indirect economic impacts | |
| Material Topic: Infrastructure, quality and reliability of networks | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Page 88 |
| | 103-3 | Evaluation of the management approach | |
| Material Topic: Governance and transparency | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Pages 89-91 |
| | 103-3 | Evaluation of the management approach | |
| GRI 205 (2016): Anti-corruption | 205-1 | Operations assessed for risks related to corruption | Pages 90-91 |
| | 205-2 | Communication and training about anti-corruption policies and procedures | |
| | 205-3 | Confirmed incidents of corruption and actions taken | |
| GRI 419 (2016): Socioeconomic Compliance | 419-1 | Non-compliance with laws and regulations in the social and economic area | pages 90-91 |
| Material Topic: Data Security and Transparency | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Page 91 |
| | 103-3 | Evaluation of the management approach | |
| GRI 418 (2016): Customer Privacy | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | |

GRI Content Index

| GRI Standards | Disclosure Number | Disclosure Title | Page Reference and/or Remark |
|--|-------------------|---|------------------------------|
| Material Topic: Talent Retention | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Pages 96-98 |
| | 103-3 | Evaluation of the management approach | |
| GRI 401 (2016): Employment | 401-1 | New employee hires and employee turnover | |
| GRI 404 (2016): Training and Education | 404-1 | Average hours of training per year per employee | |
| Material Topic: Diversity and Equal Opportunity | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Pages 98-99 |
| | 103-3 | Evaluation of the management approach | |
| GRI 405 (2016): Diversity and Equal Opportunity | 405-1 | Diversity of governance bodies and employees | |
| GRI 406 (2016): Non-discrimination | 406-1 | Incidents of discrimination and corrective actions taken | |
| Material Topic: Occupational Health and Safety | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Pages 100-102 |
| | 103-3 | Evaluation of the management approach | |
| GRI 403 (2018): Occupational Health and Safety | 403-1 | Occupational health and management system | Pages 100-101 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | |
| | 403-3 | Occupational health services | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | |
| | 403-5 | Worker training on occupational health and safety | |
| | 403-6 | Promotion of worker health | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | |
| | 403-8 | Workers covered by an occupational health and safety management system | |
| | 403-9 | Work-related injuries | Page 102 |

SUSTAINABILITY REPORT

GRI Content Index

| GRI Standards | Disclosure Number | Disclosure Title | Page Reference and/or Remark |
|--|-------------------|--|------------------------------|
| Material Topic: Waste Management | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Page 95 |
| | 103-3 | Evaluation of the management approach | |
| GRI 306 (2016): Effluents and Waste | 306-2 | Waste by type and disposal method | |
| GRI 307 (2016): Environmental Compliance | 307-1 | Non-compliance with environmental laws and regulations | |
| Material Topic: Climate Change | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Page 81 |
| | 103-2 | The management approach and its components | Pages 92-95 |
| | 103-3 | Evaluation of the management approach | |
| GRI 302 (2016): Energy | 302-1 | Energy consumption within the organisation | Pages 93, 95 |
| | 302-2 | Energy consumption out of the organisation | |
| GRI 305 (2016): Emissions | 305-1 | Direct (Scope 1) GHG emissions | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | |
| Additional Disclosure: Local Communities | | | |
| GRI 103 (2016): Management Approach | 103-1 | Explanation of the material topic and its boundary | Pages 74-75, 102 |
| | 103-2 | The management approach and its components | |
| | 103-3 | Evaluation of the management approach | |
| Additional Disclosure: Sustainable Supply Chain | | | |
| Non-GRI topic | Non-GRI topic | Non-GRI topic | Page 102 |

INDEPENDENT LIMITED ASSURANCE REPORT IN CONNECTION WITH NETLINK NBN TRUST AND ITS SUBSIDIARIES' SUSTAINABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2022

We have performed a limited assurance engagement on NetLink NBN Trust and its subsidiaries' ("NetLink") Sustainability Report for the year ended 31 March 2022 ("Sustainability Report 2022") and selected Global Reporting Initiative ("GRI") Sustainability Reporting Standards disclosures ("Disclosures") as identified below (collectively, the "Sustainability Information").

Our assurance engagement does not extend to information in respect of earlier periods included in, linked to, or from the Sustainability Report 2022 or the Annual Report 2022, including any images, audio files or embedded videos.

Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis of our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

(a) the Sustainability Report 2022 has not described, in all material respects, the sustainability practices on a comply-or-explain basis with reference to the following components as listed under the Rule 711B of the Singapore Exchange's (SGX) Listing Manual:

- Material environmental, social and governance factors;
- Policies, practices and performance;
- Targets;
- Sustainability reporting framework; and
- Board statement.

(b) the selected GRI Disclosures as identified in the table below, are not calculated, in all material respects, in accordance with the relevant topic-specific disclosures requirements in the GRI Standards: Core Option.

| Material Topic | GRI Standards - Selected Topic-Specific Disclosure Requirements | | Selected GRI Disclosures |
|-----------------------------|---|--|---|
| Governance and transparency | GRI 205-3 (2016) | Confirmed incidents of corruptions and actions taken | Zero incidents of corruptions recorded |
| | GRI 419-1 (2016) | Non-compliance with laws and regulations in the social and economic area | Zero incidents of significant non-compliance with laws or regulations recorded |
| Data security and Privacy | GRI 418-1 (2016) | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Zero incidents relating to data breaches of personal data or company-related confidential data recorded |
| Climate change | GRI 302-1 (2016) | Energy consumption within the organization | Energy Consumption : 2,189 megawatt hour ("MWh") |
| | GRI 305-1 (2016) | Direct (Scope 1) GHG emissions | Purchased RECs : 189 MWh |
| | | | Refrigerants: 326 tonnes of carbon dioxide emissions (tCO ₂ e) |
| | | | Vehicles (diesel consumption): 83 tCO ₂ e |
| | | | Generators (diesel consumption): 210 tCO ₂ e |

SUSTAINABILITY REPORT

| Material Topic | GRI Standards - Selected Topic-Specific Disclosure Requirements | | Selected GRI Disclosures | | | | | | | | | | | | | | | | | | |
|---|---|--|--|---------------|----|-------|--------------|-----------|----------|--------------|-----------|-----------|-------------|-----------|-----------|----------|-----------|----------|----------|--------|----------|
| Climate change | GRI 305-2 (2016) | Energy indirect (Scope 2) GHG emissions | <p>Electricity (location-based): 421 tCO₂e</p> <p>Electricity (market-based): 344 tCO₂e</p> | | | | | | | | | | | | | | | | | | |
| | GRI 305-3 (2016) | Other indirect (Scope 3) GHG emissions, limited to the following categories <ul style="list-style-type: none"> □ Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2) □ Category 5: Waste generated in operations □ Category 7: Employee commuting □ Category 13: Downstream leased assets | <p>Fuel and energy-related activities: 61 tCO₂e</p> <p>Waste generated in operations: 10,366 tCO₂e</p> <p>Employee commuting: 28 tCO₂e</p> <p>Downstream leased assets 22,917 tCO₂e</p> | | | | | | | | | | | | | | | | | | |
| Waste Management | GRI 306-3 (2020) | Waste generated | <p>Total fibre waste disposed: 487 tonnes</p> <p>Fibre scrap: 17 tonnes</p> <p>Recovered fibre cables: 470 tonnes</p> <p>Percentage of fibre waste generated in proportion to total fibre cables issued: 1% of fibre scrap in proportion to total fibre cable issued</p> | | | | | | | | | | | | | | | | | | |
| | GRI 307-1 (2016) | Non-compliance with environmental laws and regulations | Zero incidents of significant non-compliance with laws or regulations recorded | | | | | | | | | | | | | | | | | | |
| Talent (turnover and new hires) | GRI 401-1 (2016) | New employee hires and employee turnover | <p>New Hires</p> <table border="1"> <thead> <tr> <th colspan="2">Total Number</th> <th>54</th> </tr> </thead> <tbody> <tr> <td colspan="2">Hiring Rate</td> <td>15.1%</td> </tr> <tr> <td rowspan="3">By age group</td> <td><30 years</td> <td>20 (37%)</td> </tr> <tr> <td>30-50 years</td> <td>29 (54%)</td> </tr> <tr> <td>>50 years</td> <td>5 (9%)</td> </tr> <tr> <td rowspan="2">By gender</td> <td>Male</td> <td>38 (70%)</td> </tr> <tr> <td>Female</td> <td>16 (30%)</td> </tr> </tbody> </table> | Total Number | | 54 | Hiring Rate | | 15.1% | By age group | <30 years | 20 (37%) | 30-50 years | 29 (54%) | >50 years | 5 (9%) | By gender | Male | 38 (70%) | Female | 16 (30%) |
| | | | Total Number | | 54 | | | | | | | | | | | | | | | | |
| Hiring Rate | | 15.1% | | | | | | | | | | | | | | | | | | | |
| By age group | <30 years | 20 (37%) | | | | | | | | | | | | | | | | | | | |
| | 30-50 years | 29 (54%) | | | | | | | | | | | | | | | | | | | |
| | >50 years | 5 (9%) | | | | | | | | | | | | | | | | | | | |
| By gender | Male | 38 (70%) | | | | | | | | | | | | | | | | | | | |
| | Female | 16 (30%) | | | | | | | | | | | | | | | | | | | |
| <p>Turnover</p> <table border="1"> <thead> <tr> <th colspan="2">Total Number</th> <th>55</th> </tr> </thead> <tbody> <tr> <td colspan="2">Turnover Rate</td> <td>15.4%</td> </tr> <tr> <td rowspan="3">By age group</td> <td><30 years</td> <td>16 (29%)</td> </tr> <tr> <td>30-50 years</td> <td>35 (64%)</td> </tr> <tr> <td>>50 years</td> <td>4 (7%)</td> </tr> <tr> <td rowspan="2">By gender</td> <td>Male</td> <td>44 (80%)</td> </tr> <tr> <td>Female</td> <td>11 (20%)</td> </tr> </tbody> </table> | Total Number | | 55 | Turnover Rate | | 15.4% | By age group | <30 years | 16 (29%) | 30-50 years | 35 (64%) | >50 years | 4 (7%) | By gender | Male | 44 (80%) | Female | 11 (20%) | | | |
| Total Number | | 55 | | | | | | | | | | | | | | | | | | | |
| Turnover Rate | | 15.4% | | | | | | | | | | | | | | | | | | | |
| By age group | <30 years | 16 (29%) | | | | | | | | | | | | | | | | | | | |
| | 30-50 years | 35 (64%) | | | | | | | | | | | | | | | | | | | |
| | >50 years | 4 (7%) | | | | | | | | | | | | | | | | | | | |
| By gender | Male | 44 (80%) | | | | | | | | | | | | | | | | | | | |
| | Female | 11 (20%) | | | | | | | | | | | | | | | | | | | |

| Material Topic | GRI Standards - Selected Topic-Specific Disclosure Requirements | | Selected GRI Disclosures | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|--|-------|---|-----------------|-------|-----------------|-----|-----------------|-------|-------|---|------|-----|--------|-----|-------|--------|---|---------------|----|-----|-----------------|-----|-----|---------------|----|-----|-------|--------|---|------|-----|-----|--------|-----|-----|-------|--------|---|---------------|---|----|-----------------|----|-----|---------------|----|-----|-------|--------|---|------|----|-----|--------|----|-----|
| Talent retention (training and education) | GRI 404-1 (2016) | Average hours of training per year per employee | <p>Average training hours by gender Male: 22.7 hours Female: 18.3 hours</p> <p>Average training hours by employee category Senior Managers and above: 27.3 hours Managers and Executives: 23.9 hours Non-executives: 17.4 hours</p> <p>Total learning hours: 7,607 hours</p> <p>Average learning hours per employee: 21.3</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversity and equal opportunity (Diversity) | GRI 405-1 (2016) | Diversity of governance bodies and employees | <p>Board of Directors by age group</p> <table border="1"> <thead> <tr> <th>Group</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>30-50 years old</td> <td>12.5%</td> </tr> <tr> <td>51-60 years old</td> <td>50%</td> </tr> <tr> <td>61-70 years old</td> <td>37.5%</td> </tr> </tbody> </table> <p>Board of Directors by gender</p> <table border="1"> <thead> <tr> <th>Group</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>75%</td> </tr> <tr> <td>Female</td> <td>25%</td> </tr> </tbody> </table> <p>Employee category by age group</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td><30 years old</td> <td>65</td> <td>18%</td> </tr> <tr> <td>30-50 years old</td> <td>245</td> <td>69%</td> </tr> <tr> <td>>50 years old</td> <td>47</td> <td>13%</td> </tr> </tbody> </table> <p>Employee category by gender</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>245</td> <td>69%</td> </tr> <tr> <td>Female</td> <td>112</td> <td>31%</td> </tr> </tbody> </table> <p>Senior Managers and above by age group</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td><30 years old</td> <td>1</td> <td>1%</td> </tr> <tr> <td>30-50 years old</td> <td>50</td> <td>70%</td> </tr> <tr> <td>>50 years old</td> <td>21</td> <td>29%</td> </tr> </tbody> </table> <p>Senior Managers and above by gender</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>49</td> <td>68%</td> </tr> <tr> <td>Female</td> <td>23</td> <td>32%</td> </tr> </tbody> </table> | Group | % | 30-50 years old | 12.5% | 51-60 years old | 50% | 61-70 years old | 37.5% | Group | % | Male | 75% | Female | 25% | Group | Number | % | <30 years old | 65 | 18% | 30-50 years old | 245 | 69% | >50 years old | 47 | 13% | Group | Number | % | Male | 245 | 69% | Female | 112 | 31% | Group | Number | % | <30 years old | 1 | 1% | 30-50 years old | 50 | 70% | >50 years old | 21 | 29% | Group | Number | % | Male | 49 | 68% | Female | 23 | 32% |
| Group | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30-50 years old | 12.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 51-60 years old | 50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 61-70 years old | 37.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | 25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <30 years old | 65 | 18% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30-50 years old | 245 | 69% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| >50 years old | 47 | 13% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | 245 | 69% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | 112 | 31% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <30 years old | 1 | 1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30-50 years old | 50 | 70% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| >50 years old | 21 | 29% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | 49 | 68% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | 23 | 32% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

SUSTAINABILITY REPORT

| Material Topic | GRI Standards - Selected Topic-Specific Disclosure Requirements | | Selected GRI Disclosures | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|--------------|-----------|---------------|---------------|-----------|-----------|-------------------|--------|-----------|---------------|----------------------------|-------|-------|--------|---|------|----|-----|--------|----|-----|-------|--------|---|---------------|----|-----|-----------------|-----|-----|---------------|----|-----|-------|--------|---|------|-----|-----|--------|----|-----|
| Diversity and equal opportunity (Diversity) | GRI 405-1 (2016) | Diversity of governance bodies and employees | <p>Managers and Executives by age group</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td><30 years old</td> <td>4</td> <td>4%</td> </tr> <tr> <td>30-50 years old</td> <td>92</td> <td>88%</td> </tr> <tr> <td>>50 years old</td> <td>9</td> <td>8%</td> </tr> </tbody> </table> <p>Managers and Executives by gender</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>69</td> <td>66%</td> </tr> <tr> <td>Female</td> <td>36</td> <td>34%</td> </tr> </tbody> </table> <p>Non-Executives by age group</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td><30 years old</td> <td>60</td> <td>33%</td> </tr> <tr> <td>30-50 years old</td> <td>103</td> <td>57%</td> </tr> <tr> <td>>50 years old</td> <td>17</td> <td>10%</td> </tr> </tbody> </table> <p>Non-Executives by gender</p> <table border="1"> <thead> <tr> <th>Group</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>127</td> <td>71%</td> </tr> <tr> <td>Female</td> <td>53</td> <td>29%</td> </tr> </tbody> </table> | Group | Number | % | <30 years old | 4 | 4% | 30-50 years old | 92 | 88% | >50 years old | 9 | 8% | Group | Number | % | Male | 69 | 66% | Female | 36 | 34% | Group | Number | % | <30 years old | 60 | 33% | 30-50 years old | 103 | 57% | >50 years old | 17 | 10% | Group | Number | % | Male | 127 | 71% | Female | 53 | 29% |
| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <30 years old | 4 | 4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30-50 years old | 92 | 88% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| >50 years old | 9 | 8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | 69 | 66% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | 36 | 34% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Group | Number | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | 127 | 71% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | 53 | 29% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversity and equal opportunity (Non-discrimination) | GRI 406-1 (2016) | Incidents of discrimination and corrective actions taken | Zero incidents of discrimination recorded | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Occupational health and safety | GRI 403-9 (2018) | Number and rates of work-related fatalities and injuries (including both employees and workers whose work and/or workplace is controlled by the organization) | <p>Workplace injuries: Zero work-related incidents that resulted in permanent disability</p> <p>Workplace fatalities: Zero work-related fatalities</p> <p>Injury rate: 1 per 1,000,000 manhours</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Connecting the Nation – Reporting on connections relating to the fibre coverage in Singapore | GRI 101 (2016) | Number of fibre connections under residential, non-residential and non-building address points connections | <p>Residential</p> <table border="1"> <tbody> <tr> <td>Homes passed</td> <td>1,545,000</td> </tr> <tr> <td>Homes reached</td> <td>1,493,296</td> </tr> <tr> <td>End Users</td> <td>1,464,217</td> </tr> </tbody> </table> <p>Non- Residential</p> <table border="1"> <tbody> <tr> <td>Buildings reached</td> <td>42,462</td> </tr> <tr> <td>End Users</td> <td>50,278</td> </tr> </tbody> </table> <p>Non-Building Address Points</p> <table border="1"> <tbody> <tr> <td>Number of NBAP connections</td> <td>2,404</td> </tr> </tbody> </table> | Homes passed | 1,545,000 | Homes reached | 1,493,296 | End Users | 1,464,217 | Buildings reached | 42,462 | End Users | 50,278 | Number of NBAP connections | 2,404 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Homes passed | 1,545,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Homes reached | 1,493,296 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| End Users | 1,464,217 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings reached | 42,462 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| End Users | 50,278 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of NBAP connections | 2,404 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Network Availability- Reporting on the stability and reliability of the fibre network to end-users | GRI 101 (2016) | Network availability rate | Network Availability: 99.99% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

We do not express an assurance conclusion on information in respect of earlier periods included in, linked to, or from the Sustainability Report 2022 or the Annual Report 2022, including any images, audio files or embedded videos.

