NetLinkNBN
the fibre of a smart nation

ANNUAL REPORT 2020

EMPOWERING LIVES, CONNECTING A SMART NATION

IN THIS REPORT

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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

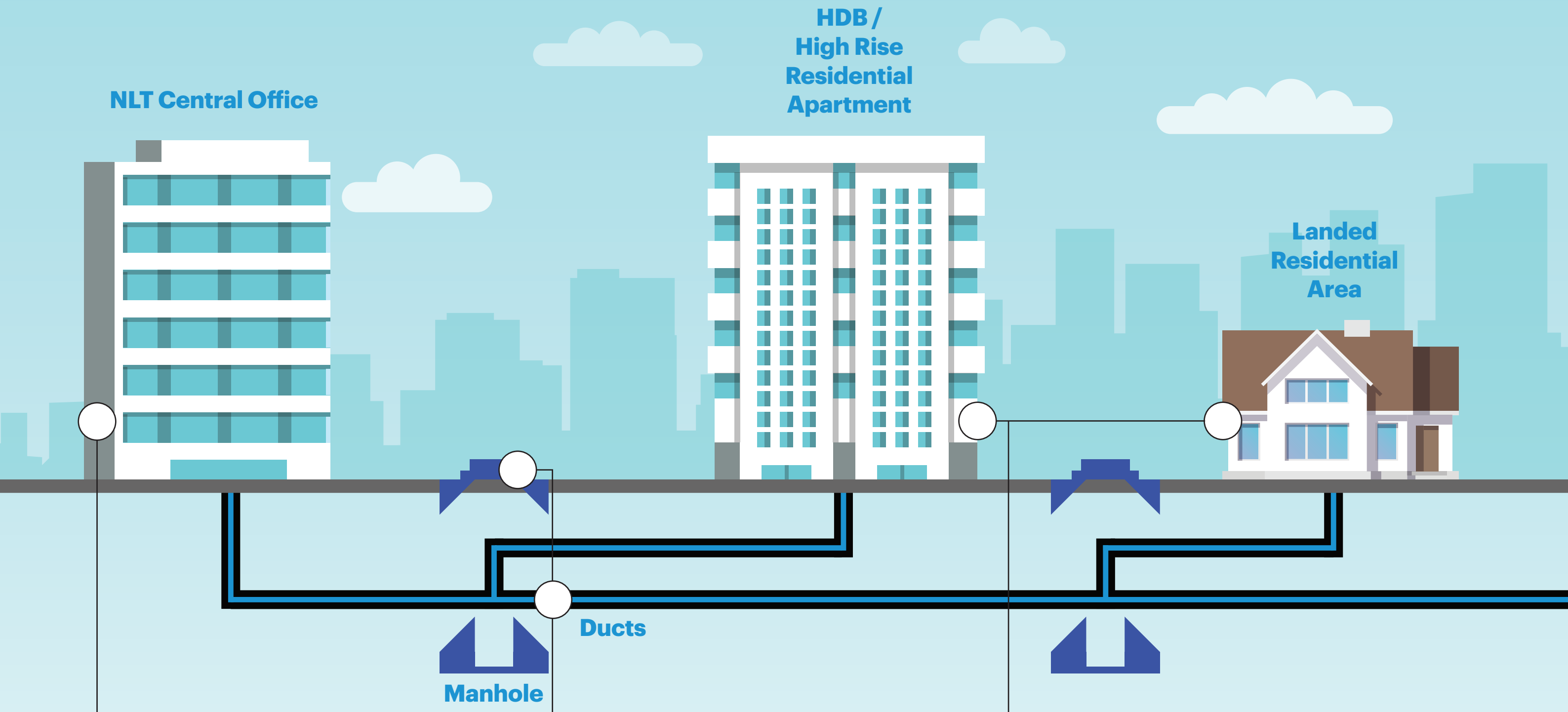
Teamwork
We leverage individual strengths to work as one

Respect
We care for every employee

EMPOWERING LIVES

NETLINK'S NETWORK CONNECTS THE CENTRAL OFFICES TO:

RESIDENTIAL HOMES

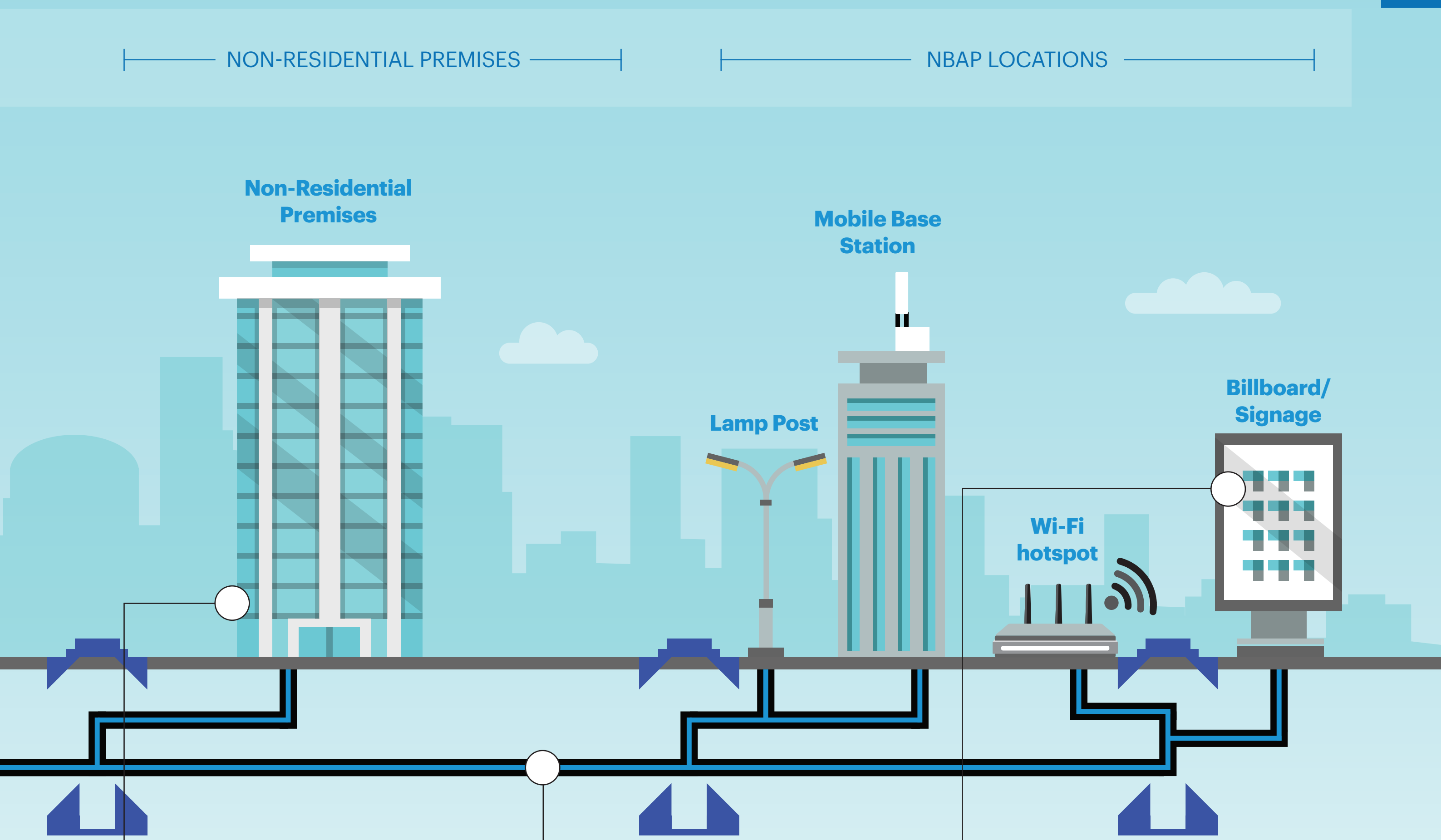


Central Offices
Leases space in NetLink's Central Offices to Singapore Telecommunications Limited ("**Singtel**") for housing of certain equipment and operations.

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.

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.

Residential
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.

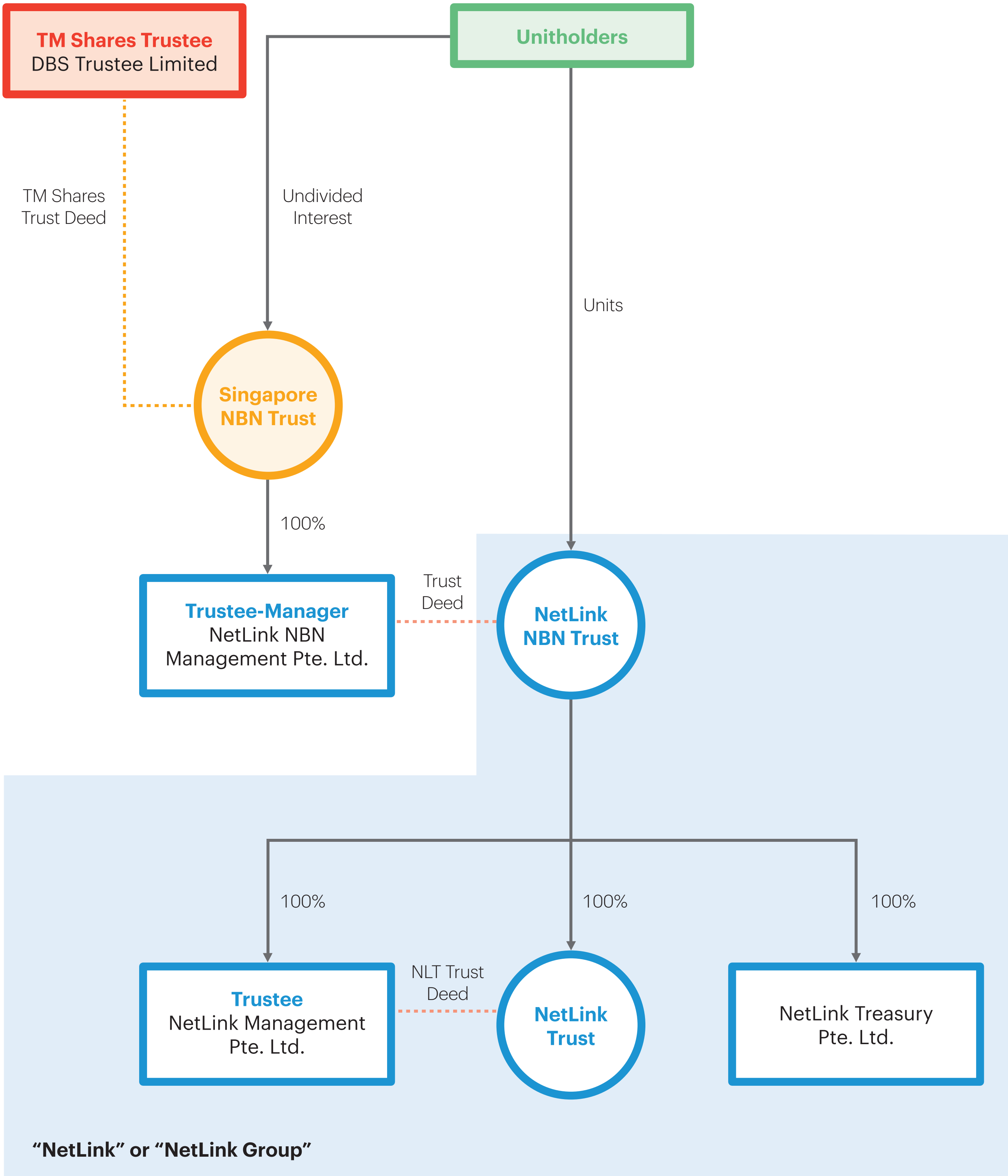


Non-Residential
NetLink's network is used for the purpose of end-user fibre connections, to provide fibre services to non-residential end-users such as businesses, shopping malls, transport providers, government agencies, hospitals, and schools.