NetLink's Responsibilities

Management of NetLink is responsible for:

- Selecting or establishing suitable criteria for preparing the Sustainability Information;
- Preparing the Sustainability Report 2022 and selected GRI Disclosures in accordance with the Rule 711B of the SGX Listing Manual and GRI Standards: Core option respectively (collectively known as "Reporting Criteria"); and
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Understanding how NetLink has prepared the Sustainability Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Sustainability Information needs to be read and understood together with the Reporting Criteria and the Introduction section set out in the "About This Report" of the Sustainability Report 2022, which NetLink has used to prepare the Sustainability Information.

Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Board of Directors and management of NetLink.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed a limited assurance engagement in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information ("Standard").

Auditor's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality controls including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

SUSTAINABILITY REPORT

Summary of the work we performed as the basis of our assurance conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgement. In carrying out our limited assurance engagement on the Sustainability Information, our procedures included the following:

- Evaluate the suitability in the circumstances of NetLink's use of the Reporting Criteria, as the basis for preparing the Sustainability Information;
- Through inquiries, obtained an understanding of NetLink's control environment, processes and information systems relevant to the preparation of the Sustainability Information, but we did not evaluate the design of particular control activities, did not obtain evidence about their implementation and did not test their operating effectiveness;
- Evaluated whether NetLink's methods for developing estimates are appropriate and had been consistently applied, but our procedures did not include testing the data on which the estimates were based and we did not separately develop our own estimates against which to evaluate NetLink's estimates;
- Sample tested a number of items to or from supporting records, as appropriate;
- Performed analytical procedures by comparing the expected targets to actual emissions or consumption, and by comparing current period to prior period, and made inquiries of management to obtain explanations for any significant differences we identified;
- Considered the presentation and disclosure of the Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Purpose and Restriction on Distribution and Use

This report is made solely to the Board of Directors and management of NetLink NBN Trust and its subsidiaries' in accordance with our engagement letter dated 19 January 2022 for the purpose of providing a limited assurance conclusion on the Sustainability Information. As a result, this report may not be suitable for another purpose.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the Board of Directors and management of NetLink NBN Trust and its subsidiaries', or for any purpose other than that for which it was prepared.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

3 June 2022

NETLINK NBN TRUST AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

Contents

| | |
|------------|--|
| 114 | Report of the Trustee-Manager of NetLink NBN Trust |
| 117 | Statement by the Trustee-Manager of NetLink NBN Trust |
| 118 | Statement by the Chief Executive Officer |
| 119 | Independent Auditor's Report |
| 122 | Consolidated Statement of Profit or Loss and Other Comprehensive Income |
| 123 | Statements of Financial Position |
| 124 | Statements of Changes in Unitholders' Funds |
| 126 | Consolidated Cash Flow Statement |
| 128 | Notes to the Financial Statements |

REPORT OF NETLINK NBN MANAGEMENT PTE. LTD.

(AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

The Directors of NetLink NBN Management Pte. Ltd., the Trustee-Manager of NetLink NBN Trust (the "Trust"), are pleased to present their report to the Unitholders of the Trust, together with the consolidated financial statements of NetLink NBN Trust and its subsidiaries (collectively, the "NetLink Group" or "Group") and the statement of financial position and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2022.

DIRECTORS

The Directors of the Trustee-Manager in office at the date of this report are as follows:

| | |
|--------------------------------------|--|
| Mr Chaly Mah Chee Kheong | (Chairman and Independent Director) |
| Ms Koh Kah Sek | (Independent Director) |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | (Independent Director) |
| Ms Ku Xian Hong | (Independent Director) |
| Mr Yeo Wico | (Independent Director) |
| Mr Sean Patrick Slattery | (Non-Executive Director) |
| Mr William Woo Siew Wing | (Non-Executive Director) |
| Mr Tong Yew Heng | (Chief Executive Officer and Executive Director) |

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable any or all the Directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act 2004 (the "Act"), particulars of the interests of Directors who held office at the end of the financial year held units in, or debentures of, the Trust are as follows:

| | Holdings registered in name of Directors | | Holdings in which Directors are deemed to have an interest | |
|--------------------------------------|---|------------------------|---|------------------------|
| | At 31 March 2021 | At 31 March 2022 | At 31 March 2021 | At 31 March 2022 |
| Number of units | | | | |
| Mr Chaly Mah Chee Kheong | 300,000 | 300,000 | - | - |
| Ms Koh Kah Sek | 100,000 | 100,000 | - | - |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | 100,000 | 100,000 | - | - |
| Ms Ku Xian Hong | 40,000 | 40,000 | - | - |
| Mr Yeo Wico | 300,000 | 300,000 | - | - |
| Mr Sean Patrick Slattery | 200,000 | 200,000 | - | - |
| Mr William Woo Siew Wing | 400,000 | 400,000 | - | - |
| Mr Tong Yew Heng | 650,000 | 650,000 | - | - |

There are no changes in any of the abovementioned interest in the Trust between the end of the financial year and 21 April 2022.

REPORT OF NETLINK NBN MANAGEMENT PTE. LTD.

(AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

OPTIONS

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee of the Trustee-Manager during the financial year and as at the date of this report were as follows:

| | |
|--------------------------------------|------------|
| Ms Koh Kah Sek | (Chairman) |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | (Member) |
| Mr Yeo Wico | (Member) |

All members of the Audit Committee are independent and are non-executive directors.

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the Audit Committee has reviewed (among other things):

- with the Independent Auditor of the Trust, the audit plan of the Trust, the Independent Auditor's evaluation of the design and implementation of internal accounting controls of the Trust and the Independent Auditor's report on the consolidated financial statements of the NetLink Group for the year ended 31 March 2022;
- the assistance given by the officers of the Trustee-Manager to the Independent Auditor of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018, the Second Amending and Restating Deed dated 28 September 2020 and the Third Amending and Restating Deed dated 19 July 2021) constituting the Trust, the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interest of the Unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and
- the financial statements of NetLink NBN Trust and its subsidiaries, which comprise the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders' funds and consolidated statement of cash flows of the NetLink Group and the statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2022 before their submission to the Board of Directors of the Trustee-Manager.

REPORT OF NETLINK NBN MANAGEMENT PTE. LTD.

(AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

INDEPENDENT AUDITOR

The independent auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors of the Trustee-Manager

Chaly Mah Chee Kheong
Chairman

Koh Kah Sek
Director

Singapore
17 May 2022

STATEMENT BY NETLINK NBN MANAGEMENT PTE. LTD.

(AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

In our opinion,

- (a) the consolidated statement of profit or loss and other comprehensive income set out on page 122 is drawn up so as to give a true and fair view of the results of the business of the NetLink Group for the financial year ended 31 March 2022;
- (b) the statement of financial position set out on page 123 is drawn up so as to give a true and fair view of the state of affairs of NetLink NBN Trust and of the NetLink Group as at 31 March 2022;
- (c) the consolidated cash flow statement set out on page 126 to page 127 is drawn up so as to give a true and fair view of the cash flow of the business of the NetLink Group for the financial year ended 31 March 2022; and
- (d) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;
- (b) the interested person transactions entered into by the NetLink Group during the financial year are not detrimental to the interest of the Unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and
- (c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interest of the Unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the NetLink Group as at and for the financial year ended 31 March 2022 for issue.

On behalf of the Board of Directors of the Trustee-Manager

Chaly Mah Chee Kheong

Chairman

Koh Kah Sek

Director

Singapore
17 May 2022

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Act, 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 the Trust or on the interest of the Unitholders of the Trust as a whole.

Tong Yew Heng
Chief Executive Officer

Singapore
17 May 2022

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of NetLink NBN Trust (the "Trust") and its subsidiaries (the "NetLink Group" or "Group") which comprises the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders' funds and consolidated statement of cash flows of the NetLink Group and the statement of changes in Unitholders' funds of the Trust for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 122 to 190.

In our opinion, the accompanying consolidated financial statements of the NetLink Group and the statement of financial position and statement of changes in Unitholders' funds of the Trust are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the NetLink Group and the financial position of the Trust as at 31 March 2022, and of the consolidated financial performance, consolidated changes in Unitholders' funds and consolidated cash flows of the NetLink Group and changes in Unitholders' funds of the Trust for the year ended on that date.

Basis for Opinion

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

Key audit matters

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

| Key Audit Matters | Our audit performed and responses thereon |
|---|--|
| <p>Goodwill Impairment Review</p> <p>Under SFRS(I) 1-36 <i>Impairment of Assets</i>, the Group is required to test goodwill for impairment at least annually or earlier when there is indication of impairment. This assessment requires the exercise of significant judgement about future market conditions, including discount and long-term growth rates.</p> <p>As at 31 March 2022, goodwill recorded on acquisition of NetLink Trust amounted to \$746.9 million, constituting approximately 18.5% of the Group's total assets.</p> <p>The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 21 to the financial statements.</p> | <p>We involved our valuation specialists to develop an independent view of the key assumptions driving the value in use calculation, in particular the discount and long-term growth rates, and compare the independent expectations to those used by management.</p> <p>We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis.</p> <p>We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.</p> <p>Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations, and the disclosures made in the financial statements are adequate and appropriate.</p> |

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

The Trustee-Manager is responsible for the other information. The other information comprises all the information included in the Annual Report, excluding the financial statements and our auditor's report thereon. The other information is expected to be made available after the date of our auditor's report on the financial statements.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action in accordance with SSAs.

Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the Financial Statements

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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors of the Trustee-Manager's responsibilities include overseeing the NetLink Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NetLink Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

- Conclude on the appropriateness of Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NetLink Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NetLink Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the NetLink Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the of which we are the auditors have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Mr Yang Chi Chih.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

17 May 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|--|------|----------------|----------------|
| Revenue | 4 | 377,611 | 368,466 |
| Other income | 6 | 3,195 | 9,968 |
| Expenses | | | |
| Operation and maintenance costs | 37 | (18,892) | (16,542) |
| Installation costs | | (10,090) | (9,541) |
| Ancillary project direct costs | 37 | (6,753) | (6,809) |
| Depreciation and amortisation | | (169,723) | (167,792) |
| Staff costs | 7 | (27,455) | (29,959) |
| Finance costs | 8 | (10,479) | (11,281) |
| Management fee | 9 | (1,016) | (1,024) |
| Other operating expenses | | (49,320) | (43,844) |
| Total expenses | | (293,728) | (286,792) |
| Profit before income tax | 10 | 87,078 | 91,642 |
| Income tax credit | 11 | 4,184 | 3,170 |
| Profit after income tax | | 91,262 | 94,812 |
| Profit attributable to: | | | |
| Unitholders of the Trust | | 91,262 | 94,812 |
| Other comprehensive income/(loss) | | | |
| Items that may be subsequently reclassified to profit or loss | | | |
| Cash flow hedges | 25 | 20,616 | (861) |
| Total comprehensive income attributable to: | | | |
| Unitholders of the Trust | | 111,878 | 93,951 |
| Earnings per unit: | | | |
| - Basic and diluted | 32 | 2.34 cents | 2.43 cents |

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

| | Note | Group | | Trust | |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank deposits | 12 | 149,818 | 170,536 | 57,774 | 58,434 |
| Trade and other receivables | 13 | 66,020 | 44,554 | 117 | 93 |
| Contract assets | 14 | 29,650 | 25,894 | - | - |
| Finance lease receivables | 15 | 201 | 233 | - | - |
| Inventories | 16 | 4,100 | 5,161 | - | - |
| Other current assets | 17 | 5,496 | 5,157 | 173 | 210 |
| | | <u>255,285</u> | <u>251,535</u> | <u>58,064</u> | <u>58,737</u> |
| Non-current assets | | | | | |
| Finance lease receivables | 15 | 66,711 | 80,507 | - | - |
| Property, plant and equipment | 18 | 2,830,678 | 2,927,436 | - | - |
| Right-of-use assets | 19 | 35,658 | 36,815 | - | - |
| Rental deposits | 20 | 240 | 220 | - | - |
| Goodwill | 21 | 746,854 | 746,854 | - | - |
| Licence | 22 | 75,850 | 80,088 | - | - |
| Investment in subsidiaries | 23 | - | - | 2,013,673 | 2,013,673 |
| Subordinated loan to a subsidiary | 24 | - | - | 1,100,000 | 1,100,000 |
| Derivative financial instruments | 25 | 20,616 | - | - | - |
| | | <u>3,776,607</u> | <u>3,871,920</u> | <u>3,113,673</u> | <u>3,113,673</u> |
| Total assets | | <u>4,031,892</u> | <u>4,123,455</u> | <u>3,171,737</u> | <u>3,172,410</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 26 | 55,368 | 56,395 | 247 | 226 |
| Deferred revenue | 27 | 26,473 | 21,405 | - | - |
| Loans | 28 | 155,797 | 509,120 | - | - |
| Lease liabilities | 29 | 2,239 | 2,279 | - | - |
| Current tax liabilities | | 37,287 | 23,285 | 2 | 9 |
| | | <u>277,164</u> | <u>612,484</u> | <u>249</u> | <u>235</u> |
| Non-current liabilities | | | | | |
| Other payables | 26 | 1,313 | 2,292 | - | - |
| Deferred revenue | 27 | 8,232 | 6,301 | - | - |
| Loans | 28 | 507,890 | 155,587 | - | - |
| Lease liabilities | 29 | 36,209 | 36,548 | - | - |
| Deferred tax liabilities | 30 | 484,638 | 506,540 | - | - |
| | | <u>1,038,282</u> | <u>707,268</u> | <u>-</u> | <u>-</u> |
| Total liabilities | | <u>1,315,446</u> | <u>1,319,752</u> | <u>249</u> | <u>235</u> |
| NET ASSETS | | <u>2,716,446</u> | <u>2,803,703</u> | <u>3,171,488</u> | <u>3,172,175</u> |
| UNITHOLDERS' FUNDS | | | | | |
| Units in issue | 31 | 3,117,178 | 3,117,178 | 3,117,178 | 3,117,178 |
| (Accumulated deficits)/Retained earnings | | (421,348) | (313,475) | 54,310 | 54,997 |
| Hedging reserves | 25 | 20,616 | - | - | - |
| Total Unitholders' funds | | <u>2,716,446</u> | <u>2,803,703</u> | <u>3,171,488</u> | <u>3,172,175</u> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Units in issue \$'000 | Accumulated deficits \$'000 | Hedging reserves \$'000 | Total \$'000 |
|--|-----------------------------|-----------------------------------|-------------------------------|------------------|
| Group | | | | |
| 2022 | | | | |
| As 1 April 2021 | 3,117,178 | (313,475) | - | 2,803,703 |
| Total comprehensive income for the year: | | | | |
| Profit for the year | - | 91,262 | - | 91,262 |
| Other comprehensive income for the year | - | - | 20,616 | 20,616 |
| Distribution paid (Note 36) | - | (199,135) | - | (199,135) |
| At 31 March 2022 | 3,117,178 | (421,348) | 20,616 | 2,716,446 |
| 2021 | | | | |
| As 1 April 2020 | 3,117,178 | (211,101) | 861 | 2,906,938 |
| Total comprehensive income for the year: | | | | |
| Profit for the year | - | 94,812 | - | 94,812 |
| Other comprehensive loss for the year | - | - | (861) | (861) |
| Distribution paid (Note 36) | - | (197,186) | - | (197,186) |
| At 31 March 2021 | 3,117,178 | (313,475) | - | 2,803,703 |

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Units in issue \$'000 | Retained earnings \$'000 | Total \$'000 |
|--|-----------------------------|--------------------------------|------------------|
| Trust | | | |
| 2022 | | | |
| At 1 April 2021 | 3,117,178 | 54,997 | 3,172,175 |
| Total comprehensive income for the year: | | | |
| Profit for the year | - | 198,448 | 198,448 |
| Distribution paid (Note 36) | - | (199,135) | (199,135) |
| At 31 March 2022 | <u>3,117,178</u> | <u>54,310</u> | <u>3,171,488</u> |
| 2021 | | | |
| At 1 April 2020 | 3,117,178 | 54,868 | 3,172,046 |
| Total comprehensive income for the year: | | | |
| Profit for the year | - | 197,315 | 197,315 |
| Distribution paid (Note 36) | - | (197,186) | (197,186) |
| At 31 March 2021 | <u>3,117,178</u> | <u>54,997</u> | <u>3,172,175</u> |

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|-------|------------------|------------------|
| Operating activities | | | |
| Profit before income tax | | 87,078 | 91,642 |
| Adjustments for: | | | |
| - Depreciation and amortisation | 10 | 169,723 | 167,792 |
| - Amortisation of transaction fees | 8,28 | 1,530 | 819 |
| - Write-back of loss allowance for trade receivables | 10,13 | (78) | (154) |
| - (Write-back of)/provision for stock obsolescence | 10,16 | (3) | 70 |
| - Net interest expense | 8 | 8,949 | 10,462 |
| - Interest income | 6 | (339) | (478) |
| - Gain on disposal of property, plant and equipment | 6 | (14) | - |
| - Property, plant and equipment written off | 10,18 | 1,221 | 9,294 |
| - Remeasurement loss from finance lease receivables | 10,15 | 12,383 | - |
| - Share-based payment expenses | 26 | 592 | 1,458 |
| | | 281,042 | 280,905 |
| Operating cash flows before working capital changes | | | |
| Changes in working capital: | | | |
| - Trade and other receivables | | (21,322) | 9,618 |
| - Contract assets | | (3,756) | 1,488 |
| - Trade and other payables | | 12,881 | (3,049) |
| - Inventories | | 1,064 | (929) |
| | | 269,909 | 288,033 |
| Cash generated from operations | | | |
| Interest received | | 338 | 469 |
| Interest paid | | (7,587) | (16,905) |
| Income tax paid | | (3,929) | (7,085) |
| | | 258,731 | 264,512 |
| Net cash generated from operating activities | | | |
| Investing activities | | | |
| Purchase of property, plant and equipment (Note A) | | (73,879) | (60,246) |
| Proceeds on disposal of property, plant and equipment | | 14 | - |
| | | (73,865) | (60,246) |
| Net cash used in investing activities | | | |
| Financing activities | | | |
| Payment of loan arrangement fee | 28 | (2,592) | (920) |
| Repayments of lease liabilities | 29 | (3,857) | (4,248) |
| Distribution paid | 36 | (199,135) | (197,186) |
| | | (205,584) | (202,354) |
| Net cash used in financing activities | | | |
| | | (20,718) | 1,912 |
| Net (decrease)/increase in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of financial year | | 170,536 | 168,624 |
| | | 149,818 | 170,536 |
| Cash and cash equivalents at end of financial year | | | |
| | 12 | | |

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

NOTE A

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|------|----------------|----------------|
| Purchase of property, plant and equipment | 18 | 65,286 | 63,807 |
| Less: Accruals for property, plant and equipment at end of financial year | 26 | (15,142) | (23,735) |
| Add: Payment of accruals for property, plant and equipment at beginning of financial year | | 23,735 | 20,174 |
| | | <u>73,879</u> | <u>60,246</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

1. CORPORATE INFORMATION

NetLink NBN Trust (the "Trust") was constituted by a trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018, the Second Amending and Restating Deed dated 28 September 2020 and the Third Amending and Restating Deed dated 19 July 2021) (collectively, the "Trust Deed"). It was registered as a business trust with the Monetary Authority of Singapore on 29 June 2017. The Trust is regulated by the Business Trusts Act 2004 and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017 (the "Listing Date"). The financial statements are presented in Singapore dollars and all values are rounded to the nearest thousands ("S'000"), except when otherwise stated.

Under the Trust Deed, NetLink NBN Management Pte. Ltd. (the "Trustee-Manager") has declared that it shall hold the authorised business on trust for the Unitholders as the Trustee-Manager of the Trust. The registered address of the Trustee-Manager is at 750E Chai Chee Road, #07-03, ESR BizPark @ Chai Chee, Singapore 469005.

The principal activities of the Trust are that of investment holding. The principal activities of the Trust's subsidiaries are disclosed in Note 23 to the financial statements.

Singapore is progressing towards being a COVID-19 resilient nation and the lifting of restrictions is expected to open up the economy faster. However, the global environment is uncertain due to, among others, geopolitical issues, inflationary pressures, forecasted increases in interest rates and global supply chain constraints. NetLink will remain vigilant and monitor the developing macro environment, and respond appropriately should there be any adverse developments.

These financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 17 May 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Business Trusts Act 2004 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

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 the measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) 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
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Adoption of new and revised standards

On 1 April 2021, the Trustee-Manager adopted all the new and revised SFRS(I) pronouncements that are relevant to the Group's and the Trust's operations. The adoption does not result in changes to the Group's and the Trust's accounting policies and has no material effect on the disclosures or amounts reported for the current or prior years, except as discussed below:

- Interest Rate Benchmark Reform – Phase 2 Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following amendments to SFRS(I)s relevant to the Group and Trust were issued but not yet effective.

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) *Practice Statement 2: Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Trustee-Manager is still assessing the adoption of the above amendments to SFRS(I) in future periods on the financial statements of the Group and Trust but anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and Trust.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust and its subsidiaries. Control is achieved when the Trust:

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

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Profit or loss and each component of other comprehensive income are attributed to the unitholders of the Trust. Total comprehensive income of subsidiaries is attributed to the unitholders of the Trust.

In the Trust's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Business combination

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below).

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively.

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

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment

(a) Measurement

Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes professional fees and, for qualifying assets, 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.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset.

(b) Depreciation

Depreciation is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful life as follows:

| | |
|-----------------------------------|--|
| Leasehold land and buildings | Over the remaining leasehold period of 57 to 77 years and for incidental assets 10 to 15 years |
| Network assets | 25 to 50 years |
| Exchange equipment | 3 to 15 years |
| Leasehold improvements | 5 years |
| Furniture, fittings and equipment | 3 to 7 years |
| Motor vehicles | 10 years |

Assets under construction included in property, plant and equipment are carried at cost, less any recognised impairment loss. Asset under construction is not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each year end. The effects of any changes in estimate are accounted for prospectively.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (cont'd)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when 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. All other repair and maintenance expenses are recognised in the profit or loss when incurred.

(d) Disposal

On disposal of a property, plant and equipment, the difference between sale proceeds and its carrying amount is recognised in the profit or loss.

2.7 Investment in subsidiaries

Investment in subsidiary is carried at cost less any impairment in net recoverable value in the Trust's statement of financial position. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in the Trust's profit or loss.

2.8 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Group's of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

The Group's Facilities-Based Operations ("FBO") licence has finite useful life, over which the assets are amortised using the straight-line method, over the estimated useful life of 23 years. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense is included in the line item "depreciation and amortisation" in profit or loss.

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 acquired separately.

2.10 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the assets do not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

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

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

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

- (i) Financial assets (cont'd)

Amortised cost and effective interest method

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

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

Interest income is recognised in profit or loss and is included in the "other income" line item.

Impairment of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

- (i) Financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an external credit rating of "investment grade" in accordance with the globally understood definition.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

- (i) Financial assets (cont'd)

Definition of default

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

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

- (i) Financial assets (cont'd)

Measurement and recognition of expected credit losses

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16 *Leases*.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, contract assets, finance lease receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

- (i) Financial assets (cont'd)

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

- (ii) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Further details of derivative financial instruments are disclosed in Note 25.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

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

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

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

Note 25 set out details of the fair values of the derivative instruments used for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Derivative financial instruments (cont'd)

Cash flow hedge

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

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. The Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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

2.13 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.14 Contract assets

A contract asset is recognised for the revenue recognised but not yet invoiced.

2.15 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.19 Share-based payments

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 each reporting date 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.

2.20 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received, and are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to the lease of space occupied by the substantial Unitholder in central office buildings owned by the Group.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

The Group as lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate. The rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivables; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the statements of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Leases (cont'd)

The Group as lessee (cont'd)

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

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

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.10.

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

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

The Group has applied the practical expedient which permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification and accordingly has accounted for any change in lease payments resulting from the COVID-19-related rent concessions applying SFRS(I) 16 as if the change were not a lease modification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes

Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of accounting department within the Trust supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.23 Foreign currency transactions and translation

Functional or presentation currency

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.24 Units in issue

Proceeds from issuance of units are recognised in unitholders' funds, net of issue costs.

2.25 Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Revenue recognition

Revenue consists primarily of (i) fibre business revenue, and (ii) ducts, manholes and central office revenue, both of which include regulated and non-regulated revenues. Regulated revenues comprise revenues received pursuant to the Interconnection Offer, Customised Agreement and the ducts and manholes services revenue. Revenue received pursuant to the Interconnection Offer are subject to regulated pricing determined by Infocomm Media Development Authority ("IMDA"). The tariff and Customised Agreement for providing fibre connection services and the ducts and manholes services revenue was approved by IMDA. Non-regulated revenue comprises central office revenue, diversion income and other revenue that is not regulated or approved by IMDA.

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that future economic benefits will flow to the entity. In addition, there are specific criteria that have to be met for revenue recognition for each of the Group's activities as described below:

- (a) Ducts and manholes service revenue primarily comprise revenue received from the provision of space in NetLink Trust's ("NLT") ducts and manholes. Revenue is recognised over time over the contract period on a straight-line basis when the services are rendered. Invoices are issued on a monthly basis and are payable within 30 days.

Other adhoc services include construction of lead-in ducts and processing charge to check for availability of lead-in ducts and manholes. Revenue is recognised at a point in time when the services are rendered and are payable within 30 days.

- (b) Central office revenue primarily comprises revenue received for the provision of ancillary services such as security, maintenance and administration services relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for central office revenue are issued on a quarterly basis and are payable within 30 days.
- (c) Service income and charges primarily comprises revenue received for the lease of machinery and equipment relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for service income and charges are issued on a quarterly basis and are payable within 30 days.
- (d) Connection revenue primarily comprises monthly recurring fees received from Requesting Licensees for each residential, non-residential, Non-Building Address Points ("NBAP") and segment (i.e. point to point) connection. Revenue is recognised over time over the subscription period on a straight-line basis when the services are rendered. Invoices for connection revenue are issued on a monthly basis and are payable within 30 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Revenue recognition (cont'd)

- (e) Revenue from Co-location includes the following:
 - (i) Monthly recurring charges received from Requesting Licensees to use space in co-location rooms in central office to house their equipment racks. Revenue is recognised over time over the lease term when the services are rendered;
 - (ii) Provision of ancillary services such as power, cooling, project study works, site preparation and installation, fibre splicing and onsite work and escort charges at the central offices. Revenue from power is recognised over time using the rate and usage charged while cooling is recognised over time over the lease term when services are rendered. Revenue from site preparation and installation, fibre splicing and onsite work and escort charges at the central offices are recognised at a point in time when the services are rendered or upon completion of the services; and
 - (iii) Invoices for co-location revenue are issued on a monthly basis and are payable within 30 days.
- (f) Installation-related revenue includes the following:
 - (i) One-time charges imposed on Requesting Licensees for the installation of a termination point at residential home, non-residential premises and/or NBAP locations, and charges for the relocation, repair, replacement or removal of existing termination points and/ or fibre cables within the same residential home, non-residential premises and/ or NBAP location. Revenue from the installation of network fibre is recognised upon completion of the installation of the network fibre for each customer;
 - (ii) Service activation charge imposed on Requesting Licensees for each activation of service on any fibre which comprises of the patching and unpatching services relating to each new connection. Revenue from the patching services is recognised upon activation of fibre connection, while revenue from the unpatching services is deferred until the unpatching work for the termination of fibre connection is completed; and
 - (iii) Invoices for installation-related revenue are issued on a monthly basis when the service is completed and/ or rendered and are payable within 30 days.
- (g) Ancillary project revenue includes the following:
 - (i) Diversion revenue received from third parties, such as developers and the Government Agencies upon their request for the diversion of NLT's ducts, manholes and fibre cables due to events such as road works, the construction of MRT infrastructure and tunnels and building construction. Revenue is recognised upon completion of diversion work for each customer. Invoices for diversion revenue to third parties are issued and payment is received before work commencement. Invoices to Government Agencies are issued upon work completion and are payable within 30 days.
 - (ii) Other Ducts and Manhole income pertains to recovery of costs incurred on ducts & manhole activity requested by third party, such as the raising of manhole covers for third party works. Revenue is recognised at a point in time when the services are rendered and are payable within 30 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Revenue recognition (cont'd)

- (h) Fibre related and other revenue primarily comprise premature termination and cancellation charges received from Requesting Licensees following the termination of a connection, and charges imposed on third parties for the recovery of costs incurred for fibre repair work resulting from such third parties' damage to NLT's network. Revenue is recognised at a point in time when the services are rendered or upon completion of fibre repair work. Invoices for fibre related and other revenue are issued on a monthly basis whenever the service is completed and/ or rendered and are payable within 30 days.
- (i) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (j) Dividend/distribution income from subsidiaries is recognised when the shareholders/unitholders' rights to receive payment have been established.
- (k) Deferred revenue relates to unearned revenue and is recognised in the profit or loss when ducts and manholes service, installation-related, unpatching services portion from service activation charges and ancillary project services are rendered.

Customer rebates and discounts are recognised against the respective revenue.

As at 31 March 2022, all performance obligations that are unsatisfied or partially satisfied are either part of a contract that has an original expected duration of one year or less, or the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligations.

2.27 Segment reporting

An operating segment is a component of the Group:

- (a) that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components;
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker and the Group to make decisions about resources to be allocated to the segment and assess its performance; and
- (c) for which discrete financial information is available.

2.28 Distributions to the Unitholders

Distributions to the Unitholders are recorded in equity in the period in which they are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, the Trustee-Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and key sources of estimation uncertainty in applying the entity's accounting policies

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

(a) Estimated useful life of property, plant and equipment (Note 18)

The Group reviews annually the estimated useful life of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful life of property, plant and equipment would decrease the net profit and decrease the carrying value of property, plant and equipment.

(b) Impairment reviews on goodwill and investment in subsidiaries

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections which have been discounted at an appropriate rate. Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The assumptions used by management to determine the value in use calculations are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. REVENUE

| | Group | |
|---|---------|---------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Timing of revenue recognition | | |
| At a point in time: | | |
| - Ducts and manholes service revenue – joint-build construction and ad-hoc services | 70 | 311 |
| - Installation-related revenue | 19,277 | 16,624 |
| - Ancillary project revenue (Note 37) | 10,059 | 8,775 |
| - Co-location revenue – Others | 566 | 811 |
| - Fibre related revenue | 2,273 | 2,197 |
| - Other revenue (Note 37) | 88 | 129 |
| | 32,333 | 28,847 |
| Over time: | | |
| - Ducts and manholes service revenue - Provision of space | 27,908 | 28,410 |
| - Central office revenue | 4,625 | 5,351 |
| - Finance lease income (Note 15) | 4,391 | 5,193 |
| - Service income and charges | 7,258 | 7,544 |
| - Connection revenue - Residential | 240,730 | 237,963 |
| - Connection revenue - Non-residential | 30,923 | 30,395 |
| - Connection revenue - NBAP | 1,845 | 1,598 |
| - Connection revenue - Segment | 11,149 | 7,278 |
| - Co-location revenue - Space, power and cooling | 16,449 | 15,887 |
| | 345,278 | 339,619 |
| | 377,611 | 368,466 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

5. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the Group is principally engaged in the provision of ducts and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the Group operates in one single business and geographical segment.