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-Building Address Point ("NBAP")
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.

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) (collectively, "**Trust Deed**"). NetLink NBN Trust is registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore ("**BTA**"), and was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 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 ("**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 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 Infocomm Media Development Authority of Singapore'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.

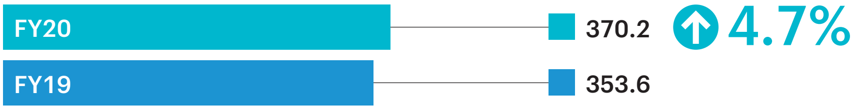
The Trust does not have a Sponsor. Further, the Trustee-Manager does not hold any Units in the Trust, and so does not have a blocking stake in the event of a takeover. However, the prior approval of IMDA is required for any amalgamation, reconstruction or change to the trust structure of NetLink NBN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

Stakeholders	What Makes Us Unique
Government and regulators	01 Only nationwide passive infrastructure provider
Telecommunication service providers	02 Open and equal access to industry partners
Employees	03 Extensive and future-proof nationwide fibre network
Community	04 Resilient business model with transparent, predictable and regulated revenue stream
Investors	05 Stable regulatory environment

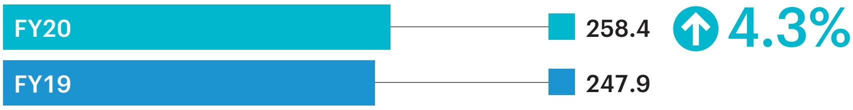
The Value We Create (How We Create Value)	Value Created in FY20
› Managing our risks well through a comprehensive Enterprise Risk Management programme and a robust Business Continuity Management programme › Committed to maintaining high standards of Corporate Governance › Continuous effort to improve Quality of Service ("**QoS**")	› ISO 22301:2012 certification › Successfully carried out the Industry Crisis Management Planning exercise › BS OHSAS 18001:2007 certification › Attained bizSAFE Star › Improved on the overall QoS performance
› Non-discriminatory access to all industry partners › Support initiatives and trials by industry partners › Continue to lay fibre to new homes and buildings so that service providers can provide services quickly and efficiently › Ensure that there are sufficient spare fibres to maintain a robust and resilient network	› Additional 10,540 home-passed › Approximately 6,000 km of fibre cable added › Supported TPG Telecom in the roll-out of its 4G outdoor coverage › Supported mobile operators in their 5G trials › Supported StarHub in their migration of customers from using cable to using fibre › Supported deployment of interactive advertisement at bus stops
› Management acted upon the results of an employee survey to improve its sustainable engagement with employees › Conducted Learning Week to encourage employees to learn a new skill or gain new knowledge › Provided employees with opportunities to upskill themselves in SkillsFuture Singapore ("**SSG**") funded courses, as well as other internal and external courses. › Encouraged employees to upgrade their skills via SkillsFuture, and leave was granted for them to attend SkillsFuture courses › Encouraged employees to take care of their health and well-being through health screenings, sports and recreational activities organised by NetLink's recreation club, and promoting monthly fruits day to embrace a healthier and balanced diet › Team bonding activities were organised at the departmental level to motivate employees to break barriers and build effective collaboration within teams and across departments › Provide opportunities for our employees to be involved in company-organised events to help the less privileged and contribute back to society	› 5,413 hours of training › NetLink Trust Learning Week saw 195 staff participating in at least one training session, clocking in a total of 671 hours
› Helping the less-privileged › Making fibre connectivity readily available › Supporting the Digital Participation Pledge	› 782 volunteer hours, 6 corporate social responsibility events › Sponsorship in the home-access programme to increase fibre broadband usage in underprivileged households
› Committed to uphold high standards of transparency and accountability to Unitholders › Continued to engage investors through conferences, non-deal roadshows, quarterly briefings and 1-on-1 meetings to keep them up to date with business operations › Managing cashflows efficiently to deliver sustainable distributions	› Average daily trading volume of 10.4 million units › 3.5% increase in distribution against FY19 total DPU › Ranked number 1 in the Governance Index For Trust (GIFT) › Winner of the Most Transparent Company Award – REITs & Business Trusts Category at the SIAS 20th Investors' Choice Awards

STABLE GROWTH

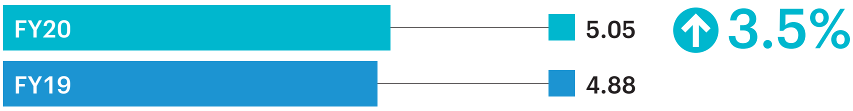
Revenue (S$'m)



EBITDA (S$'m)



Distribution Per Unit (Singapore Cents)



Revenue

S$370.2m

EBITDA

S$258.4m

EBITDA Margin

69.8%

Profit After Tax

S$78.1m

Distribution Per Unit ("DPU")

5.05 cents

Gross Debt

S$666.0m

Net Asset Per Unit

74.6 cents

Distribution Yield[1]

5.6%

[1] Distribution yield is based on a DPU of 5.05 Singapore cents and a unit price of 90.5 cents as at 31 March 2020.

	Group	
	Financial Year ended 31 March	
	2020 ("FY20") S$'000	**2019 ("FY19") S$'000**
Total assets	4,208,771	4,281,801
Total liabilities	1,301,833	1,251,949
Total borrowings (gross)	666,000	636,000
Net assets	2,906,938	3,029,852
Cash Flow		
Cash flow generated from operating activities	262,518	229,642
Cash flow used in investing activities	(75,531)	(71,094)
Cash flow used in financing activities	(166,984)	(176,376)
Change in cash	20,003	(17,828)
Key Financial Indicators		
Interest cover	13.4x	13.5x
Gross debt/EBITDA	2.6x	2.6x
Effective average interest rate	2.83%	2.82%

A STRONG, RESILIENT PERFORMANCE

"We continued to see a steady increase in the number of residential, non-residential and non-building address point connections, thereby enabling NetLink to achieve sustainable growth in our financial performance and delivering on our commitment to Unitholders."

Revenue

S$370.2m

EBITDA

S$258.4m

Distribution Per Unit

5.05 cents

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 report another positive year for NetLink NBN Trust and present to you the Annual Report for the financial year ended 31 March 2020 ("**FY20**").

For FY20, we declared S$196.8 million or 5.05 Singapore cents per unit, 3.5% higher than 4.88 Singapore cents a year ago. NetLink recorded higher EBITDA of S$258.4 million and profit after tax of S$78.1 million.

We witnessed the unfortunate event of the COVID-19 in Q4 FY20 which affected many businesses worldwide. Thankfully, the resilience of NetLink's business model coupled with our readiness to execute the business continuity plan has enabled us to make good progress in rolling out our plans and implementing our strategy. Over the past financial year, we continued to see a steady increase in the number of residential, non-residential and non-building address point ("**NBAP**") connections, thereby enabling NetLink to achieve sustainable growth in our financial performance and delivering on our commitment to Unitholders.

Industry Landscape

Slightly over 10 years ago, NetLink began rolling out the fibre infrastructure of the Next Generation Nationwide Broadband Network ("**Next Gen NBN**") for Singapore and achieved nationwide coverage with respect to residential homes and non-residential premises in 2013.

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 in the world with about 94% of homes enjoying ultra-high-speed internet access via NetLink's fibre network.

During the year under review, we have also benefited from the drive by local telecommunications service provider StarHub to migrate its coaxial cable subscribers to fibre, which ended on 30 September 2019. This exercise contributed to revenue growth for NetLink's residential connections in FY20.

As the nationwide provider of residential fibre network in Singapore, NetLink has and will continue to expand our network in new housing estates such as Sengkang, Punggol and Tengah. Going forward, NetLink will continue to expand our residential connections nationwide, through the addition of connections to new housing units. We expect demand for residential fibre connections to remain healthy on the back of proliferation of connected devices in the home, growing online video streaming consumption and numerous other applications such as interactive IPTV, asset monitoring, remote learning and telehealth. In addition, NetLink – working together with the retail telecommunications service providers - are also looking into initiatives to extend fibre connections to the residences of unreached groups such as the lower income and elderly end-users. We are committed to enabling more residential end-users to benefit from access to high speed fibre broadband services.

NetLink's base of non-residential connections has also grown as enterprises, particularly Singapore's small and medium-sized enterprises, tap government initiatives such as SMEs Go Digital and grants to enhance productivity through digitalisation. NetLink's extensive nationwide Next Gen NBN network coverage also enables non-residential end-users to access high-speed broadband services in a cost-efficient manner.

Meanwhile, we have been and are also continuing to support Singapore's fourth mobile telecommunication operator TPG Telecom in its mobile network deployment. With digital revolution technologies transforming the way we work and play, the Next Gen NBN is best positioned to enable consumers to experience the numerous applications brought about by the growth of mobile data consumption.

NetLink aims to continue to grow our base of non-residential and NBAP connections by working proactively with the Requesting Licensees ("**RLs**") to meet future demand for non-residential and NBAP connections, and to support their efforts to acquire new non-residential and NBAP customers.