6. OTHER INCOME

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Net gain on disposal of property, plant and equipment | 14 | - |
| Interest income | 339 | 478 |
| Government grants ^(a) | 744 | 3,651 |
| Property tax rebates ^(b) | - | 3,798 |
| Manhole cover replacement grants ^(c) | 160 | - |
| Third party compensation ^(d) | 243 | 592 |
| Fibre Readiness Certification | 288 | 206 |
| Plant Route Plans | 374 | 344 |
| Notice for Commencement of Earthworks | 941 | 840 |
| Others | 92 | 59 |
| | 3,195 | 9,968 |

^(a) Government grant consists mainly of Wage Credit Scheme and Jobs Support Scheme (JSS^{*}). The Group received wage support for local employees under the JSS from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it complied with the conditions attached to the grants and the grants had been received. Government grants are recognised in profit or loss over the period in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Government grant income for JSS of \$365,000 (2021: \$3,102,000) was recognised during the year.

^(b) Property tax rebates granted by Singapore government in response to the COVID-19 pandemic. A portion of the tax rebates granted were passed on to the tenants and recognised as grant expenses in Note 10.

^(c) Grant income recoverable from IMDA for a manhole cover replacement project.

^(d) Third party compensation consists mainly of compensation received from third parties for cable cuts and for construction works performed on behalf of Land Transport Authority ("LTA").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

7. STAFF COSTS

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Salaries and wages | 28,124 | 27,507 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 3,294 | 3,118 |
| Other short-term benefits | 1,691 | 1,896 |
| Less: Staff costs capitalised | (5,654) | (2,562) |
| | 27,455 | 29,959 |

8. FINANCE COSTS

| | Group | |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Interest on bank loans | 6,565 | 8,722 |
| Interest on lease liabilities (Note 29) | 1,242 | 1,255 |
| Interest cost attributable to advanced payment received for ducts and manholes services | 119 | 126 |
| Financing related costs | 1,713 | 1,339 |
| Gain arising from maturity of cash flow hedge (Note 25) | - | (7,806) |
| Realised loss on interest rate swaps (Note 25) | 840 | 7,645 |
| | 10,479 | 11,281 |

For cash flow purposes, finance costs do not include amortisation of transaction fee of \$1,530,000 (2021: \$819,000).

9. MANAGEMENT FEE

Management fees are payable quarterly in arrears and in accordance with the Trust Deed dated 19 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

10. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

| | Group | |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| <u>Total depreciation and amortisation:</u> | | |
| Depreciation of property, plant and equipment (Note 18) | 162,057 | 160,420 |
| Depreciation of right-of-use assets (Note 19) | 3,428 | 3,134 |
| Amortisation of licence (Note 22) | 4,238 | 4,238 |
| | 169,723 | 167,792 |
| <u>Other operating expenses:</u> | | |
| Property tax | 16,809 | 17,046 |
| Expense relating to short-term lease (Note 33a) | 26 | 17 |
| Property, plant and equipment written off (Note 18) | 1,221 | 9,294 |
| (Write-back of provision)/provision for stock obsolescence (Note 16) | (3) | 70 |
| Grant expenses (Note 6) | - | 987 |
| Remeasurement loss from finance lease receivables (Note 15) | 12,383 | - |
| <u>Impairment loss on financial assets:</u> | | |
| Write-back of loss allowance for trade receivables (Note 13) | (78) | (154) |
| <u>Total amount of fees paid/payable to auditors of the Trust:</u> | | |
| Audit fees paid/payable to auditors of the Trust | 175 | 155 |
| Non audit fees paid/payable to auditors of the Trust | 48 | 19 |
| Total | 223 | 174 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

11. INCOME TAX CREDIT

The major components of income tax credit for the year ended 31 March 2022 is:

| | Group | |
|--|-----------------|-----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Income tax is made up of: | | |
| - Current income tax expense | (16,348) | (13,200) |
| - Under provision of current income tax in prior year | (1,370) | (1,953) |
| | <u>(17,718)</u> | <u>(15,153)</u> |
| - Deferred income tax due to origination and reversal of temporary differences (Note 30) | 20,250 | 18,341 |
| - Over/(under) provision of deferred income tax in prior year (Note 30) | 1,652 | (18) |
| Income tax credit recognised in profit or loss | <u>4,184</u> | <u>3,170</u> |

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Profit before income tax | 87,078 | 91,642 |
| Income tax expense calculated at a tax rate of 17% | (14,803) | (15,579) |
| Effect of: | | |
| - Income not subject to taxation | 62 | 1,801 |
| - Expenses not deductible for tax purposes | (1,040) | (726) |
| - Tax relief and tax rebate | 37 | 30 |
| - Tax benefit on the tax exempted interest income derived from qualifying project debt securities (Note 24) | 19,635 | 19,635 |
| - Over/(under) provision in prior year – net | 282 | (1,971) |
| - Others | 11 | (20) |
| | <u>4,184</u> | <u>3,170</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

12. CASH AND BANK DEPOSITS

| | Group | | Trust | |
|---|----------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Cash and bank balances | 149,818 | 170,536 | 57,774 | 58,434 |
| Capital expenditure reserve fund ^(a) | - | - | - | - |
| Cash at bank, representing cash and cash equivalents | 149,818 | 170,536 | 57,774 | 58,434 |

13. TRADE AND OTHER RECEIVABLES

| | Group | | Trust | |
|--|----------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Trade receivables: | | | | |
| - Third parties | 11,910 | 8,806 | 25 | 26 |
| - Substantial Unitholder | 21,457 | 14,532 | - | - |
| - Subsidiaries of a substantial shareholder of the substantial Unitholder | 9,325 | 9,581 | - | - |
| Loss allowances | (62) | (140) | - | - |
| | 42,630 | 32,779 | 25 | 26 |
| Other receivables: | | | | |
| - Third parties | 14,857 | 3,485 | - | - |
| - Subsidiaries | - | - | 92 | 67 |
| - Substantial Unitholder ^(b) | 8,373 | 8,290 | - | - |
| Grant receivable | 160 | - | - | - |
| | 66,020 | 44,554 | 117 | 93 |

^(a) Capital expenditure reserve fund ("Capex Reserve Fund") comprises monies set aside each year for at least 20% of Capex Reserve Fund, which cumulates to \$40.0 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from IMDA for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure. As at 31 March 2022, NLT had incurred \$35.3 million (2021: \$26.3 million) of the Capex Reserve Fund to improve network resiliency and expand capacity, which is \$1.3 million more than the prevailing Capex Reserve Fund required of \$34.0 million.

^(b) This is receivable from a substantial Unitholder for additional capital allowances transferred under the group tax relief system pertaining to year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

13. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables due from third parties, substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder.

The average credit period is 30 days (2021: 30 days). The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customer.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

| | 2022 | | | 2021 | | |
|------------------------|----------------------------------|-----------------------------|-------------------|----------------------------------|-----------------------------|-------------------|
| | Weighted average loss rate | Gross carrying amount | Loss allowance | Weighted average loss rate | Gross carrying amount | Loss allowance |
| | % | \$'000 | \$'000 | % | \$'000 | \$'000 |
| Group | | | | | | |
| Current | | 33,245 | 12 | | 28,521 | 35 |
| Past due 1-30 days | | 2,762 | 8 | | 266 | 19 |
| Past due 31-60 days | | 2,493 | 21 | | 2,007 | 11 |
| Past due 61-90 days | | 1 | 1 | | 100 | 7 |
| Past due above 90 days | | 4,191 | 20 | | 2,025 | 68 |
| | 0.1 | <u>42,692</u> | <u>62</u> | 0.4 | <u>32,919</u> | <u>140</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

13. TRADE AND OTHER RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

| | Lifetime ECL – Not credit-impaired | | | Total \$'000 |
|---------------------------|---------------------------------------|------------------------------------|---|-----------------|
| | Collectively assessed \$'000 | Individually assessed \$'000 | Lifetime ECL – credit- impaired \$'000 | |
| Group | | | | |
| At 1 April 2020 | 186 | 2 | 106 | 294 |
| Loss allowance recognised | 72 | - | 56 | 128 |
| Amounts recovered | (186) | (2) | (94) | (282) |
| At 31 March 2021 | 72 | - | 68 | 140 |
| Loss allowance recognised | 35 | - | 9 | 44 |
| Amounts recovered | (66) | - | (56) | (122) |
| At 31 March 2022 | 41 | - | 21 | 62 |

Other receivables due from third parties, subsidiaries and substantial Unitholder

Other receivables due from third parties, subsidiaries and substantial Unitholder are unsecured, interest-free and are generally receivable on 30 days terms (2021: 30 days).

ECL for other receivables due from third parties, subsidiaries and substantial Unitholder are expected to be insignificant.

14. CONTRACT ASSETS

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Substantial Unitholder | 13,104 | 9,678 |
| Subsidiaries of a substantial shareholder of the substantial Unitholder | 8,884 | 8,989 |
| Third parties | 7,662 | 7,227 |
| | 29,650 | 25,894 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

14. CONTRACT ASSETS (CONT'D)

Movements in the contract assets balances during the year are as follows:

| | Group | |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| At the beginning of the year | 25,894 | 27,382 |
| Contract assets recognised, net of reclassification to trade receivables | 3,756 | (1,488) |
| At the end of the year | 29,650 | 25,894 |

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

ECL is not expected to be significant for contract assets.

15. FINANCE LEASE RECEIVABLES

| | Group | |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Amounts receivable under finance leases | | |
| Year 1 | 4,187 | 5,041 |
| Year 2 | 4,187 | 5,041 |
| Year 3 | 4,187 | 5,041 |
| Year 4 | 4,187 | 5,041 |
| Year 5 | 4,187 | 5,041 |
| Year 6 and onwards | 196,539 | 239,784 |
| Undiscounted lease payments and gross investment in the lease (Note 33b) | 217,474 | 264,989 |
| Less: Unearned finance income | (150,562) | (184,249) |
| Net investment in the lease | 66,912 | 80,740 |
| Undiscounted lease payments analysed as: | | |
| Recoverable within 12 months | 4,187 | 5,041 |
| Recoverable after 12 months | 213,287 | 259,948 |
| | 217,474 | 264,989 |
| Net investment in the lease analysed as: | | |
| Recoverable within 12 months | 201 | 233 |
| Recoverable after 12 months | 66,711 | 80,507 |
| | 66,912 | 80,740 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

15. FINANCE LEASE RECEIVABLES (CONT'D)

The following table presents the amounts included in profit or loss.

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Finance income on the net investment in finance leases (Note 4) | 4,391 | 5,193 |

The Group's finance lease arrangements do not include variable payments.

The finance lease receivables relate to the rental agreements on the land and building between a subsidiary and the substantial Unitholder in relation to the space occupied by the substantial Unitholder in the central office buildings owned by the subsidiary. As at 31 March 2022, the exchange buildings have a remaining lease period of 56 to 76 years.

There is a remeasurement loss of \$12.4 million relating to finance lease receivables arising from the reduction in rental rates upon the renewal of the Central Office lease agreements with the substantial Unitholder from 22 September 2021.

The reduction in rental rates did not have a material cashflow impact for FY22 nor is it expected to have a material cash flow impact for each of the subsequent years. The accounting standards require the reduction in rental rate for FY22 and subsequent years (i.e. remaining lease term of the leasehold ranging from 47 to 67 years) to be recognised upfront as the remeasurement loss described above.

During the financial year ended 31 March 2022, the substantial Unitholder has surrendered a portion of space in the Central Office buildings, this resulted an amount of \$1,234,000 (2021: \$6,687,000) being reclassified from finance lease receivables to leasehold land and buildings under property, plant and equipment (Please refer to Note 18).

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 6.2% (2021: 6.2%).

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in SGD.

Loss allowance for finance lease receivables has always been measured at an amount equal to lifetime expected credit losses. Management considers that no finance lease receivables is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

16. INVENTORIES

| | Group | |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Fibre and accessories | 3,982 | 5,086 |
| Manhole covers | 58 | 56 |
| Pipes and fittings | 141 | 103 |
| | 4,181 | 5,245 |
| Provision for stock obsolescence | (81) | (84) |
| Balance at the end of the financial year | 4,100 | 5,161 |

Movement in provision for stock obsolescence

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Balance at beginning of the financial year | 84 | 55 |
| (Write-back of provision)/provision for stock obsolescence during the year (Note 10) | (3) | 70 |
| Utilised during the year | - | (41) |
| Balance at the end of the financial year | 81 | 84 |

The inventories are primarily used for construction of network assets, which are capitalisable projects. The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to \$433,000 (2021: \$297,000).

The cost of inventories recognised as an expense includes \$32,000 (2021: \$5,000), in respect of write-downs of inventory to net realisable value.

17. OTHER CURRENT ASSETS

| | Group | | Trust | |
|--|----------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Deposits | | | | |
| - Third parties | 51 | 136 | - | - |
| - Subsidiary of a substantial shareholder of the substantial Unitholder | 45 | - | - | - |
| Prepayments | | | | |
| - Third parties | 5,400 | 5,021 | 173 | 210 |
| | 5,496 | 5,157 | 173 | 210 |

ECL is expected to be insignificant for deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

18. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings | Network assets | Exchange equipment | Leasehold improvements | Furniture, fittings and equipment | Motor vehicles | Asset under construction | Total |
|----------------------------------|------------------------------------|-------------------|-----------------------|---------------------------|---|-------------------|--------------------------------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | | | | |
| Cost: | | | | | | | | |
| At 1 April 2020 | 9,574 | 3,752,767 | 132,106 | 2,369 | 24,411 | 1,629 | 70,209 | 3,993,065 |
| Reclassification ¹ | 21,386 | - | (14,829) | - | 130 | - | - | 6,687 |
| Additions | 1,367 | 1,805 | 1,900 | 99 | 3,362 | 131 | 55,143 | 63,807 |
| Transfer | 1,031 | 47,127 | 604 | - | - | - | (48,762) | - |
| Disposals/written off | - | (1,921) | (1,776) | - | - | (13) | (7,532) | (11,242) |
| At 31 March 2021 | 33,358 | 3,799,778 | 118,005 | 2,468 | 27,903 | 1,747 | 69,058 | 4,052,317 |
| Reclassification ¹ | 1,234 | - | - | (30) | 30 | - | - | 1,234 |
| Additions | 2,271 | 2,067 | 5,122 | 45 | 1,305 | - | 54,476 | 65,286 |
| Transfer | 179 | 58,898 | 134 | - | - | - | (59,211) | - |
| Disposals/written off | - | (1,110) | (2,088) | - | (450) | - | (171) | (3,819) |
| At 31 March 2022 | 37,042 | 3,859,633 | 121,173 | 2,483 | 28,788 | 1,747 | 64,152 | 4,115,018 |
| Accumulated depreciation: | | | | | | | | |
| At 1 April 2020 | 692 | 870,424 | 69,012 | 2,339 | 23,314 | 482 | 146 | 966,409 |
| Reclassification ¹ | 4,620 | - | (4,695) | - | 75 | - | - | - |
| Depreciation charge | 1,345 | 147,194 | 9,784 | 28 | 1,857 | 170 | 42 | 160,420 |
| Transfer | 95 | - | 45 | - | - | - | (140) | - |
| Disposals/written off | - | (543) | (1,392) | - | - | (13) | - | (1,948) |
| At 31 March 2021 | 6,752 | 1,017,075 | 72,754 | 2,367 | 25,246 | 639 | 48 | 1,124,881 |
| Reclassification ¹ | 145 | - | - | (8) | 8 | - | (145) | - |
| Depreciation charge | 1,330 | 148,913 | 9,568 | 29 | 1,878 | 175 | 164 | 162,057 |
| Transfer | 66 | - | 1 | - | - | - | (67) | - |
| Disposals/written off | - | (336) | (1,812) | - | (450) | - | - | (2,598) |
| At 31 March 2022 | 8,293 | 1,165,652 | 80,511 | 2,388 | 26,682 | 814 | - | 1,284,340 |
| Net carrying amount: | | | | | | | | |
| At 31 March 2021 | 26,606 | 2,782,703 | 45,251 | 101 | 2,657 | 1,108 | 69,010 | 2,927,436 |
| At 31 March 2022 | 28,749 | 2,693,981 | 40,662 | 95 | 2,106 | 933 | 64,152 | 2,830,678 |

Leasehold land and buildings include leases of land on which the Group's central office buildings are built on, with remaining lease terms of between 46 years to 66 years (2021: 47 years to 67 years), and have a carrying amount of \$13,634,000 (2021: \$12,923,000).