NetLink supports Singapore's vision of transforming into a Smart Nation through building a network infrastructure that anticipates Singapore's growing needs. We are well-positioned to support the digitalisation of precincts such as Punggol Digital District and Jurong Innovation District, amongst others, and plan to continue playing a key role in the development of Singapore's Smart Nation programme.

The advent of fifth generation mobile network technology or 5G has been highly anticipated. We are excited about the opportunities that will be brought about by the future deployment of 5G infrastructure. NetLink's existing nationwide fibre infrastructure is well-positioned to help industry players speed up 5G deployment, save costs and reduce disruptions to consumers in Singapore. We are currently supporting M1 and TPG Telecom in their various 5G trial initiatives and look forward to further contributing to the growth of the 5G innovation ecosystem.

With the increasing usage of fibre broadband services for day-to-day activities driven by growing demand for connectivity and rapid broad-based growth in data consumption, we believe NetLink's resilient business model will be able to weather economic cycles given the defensive nature of our income streams.

Backed by our strong balance sheet, we will continue to invest in our network in the long-term to expand our reach and intensify the density of our coverage island-wide to ensure that our fibre network infrastructure is future-ready.

Corporate Governance

The Board recognises that good governance is fundamental for NetLink's long-term business sustainability and value creation for our stakeholders. We are committed to the highest corporate governance standards across our operations and business processes.

As a testament to our commitment to corporate governance best practices, NetLink NBN Trust was ranked the top position in the Governance Index For Trusts ("**GIFT**") index in 2019. NetLink NBN Trust was commended for adopting the best practices in corporate governance. Supported by the Singapore Exchange ("**SGX**"), GIFT assessed the governance and business risk of 46 real estate investment trusts ("**REITs**") and business trusts listed on SGX.

We also won the Most Transparent Company Award, REITs & Business Trusts Category, at the Securities Investors Association (Singapore)'s 20th Investors' Choice Awards in September 2019. NetLink NBN Trust was chosen from amongst all listed REITs and Business Trusts as the winner of this award category by a selection committee comprising of industry leaders. This award recognises NetLink NBN Trust's steadfast commitment and strong emphasis on transparency and accountability in its corporate governance.

These recognitions are testament to our commitment to good governance. Together with the management team, the Board will strive towards further strengthening NetLink's corporate governance practices and embrace best practices.

A Sustainable Future

To respond effectively to the market trends and stakeholder expectations, the Board recognises the importance of managing Environment, Social and Governance ("**ESG**") risks and opportunities in achieving our strategic objectives.

NetLink is committed to responsible and sustainable business practices, as well as creating shared value for both our business and society at large. Under the Board's leadership, the Sustainability Steering Committee ("**SSC**"), which comprises of members from our management team, manages NetLink's approach towards sustainability. Together, the Board and the SSC ensure that NetLink's sustainability efforts are aligned to the long-term business strategy as we continue to expand our business and network infrastructure.

As a responsible corporate citizen, we are committed to sustainable development and responsible business practices. We also care for the broader needs of our community and the environment as can be seen from our Corporate Social Responsibility efforts. Besides event sponsorships, donations-in-kind, and cash donations, our staff participated actively in volunteering work. Our top three causes are focused on children and youths, families-in-need, and the elderly. As part of our support for the disruptions caused by COVID-19, we have stepped up our efforts by giving priority to provide low-income households fibre broadband connections to support their work or study from home due to the circuit breaker restrictions imposed. We had also committed S$600,000 cash sponsorship towards the Home Access programme administered by IMDA for a three-year period starting from FY21. As recognition for our loyal partnership and participation in the Silver IT Fest, NetLink was recognised by IMDA as one of the top 10 companies who have contributed towards the Singapore Digital Initiative and was presented the SG:D Friend Award in July last year.

Whilst the business of NetLink was not significantly affected by COVID-19, nevertheless, in a show of solidarity for the disruption and dislocation caused by the virus, the board of directors will seek approval from Unitholders at the forthcoming Annual General Meeting to reduce their annual board fees by 5% for this current financial year. Likewise, the CEO, CFO and COO will also reduce their monthly base salary by 8% for a period until the recovery post COVID-19.

NetLink's long-term strategy is to empower lives by connecting a smart nation. We will continue to build a network infrastructure that anticipates Singapore's growing needs, to be efficient in our operations and to increase connectivity for all our stakeholders. We will continue to evaluate our performance against the targets and measure our progress.

Appreciation

In closing, I would like to take this opportunity to express my appreciation to my fellow Board members for their active participation in board deliberations and for their guidance, counsel and advice. I wish to thank our stakeholders, partners, customers and Unitholders for their support and trust in the Board's stewardship, as well as to the Management and our employees who put forward their best at work every day. Specifically, I would like to thank our front-line staff and sub-contractors for their commitment and courage to continue to serve our customers and stakeholders and provide connectivity during the COVID-19 circuit breaker period.

Chaly Mah Chee Kheong
Chairman

Q

Give us a recap of the past year and how things have progressed since the IPO?

A

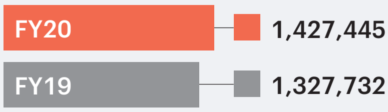
CEO It has been almost three years since we were listed on the SGX. This year, we continue to invest in our fibre network, to densify it and extend its coverage. The NetLink NBN Trust stock continued to see a healthy level of interest from the investment community. We also saw the unit price reach a new high of S$1.03 on 20 February 2020. The COVID-19 situation unfortunately affected the overall stock market and investor sentiments very badly toward the end of FY20. While the COVID-19 outbreak could result in a negative impact to the global economy, we do not expect it to have a significant impact on NetLink given NetLink's resilient business model. We will continue to monitor the situation closely and step up precautionary measures at our business premises.

CFO In FY20, the EBITDA and profit after tax was S$258.4 million and S$78.1 million respectively. Excluding the write-off of capitalised project cost of S$15.4 million in relation to the discontinuation of an IT contract, EBITDA would have been S$273.8 million, representing a growth of 10.5% from FY19. This was mainly due to higher revenue, higher other income and lower installation costs, partially offset by higher operating expenses arising from the one-time write-off of the capitalised project cost. We also have a healthy balance sheet, with a low gross debt to EBITDA multiple of 2.6 times and EBITDA interest coverage of 13.4 times.

COO Our connection numbers generally saw an increase, with the main increase in the residential segment. This was particularly driven by StarHub's migration exercise to move coaxial cable subscribers to fibre. Going forward, we expect residential fibre connection to increase from the current penetration rate of about 94% today.

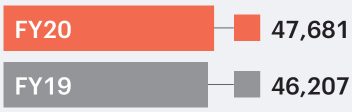
Residential Connections

↑ **7.5%**



Non-Residential Connections

↑ **3.2%**



CEO As you can see, we operate a stable business and because of this, we are able to focus on doing our business well, and doing it right. Things have progressed according to plan and we will continue to strive to serve our various stakeholders comprehensively.

From left to right

Mr Chye Hoon Pin
Chief Operating Officer

Mr Tong Yew Heng
Chief Executive Officer

Mr Wong Hein Jee (Lester)
Chief Financial Officer

Q

What was done to strengthen the fibre network?

A

COO In FY20, we undertook more operational initiatives to improve our service delivery performance and Quality of Service ("**QoS**") standards. We continued to lay additional fibre to increase the spare fibre capacity to meet anticipated demand from all business segments. Additionally, we also invested in an advanced testing equipment and fibre monitoring system to monitor the health of our network. Our maintenance programme ensures that critical systems are kept in good working condition. Equipment inspections are conducted regularly by our staff and contractors.

From left to right

Mr Garry Ng
Director, Information Technology

Mr Ang Soo Piang
Director, Contractor Resource Management

Mr Chye Hoon Pin
Chief Operating Officer

Mr Melvin Chan
Director, Engineering Planning

From left to right

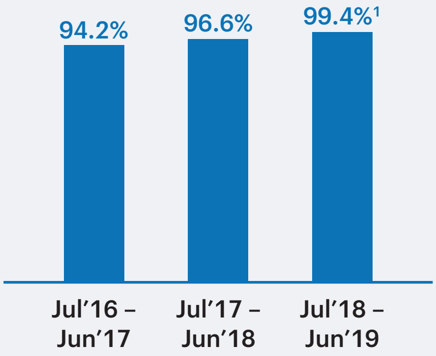
Mr Tiong Onn Seng
Director, Service Provisioning

Mr Danny Leow
Director, Operations, Implementation and Maintenance

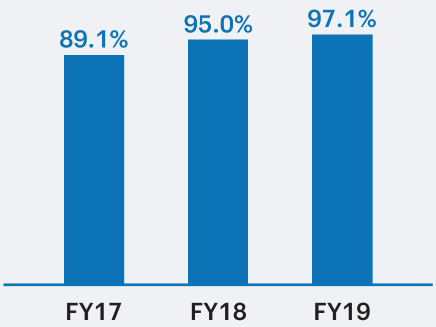
Mr Wee Kee Chor
Director, Facilities and Co-Location

CEO As a result of these initiatives, we have improved our QoS performance significantly and are happy with the progress that we have made over the past few years.

Residential orders provisioned within T+3 Business Days/RFA



Non-residential orders provisioned within T+4 Calendar Weeks/RFA



[1] Percentage of Residential Service Orders fulfilled within (i) Three Business Days of the Date of Service Order or (ii) by Request for Activation ("**RFA**") Date for First Fibre Orders

Q

Can you describe your investor engagement programme?

A

CEO This year, we continue to actively engage investors and the investment community by participating in various conferences and roadshows. We also continued to reach out to the retail unitholders via briefings to Trading Representatives. As testament to our efforts in maintaining high corporate governance standards and emphasis on transparency and accountability, we were named the winner of the Most Transparent Company, in the REITs & Business Trusts category, at the SIAS 20th Investors' Choice Awards. We were also ranked number one in our debut on the Governance Index For Trust (GIFT).

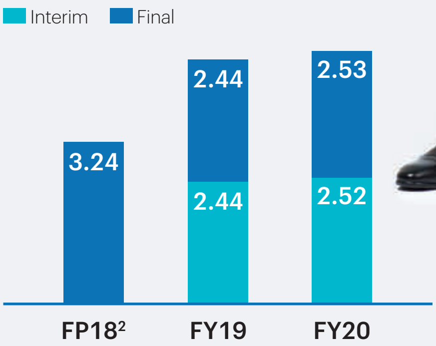
Q

What is the outlook for distribution?

A

CEO We declared a distribution of 2.53 Singapore cents per unit for H2FY20, bringing the total distribution of 5.05 Singapore cents per unit for FY20. This translates to a yield of about 5.6% based on the unit price of S$0.905. Moving forward, we are committed to providing long-term sustainable distribution to our Unitholders.

Distribution Per Unit
(Singapore cents per Unit)



From left to right

Mr Victor Chan
Director, Corporate Planning and Communications

Mr Tong Yew Heng
Chief Executive Officer

Ms Alice Lim
Director, Human Resource and Administration

[2] 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.

From left to right

Mr Lim Ke Xiu
Counsel, Legal and Secretariat

Mr Lee Khoon Aik
Director, Regulatory and Interconnect

Mr Widjaja Suki
Director, Products, Business Development and Process

Q

How is the Trust giving back to the community and investing in its staff?

A

CEO NetLink's primary way of giving is by way of service through volunteering, followed by event sponsorships, donations-in-kind, and cash donations. Our top three causes supported were focused on children and youths, families-in-need, and the elderly. This year marks our fifth year participating at the Silver IT Fest and as recognition for our loyal partnership and participation, NetLink was recognised by IMDA as one of the top 10 companies who have contributed towards the Singapore Digital Initiative and was presented the SG:D Friend Award in July last year. Also, in an effort to bring technology closer to those who have lesser access to it, NetLink will continue to partner IMDA in its Home Access Programme. As Singapore moves towards becoming a digital economy, the Home Access programme offers subsidised fibre broadband connection to low-income households.

NetLink also places great emphasis on attracting, retaining and developing talent. We continue to train our employees and equip them with future-ready knowledge and skillsets. This year, we continued with the NetLink Learning Week. This week-long programme saw 195 employees participate in at least one workshop relating to Self-Development and Wellness. In addition, as a new initiative to encourage employees to continually upgrade themselves, we have granted them additional leave when they undertake courses funded by SkillsFuture Singapore. The total learning hours achieved this year was over 5,000 hours.

Q

What can stakeholders look forward to in FY21?

A

CEO NetLink is essentially in the fibre-to-the-home ("**FTTH**") business. This, we have done successfully by connecting and serving more than 1.4 million households and many businesses. While FTTH continues to be our core business, looking ahead, our focus will have to be expanded to move from FTTH to fibre-to-anywhere ("**FTTX**"). Thus, our next phase of growth is to ensure that we efficiently support the deployment of devices for street furniture such as traffic lights, lamp post, bus stops, anywhere in the street that may require a fibre connection.

Stepping into the 5G era, we are monitoring the progress of the 5G network in Singapore and will explore opportunities associated with the new market development. 5G will require a large number of mobile base stations to be installed due to the shorter range of 5G signals. This is beneficial to us as it would mean more demand for fibre connections to connect these mobile base stations to the fixed fibre network to deliver 5G. We view 5G as complementary to fibre broadband and will continue to support IMDA's objectives to achieve the pervasive deployment of 5G infrastructure and grow the 5G innovation ecosystem. For a start, we are supporting M1 and TPG Telecom in their 5G network trial and at the same time, talking to other operators for opportunities to support them, be it for the front haul or the back haul.

CFO We will continue to invest in our network to expand our reach and intensify the density of our coverage islandwide to ensure that our fibre network infrastructure is future-ready. We will also work on improving our network's capability and resilience, and that also means we are expecting higher capital expenditure. With more homes and buildings constructed in Singapore as well as other factors such as increased penetration rate for fibre broadband and potentially the adoption of dual fibre connections in homes, growth in fibre connections is still our main growth driver. Network expansion in new housing estates is ongoing. At the same time, NetLink is working closely with the Requesting Licensees ("**RLs**") to meet future demand for Non-Residential and NBAP connections, and to support the RLs' efforts to acquire new Non-Residential and NBAP customers.

COO Today, we are experiencing high growth in the consumption of data and we expect this to trend to continue through the widespread adoption of cloud services. With our extensive nationwide fibre network, we are well-positioned to support, among others, the development of 5G and various Smart Nation initiatives. With the rollout of the government's Smart Nation programme, more NBAP connections are required for the deployment of network sensors and monitoring equipment, at locations across the island. As we continue to build a denser network, we are talking to various agencies to find out about their future fibre needs. With this, we are able to anticipate and plan ahead, especially in green field areas.

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Final words?

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CEO I want to thank our staff for their commitment and efforts that have contributed to a good year for us and to our Unitholders for the continued support and belief in our stock. Moving forward we look forward to close partnership with industry players to bolster our position in *Connecting a Smart Nation*.

From left to right

Mr Kelvin Chia
Director, Treasury and Financial Planning

Mr Wong Hein Jee (Lester)
Chief Financial Officer

Ms Christine Yeo
Financial Controller

As the foundation of Singapore's Nationwide Broadband Network, NetLink has enabled the Nation to experience ultra-high-speed internet access at prices that are ranked highly competitive globally. The open and non-discriminatory access to our network, coupled with the pervasive reach of our nationwide infrastructure, has created opportunities for telecommunication service providers to grow their broadband and mobile businesses. End-users have benefitted because they can enjoy increased broadband speed from their service provider at a competitive and compelling price.

NetLink's business model as a telecommunication provider is unique in that we do not sell internet packages or broadband services. Instead, we design, build, own and operate the fibre cables, ducts, manholes and Central Offices that support these broadband services. NetLink offers fibre connections to telecommunication service providers who make use of these connections to offer various broadband and commercial packages to end-users.

Regulatory Environment

Under the Telecommunications Act, the Infocomm Media Development Authority ("**IMDA**") has the exclusive privilege for the operation and provision of telecommunication systems and services in Singapore. IMDA may grant licences to persons for, *inter alia*, the operation and provision of telecommunication systems and services that are within the exclusive privilege granted to IMDA under the Telecommunications Act. Licences may be granted subject to such conditions as IMDA may impose in its absolute discretion.

IMDA may also issue codes of practice, quality of service ("**QoS**") standards and regulations in respect of, inter alia, the provision and operation of telecommunication systems and services, and the carrying out of the purposes and provisions of the Telecommunications Act in general. Examples of such codes of practice, quality of service standards and regulations include the Telecom Competition Code, the NetCo Interconnection Code and the Quality of Service Standards on Service Provisioning Timeframe for Residential/Non-Residential End-User Connections.

NetLink currently holds a Facilities-Based Operations ("**FBO**") licence to, *inter alia*, establish a nationwide fibre network, operate and maintain a system of ducts, manholes and Central Offices and to provide certain telecommunication services in connection therewith. The FBO licence imposes a number of terms and conditions upon NetLink, including a Universal Service Obligation ("**USO**"). The USO is a fundamental licence obligation that requires NetLink to provide mandated services without preference or discrimination to any qualifying person in Singapore who requests the provision of such services to any physical address or other location as may be reasonably requested. NetLink is required to pay an annual fee to IMDA which is determined by reference to its audited annual gross turnover.

In addition, IMDA has the authority to impose performance standards upon NetLink to ensure the integrity of the network, including standards with respect to the protection of physical assets and network resiliency, as well as to meet certain QoS standards with respect to its provision of residential and non-residential end-user connection services.

The failure to meet the obligations under 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.

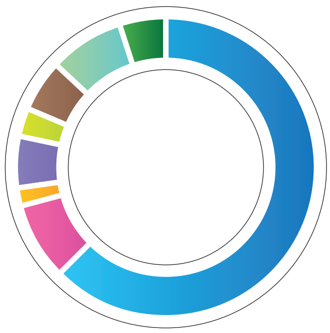
Pricing

The provision of NetLink's principal services is subject to the terms and conditions of the FBO licence held by NetLink. These services include the mandated services set forth in the FBO licence, which have to be provided on pricing terms regulated by IMDA and prescribed in the Interconnection Offer ("**ICO**") and the Reference Access Offer ("**RAO**"). As a result, NetLink receives a transparent and predictable revenue stream.

Under the ICO, with respect to each residential end-user connection, non-residential end-user connection and NBAP connection, we receive two primary revenue streams: (i) one-off installation and/or service activation charges (as applicable) for each termination point (upon the initial installation) or service activation; and (ii) a monthly recurring connection charge. In addition, we also receive revenue for the provision of co-location space in Central Offices from Requesting Licensees ("**RL**"), and from the provision of segment fibre connections to RLs to support their network connectivity needs. These revenues are not received from end-users but are paid under the ICO by RLs. Under the RAO, NetLink also receives revenue streams from RLs for leasing NetLink's lead-in ducts and accessing NetLink's lead-in manholes.

"As the foundation of Singapore's Nationwide Broadband Network, NetLink has enabled the Nation to experience ultra-high-speed internet access at prices that are ranked highly competitive globally."

Revenue Contribution



Residential connections	62.5%
Non-residential connections	8.4%
NBAP and Segment connections	2.0%
Installation-related revenue	5.6%
Diversion revenue	3.0%
Co-location and Other revenue	5.5%
Ducts and manholes service revenue	8.2%
Central Office revenue	4.8%

Under the NetCo Interconnection Code, IMDA has the right to review the terms (including pricing) under which services are provided pursuant to NetLink's ICO. IMDA will hold a review of pricing terms every five years following the last price review. However, both IMDA and NetLink can exercise their discretion to propose to conduct a mid-term price review in the third year, in the event that there is any significant change in cost inputs or if any changes to cost or demand forecasts are required due to unforeseen circumstances. In addition, under the Telecom Competition Code, IMDA also has the right to review the terms under which services are provided pursuant to NetLink's RAO.

The last price review by IMDA was completed in May 2017. The revised prices are regulated using the Regulatory Asset Base ("**RAB**") model for the five-year period effective from January 2018.

The RAB model provides for the recovery of the following cost components: (a) return of capital deployed (i.e. depreciation); (b) return on capital employed; and (c) operating expenditure. The main assumptions in the RAB model are:

(a) 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.

(b) 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.

How we did in FY20

We are happy to report that we have achieved what we set out to do at the beginning of the financial year.

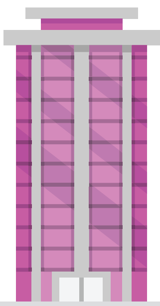
Residential Connections

In terms of connection numbers, we had provisioned 1,427,445 residential end-user connections as at 31 March 2020. The residential end-user connection numbers represent a healthy 7.5% growth year-on-year. This can be partly attributed to the migration of end-users who were on coaxial cable migrating to a fibre platform. This migration was completed in FY20.