¹ Reclassification of Property, plant and equipment consist of the below:

- (a) Reclassification of \$1,234,000 (2021: \$6,687,000) from Finance lease receivable to Leasehold land and buildings (Note 15).
- (b) The Group has completed a re-alignment of assets to the appropriate asset class and performed a reassessment of the useful life of its assets. Hence, there has been a reclassification of the followings:
 - (i) \$30,000 (2021: Nil) from Leasehold improvements to Furniture, fittings and equipment; and
 - (ii) Nil (2021: \$10,134,000) from Exchange Equipment to Leasehold Land and Buildings of nil (2021: \$10,079,000) and to Furniture, Fittings and Equipment of nil (2021: \$55,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

19. RIGHT-OF-USE ASSETS

The Group leases several leasehold land and buildings and furniture, fittings and equipment. The average lease term is 16 years (2021: 16 years).

| | Leasehold land and buildings | Furniture, fittings and equipment | Total |
|----------------------------------|------------------------------------|---|--------|
| | \$'000 | \$'000 | \$'000 |
| Group | | | |
| Cost: | | | |
| At 1 April 2020 | 23,374 | 228 | 23,602 |
| Additions | 27,665 | 180 | 27,845 |
| At 31 March 2021 | 51,039 | 408 | 51,447 |
| Additions | 2,067 | 204 | 2,271 |
| At 31 March 2022 | 53,106 | 612 | 53,718 |
| Accumulated depreciation: | | | |
| At 1 April 2020 | 11,348 | 150 | 11,498 |
| Depreciation charge | 3,028 | 106 | 3,134 |
| At 31 March 2021 | 14,376 | 256 | 14,632 |
| Depreciation charge | 3,286 | 142 | 3,428 |
| At 31 March 2022 | 17,662 | 398 | 18,060 |
| Carrying amount: | | | |
| At 31 March 2021 | 36,663 | 152 | 36,815 |
| At 31 March 2022 | 35,444 | 214 | 35,658 |

The Group has no options to purchase any of its right-of-use assets at the end of the lease term, and there are no extension or termination options nor variable lease payment terms on all leases.

Certain leases that expired in the current financial year were extended, and this resulted in additions to right-of-use assets of \$2,165,000 (2021: \$60,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

20. RENTAL DEPOSITS

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Third parties | 80 | 15 |
| Substantial Unitholder | 160 | 160 |
| Subsidiary of a substantial shareholder of the substantial Unitholder | - | 45 |
| | 240 | 220 |

ECL is expected to be insignificant for rental deposits.

21. GOODWILL

| | Group | |
|----------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Cost: | | |
| Balance at beginning/end of year | 746,854 | 746,854 |
| Carrying amount: | | |
| Balance at beginning/end of year | 746,854 | 746,854 |

Goodwill arose in the acquisition of NLT because the consideration paid effectively included amounts in relation to the benefits of expected revenue growth which do not meet the recognition criteria for separate intangible assets.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. There is only one cash-generating unit and management considers that the Group operates in one single business unit.

The recoverable amount of the cash-generating unit is determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate and the expected cash flows. The long-term cash flow forecasts are based on revenue, operating and capital expenditure assumptions which are mainly driven by growth rates and operating margins.

The Group prepares cash flow forecasts which are derived from the most recent financial budget approved by the Board. The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

The WACC used to discount the cash flows is 5.30% (2021: 5.04%). The time period used is 12 years (2021: 13 years) in line with the amortisation of the licence. The terminal growth rates used of 1.5% (2021: 1.5%) do not exceed the long-term average growth rates of the industry in which the Group operates.

As at 31 March 2022, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

22. LICENCE

| | Group | |
|----------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Cost: | | |
| Balance at beginning/end of year | 95,980 | 95,980 |
| Amortisation: | | |
| Balance at beginning of year | (15,892) | (11,654) |
| Amortisation | (4,238) | (4,238) |
| Balance at end of year | (20,130) | (15,892) |
| Carrying amount: | | |
| Balance at end of year | 75,850 | 80,088 |

The Group's Facilities-Based Operations licence pertains to providing access to the ducts, manholes and central offices required by other FBOs in rolling out their network for specific telecommunication purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

23. INVESTMENT IN SUBSIDIARIES

| | Trust | |
|--------------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Unquoted equity investments, at cost | 2,013,673 | 2,013,673 |

Details of the subsidiaries at the end of the reporting period are as follows:

| Name of company/entity | Principal activities (Country of incorporation/ Place of business) | Effective interest held by the Trust (%) | |
|--|---|--|------|
| | | 2022 | 2021 |
| Held by the Trust: | | | |
| NetLink Trust [#] | See Note 1 below (Singapore) | 100 | 100 |
| NetLink Management Pte. Ltd. [#] | Provision of management services to NLT (Singapore) | 100 | 100 |
| NetLink Treasury Pte. Ltd. [#] | Provision of treasury management activities (Singapore) | 100 | 100 |
| Held through NetLink Trust: | | | |
| NetLink Trust Operations Company Pte. Ltd. [#] | Provision of manpower services to NLT (Singapore) | 100 | 100 |
| OpenNet Pte. Ltd. ^{##} (In Members' Voluntary Liquidation) | Dormant, voluntary liquidation commenced on 10 January 2018 (Singapore) | N.A. | 100 |

Note 1:

The principal activities are (i) The ducts and manholes business which entails the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities; and (ii) The ownership, installation, operation and maintenance of the passive portion of the Next Generation National Broadband Network of Singapore for the purposes of providing services to provide facilities based operations granted by IMDA which is the successor-in-title of the Info-communications Development Authority of Singapore.

[#] Audited by Deloitte & Touche LLP.

^{##} Final meeting was held on 11 March 2022. OpenNet Pte. Ltd. is expected to be dissolved on or around 11 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

24. SUBORDINATED LOAN TO A SUBSIDIARY

On 19 July 2017, the Trust subscribed for \$1.1 billion of subordinated notes due in year 2037 issued by NLT, which are qualifying project debt securities. The notes bear interest of 10.5% per annum, payable semi-annually in arrears on 31 March and 30 September each year.

ECL for subordinated loan to a subsidiary are expected to be insignificant.

25. DERIVATIVE FINANCIAL INSTRUMENTS

| | Group | |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Non-current | | |
| Interest rate swaps, designated in hedge accounting relationship (net-settled) | 20,616 | - |

Interest rate swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

During the year, the Group entered into interest rate swaps where NLT will pay a fix rate in exchange for 3-month compounded SORA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

25. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in the "derivative financial instruments" within the consolidated statements of financial position.

Group

| | Life to date values as at 31 March 2022 | | | | Year to date values recognised during the year ended 31 March 2022 | | | |
|---------------------|--|-------------------|-----------------|--|--|-------------------------------|---|--|
| | | | | Carrying amount of the hedging instrument | | | | Hedge effectiveness in reserves |
| | Currency | Maturity years | Average rate | Nominal amount of the hedging instrument | Assets | Cost of hedging reserve | Marked to market gain/(loss) through OCI | Income statement (loss)/gain (Note 8) |
| | | | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2022 | | | | | | | | |
| Cash flow hedge | | | | | | | | |
| Interest rate swaps | SGD | 4 – 5 | 1.85% | 510,000 | 20,616 | (20,616) | 20,616 | (840) |
| 2021 | | | | | | | | |
| Cash flow hedge | | | | | | | | |
| Interest rate swaps | SGD | - | - | - | - | - | (861) | 161 |

The cost of hedging reserves is the hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

The interest rate swaps settle on a quarterly basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges 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 recognised in other comprehensive income is reclassified from equity to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

26. TRADE AND OTHER PAYABLES

| | Group | | Trust | |
|--|----------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Current | | | | |
| Trade payables | | | | |
| - Third parties | 16,999 | 14,089 | 5 | - |
| - Substantial Unitholder | 2,032 | 264 | - | - |
| - Subsidiaries of a substantial shareholder of the substantial Unitholder | 289 | 113 | - | - |
| - Other related parties | 109 | 39 | 29 | 39 |
| Other payables | 1,224 | 1,261 | - | - |
| Accruals: | | | | |
| - Property, plant and equipment | 8,762 | 10,102 | - | - |
| - Property, plant and equipment from substantial Unitholder | 6,380 | 13,633 | - | - |
| - Operating expenses | 15,193 | 12,925 | 213 | 187 |
| - Operating expenses from substantial Unitholder | 2,118 | 1,989 | - | - |
| Interest payable to third parties | 36 | 35 | - | - |
| Provision for reinstatement cost | 655 | 655 | - | - |
| Share-based payments | 1,571 | 1,290 | - | - |
| | <u>55,368</u> | <u>56,395</u> | <u>247</u> | <u>226</u> |

| | Group | | Trust | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Non-current | | | | |
| Other payables: | | | | |
| Share-based payments | 1,313 | 2,292 | - | - |

Trade and other payables pertaining to third parties, substantial Unitholder, Trustee-Manager of the Trust, related parties in which a subsidiary of the substantial Unitholder and subsidiaries of a substantial shareholder of the substantial Unitholder, are normally settled between 30 to 90 days terms and are non-interest bearing.

The trade payables for related parties consist of:

- Amount owing to a subsidiary of the substantial Unitholder is \$80,000 (2021: \$Nil).
- Amount owing to Trustee-Manager is \$29,000 (2021: \$39,000).

Cash-settled share-based payments

The Group issued to certain employees Long Term Incentive Programme ("LTIP") that require the Group to pay the intrinsic value of the LTIP to the employee upon vesting after the end of a three-year performance period. The Group has recorded liabilities of \$2.9 million (2021: \$3.6 million). The Group recorded total expenses of \$0.6 million (2021: \$1.5 million) during the year in respect of LTIP. The total intrinsic value of the vested LTIP at 31 March 2022 was \$1.6 million (2021: \$1.3 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

27. DEFERRED REVENUE

Group's revenue that was included in deferred revenue at the end of the year:

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Current | | |
| Amounts received/receivable for ducts and manholes services ⁽ⁱ⁾ | 382 | 374 |
| Amounts received/receivable for ancillary project services ⁽ⁱⁱ⁾ | 7,622 | 5,175 |
| Amounts received/receivable for service activation charge ⁽ⁱⁱⁱ⁾ | 17,292 | 15,017 |
| Amounts receivable for which collection is uncertain ^(iv) | 726 | 356 |
| Amounts received in advance for installation-related revenue ^(v) | 35 | 22 |
| Amounts received in advance for Notice for Commencement of Earthworks ^(vi) | 416 | 461 |
| Balance at end of year | <u>26,473</u> | <u>21,405</u> |
| Non-current | | |
| Amounts received/receivable for ducts and manholes services ⁽ⁱ⁾ | 5,919 | 6,301 |
| Amounts received/receivable for ancillary project services ⁽ⁱⁱ⁾ | 2,313 | - |
| Balance at end of year | <u>8,232</u> | <u>6,301</u> |

Group's revenue that was included in deferred revenue at the beginning of the year:

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Amounts received/receivable for ducts and manholes services ⁽ⁱ⁾ | 374 | 370 |
| Amounts received/receivable for ancillary project services ⁽ⁱⁱ⁾ | 3,072 | 3,099 |
| Amounts received/receivable for service activation charge ⁽ⁱⁱⁱ⁾ | 2,386 | 2,106 |
| Amounts receivable for which collection is uncertain ^(iv) | 267 | 88 |
| Amounts received in advance for installation-related revenue ^(v) | 21 | 19 |
| Amounts received in advance for Notice for Commencement of Earthworks ^(vi) | 461 | - |
| Recognised as revenue in profit or loss | <u>6,581</u> | <u>5,682</u> |

- (i) Revenue received in advance from substantial Unitholder, which is recognised as revenue when the services are rendered.
- (ii) Revenue related to ancillary project services is recognised when the services are completed. When the customer initially prepays for the services, deferred revenue is recognised until the services are provided to the customer.
- (iii) The service activation charge relating to the termination of fibre connections is deferred and recognised only upon completion of unpatching works required for the termination of fibre connections.
- (iv) Other invoices issued to customers for which services have yet to be rendered or collection is uncertain. Revenue is recognised upon service completion or probable collection. An example is the recovery of costs incurred for cable cut incidents by errant contractors.
- (v) Revenue related to installation of fibre related works collected in advance and recognised only upon completion of installation works.
- (vi) Revenue related to Notice for Commencement of Earthworks collected in advance and recognised only upon completion of works or 6 months after collection.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

28. LOANS

| | Effective Average Interest rate ⁽ⁱ⁾ | | 2022 \$'000 | 2021 \$'000 |
|-----------------------------|---|-----------|----------------|----------------|
| | 2022 % | 2021 % | | |
| Unsecured borrowings | | | | |
| Repayable within one year | | | | |
| - Bank loans (unsecured) | 0.83 | 2.87 | 155,797 | 509,120 |
| Repayable after one year | | | | |
| - Bank loans (unsecured) | 1.29 | 1.20 | 507,890 | 155,587 |
| | | | 663,687 | 664,707 |

| Maturity | Terms | Utilised | |
|-----------------------------|-----------------------------------|----------------|----------------|
| | | 2022 \$'000 | 2021 \$'000 |
| March 2022 ⁽ⁱⁱⁱ⁾ | \$510 million Five-Year Term Loan | - | 510,000 |
| March 2022 ⁽ⁱⁱⁱ⁾ | \$90 million Five-Year RCF | - | - |
| March 2023 | \$210 million Three-Year RCF | 156,000 | 156,000 |
| May 2026 ⁽ⁱⁱⁱ⁾ | \$510 million Five-Year Term Loan | 510,000 | - |
| | | 666,000 | 666,000 |
| | Transaction costs | (2,313) | (1,293) |
| | | 663,687 | 664,707 |

(i) The interest expenses used in the computation of effective average interest rate included the impact of net settlement of interest rate swaps.

(ii) The \$510.0 million Five-Year Term Loan and \$90.0 million Five-Year revolving credit facility ("RCF") which commenced on 24 March 2016 were extended on 21 July 2020 to mature on 24 March 2022. As part of the refinancing, the Trustee-Manager cancelled both the \$90.0 million Five-Year RCF and the \$510.0 million Five-Year Term Loan on 19 May 2021 and 31 May 2021 respectively.

(iii) The \$510.0 million Five-Year Term Loan which commenced on 21 May 2021 is a SORA-based Term Loan with maturity date on 21 May 2026. This facility was used to refinance the previous \$510.0 million Five-Year Term Loan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

28. LOANS (CONT'D)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | 1 April 2021 | Financing cash flows | Non-cash amortisation of transaction fees (Note 8) | 31 March 2022 |
|-------|-----------------|-------------------------|--|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Loans | 664,707 | (2,550) [#] | 1,530 | 663,687 |

| | 1 April 2020 | Financing cash flows | Non-cash amortisation of transaction fees (Note 8) | 31 March 2021 |
|-------|-----------------|-------------------------|--|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Loans | 664,788 | (900) [#] | 819 | 664,707 |

[#] For cash flow purposes, financing cash flow comprises loan arrangement fee including agency fee of \$42,000 (2021: \$20,000) which is not part of the loans but included under other operating expense in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

29. LEASE LIABILITIES

| | Group | |
|---|---------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Maturity analysis: | | |
| Not later than one year | 3,411 | 3,386 |
| Later than one year but not later than five years | 8,882 | 8,573 |
| Later than five years | 62,747 | 64,573 |
| | <u>75,040</u> | <u>76,532</u> |
| Less: Unearned interest | (36,592) | (37,705) |
| | <u>38,448</u> | <u>38,827</u> |
| Analysed as: | | |
| Current | 2,239 | 2,279 |
| Non-current | 36,209 | 36,548 |
| | <u>38,448</u> | <u>38,827</u> |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Non-cash changes | | | | |
|-------------------|------------------|-------------------------|-----------|--|------------------|
| | 1 April 2021 | Financing cash flows | Additions | Finance cost recognised (Note 8) | 31 March 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Lease liabilities | 38,827 | (3,857) | 2,236 | 1,242 | 38,448 |

| | Non-cash changes | | | | |
|-------------------|------------------|-------------------------|-----------|--|------------------|
| | 1 April 2020 | Financing cash flows | Additions | Finance cost recognised (Note 8) | 31 March 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Lease liabilities | 14,105 | (4,248) | 27,715 | 1,255 | 38,827 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

30. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Movement in deferred tax account is as follows: | | |
| Balance at beginning of year | 506,540 | 524,863 |
| Credited to profit or loss (Note 11) | (21,902) | (18,323) |
| Balance at end of year | 484,638 | 506,540 |

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred income tax liabilities

Group

| | Accelerated tax depreciation \$'000 | Finance lease receivables \$'000 | Licence \$'000 | Others \$'000 | Total \$'000 |
|----------------------------|--|---|-------------------|------------------|-----------------|
| At 1 April 2020 | 499,789 | 14,902 | 14,337 | 206 | 529,234 |
| Credited to profit or loss | (16,100) | (1,176) | (722) | 14 | (17,984) |
| At 31 March 2021 | 483,689 | 13,726 | 13,615 | 220 | 511,250 |
| Credited to profit or loss | (17,814) | (2,351) | (720) | 173 | (20,712) |
| At 31 March 2022 | 465,875 | 11,375 | 12,895 | 393 | 490,538 |

Deferred income tax assets

Group

| | Deferred revenue \$'000 | Total \$'000 |
|-------------------------------------|-------------------------------|-----------------|
| At 1 April 2020 | (4,371) | (4,371) |
| Credited to profit or loss | (339) | (339) |
| At 31 March 2021 | (4,710) | (4,710) |
| Credited to profit or loss | (1,190) | (1,190) |
| At 31 March 2022 | (5,900) | (5,900) |
| Net deferred income tax liabilities | | |
| At 31 March 2021 | | 506,540 |
| At 31 March 2022 | | 484,638 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

31. UNITS IN ISSUE

| | Number of units | | Units in Issue | |
|--------------------------------------|-----------------|---------------|----------------|----------------|
| | 2022 | 2021 | 2022 \$'000 | 2021 \$'000 |
| Group and Trust | | | | |
| Balance at beginning and end of year | 3,896,971,100 | 3,896,971,100 | 3,117,178 | 3,117,178 |

All issued units are fully paid and rank *pari passu* in all respects.