Non-Residential Connections

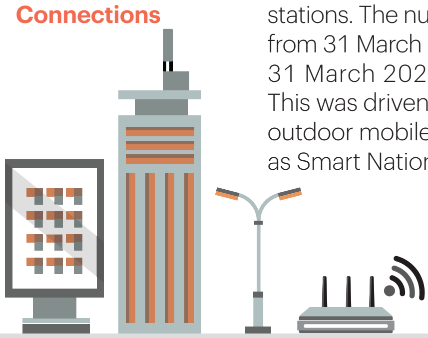
As at 31 March 2020, we had provisioned 47,681 non-residential end-user connections. The growth of non-residential end-user connections in FY20 is approximately 3.2% year-on-year.

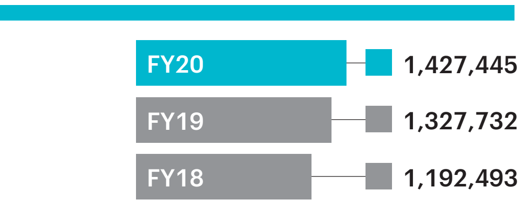
The non-residential segment is a competitive segment where RLs have the option to use their own fibre network.

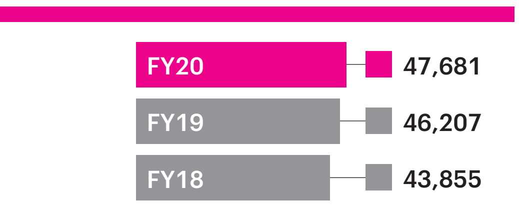


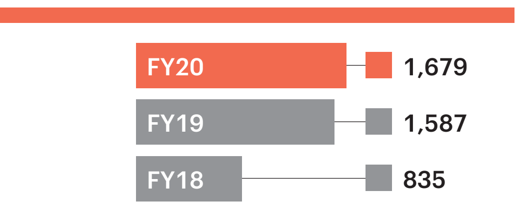
Non-Building Address Point ("NBAP") Connections

We use NBAP connections to support telecommunication service providers' outdoor connectivity requirements such as surveillance cameras and wireless mobile base stations. The number of NBAP connections grew steadily from 31 March 2019 to reach 1,679 connections as at 31 March 2020, a year-on-year growth of 5.8%. This was driven by TPG's requirement to achieve 99% outdoor mobile coverage by December 2019 as well as Smart Nation requirements.









Improving our Quality of Service

The QoS standards set by IMDA continue to be an area that we are constantly focused on achieving.

The time that we take to complete the service provisioning process for activating a fibre connection depends on a number of factors, including whether the residential home has a termination point installed, whether the request is the first or second connection, and whether the residential home is in a high-rise building or is a landed property. For non-residential connections, this includes factors such as getting the building management's prompt approval for works, whether there is sufficient space within the telecom riser, and whether there are restrictions on working hours, amongst others. Suffice to say, while there are various challenges, we are committed to overcome them and will invest in the necessary resources to achieve the QoS standards.

Over the past three years, we had implemented various initiatives such as the roll-out 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 result of these proactive efforts and in spite of the constant on-the-ground challenges, we were able to achieve appreciable improvements to the service provisioning timeframe for fibre services to residential and non-residential premises, bringing NetLink closer to meeting the QoS standards.

In line with the improved performance, IMDA had imposed lower financial penalties on NetLink for its inability to meet the QoS standards. Last year, IMDA imposed a financial penalty of S$10,000 on NetLink for not meeting the residential QoS standards for the 12-month period between July 2018 and June 2019. For the non-residential sector, IMDA did not impose any financial penalty as IMDA took into consideration NetLink's overall improvement in the non-residential QoS performance, and in view that the failure margins were narrow. This compares favourably to the aggregate financial penalty of S$70,000 imposed by IMDA a year ago, for failure to meet the residential and non-residential QoS standards. The financial penalties did not have any material impact on the net tangible asset per unit and distribution per unit of NetLink NBN Trust for the financial year ended 31 March 2020.

REVENUE

	Group		
	Financial Year ended 31 March		
	2020 ("FY20") S$'000	2019 ("FY19") S$'000	Variance (%)
Fibre business revenue:			
Residential connections	231,496	206,768	12.0
Non-residential connections	31,204	29,962	4.1
NBAP and Segment connections	7,246	6,909	4.9
Installation-related revenue	20,513	21,412	(4.2)
Diversion revenue	11,127	13,507	(17.6)
Co-location and Other revenue	20,465	20,155	1.5
Total Fibre Business Revenue	**322,051**	**298,713**	**7.8**
Ducts, manholes and Central Office revenue:			
Ducts and manholes service revenue	30,282	37,376	(19.0)
Central Office revenue	17,859	17,491	2.1
Total Ducts, Manholes and Central Office Revenue	**48,141**	**54,867**	**(12.3)**
Total Revenue	**370,192**	**353,580**	**4.7**

Revenue of S$370.2 million for FY20 was 4.7% higher than FY19 mainly due to higher residential connections and non-residential connections. This was partially offset by lower installation-related revenue, diversion revenue and ducts and manholes service revenue. For FY20, revenue from residential connections and non-residential connections, which together accounted for approximately 71.0% of the total revenue, have performed well and were 12.0% and 4.1% above FY19 respectively. Residential connections revenue increased by S$24.7 million due to the higher number of connections of 1,427,445 achieved as at 31 March 2020 as compared to 1,327,732 as at 31 March 2019. Non-residential connections revenue increased by S$1.2 million due to the higher number of connections of 47,681 achieved as at 31 March 2020 as compared to 46,207 as at 31 March 2019. Installation-related revenue was S$0.9 million lower mainly due to lower installation charges from fewer orders requiring installation. Lower diversion revenue of S$2.4 million was mainly due to the completion of fewer projects in FY20 as compared to FY19. Ducts and manholes service revenue decreased by S$7.1 million mainly due to the completion of fewer joint-build projects in FY20 coupled with a decrease in service revenue from reduced cable length chargeable to a customer leasing space in NLT's ducts.

EXPENSES

	Group		
	FY20 S$'000	**FY19 S$'000**	**Variance (%)**
Operation and maintenance costs	(19,787)	(20,834)	(5.0)
Installation costs	(10,639)	(14,376)	(26.0)
Diversion costs	(6,318)	(9,152)	(31.0)
Depreciation and amortisation	(167,782)	(160,792)	4.3
Staff costs	(27,438)	(24,229)	13.2
Finance costs	(20,504)	(19,126)	7.2
Management fee	(998)	(982)	1.6
Other operating expenses	(52,400)	(37,797)	38.6
Total Expenses	**(305,866)**	**(287,288)**	**6.5**

Total expenses for FY20 of S$305.9 million were S$18.6 million higher than FY19 mainly due to higher other operating expenses, depreciation and amortisation costs, staff costs and finance costs, partially offset by lower operation and maintenance costs, installation costs and diversion costs. Other operating expenses were S$14.6 million higher mainly due to a one-time write-off of capitalised project cost of S$15.4 million in relation to the discontinuation of the contract with a vendor for the replacement of business and operation support systems[1]. Depreciation and amortisation costs were S$7.0 million higher mainly due to a higher fixed asset base, accelerated depreciation for existing IT software and the adoption of Singapore Financial Reporting Standard (International) 16 - *Leases* ("**SFRS(I) 16**"). Staff costs for FY20 were S$3.2 million higher mainly due to annual salary increment, lower capitalisation of staff costs as there were fewer spare capacity fibre top up projects completed in FY20 as compared to FY19 and lower labour capitalisation from the discontinued IT project. Finance costs were higher by S$1.4 million mainly due to a longer interest period in FY20 as compared to 7 months in FY19 for the S$45.0 million loan taken up in August 2018, additional interest expenses on lease liabilities arising from the adoption of SFRS(I) 16 and loss arising from discontinuation of cash flow hedge as a result of the repayment of S$126.0 million loan. Installation costs were S$3.7 million lower as part of the installation costs was reclassified to operation and maintenance costs. In spite of the reclassified costs, operation and maintenance costs were lower by S$1.0 million mainly due to fewer joint-build projects completed during the year. Diversion costs were S$2.8 million lower, in line with lower diversion revenue.

NET PROFIT AFTER TAX

	Group		
	FY20 S$'000	**FY19 S$'000**	**Variance (%)**
Net profit after tax	78,113	77,359	1.0
Net profit after tax margin	21.1%	21.9%	(0.8 pp)

Net profit after tax at S$78.1 million in FY20 was 1.0% higher than FY19 and net profit after tax margin was 21.1% of revenue. The higher net profit after tax was contributed by higher revenue, higher other income and lower installation costs, partially offset by higher other operating expenses.

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

EBITDA

	Group		
	FY20 S$'000	FY19 S$'000	Variance (%)
EBITDA[2]	258,425	247,876	4.3
EBITDA margin	69.8%	70.1%	(0.3 pp)

EBITDA was higher than FY19 by S$10.5 million or 4.3%. In addition to higher revenue for the year, the higher EBITDA was mainly due to higher other income and lower installation costs, partially offset by higher operating expenses due to a one-time write-off of capitalised project cost of S$15.4 million in relation to the discontinuation of the contract with a vendor for the replacement of business and operation support systems[3]. The EBITDA margin achieved was 69.8%, which was 0.3 percentage point lower than FY19.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for the financial year ended 31 March 2020 was S$75.5 million and capital commitment as at 31 March 2020 stood at S$36.3 million.

NetLink is required by Infocomm Media Development Authority ("**IMDA**") to set aside monies into a capital expenditure reserve fund ("**Capex Reserve Fund**") amounting to aggregate of S$40.0 million over the five-year period from year 2018 to year 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. On a quarterly basis, NLT will set aside additional funds in the Capex Reserve Fund on a pro-rata basis computed based on the yearly requirement of S$8.0 million. As at 31 March 2020, NLT has set aside S$18.0 million for Capex Reserve Fund of which approximately S$9.7 million were utilised to increase network resiliency and capacity.

LIQUIDITY AND CAPITAL RESOURCES

	Group	
	FY20 S$'000	FY19 S$'000
Profit before income tax	71,869	69,750
Non-cash item and net interest expense adjustments	185,838	157,589
Net change in working capital	4,811	2,303
Net cash generated from operating activities	262,518	229,642
Net cash used in investing activities	(75,531)	(71,094)
Net cash used in financing activities	(166,984)	(176,376)
Net change in cash and cash equivalents	20,003	(17,828)
Cash and cash equivalents at beginning of financial year	148,621	166,449
Cash and cash equivalent at end of financial year	168,624	148,621
Cash and cash equivalents consist of:		
Cash and bank balances	160,353	138,621
Capex Reserve Fund	8,271	10,000

[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] Please refer to SGXNet announcement released on 27 February 2020.

FINANCIAL LEVERAGE

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

		Group	
Maturity	**Terms**	**As at 31 March 2020**	**As at 31 March 2019**
		S$'000 (Utilised)	**S$'000 (Utilised)**
March 2021	S$510 million Five-Year Term Loan	510,000	510,000
March 2021	S$90 million Five-Year RCF	-	-
June 2020	S$210 million Three-Year RCF	-	126,000
March 2023	S$210 million Three-Year RCF	156,000	-
		666,000	**636,000**

As at 31 March 2020, NetLink had borrowings drawn of S$666.0 million and undrawn facilities of S$144.0 million. During the year, S$156.0 million was drawn under the new S$210.0 million Three-Year RCF to repay the S$126.0 million loan drawn under the previous S$210.0 million Three-Year RCF and to fund capital expenditure. The effective average interest rate for the financial year was 2.83% (FY19: 2.82%) per annum.

NetLink uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. NetLink has entered into 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$636.0 million (FY19: S$636.0 million). Accordingly, interest on 95.5% (FY19: 100%) of the Group's existing bank loans has been hedged.

As at 31 March 2020, gross debt/ EBITDA ratio was 2.6 times (FY19: 2.6 times). Interest coverage ratio (EBITDA/ Interest) was 13.4 times (FY19: 13.5 times).

NET ASSET VALUE

The net asset value per unit based on issued units as at 31 March 2020 was 74.6 Singapore cents.

LEADING WITH EXPERTISE

From left to right

Mr Chaly Mah Chee Kheong
Chairman of the Board

Mr Eric Ang Teik Lim

Ms Koh Kah Sek

Mr Yeo Wico

Ms Ku Xian Hong

Mr Arthur Lang Tao Yih

Mr Sean Patrick Slattery

Mr Tong Yew Heng

MR CHALY MAH CHEE KHEONG
Chairman of the Board

Non-Executive and Independent Director of the Trustee-Manager

Chairman of the Remuneration Committee

Member of the Nominating Committee

Member of the Risk and Regulatory Committee

Date of First Appointment as a Director:
21 February 2017

Date of Appointment as Chairman:
19 April 2017

Date of Last Re-election as a Director:
25 July 2018

Mr Mah is currently the Chairman of Singapore Tourism Board and the Singapore Accountancy Commission. He is a member of the Board of Trustees of the National University of Singapore and serves on the boards of the Monetary Authority of Singapore, the Singapore Economic Development Board, CapitaLand Limited and Flipkart Private Limited. In June 2020, he was appointed as a member of the National Jobs Council. Prior to this Mr Mah 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 Mah graduated with a Bachelor of Commerce degree from the University of Melbourne and qualified as a chartered accountant with the Institute of Chartered Accountants in Australia. He is also a fellow member of the Institute of Singapore Chartered Accountants, CPA Australia and The Association of Chartered Certified Accountants in the United Kingdom.

Present directorships in other listed companies:
- CapitaLand Limited

Other principal commitments:
- Chairman, Singapore Tourism Board
- Chairman, Singapore Accountancy Commission
- Board Member, Monetary Authority of Singapore
- Board Member, Singapore Economic Development Board
- Member of the Board of Trustees, National University of Singapore
- Board Member, Flipkart Private Limited

MR ERIC ANG TEIK LIM

Non-Executive and Independent Director of the Trustee-Manager

Chairman of the Nominating Committee

Member of the Audit Committee

Member of the Remuneration Committee

Date of First Appointment as a Director:
24 March 2017

Date of Last Re-election as a Director:
19 July 2019

Mr Ang 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. Over the last five years, he had served on the boards of Hwang Capital (Malaysia) Bhd, DBS Foundation Ltd and NetLink Management Pte. Ltd. (the trustee of NetLink Trust).

Mr Ang graduated with a Bachelor of Business Administration (Honours) degree from the University of Singapore (now known as the National University of Singapore).

Present directorships in other listed companies:
- Sembcorp Marine Limited
- Raffles Medical Group

Other principal commitments:
- Director, Changi Airport Group
- Director, Surbana Jurong Pte Ltd
- Co-Chairman, Singapore Exchange Securities Trading Limited Listings Disciplinary Committee
- Vice Chairman, Community Chest

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:
25 July 2018

Ms Koh 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 and Procurement & Contracts Divisions. She is also a board member and a member of the Remuneration Committee of Far East Orchard Limited. In May 2020, Ms Koh was appointed as a member of the Accounting Standards Council.

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.

Ms Koh graduated with a Bachelor of Commerce from the University of Melbourne and is a member of the Institute of Singapore Chartered Accountants and a Fellow Member of CPA Australia.

Present directorships in other listed companies:
- Far East Orchard Limited

Other principal commitments:
- Executive Director and Chief Financial Officer, Far East Organization
- Vice President, National Council of Girl Guides Singapore
- 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

MR YEO WICO

Non-Executive and Independent Director of the Trustee-Manager

Member of the Audit Committee

Date of First Appointment as a Director:
21 February 2017

Date of Last Re-election as a Director:
19 July 2019

Mr Yeo 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.

Mr Yeo graduated from the National University of Singapore in 1991 and holds a LLB (Hons) degree.

Present directorships in other listed companies:
- Vicplas International Ltd.

Other principal commitments:
- Partner, Allen & Gledhill LLP

MS KU XIAN HONG

Non-Executive and Independent Director of the Trustee-Manager

Member of the Risk and Regulatory Committee

Date of First Appointment as a Director:
1 October 2018

Date of Last Re-election as a Director:
19 July 2019

Ms Ku 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 and 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 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 workforce.

Ms Ku holds a Bachelor of Science degree from the National University of Singapore and a Master of Business Administration (with Distinction) from DePaul University, Chicago.

Present directorships in other listed companies:
Nil

Other principal commitments:
- Council Member, Singapore Cancer Society

MR ARTHUR LANG TAO YIH

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

Member of the Nominating Committee

Member of the Remuneration Committee

Date of First Appointment as a Director:
21 February 2017

Date of Last Re-election as a Director:
25 July 2018

Mr Lang is currently the CEO International of Singapore Telecommunications Limited ("Singtel") having responsibility over the holdings that Singtel has in its overseas associates. Mr Lang is also spearheading the regional mobile financial services and the e-gaming initiatives for the Singtel Group.

Mr Lang was previously the Group CFO of CapitaLand Limited from 2011 to 2016. Prior to this, he was an investment banker at Morgan Stanley Asia having held positions as Co-Head of Southeast Asia Investment Banking and Chief Operating Officer for the Asia Pacific Investment Banking Division. He is also a director of Globe Telecom, Inc., Bharti Infratel Limited, Airtel Africa Limited, the Land Transport Authority of Singapore, the National Kidney Foundation and the Straits Times Pocket Money Fund. In 2018, Mr Lang was awarded the Public Service Medal for his contributions to society.

Mr Lang was previously on the boards of CapitaLand Commercial Trust Management Limited and CapitaLand Mall Trust Management Limited, the managers of CapitaLand Commercial Trust and CapitaLand Mall Trust, respectively. He was previously also a director of Tiger Airways Holdings Limited.

Mr Lang holds a Bachelor of Arts (magna cum laude) from Harvard University and a Master of Business Administration from Harvard Business School.

Present directorships in other listed companies:
- Globe Telecom, Inc.
- Bharti Infratel Limited
- Airtel Africa Limited

Other principal commitments:
- CEO International, Singapore Telecommunications Limited
- Board Member, Land Transport Authority
- Board Member, The Straits Times School Pocket Money Fund
- Director, National Kidney Foundation

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:
Not Applicable

Mr Slattery 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 joined Singtel in 1998, and has been involved in regulatory and network interconnection matters. Prior to joining Singtel, Mr Slattery was with Optus Communications Pte. Ltd. from 1993 to 1998. He was also a director of CityNet Infrastructure Management Pte. Ltd., the then trustee-manager of NetLink Trust, from 2011 to 2017.

Mr Slattery holds a Bachelor of Economics degree from the University of Sydney in Australia and has been qualified as a certified practising accountant with CPA Australia since 1996.

Present directorships in other listed companies:
Nil

Other principal commitments:
- Vice President (Regulatory & Interconnect), Singapore Telecommunications Limited

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 2019

Mr Tong 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.

Mr Tong graduated with a Bachelor of Engineering (Honours) degree from the University of Strathclyde in the United Kingdom and holds a Master of Business Administration degree from Nanyang Technological University. He also attended the Programme for Executive Development at the International Institute of Management Development, Switzerland and is a member of the Institute of Singapore Chartered Accountants.

Present directorships in other listed companies:
Nil

Other principal commitments:
Nil

Introduction

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) (collectively, "**Trust Deed**"). NetLink NBN Trust is registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore ("**BTA**"), and was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 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 ("**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 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 Infocomm Media Development Authority of Singapore'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 NBN Trust and its subsidiaries.

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, Chapter 289 of Singapore (the "**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 also launched 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 quarterly and full-year financial results, and via announcements on NetLink NBN Trust's website and SGXNET. Following SGX RegCo's removal of mandatory quarterly reporting, the Board will provide business updates on NetLink for its first and third quarters. These business updates will supplement the half-year and full-year financial results, which will continue in the existing form.

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.

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 expense[1]. 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.

Directors are also regularly updated on changes to applicable laws and regulations (e.g. regulatory developments), and changes in accounting standards, either during Board meetings or via electronic mail.

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 financial year ended 31 March 2020 ("**FY2020**"), industry experts were invited to conduct briefings for Directors on the following topics:

- Fixed Access Technologies and 5G Deployment; and
- Telecom Landscape and the Changing Roles of Telcos.

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.

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 via:

(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;

[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.

(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, the "**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 quarterly and full-year financial results.

The Trustee-Manager's Constitution provides for Board meetings to be held via telephone or video conference.

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 AGM, Board and Board Committee meetings for FY2020 is set out in the table below.