32. EARNINGS PER UNIT

Basic earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year. Diluted earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year (adjusted for the effects of dilutive unit options).

The calculation of the basic earnings per unit is based on the following data:

Earnings

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Profit attributable to unitholders of the Trust for basic and diluted earnings per unit computation | 91,262 | 94,812 |

Number of Units

| | 2022 | 2021 |
|--|---------------|---------------|
| Weighted average number of units on issue applicable for basic and diluted earnings per unit computation | 3,896,971,100 | 3,896,971,100 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

33. COMMITMENTS

- (a) Operating lease commitments – as lessee

At 31 March 2022 and 31 March 2021, the Group does not have any significant commitments to short-term leases.

- (b) Finance lease commitments – as lessor

The Group's finance lease commitments as lessor are shown in Note 15.

Included in the future minimum finance lease receivables comprise future minimum finance lease receivables from the substantial Unitholder which amounted to \$217,474,000 (2021: \$264,989,000).

- (c) Capital commitments

Capital expenditure contracted for at the consolidated statement of financial position date but not recognised in the financial statements are as follows:

| | Group | |
|-------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Property, plant and equipment | 52,011 | 48,761 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

34. RELATED PARTY TRANSACTIONS

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Services rendered to a substantial Unitholder | 161,783 | 161,917 |
| Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder | 105,781 | 107,890 |
| Purchase of services from a substantial Unitholder | 5,393 | 6,762 |
| Purchase of fixed assets from a substantial Unitholder | 3,519 | 1,809 |
| Management fee paid or payable to Trustee-Manager of the Trust | 1,016 | 1,024 |
| Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder | 3,741 | 3,821 |
| Purchases of goods from subsidiaries of the substantial Unitholder | 75 | 256 |

- (b) Compensation of directors and key management personnel compensation are as follows:

| | Group | |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Wages and salaries | 3,552 | 3,003 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 35 | 34 |
| Other benefits | 137 | 135 |

The remuneration of directors and key management are determined by the Board Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's activities expose it to a variety of financial risks arising from its operations. The key financial risks include credit risk, interest rate risk and liquidity risk. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

The Group uses a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps to mitigate the risk of rising interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

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) Market risk management

(i) Foreign currency risk

The Group's revenue and expenditure are primarily transacted in Singapore Dollars ("SGD"). Foreign currency transactions are minimised and settled using spot rate. There is no significant foreign currency risk.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (d) of this Note. The Group sometimes borrow at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates.

The Group's policy is to maintain a mix of borrowings in both floating and fixed rate instruments to manage its overall exposure to interest rate risk. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, 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 swaps can be found in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

- (a) Market risk management (cont'd)
- (ii) Interest rate risk management (cont'd)

The Group has put in place a \$510.0 million SORA-based term loan on 21 May 2021 to refinance its \$510.0 million SOR-based loan. The Group has entered into SORA-based linked interest rate swaps following the completion of refinancing in 2021. The exposures arise on derivatives and non-derivative financial assets and liabilities (e.g. bank borrowings) referenced to both SORA and SOR (2021: SOR).

Hedged items in these hedges include SORA-linked bank borrowings, which was utilised from 31 May 2021. Hedging instruments include SORA-linked interest rate swaps (2021: SOR-linked interest rate swaps).

Interest rate benchmark transition for non-derivative financial instruments

The following table summarises the non-derivative financial instruments held by the Group that feature cash flows that have been or will be affected by the interest rate benchmark reform. It does not include the Group's fixed rate financial instruments because cash flows on those instruments are not affected by the interest rate benchmark reform.

| Non-derivative financial instruments prior to transition | Maturing in | Notional | Hedge accounting | Transition progress for non-derivative financial instruments |
|---|--------------------|-----------------|-------------------------|---|
| 2022 | | | | |
| Bank borrowings linked to SOR | 2023 | \$156.0 million | N/A | It will be refinanced with SORA based instruments |

Interest rate benchmark transition for derivatives and hedge relationships

No hedging is in place for outstanding bank loans as at 31 March 2021. During the year, the Group entered into \$510.0 million interest rate swaps where NLT will pay a fix rate in exchange for 3-month compounded SORA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(a) Market risk management (cont'd)

(iii) Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Trustee-Manager's assessment of the reasonably possible change in interest rates.

An interest rate swap for the \$510.0 million loan is in place to hedge outstanding bank loans exposure to interest rate fluctuations as at 31 March 2022 (2021: Nil).

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's Profit for the financial year ended 31 March 2022 would decrease/increase by \$780,000 (2021: \$3,330,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) Credit risk management

Of the trade and other receivables, finance lease receivable, contract assets, other current assets and rental deposits at the end of the year, \$128.3 million (2021: \$132.0 million) is due from substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Group. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder of the Group represent 76.2% (2021: 84.3%) of total trade and other receivables, finance lease receivable, contract assets, other current assets and rental deposits at year end.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Collateral held as security and other credit enhancements

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statements of financial position less collateral held. Collaterals in the form of cash are obtained from counterparties where appropriate.

Cash and fixed deposits are placed with banks which are regulated and with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) Credit risk management (cont'd)

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

For the Group, there is a significant concentration of credit risk to their major customers which is a substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Trust for the duration of the respective service contracts entered into. The Group monitors the credit risk by ensuring that payments are received by the contracted payment date.

The Group's current credit risk grading framework comprises the following categories:

| Category | Description | Basis for recognising expected credit losses |
|------------|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | 12-month ECL (other than trade receivables without significant financing component and contract assets) |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired. | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

| | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount \$'000 | Loss allowance \$'000 | Net carrying amount \$'000 |
|---|------|------------------------------|------------------------------|--------------------------------|---------------------------------------|-----------------------------|-------------------------------------|
| Group | | | | | | | |
| 2022 | | | | | | | |
| Trade receivables | | | | | | | |
| Substantial Unitholder | 13 | A-* | (i) | Lifetime ECL | 21,457 | - | 21,457 |
| Subsidiaries of a substantial shareholder of the | | | | | | | |
| substantial Unitholder | 13 | N.A. | (i) | Lifetime ECL | 9,325 | - | 9,325 |
| Third parties | 13 | N.A. | (i) | Lifetime ECL | 11,910 | (62) | 11,848 |
| Other receivables | | | | | | | |
| Substantial Unitholder | 13 | A-* | (i) | Lifetime ECL | 8,373 | - | 8,373 |
| Third parties | 13 | N.A. | Performing | 12-month ECL | 14,857 | - | 14,857 |
| Grant receivables | 13 | N.A. | Performing | 12-month ECL | 160 | - | 160 |
| Contract assets | 14 | N.A. | (i) | Lifetime ECL | 29,650 | - | 29,650 |
| Finance lease receivables | 15 | A-* | (i) | Lifetime ECL | 66,912 | - | 66,912 |
| Other current asset | | | | | | | |
| Deposit | | | | | | | |
| Subsidiary of a substantial shareholder of the | | | | | | | |
| substantial Unitholder | 17 | N.A. | Performing | 12-month ECL | 45 | - | 45 |
| Third parties | 17 | N.A. | Performing | 12-month ECL | 51 | - | 51 |
| Rental deposit | | | | | | | |
| Substantial Unitholder | 20 | A-* | Performing | 12-month ECL | 160 | - | 160 |
| Third parties | 20 | N.A. | Performing | 12-month ECL | 80 | - | 80 |
| | | | | | | (62) | |

* The external credit rating is based on Standard and Poor's rating as at 31 March 2022 and 31 March 2021.
N.A. = Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

| | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount \$'000 | Loss allowance \$'000 | Net carrying amount \$'000 |
|---|------|------------------------------|------------------------------|--------------------------------|---------------------------------------|-----------------------------|-------------------------------------|
| Group | | | | | | | |
| 2021 | | | | | | | |
| Trade receivables | | | | | | | |
| Substantial Unitholder | 13 | A* | (i) | Lifetime ECL | 14,532 | (54) | 14,478 |
| Subsidiaries of a substantial shareholder of the substantial Unitholder | 13 | N.A. | (i) | Lifetime ECL | 9,581 | - | 9,581 |
| Third parties | 13 | N.A. | (i) | Lifetime ECL | 8,806 | (86) | 8,720 |
| Other receivables | | | | | | | |
| Substantial Unitholder | 13 | A* | (i) | Lifetime ECL | 8,290 | - | 8,290 |
| Third parties | 13 | N.A. | Performing | 12-month ECL | 3,485 | - | 3,485 |
| Contract assets | 14 | N.A. | (i) | Lifetime ECL | 25,894 | - | 25,894 |
| Finance lease receivables | 15 | A* | (i) | Lifetime ECL | 80,740 | - | 80,740 |
| Other current asset | | | | | | | |
| Deposit | | | | | | | |
| Third parties | 17 | N.A. | Performing | 12-month ECL | 136 | - | 136 |
| Rental deposit | | | | | | | |
| Substantial Unitholder | 20 | A* | Performing | 12-month ECL | 160 | - | 160 |
| Subsidiary of a substantial shareholder of the substantial Unitholder | 20 | N.A. | Performing | 12-month ECL | 45 | - | 45 |
| Third parties | 20 | N.A. | Performing | 12-month ECL | 15 | - | 15 |
| | | | | | | (140) | |

* The external credit rating is based on Standard and Poor's rating as at 31 March 2022 and 31 March 2021.
N.A. = Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

| | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount \$'000 | Loss allowance \$'000 | Net carrying amount \$'000 |
|--------------------------|------|------------------------------|------------------------------|--------------------------------|---------------------------------------|-----------------------------|-------------------------------------|
| Trust | | | | | | | |
| 2022 | | | | | | | |
| Trade receivables | | | | | | | |
| Third parties | 13 | N.A. | (i) | Lifetime ECL | 25 | - | 25 |
| Other receivables | | | | | | | |
| Subsidiaries | 13 | N.A. | Performing | 12-month ECL | 92 | - | 92 |
| 2021 | | | | | | | |
| Trade receivables | | | | | | | |
| Third parties | 13 | N.A. | (i) | Lifetime ECL | 26 | - | 26 |
| Other receivables | | | | | | | |
| Subsidiaries | 13 | N.A. | Performing | 12-month ECL | 67 | - | 67 |

(i) As per Note 2.11(i), NetLink Group recognises lifetime ECL for trade receivables, contract assets and finance lease receivables, and has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix and taking into account the historical default experience. For all other financial assets, the Group measures the loss allowance applying an amount equal to 12-month ECL. Notes 13, 14, 15, 17 and 20 include further details on the loss allowance for all financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements.

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

As at 31 March 2022, current liabilities of the Group exceeded current assets by \$21.9 million (2021: \$360.9 million) due to the classification of the \$156.0 million (2021: \$510.0 million) loan as a short-term liability. The Trustee-Manager is in discussions with the lenders on the refinancing of the \$156.0 million (2021: \$510.0 million) bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date.

As at the date of this report, the Group has \$54.0 million (2021: \$54.0 million) of undrawn committed borrowing facilities available for working capital and general corporate use and bank guarantee of \$580,000 (2021: \$580,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) Liquidity risk management (cont'd)

Non-derivative financial liabilities

The table below analyses the maturity profile of the Group's and Trust's financial liabilities based on contractual undiscounted cash flows.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

| | Effective interest rate [#] | Within 1 year | Between 2 and 5 years | More than 5 years | Adjustment | Total |
|--------------------------|--|------------------|-----------------------------|-------------------------|------------|---------|
| | % | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2022 | | | | | | |
| Group | | | | | | |
| Loans | 1.11 | 163,100 | 529,010 | - | (28,423) | 663,687 |
| Trade and other payables | - | 55,368 | 1,313 | - | - | 56,681 |
| Lease liabilities | 3.14 | 3,411 | 8,882 | 62,747 | (36,592) | 38,448 |
| | | 221,879 | 539,205 | 62,747 | (65,015) | 758,816 |
| Trust | | | | | | |
| Trade and other payables | - | 247 | - | - | - | 247 |
| 2021 | | | | | | |
| Group | | | | | | |
| Loans | 2.48 | 525,224 | 157,529 | - | (18,046) | 664,707 |
| Trade and other payables | - | 56,395 | 2,292 | - | - | 58,687 |
| Lease liabilities | 3.21 | 3,386 | 8,573 | 64,573 | (37,705) | 38,827 |
| | | 585,005 | 168,394 | 64,573 | (55,751) | 762,221 |
| Trust | | | | | | |
| Trade and other payables | - | 226 | - | - | - | 226 |

All non-derivative financial assets are recoverable within 1 year except for finance lease receivables disclosed in Note 15.

[#] The interest expenses used in the computation of effective interest rate included realised loss on interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCE RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

- (d) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Group

Some of the Group's financial assets are measured at fair value at each reporting date. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

| Financial asset | Fair Value as at (\$'000) | | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable inputs | Relationship and sensitivity of unobservable inputs to fair value |
|---------------------|---------------------------|---------------|----------------------|-------------------------------------|---------------------------------|---|
| | 31 March 2022 | 31 March 2021 | | | | |
| Interest rate swaps | 20,616 | - | Level 2 | Note 1 | N.A. | N.A. |

Note 1: Discounted cash flow where the future cash flows are estimated based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Group currently has \$666.0 million (2021: \$666.0 million) bank loan outstanding and has entered into a series of SORA-based interest rate swaps to convert the variable interest rates on its bank loan into fixed interest rates during year ended 31 March 2022 for a total notional principal amount of \$510.0 million (2021: Nil). Accordingly, 76.6% (2021: Nil) of the interest in respect of the outstanding amounts under the Group's existing bank loans has been hedged.

The Group has no other financial assets or liabilities that are measured at fair value on a recurring basis.

The Trust has no financial assets or liabilities that are measured at fair value on a recurring basis.

- (e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to ensure that all externally imposed capital requirements are complied with.

The capital requirements of the capital structure of the Group consists of net debt (borrowings and lease liabilities disclosed in Note 28 and Note 29 respectively after deducting cash and bank balances) and equity of the Group (comprising units in issue and accumulated deficits).

- (f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Please refer to Note 35(g).