	AGM		Board		Audit Committee		Risk & Regulatory Committee		Nominating Committee		Remuneration Committee		Board Strategy Retreat	
	Number of Meetings													
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chaly Mah Chee Kheong	1	1	4	4	–	–	4	4	3	3	1	1	1	1
Koh Kah Sek	1	1	4	4	4	4	–	–	–	–	–	–	1	1
Eric Ang Teik Lim	1	1	4	4	4	4	–	–	3	3	1	1	1	1
Ku Xian Hong	1	1	4	4	–	–	4	4	–	–	–	–	1	1
Yeo Wico	1	1	4	4	4	4	–	–	–	–	–	–	1	1
Arthur Lang Tao Yih	1	1	4	3	–	–	–	–	3	3	1	1	1	–
Sean Patrick Slattery	1	1	4	3	–	–	4	4	–	–	–	–	1	1
Tong Yew Heng[1]	1	1	4	4	4	4	4	4	3	3	1	1	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. In face of the Covid-19 situation, Management has been providing the Board with regular updates on how the NetLink NBN Group manages its operations under its business continuity planning ("**BCP**").

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.

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" director[2] is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations[3], its substantial shareholders[4] 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 company[5].

Provision 2.2:
Independent directors make up a majority of the Board[6] where the Chairman is not independent[7].

Provision 2.3:
Non-executive directors make up a majority of the Board.

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 165 to 168.

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 (Chapter 50) of Singapore, 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 (Chapter 289) of Singapore.

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	Member	Chairman
Koh Kah Sek	Independent Director	Chairman	–	–	–
Eric Ang Teik Lim	Independent Director	Member	–	Chairman	Member
Ku Xian Hong	Independent Director	–	Member	–	–
Yeo Wico	Independent Director	Member	–	–	–
Arthur Lang Tao Yih	Non-Executive Director	–	–	Member	Member
Sean Patrick Slattery	Non-Executive Director	–	Chairman	–	–
Tong Yew Heng	Executive Director	–	–	–	–

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. In its annual review, the NC was satisfied that the objectives of the diversity policy continue to be met.

The Board consists of Directors with core competencies in areas such as accounting, banking, financial, IT, 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. A graphic presentation of Board diversity by gender and age can be found in the Sustainability Report on page 85.

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. These sessions are led by the Chairman and feedback is thereafter provided by the Chairman to 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 making[8].

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 polices 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.

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.

[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 4.1:
The Board establishes a NC[9] 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 personnel[10];
(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-appointment[11] 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 independence[13], 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.

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 commitments[14] 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 Eric Ang Teik Lim	Chairman
Mr Chaly Mah Chee Kheong	Member
Mr Arthur Lang Tao Yih	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).

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.

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'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 Hewitt Singapore Pte Ltd ("**Aon**") was commissioned to review the succession plans for senior Management (including the CEO, the CFO and the COO).

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 to conduct an evaluation of the Board, the Board Committees and individual Directors for FY2020.

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 2018 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 41 and under "Additional Information" on pages 165 to 168.

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 FY2020, 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.

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) Mr Chaly Mah Chee Kheong;

(b) Ms Koh Kah Sek; 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, no Director was appointed pursuant to this Article.

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 30 to 33. 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 27 of the Report of Singapore NBN Trust for FY2020.

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 FY2020 as external facilitator to conduct the Board evaluation and as consultant to advise on succession planning, 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 involves the following steps:

(a) establishment of the Trustee-Manager's requirements e.g. by consulting Chairman/Directors/Management;

(b) designing of the evaluation questionnaire to meet these requirements;

(c) administering the evaluation exercise, including sending out the evaluation questionnaire to Directors and collating their feedback;

(d) analysing the feedback; and

(e) presenting the results of the evaluation exercise with analysis to the NC and the Board.

The evaluation focuses on areas such as Board structure, Board processes, managing the Trustee-Manager's performance, Board strategy and priorities, 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 FY2020 indicated that the Board has improved in overall perception and 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.

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 Directors and a majority of whom (including the RC Chairman) are independent, namely:

Mr Chaly Mah Chee Kheong	Chairman
Mr Eric Ang Teik Lim	Member
Mr Arthur Lang Tao Yih	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:

(a) 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;

(b) 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

(c) 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 page 49 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.

[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.

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 page 50. 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 FY2020, 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 and operational 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 established 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 free cash flow, 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.

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 average daily closing unit price from January to March of the year in which the awards are granted (except in the case of awards granted in 2017 prior to the IPO, which were notionally converted into a number of Units based on the Offering Price of S$0.81), 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 average daily closing unit price of the Units in the three-month period immediately prior to 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.

The Plan was introduced in April 2017 prior to the IPO of NetLink NBN Trust. The Plan replaced the previous long-term incentive plan. The awards granted to the CEO, the CFO and the COO under the previous long-term incentive plan have met the performance objectives set and have since vested in accordance with the terms of the previous long-term incentive 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.

Non-Executive Directors' Remuneration

For FY2020, the framework for determining the Directors' fees is set out below. This framework was 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.

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 FY2020 is as follows:

Directors	Directors' Fees (S$)
Chaly Mah Chee Kheong	202,000
Eric Ang Teik Lim[1]	137,000
Koh Kah Sek	125,000
Ku Xian Hong	95,000
Yeo Wico	105,000
Arthur Lang Tao Yih[2]	99,000
Sean Patrick Slattery[2]	110,000
Total	**873,000**

Note:
1 S$114,166.67 paid to Director's employer company. S$22,833.33 paid to Director, following Director's retirement from his employer company in January 2020.
2 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.

In view of the COVID-19 situation and as a show of solidarity and togetherness with the NetLink NBN Group's stakeholders, the Directors will take a 5% reduction in their Directors' Fees for FY2021, subject to Unitholders' approval at the upcoming AGM of the TM Shares Trust.

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 FY2020, 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	581,796	446,228	13,260	5,870	325,982	1,373,136

Mr Tong Yew Heng was granted a long-term incentive award of S$408,447 for FY2020. The award is granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period, based on performance against the performance conditions set.

Table 2: Top 5 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	21	1	1	35	100
Wong Hein Jee Lester	43	22	2	1	32	100
Between S$500,001 and S$750,000						
Nil						
Between S$250,001 and S$500,000						
Ang Soo Piang	54	26	2	1	17	100
Tiong Onn Seng	73	21	5	1	0	100
Widjaja Suki	73	20	5	2	0	100

Note:
1 Fixed refers to base salary and fixed allowances for FY2020.
2 Variable refers to cash-based incentives earned in FY2020 and paid out in June 2020.
3 CPF refers to company statutory contributions to the Singapore Central Provident Fund in FY2020.
4 Benefits in FY2020 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 third and final one-third of pre-IPO long-term incentive plan awards which have vested, and the 2017 long-term incentive plan award which has also become vested. These awards will be paid out in July 2020.

The top five members of senior management (who are not Directors or the CEO) were granted LTI awards in aggregate of S$499,100 for FY2020. These awards are granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period, based on performance against the performance conditions set.

The total remuneration paid to the top five senior management personnel (who are not Directors or the CEO) in FY2020 was approximately S$2,885,418.

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 FY2020.

In view of the COVID-19 situation and as a show of solidarity and togetherness with the NetLink NBN Group's stakeholders, the CEO, the COO and the CFO have taken an 8% reduction in their base salary with effect from 1 May 2020. This reduction in base salary will be reviewed after six months or when the COVID-19 situation has stabilised.

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 shareholders[16].

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.

Provision 9.2:
The Board requires and discloses in the company's annual report that it has received assurance from:

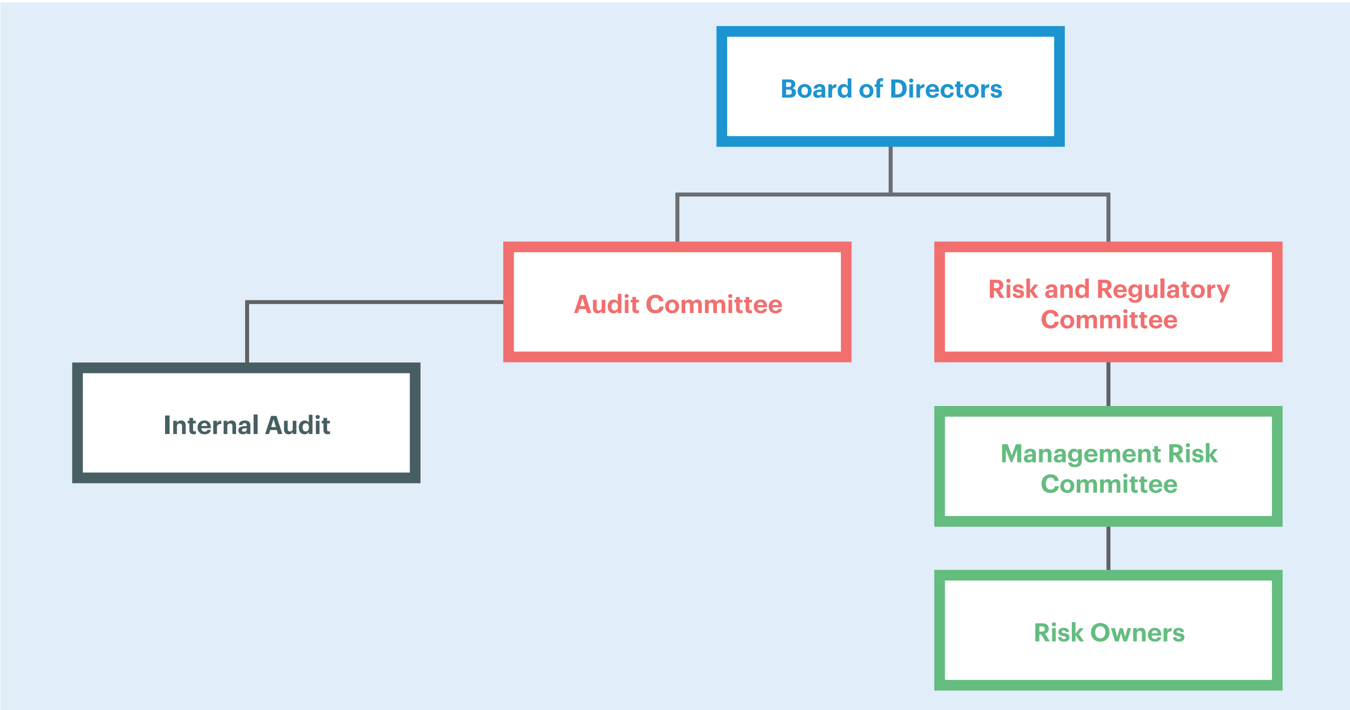
(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's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

[16] 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.

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).

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 Requirement[17]; 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;

(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 internal controls and the action plans taken to mitigate such risks. This assessment will be documented in the 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 the ERM framework can be found under "Enterprise Risk Management" on pages 64 to 69.