The carrying value less loss allowance of trade receivables approximates their fair values. The carrying amounts of other receivables and finance lease receivables, subordinated loan to a subsidiary and bank loans approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

35. FINANCE RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(g) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting year:

| | Group | | Trust | |
|--|----------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Financial Assets | | | | |
| Financial assets at amortised cost | 312,736 | 322,080 | 1,157,891 | 1,158,527 |
| Derivative instruments: | | | | |
| Designated in hedge accounting relationships | 20,616 | - | - | - |
| | 333,352 | 322,080 | 1,157,891 | 1,158,527 |
| Financial Liabilities | | | | |
| Financial liabilities at amortised cost | 720,368 | 723,394 | 247 | 226 |
| Lease liabilities | 38,448 | 38,827 | - | - |
| Total | 758,816 | 762,221 | 247 | 226 |

36. DISTRIBUTION TO UNITHOLDERS

Distribution paid during the year:

| | Group and Trust | |
|---|-----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Distribution of 2.53 Singapore cents per unit for the period from 1 October 2019 to 31 March 2020 and paid on 3 June 2020 | - | 98,593 |
| Distribution of 2.53 Singapore cents per unit for the period from 1 April 2020 to 30 September 2020 and paid on 4 December 2020 | - | 98,593 |
| Distribution of 2.55 Singapore cents per unit for the period from 1 October 2020 to 31 March 2021 and paid on 9 June 2021 | 99,373 | - |
| Distribution of 2.56 Singapore cents per unit for the period from 1 April 2021 to 30 September 2021 and paid on 1 December 2021 | 99,762 | - |
| | 199,135 | 197,186 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

37. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Diversion revenue, Other ducts and manhole income within Other revenue have been reclassified to Ancillary project revenue. Diversion costs and Other ducts and manhole expenses within Operations and maintenance costs have been reclassified to Ancillary project direct costs. The reclassification is to better reflect and consolidate the revenue and expenses derived from ancillary project activities of the Trust.

As a result, below items have been amended in the statement of profit or loss and other comprehensive income. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

| | Group | |
|----------------------------------|--|---|
| | Previously reported 2021 \$'000 | After reclassification 2021 \$'000 |
| Diversion revenue | 8,550 | - |
| Ancillary project revenue | - | 8,775 |
| Other revenue | 354 | 129 |
| | 8,904 | 8,904 |
| Operations and maintenance costs | (16,699) | (16,542) |
| Diversion costs | (6,652) | - |
| Ancillary project direct costs | - | (6,809) |
| | (23,351) | (23,351) |

38. SUBSEQUENT EVENTS

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of \$100,152,157 or 2.57 Singapore cents per unit in respect of financial period from 1 October 2021 to 31 March 2022 and it has not been adjusted for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS

The Board of Directors (the "**Board**") had conducted an annual review of the independence of the Independent Directors in accordance with the Business Trusts Act 2004 (the "BTA") and the Business Trusts Regulations 2005 (the "**BTR**").

NetLink NBN Management Pte. Ltd.

Having reviewed the independence of Mr Chaly Mah Chee Kheong, Mr Ang Teik Lim Eric, Ms Koh Kah Sek, Ms Ku Xian Hong and Mr Yeo Wico, as of the date of this document, the Board is satisfied that the independent Directors are independent from the Trustee-Manager and business relationships with the Trustee-Manager and from DBS Trustee Limited ("**DBS Trustee**"), the substantial shareholder of the Trustee-Manager, and its holding companies based on the reasons set out below.

Mr Chaly Mah Chee Kheong

As NetLink NBN Trust and its subsidiaries (collectively, the "**Group**") provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Chaly Mah Chee Kheong serves or had served as a director or an executive officer or partnership of which he was a partner, in the ordinary course of business.

The Board has determined that Mr Chaly Mah Chee Kheong is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Chaly Mah Chee Kheong's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Mr Ang Teik Lim Eric

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Ang Teik Lim Eric serves or had served as a director, in the ordinary course of business.

Further, DBS Trustee holds all the shares in the Trustee-Manager. DBS Trustee is a wholly-owned subsidiary of DBS Bank Ltd ("**DBS Bank**"), which in turn is a wholly-owned subsidiary of DBS Group Holdings Ltd (together with its subsidiaries, the "**DBS Group**"). Mr Ang Teik Lim Eric had been employed by the DBS Group since 1978. On 1 June 2014, Mr Ang Teik Lim Eric ceased to be the Head of Capital Markets at DBS and assumed the role of Senior Executive Advisor reporting to the Chief Executive Officer. In his advisory role as Senior Executive Advisor, Mr Ang Teik Lim Eric is principally responsible for business origination and high level relationship building for the DBS Group. Mr Ang Teik Lim Eric retired from the DBS Group on 25 January 2020.

The DBS Group has engaged in transactions with, and/or performed services for the Trustee-Manager and its related corporations in the ordinary course of business and have, and may in the future, engage in commercial banking or investment banking transactions and/ or other commercial transactions for which they have received or made payment of, or may in the future receive or make payment of, customary fees.

The Board has determined that Mr Ang Teik Lim Eric is independent from business relationships with the Trustee-Manager and its related corporations and independent from the DBS Group, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Ang Teik Lim Eric's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole;
- the Board noted that in holding the shares of the Trustee-Manager pursuant to the terms of the trust constituting the Singapore NBN Trust dated 21 February 2017 (the "**Share Trust Trust Deed**"), DBS Trustee is acting in its capacity as a professional trustee. In its role as a professional trustee, DBS Trustee will be acting in accordance with the powers and discretions set out in the Share Trust Trust Deed, and such powers and discretions are exercised in accordance with the terms of the Share Trust Trust Deed by employees of DBS Trustee, and not by the board of DBS Trustee nor by the shareholders of DBS Trustee. Mr Ang Teik Lim Eric is not a director nor an employee of DBS Trustee, and has confirmed that he is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of DBS Trustee; and
- the Board noted that while Mr Ang Teik Lim Eric was employed by the DBS Group in an advisory capacity and had on 25 January 2020 retired from the DBS Group, the DBS Group has engaged in transactions with, and/ or performed services for the Trustee-Manager and its related corporations in the ordinary course of business, Mr Ang Teik Lim Eric is not a director of the DBS Group and does not take part in the management of the DBS Group on a day-to-day basis. In his advisory role, he maintains high level relationships with DBS Group's clients and the measures described in this paragraph will ensure that Mr Ang Teik Lim Eric will not be involved in any decision-making process which will involve the engagement of the DBS Group. Mr Ang Teik Lim Eric will abstain from the Board's decisions in relation to the engagement of the DBS Group for various matters. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of the Unitholders of NetLink NBN Trust as a whole or the best interests of the Trustee-Manager.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Ms Koh Kah Sek

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Ms Koh Kah Sek serves or had served as a director or an executive officer, in the ordinary course of business.

Ms Koh Kah Sek is the Executive Director and Chief Financial Officer of Far East Organization and is on the board of directors of various entities within the Far East Organization group, the Sino Group and the Commonwealth Concepts Group, which entities operate within the real estate, food and beverage and/or hospitality industries (the "**Entities**"). The Entities have engaged in commercial transactions with, and/or performed services for, the Trustee-Manager and its (current and future) related corporations in the ordinary course of business and may in the future engage in similar commercial transactions and/or perform similar services, for which they have received, or may in the future receive, fees in respect of such transactions and/or services.

The Board has determined that Ms Koh Kah Sek is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reason:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Ms Koh Kah Sek's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole; and
- while Ms. Koh Kah Sek is the Executive Director and Chief Financial Officer of Far East Organization and is on the board of directors of the Entities which have engaged in commercial transactions with, and/or performed services for, the Trustee-Manager and its (current and future) related corporations, (i) such transactions and/ or services were on an ad hoc basis and conducted on an arm's length basis and in the ordinary course of business; (ii) Ms. Koh Kah Sek was not and will not be involved in any decision-making process for the entering into of such commercial transactions and/or receipt of services involving the Entities; and (iii) the aggregate payments received by the Entities in respect of such transactions and/ or services did not exceed \$10,000 for the financial year ended 31 March 2022.

Ms Ku Xian Hong

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Ms Ku Xian Hong serves or had served as an executive officer in the ordinary course of business.

The Board has determined that Ms Ku Xian Hong is independent from business relationships with the Group and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reason:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Ms Ku Xian Hong's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Mr Yeo Wico

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Yeo Wico serves or had served as a director or partnership of which he is a partner, in the ordinary course of business.

Mr Yeo Wico is a partner at Allen & Gledhill LLP, a Singapore law firm which has provided corporate secretarial and legal services to the Trustee-Manager and its related corporations, and continues to do so from time to time.

Mr Yeo Wico is the non-executive and independent director and chairman of Vicplas International Ltd ("**VIL**") (which is the parent of a subsidiary which may from time to time supply piping products to NetLink Trust on an arm's length basis and in the ordinary course of business). Mr Yeo Wico also holds shares and share options in VIL, being less than 5% of the issued share capital of VIL.

Accordingly, the Board has determined that Mr Yeo Wico is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Yeo Wico's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole;
- while Allen & Gledhill LLP has provided corporate secretarial and/ or legal services from time to time to the Trustee-Manager and its related corporations, Mr Yeo Wico has a less than 5 per cent stake in Allen & Gledhill LLP and the measures described in this paragraph will ensure that Mr Yeo Wico will not be involved in any decision-making process which will involve the appointment of Allen & Gledhill LLP. Mr Yeo Wico will abstain from the Board's decisions in relation to the choice of legal counsel for NetLink NBN Trust, where Allen & Gledhill LLP is involved, for various matters. Regardless of whether Mr Yeo Wico is a Director, the Group will appoint its legal counsel based on their expertise and decide on their fees based on market rates. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of the Unitholders of NetLink NBN Trust as a whole or the best interest of the Trustee-Manager; and
- Mr Yeo Wico does not hold an executive position and is not involved in the day-to-day management of the operations of VIL nor its subsidiaries and will abstain from voting at VIL on any matters in relation to the provisions of products to NetLink Trust. The amount of shares and share options that Mr Yeo Wico holds in VIL were less than 5% of the issued share capital of VIL.

Mr Sean Patrick Slattery and **Mr William Woo Siew Wing** are considered to be non-independent Directors under the BTA and the BTR as they are the management representatives of Singapore Telecommunications Limited, a substantial Unitholder of NetLink NBN Trust.

Mr Tong Yew Heng is the Chief Executive Officer of the Trustee-Manager. As an Executive Director of the Trustee-Manager, he is considered to be non-independent under the BTA and the BTR.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

2. STATEMENT OF POLICIES AND PROCEDURES REQUIRED UNDER BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

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

- the trust property of NetLink NBN Trust is properly accounted for and the trust property is kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its personal capacity and in its capacity as the Trustee-Manager of NetLink NBN Trust;
- the Board reviews the business operations of NetLink NBN Trust to ensure it focuses on, (i) investing, directly or indirectly, in, and operating, the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities (the **"D&M Business"**), and the ownership, installation, operation and maintenance of the passive portion of the Next Generation Nationwide Broadband Network for the purposes of providing services under its licence to provide facilities-based operations granted by the IMDA (the **"Fibre Business"**), (ii) selling, leasing or otherwise disposing of the D&M Business and the Fibre Business and exploring any opportunities for the foregoing purposes; and (iii) any business, undertaking or activity associated with, incidental and/ or ancillary to the operation of the businesses referred to in (i) and (ii) as set out in the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018, the Second Amending and Restating Deed dated 28 September 2020 and the Third Amending and Restating Deed dated 19 July 2021) constituting NetLink NBN Trust (collectively, the **"Trust Deed"**);
- the Trustee-Manager identifies potential conflicts between the interests of the Trustee-Manager and the interests of the Unitholders of NetLink NBN Trust and reviews the measures taken to manage conflicts or potential conflicts and will appoint independent advisors whenever necessary to provide required advice. Non-independent Directors of the Trustee-Manager will abstain from voting whenever there are any conflicts or potential conflicts of interest;
- the Trustee-Manager identifies Interested Person Transactions (**"IPTs"**) in relation to NetLink NBN Trust. IPTs are properly accounted for and the IPTs are transacted on normal commercial terms as those extended to third parties. The Audit Committee examines the reports to satisfy themselves that all IPTs are conducted in accordance with applicable requirements of the BTA and any other guidelines as may be applicable. IPTs in relation to NetLink NBN Trust during the financial year ended 31 March 2022 are disclosed on page 196;
- the expenses payable to the Trustee-Manager of NetLink NBN Trust out of trust property are appropriate and in accordance with the Trust Deed dated 19 June 2017 and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses charged to NetLink NBN Trust by NetLink NBN Management Pte. Ltd. out of the trust property are disclosed in Note 34 of the financial statements and in paragraph 3 on page 196; and
- the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the Act and the Listing Manual of the Singapore Exchange Securities Trading Limited.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

3. INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions¹ during the financial year (excluding transactions less than \$100,000) are as follows:

| Nature of Relationship | Group | | Group | |
|-----------------------------------|--|----------------|--|----------------|
| | Aggregate value of all IPTs during the financial period under review | | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 | |
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| NetLink NBN Management Pte. Ltd.: | | | | |
| - Management fees | 900 | 900 | - | - |
| - Reimbursement of expenses | 116 | 124 | - | - |
| | 1,016 | 1,024 | - | - |

¹ Excludes transactions which are regulated by IMDA or where prices are publicly quoted.

TRUSTEE-MANAGER FINANCIAL STATEMENTS

Contents

| | |
|------------|---|
| 198 | Directors' Statement |
| 200 | Independent Auditor's Report |
| 202 | Statement of Profit or Loss and Other Comprehensive Income |
| 203 | Statement of Financial Position |
| 204 | Statement of Changes in Equity |
| 205 | Statement of Cash Flows |
| 206 | Notes to the Financial Statements |

NETLINK NBN MANAGEMENT PTE. LTD.**DIRECTORS'
STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Directors of NetLink NBN Management Pte. Ltd. (the "Company") are pleased to present their statement together with the audited financial statements of the Company for the financial year ended 31 March 2022.

In the opinion of the Directors, the accompanying financial statements of the Company as set out on pages 202 to 214 are drawn up to give a true and fair view of the financial position of the Company as at 31 March 2022, and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

| | |
|--------------------------------------|--|
| Mr Chaly Mah Chee Kheong | (Chairman and Independent Director) |
| Ms Koh Kah Sek | (Independent Director) |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | (Independent Director) |
| Ms Ku Xian Hong | (Independent Director) |
| Mr Yeo Wico | (Independent Director) |
| Mr Sean Patrick Slattery | (Non-Executive Director) |
| Mr William Woo Siew Wing | (Non-Executive Director) |
| Mr Tong Yew Heng | (Chief Executive Officer and Executive Director) |

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the Directors who held office at the end of the financial year had an interest in shares or debentures of the Company and related corporations either at the beginning or at the end of the financial year.

SHARE OPTIONS

- (a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company were granted.

- (b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

- (c) Unissued shares under option

At the end of financial year, there were no unissued shares of the Company under option.

NETLINK NBN MANAGEMENT PTE. LTD.
DIRECTORS'
STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors,

Chaly Mah Chee Kheong
Chairman

Tong Yew Heng
Director

Singapore
17 May 2022

NETLINK NBN MANAGEMENT PTE. LTD.**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF NETLINK NBN MANAGEMENT PTE. LTD.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the financial statements of NetLink NBN Management Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 202 to 214.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967, (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 198 to 199.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the Company's financial reporting process.

NETLINK NBN MANAGEMENT PTE. LTD.**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF NETLINK NBN MANAGEMENT PTE. LTD.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

17 May 2022

NETLINK NBN MANAGEMENT PTE. LTD.

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Note | 2022 \$ | 2021 \$ |
|--|------|---------------|---------------|
| Revenue | 4 | 998,484 | 1,007,533 |
| Operating expenses | | (971,589) | (936,883) |
| Foreign exchange gain/(loss) | | 126 | (238) |
| | | <hr/> | <hr/> |
| Profit before tax | 5 | 27,021 | 70,412 |
| Income tax expenses | 6 | (2,008) | (5,560) |
| | | <hr/> | <hr/> |
| Profit after tax representing total comprehensive income for the financial year | | 25,013 | 64,852 |
| | | <hr/> | <hr/> |

NETLINK NBN MANAGEMENT PTE. LTD.
**STATEMENT OF
 FINANCIAL POSITION**

AS AT 31 MARCH 2022

| | Note | 2022 \$ | 2021 \$ |
|---------------------------------------|------|----------------|----------------|
| ASSET | | | |
| Current assets | | | |
| Cash and bank balances | 7 | 440,932 | 395,411 |
| Prepayments | | 14,502 | 13,416 |
| Trade receivable from a related party | 8 | 28,696 | 38,808 |
| | | 484,130 | 447,635 |
| LIABILITY | | | |
| Current liabilities | | | |
| Other payables | | 16,800 | 17,047 |
| Accrued operating expenses | 9 | 272,359 | 256,942 |
| Income tax payable | | 1,872 | 5,560 |
| | | 291,031 | 279,549 |
| Net assets | | 193,099 | 168,086 |
| SHAREHOLDER'S EQUITY | | | |
| Share capital | 10 | 5 | 5 |
| Accumulated profits | | 193,094 | 168,081 |
| Total equity | | 193,099 | 168,086 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NETLINK NBN MANAGEMENT PTE. LTD.

STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2022

| | Share capital (Note 10) | Accumulated profits | Total |
|---|----------------------------|------------------------|----------------|
| | \$ | \$ | \$ |
| Balance as at 1 April 2021 | 5 | 168,081 | 168,086 |
| Profit for the year representing total comprehensive income for the financial year | - | 25,013 | 25,013 |
| Balance as at 31 March 2022 | 5 | 193,094 | 193,099 |

2021

| | Share capital (Note 10) | Accumulated profits | Total |
|---|----------------------------|------------------------|----------------|
| | \$ | \$ | \$ |
| Balance as at 1 April 2020 | 5 | 103,229 | 103,234 |
| Profit for the year representing total comprehensive income for the financial year | - | 64,852 | 64,852 |
| Balance as at 31 March 2021 | 5 | 168,081 | 168,086 |

NETLINK NBN MANAGEMENT PTE. LTD.
STATEMENT OF
CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Note | 2022 \$ | 2021 \$ |
|---|------|----------------|----------------|
| Operating activities | | | |
| Profit before tax | | 27,021 | 70,412 |
| Operating cash flows before working capital changes | | 27,021 | 70,412 |
| Changes in working capital: | | | |
| - Prepayments | | (1,086) | (1,307) |
| - Trade receivable from a related party | | 10,112 | (20,309) |
| - Other payables | | (247) | (1,428) |
| - Accrued operating expenses | | 15,417 | (41) |
| Cash generated from operations | | 51,217 | 47,327 |
| Income tax paid | | (5,696) | (1,606) |
| Net cash generated from operating activities | | 45,521 | 45,721 |
| Net increase in cash and cash equivalents | | 45,521 | 45,721 |
| Cash and cash equivalents at beginning of financial year | | 395,411 | 349,690 |
| Cash and cash equivalents at end of financial year | 7 | 440,932 | 395,411 |

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO
THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

1. GENERAL

The Company (Registration No. 201704783K) was incorporated in the Republic of Singapore with its principal place of business and registered office at 750E Chai Chee Road, #07-03, ESR BizPark @ Chai Chee, Singapore 469005.

The principal activity of the Company is to act as Trustee-Manager of NetLink NBN Trust (the "Trust"). The Trust is a business trust constituted by a trust deed and regulated by the Business Trust Act 2004 and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017.

DBS Trustee Limited (as share trustee of Singapore NBN Trust) holds all shares of the Company (being the trustee-manager of the Trust) on trust for the benefit of the beneficiaries of Singapore NBN Trust (being the unitholders of the Trust), each of whom has an undivided interest in the Company in proportion to their respective percentage of units held or owned by each of them in the Trust. Singapore NBN Trust is a business trust constituted by a trust deed dated 21 February 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act 1967, and Financial Reporting Standards in Singapore ("FRSs").

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 Company 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.

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:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) 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
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

2.2 ADOPTION OF NEW AND REVISED STANDARDS

In the current financial year, the Company has adopted all the new and revised FRSs pronouncements that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs pronouncements does not result in changes to the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current year or prior years.

NETLINK NBN MANAGEMENT PTE. LTD.
NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, there are no FRSs, INT FRSs and amendments to FRS issued but not yet effective that will have a material impact on the financial statements in the period of their initial application.

2.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables from a related party that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

2.4.1 Financial assets

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

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

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO
THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 FINANCIAL INSTRUMENTS (CONT'D)****2.4.1 Financial assets (cont'd)**Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on trade receivable from a related party. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

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

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

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

Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

NETLINK NBN MANAGEMENT PTE. LTD.
NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

Write-off policy

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

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

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

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit or loss.

2.4.2 Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Other payables and accrued operating expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO
THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.5 OFFSETTING ARRANGEMENTS**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.6 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are taken to equity as a deduction, net of tax, from the proceeds.

2.7 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

2.8 REVENUE RECOGNITION

The Company acts as the Trustee-Manager of NetLink NBN Trust in accordance with the Trust Deed dated 19 June 2017 which constituted NetLink NBN Trust.

The Company recognises revenue from the provision of management services and revenue relates to the management fees and reimbursement of expenses in accordance with the Trust Deed. Revenue is recognised over the period which management services are being rendered.

2.9 INCOME TAX

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

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of accounting department within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

NETLINK NBN MANAGEMENT PTE. LTD.
NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements of the Company are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

Transactions in currencies other than the Company's functional currency ("foreign currencies") are recognised at the bank rates of exchange prevailing on the dates of the transaction. At end of the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Estimates, assumptions and judgements 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.

Management has not made any critical judgement which may have a significant effect on the amounts recognised in the financial statements.

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. REVENUE

| | 2022 | 2021 |
|---------------------------|----------------|------------------|
| | \$ | \$ |
| Management fees | 900,000 | 900,000 |
| Reimbursement of expenses | 98,484 | 107,533 |
| | <u>998,484</u> | <u>1,007,533</u> |

Reimbursement of expenses include fees and expenses of professional advisers engaged by the Trustee-Manager in the performance of its obligations and duties under the Trust Deed and expenses incurred by DBS Trustee Limited in the administering of Singapore NBN Trust.

5. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

| | 2022 | 2021 |
|-----------------|----------------|----------------|
| | \$ | \$ |
| Directors' fees | <u>873,000</u> | <u>829,350</u> |

NETLINK NBN MANAGEMENT PTE. LTD.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

6. INCOME TAX EXPENSES

The income tax on the results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

| | 2022 \$ | 2021 \$ |
|-------------------------------------|------------|------------|
| Profit before tax | 27,021 | 70,412 |
| Tax calculated at a tax rate of 17% | 4,594 | 11,970 |
| Under provision in prior years | 137 | - |
| Effect of tax relief | (2,723) | (6,410) |
| | 2,008 | 5,560 |

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

| | 2022 \$ | 2021 \$ |
|------------------------|------------|------------|
| Cash and bank balances | 440,932 | 395,411 |

8. TRADE RECEIVABLE FROM A RELATED PARTY

The receivable is from NetLink NBN Trust. The receivable is trade in nature, non-interest bearing and on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In determining the expected credit losses ("ECL"), management has taken into account the financial position of NetLink NBN Trust, adjusted for factors that are specific to NetLink NBN Trust and general economic conditions of the industry NetLink NBN Trust operates, in establishing the probability of default. Management determines that the probability of default is low and ECL is not material.

There has been no change in the estimate techniques or significant assumptions made during the current and previous reporting period.

9. ACCRUED OPERATING EXPENSES

Accrued operating expenses includes \$140 owing to a related party which is non-trade in nature, unsecured, non-interest bearing and repayable on demand unless otherwise stated.

10. SHARE CAPITAL

Issued and paid up ordinary share capital

| | 2022 Shares and \$ | 2021 Shares and \$ |
|--|-----------------------|-----------------------|
| Balance at beginning and end of financial year | 5 | 5 |

All issued shares are fully paid, have no par value, and carry one vote per share and a right to dividends as and when declared by the Company.

NETLINK NBN MANAGEMENT PTE. LTD.
NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

11. RELATED PARTY TRANSACTIONS

| | 2022 \$ | 2021 \$ |
|--|------------|------------|
| Management fees and reimbursement of expenses received/receivable from NetLink NBN Trust | 998,484 | 1,007,533 |

12. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The following table sets out the financial instruments as at the end of the reporting period:

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| <u>Financial assets</u> | | |
| Financial assets at amortised cost | 469,628 | 434,219 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortised cost | 289,159 | 273,989 |

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Board reviews and manages each of these risks and they are summarised below:

(a) *Credit risk management*

The Company develops and maintains its credit risk ratings to categorise exposures according to their degree of risk of default. The Company uses its trading records to rate its revenue from NetLink NBN Trust. The Company's current risk rating framework comprises the following categories:

| Category | Description | Basis for recognising expected credit losses (ECL) |
|------------|---|--|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | Lifetime ECL |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired. | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the customer is in severe financial difficulty and the Company has no realistic prospect of recovery. | Amount is written off |

NETLINK NBN MANAGEMENT PTE. LTD.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

12. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)*(a) Credit risk management (cont'd)*

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades using the simplified approach in FRS 109 *Financial Instruments* to measure the loss allowance at lifetime ECL:

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|---------------------------------------|------|------------------------|------------------------------------|-----------------------|----------------|---------------------|
| | | | | \$ | \$ | \$ |
| 2022 | | | | | | |
| Trade receivable from a related party | 8 | Performing | Lifetime ECL (Simplified approach) | 28,696 | - | 28,696 |
| 2021 | | | | | | |
| Trade receivable from a related party | 8 | Performing | Lifetime ECL (Simplified approach) | 38,808 | - | 38,808 |

(b) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

(c) Foreign currency risk management

The Company's transactions are mostly transacted in Singapore Dollars. There is no significant foreign currency risk.

(d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital requirements of the capital structure of the Company consists of equity attributable to shareholders, comprising share capital and accumulated profits.

(e) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of trade receivable from a related party, other payables and accrued operating expenses reasonably approximate their fair values because they are mostly short-term in nature.

13. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 17 May 2022.

STATISTICS OF UNITHOLDINGS

AS AT 27 MAY 2022

ISSUED AND FULLY PAID UNITS

3,896,971,100 Units (Voting rights: 1 vote per Unit)
 There is only one class of units in NetLink NBN Trust

DISTRIBUTION OF UNITHOLDINGS

| Size of Unitholdings | No. of Unitholders | % | No. of Units | % |
|----------------------|--------------------|---------------|----------------------|---------------|
| 1 - 99 | 7 | 0.02 | 140 | 0.00 |
| 100 - 1,000 | 3,721 | 12.56 | 3,414,818 | 0.09 |
| 1,001 - 10,000 | 16,745 | 56.52 | 79,080,931 | 2.03 |
| 10,001 - 1,000,000 | 9,095 | 30.70 | 458,647,148 | 11.77 |
| 1,000,001 AND ABOVE | 60 | 0.20 | 3,355,828,063 | 86.11 |
| TOTAL | 29,628 | 100.00 | 3,896,971,100 | 100.00 |

TWENTY LARGEST UNITHOLDERS

| No. | Name | No. of Units | % |
|--------------|--|----------------------|--------------|
| 1 | SINGTEL INTERACTIVE PTE. LTD. | 965,999,999 | 24.79 |
| 2 | CITIBANK NOMINEES SINGAPORE PTE LTD | 742,736,867 | 19.05 |
| 3 | DBS NOMINEES (PRIVATE) LIMITED | 524,553,288 | 13.46 |
| 4 | HSBC (SINGAPORE) NOMINEES PTE LTD | 351,098,214 | 9.00 |
| 5 | RAFFLES NOMINEES (PTE.) LIMITED | 286,950,583 | 7.36 |
| 6 | DBSN SERVICES PTE. LTD. | 172,139,295 | 4.42 |
| 7 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 41,197,800 | 1.06 |
| 8 | MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 21,880,149 | 0.56 |
| 9 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 19,748,903 | 0.51 |
| 10 | OCBC SECURITIES PRIVATE LIMITED | 19,682,900 | 0.51 |
| 11 | PHILLIP SECURITIES PTE LTD | 17,993,188 | 0.46 |
| 12 | GUTHRIE VENTURE PTE LTD | 17,400,000 | 0.45 |
| 13 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 12,807,980 | 0.33 |
| 14 | BNP PARIBAS NOMINEES SINGAPORE PTE. LTD. | 12,453,190 | 0.32 |
| 15 | DB NOMINEES (SINGAPORE) PTE LTD | 11,784,900 | 0.30 |
| 16 | IFAST FINANCIAL PTE. LTD. | 10,408,600 | 0.27 |
| 17 | UOB KAY HIAN PRIVATE LIMITED | 10,054,700 | 0.26 |
| 18 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 9,351,080 | 0.24 |
| 19 | LIEW CHEE KONG | 9,250,000 | 0.24 |
| 20 | ABN AMRO CLEARING BANK N.V. | 8,318,200 | 0.21 |
| TOTAL | | 3,265,809,836 | 83.80 |

STATISTICS OF UNITHOLDINGS

AS AT 27 MAY 2022

SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 27 May 2022, the Substantial Unitholders of NetLink NBN Trust and their interests in the Units of NetLink NBN Trust are as follows:

| Name | Direct interest | | Deemed interest | |
|---|-----------------|-------|-----------------|-------|
| | No. of Units | % | No. of Units | % |
| Singtel Interactive Pte. Ltd. | 965,999,999 | 24.79 | - | - |
| Singapore Telecommunications Limited ¹ | - | - | 965,999,999 | 24.79 |
| Temasek Holdings (Private) Limited ² | - | - | 1,034,851,600 | 26.55 |
| M&G Investment Management Limited ³ | - | - | 304,444,700 | 7.812 |
| M&G FA Limited ⁴ | - | - | 304,444,700 | 7.812 |
| M&G Group Limited ⁴ | - | - | 304,444,700 | 7.812 |
| M&G Group Regulated Entity Holding Company Limited ⁴ | - | - | 304,444,700 | 7.812 |
| M&G Plc ⁴ | - | - | 304,444,700 | 7.812 |

Notes:

- Singtel Interactive Pte. Ltd. is a wholly-owned subsidiary of Singtel Telecommunications Limited ("**Singtel**"). Accordingly, Singtel is deemed to have an interest in the 965,999,999 units of NetLink NBN Trust that Singtel Interactive Pte. Ltd. holds.
- Singtel is a subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Accordingly, Temasek is deemed to be interested in the 965,999,999 units in which Singtel has a deemed interest. In addition, under the Securities and Futures Act 2001, Temasek is deemed to be interested in a further 68,851,601 units in which its other subsidiaries and associated companies have or are deemed to have an interest. Singtel and the other subsidiaries and associated companies referred to above are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in units of NetLink NBN Trust.
- M&G Investment Management Limited ("**MGIM**") has deemed interest in the units as it has discretionary power in the disposal rights over the units as investment manager.
- MGIM is a wholly-owned subsidiary of M&G FA Limited ("**MGFA**").
MGFA is a wholly-owned subsidiary of M&G Group Limited ("**MGG**").
MGG is a wholly-owned subsidiary of M&G Group Regulated Entity Holding Company Limited ("**MGGREHC**").
MGGREHC is a wholly-owned subsidiary of M&G Plc ("**MGP**").
Accordingly, MGFA, MGG, MGGREHC and MGP are deemed to have an interest in the 304,444,700 units which MGIM has discretionary power over as investment manager.

PUBLIC UNITHOLDERS

Based on the information available to the Trustee-Manager as at 27 May 2022, approximately 65.58% of the issued Units in NetLink NBN Trust is held by the public and therefore, pursuant to Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in NetLink NBN Trust is at all times held by the public.

As at 27 May 2022, there are no treasury units held and there are no subsidiary holding.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chaly Mah Chee Kheong
(Chairman)

Mr Eric Ang Teik Lim

Ms Koh Kah Sek

Ms Ku Xian Hong

Mr Yeo Wico

Mr Sean Patrick Slattery

Mr William Woo Siew Wing

Mr Tong Yew Heng

AUDIT COMMITTEE

Ms Koh Kah Sek
(Chairman)

Mr Eric Ang Teik Lim

Mr Yeo Wico

NOMINATING COMMITTEE

Mr Chaly Mah Chee Kheong
(Chairman)

Mr Eric Ang Teik Lim

Mr William Woo Siew Wing

REMUNERATION COMMITTEE

Mr Chaly Mah Chee Kheong
(Chairman)

Ms Ku Xian Hong

Mr Yeo Wico

RISK AND REGULATORY COMMITTEE

Mr Sean Patrick Slattery
(Chairman)

Mr Chaly Mah Chee Kheong

Ms Ku Xian Hong

COMPANY SECRETARIES

Mr Chester Leong Chang Hong

Mr Albert Lim Aik Seng

REGISTERED OFFICE

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Singapore 068809

Tel: 6224 8288

Fax: 6538 6166

Partner-in-charge: Mr Yang Chi Chih
(Appointed with effect from 25 July
2018)

IR CONTACT

For enquiries on the Group's
business performance, contact
the Investor Relations team at
investor@netlinknbn.com.

NetLink NBN Trust

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