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

[17] "Capex Reserve Requirement" is the requirement for NetLink Trust to set aside monies into a capital expenditure reserve fund amounting to an aggregate of S$40 million over the five year period from 2018 to 2022, to meet regulatory requirements from IMDA or for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NetLink Trust's network infrastructure.

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.

The Whistleblowing Policy allows employees and external parties to report concerns or suspicions of fraud, corruption, dishonest practices and other improprieties observed within the NetLink NBN Group without fear of retaliation. Reports may be made via various modes of communication through an external channel. 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 AC.

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 period under review can be found under "Additional Information" on page 170.

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 period under review give a true and fair view of NetLink's operations and finances; and

(b) the CEO, the CFO and the COO (collectively "**key management personnel**") 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 key management personnel have 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 key management personnel 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 2020 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 AC[18] 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.

[18] 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.

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

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. In view of the Board's overall responsibility to maintain a sound risk management system, the Board is of the opinion that the RRC, which has been set up specifically to review the adequacy and effectiveness of the risk management systems of the NetLink NBN Group specifically, is the appropriate Board committee to perform such duties.

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 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 resources 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$325,000 of which S$170,000 pertains to annual audit services and S$155,000 pertains to non-audit services (as shown in Note 10 under "Notes to the Financial Statements" on page 135). The fees for non-audit services were mainly for (a) work performed and assurance letters to be provided in relation to the establishment of a Medium-Term Note programme; and (b) agreed upon procedures performed on service charges for Central Offices.

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.

During FY2020, 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 FY2020 are set out below:

Key Audit Matter	How the Audit Committee addressed the matter
Goodwill impairment review	The AC considered the methodology, estimates and assumptions such as WACC of 5.04% and terminal growth rate of 1.5% used in the valuation model for purpose of determining if there is any impairment of goodwill. 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 cash flow forecasts, discounting period, discount rate and long-term growth rate. 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 2020. Please refer to page 99.

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 was provided to the external auditors before 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.

Internal audit function has been outsourced to KPMG Services Pte. Ltd. The internal auditors report directly to the Chairman of the AC and has unfettered access to all company documents, records, properties, personnel and the AC. The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of the Internal Auditors ("**IIA**"). The internal auditors adopt a risk-based approach in developing the annual internal audit plan that is aligned with the organisation's key risks. The internal auditors plan its internal audit schedules in consultation with, but independent of the Management.

The annual audit plan is submitted to the AC for approval at the beginning of each year. On a quarterly basis, internal audit reports are submitted to the AC for discussion. In particular, the internal auditors will update the AC on the progress in executing the internal audit plan and any major internal control gaps and lapses. The AC monitors the timely and proper implementation of the required corrective actions undertaken by Management through a follow-up audit that is conducted by the internal auditors annually. Based on the annual audit plan and the reports submitted by the internal auditors every quarter, the AC is satisfied that the internal auditors have adequate resources, appropriate standing and the required expertise to perform the internal audit function effectively and independently. The AC reviews, among others, the independence, adequacy and effectiveness of the internal audit function at least annually, and the scope and results of the internal audit and its cost effectiveness.

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 AGM 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. All Directors and the external auditors of NetLink and the Trustee-Manager attended the AGMs on 19 July 2019. No other Unitholders' meeting was held during the period under review.

The Trustee-Manager will send all Unitholders a copy of NetLink NBN Trust's annual report and a copy of the notice of AGM prior to the Trust's AGM as well as a copy of the notice of AGM of the TM Shares Trust prior to the AGM of the TM Shares Trust in compliance with the requisite notice period. For EGMs, the Trustee-Manager will send each Unitholder a copy of a circular and a copy of the notice of EGM which contains details of the matters to be proposed for Unitholders' consideration and approval. The Trustee-Manager will also announce notices of general meetings setting out all items of business to be transacted at the general meeting via SGXNET.

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, Chapter 50 of Singapore) 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.

Provision 11.6:
The company has a dividend policy and communicates it to shareholders[19].

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),

[19] 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.

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.

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 70 to 71.

The IR team conducts roadshows together with senior Management and participates in one-on-one investor meetings, investor seminars and conferences 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 FY2020 can be found under "Investor Relations" on pages 70 to 71.

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 74 to 92.

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, Chapter 289 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 two weeks before the announcement of NetLink NBN Trust's first, second and third quarter financial results and one month before the announcement of NetLink NBN Trust's full year financial results, and ending on the date of the announcement of the relevant results ("**black-out period**"). All Officers are notified of when each black-out period commences and ends by way of an internal memo.

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.

Going forward from FY2021, as NetLink will be providing business updates for its first and third quarters to supplement the half-year and full-year financial results, NetLink NBN Trust and its Officers will observe a black-out period of two weeks before the release of its business updates and one month before the announcement of its second quarter and full-year financial results.

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 FY2020, other than:

(a) contracts as disclosed on pages 238 to 242 of the IPO Prospectus (**www.netlinknbn.com/ipo.html**); and

(b) interested person transactions as disclosed on page 170 of this Annual Report.

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 our business strategies and maximise any opportunities that may arise.

We recognise that risks arise in many forms and can have negative impact on our reputation, 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 Management

Good corporate governance standards

A structured and disciplined approach to manage risks and promote a consistent process across NetLink

An effective system of internal controls

A culture of risk awareness at all levels within NetLink

Successful business performance

Manage risk to a level commensurate with the corporate risk appetite

Risk Governance Structure

Board

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 strategy, 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.

Key Risks

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

Key Risk	Risk Description	Risk Treatment Actions
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.	• Compliance framework has been put in place. • Responsible persons were identified to manage the applicable laws and regulatory obligations, with central reporting of compliance issues to the MRC and an escalation process to the RRC. • Any issues noted are deliberated and acted upon.
Critical System Failure Risk	NetLink's physical aboveground and underground fibre-related infrastructure and information technology ("**IT**") infrastructure are critical to the operational performance of NetLink.	• Early detection control measures have been put in place to monitor fault and failure rate of our key systems so that remedial actions can be taken early. • NetLink conducts regular maintenance on our equipment to ensure that critical systems are kept in good working condition and replaced when necessary.
Cyber Security Risk	Cyber security threats have been increasing in recent times and are getting more sophisticated. As NetLink's businesses and operations rely heavily on information technology, NetLink is exposed to risks of cyber security threats, data privacy breaches as well as other network security and stability risks. NetLink is also reliant on a number of vendors to implement and maintain its IT systems. Any failure of these vendors to provide adequate and timely software and hardware support could have a material adverse effect on NetLink's systems. Disruptions to NetLink's IT systems, whether resulting from cyber-attacks, a failure by a key vendor or otherwise, that can cause interruptions to the network and services provided to the Requesting Licensees, may result in litigation from the Requesting Licensees or their end-users, and/or regulatory fines and penalties.	• Policies and frameworks were established with "defense-in-depth" security to ensure information system security and network stability. • Continuous vulnerability scanning is performed to mitigate vulnerabilities. • Cyber Security Incident Response exercise was conducted to ensure the feasibility of the existing Incident Response procedure, communication and coordination, and to identify loopholes for further enhancement. This also verified the team's level of readiness and identified future planning and process improvements. • IT Security Awareness Training was rolled out regularly to educate employees on cyber security, to reduce the possibility of staff being targets of cyber threats.

Key Risk	Risk Description	Risk Treatment Actions
Capital Management Risk	Due to the ongoing Coronavirus Disease ("**COVID-19**") risk event at the time of writing, there is an increased likelihood of an economic downturn, and there are some signs of liquidity tightening with banks being more careful to lend. Hence, it may become increasingly difficult or more expensive to tap on additional funding from the credit market.	• NetLink seeks to diversify its funding sources over time from both financial institutions and capital markets and maintain relationships with multiple financial institutions. • NetLink targets to avoid a concentration of debt maturities by spreading out debt maturities to limit the risk of debt rollover in any single year. • In FY20, NetLink executed a new S$210 million 3-Year Revolving Credit Facility ("**RCF**") in March 2020 to replace its existing S$210 million 3-Year RCF which was due in June 2020. NetLink has no debt maturing in 2020. This provides NetLink with the capability to drawdown additional debt to fund its ongoing capital expenditure. • As at 31 March 2020, current liabilities of NetLink exceeded current assets by S$351 million due to the classification of the S$510 million loan as a short-term liability. The Trustee-Manager believes that NetLink will be able to refinance the S$510 million loan and meet its current obligations as and when they fall due.
Outsourcing Risk	NetLink outsources the majority of its construction work to third-party contractors. This includes the building and maintenance of ducts and manholes, the installation of fibre cables, including installation of fibre connections at end-user locations. For the work required, our contractors rely on the employment of foreign workers and are affected by policies that govern the employment of foreign workers. During the COVID-19 risk event, the government issued a mandatory Stay Home Order to foreign workers in the construction sector. This negatively impacted our capacity to fulfil service requests during this period. 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.	• While the number of qualified, reliable contractors available to perform the works is limited, NetLink has identified and signed contracts with various contractors so that we are not reliant on a single contractor. • When a Stay Home Order was issued to all foreign workers in the construction sector, NetLink quickly liaised with our contractors, Requesting Licensees and the relevant regulatory authorities to decant a group of workers who are able to perform fibre installation work during this period. • NetLink will continuously review our arrangements with contractors and our manpower resources to manage this risk.

Key Risk	Risk Description	Risk Treatment Actions
Business Continuity Risk	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.	• NetLink has put in place a robust Business Continuity Management ("**BCM**") programme through our disaster recovery systems. • NetLink's BCM programme is certified to the ISO 22301:2012 standard and undergoes yearly audits to maintain its certification. • Business continuity exercises are conducted regularly to familiarise stakeholders with the business continuity plans (BCP). • An independent external consultant was engaged to conduct an Industry Crisis Management Plan exercise which involved our customers, the Requesting Licensees and regulator. This was to validate the documented procedures, increase awareness of the plan among our stakeholders and prepare them for a potential disaster. • Through the various exercises, areas of improvement were identified to enhance our capability to react to extraordinary scenarios such as non-access to office, fire or pandemic events. • As the COVID-19 risk event escalated in February 2020, various measures were immediately put in place to mitigate impacts from business disruptions. These measures were further enhanced during the circuit breaker period.
Technology Risk	NetLink operates in an environment driven by technological changes. 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. 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.	• Market scans are performed on a regular basis to understand emerging trends and/or changes in fixed broadband consumption behaviour. • NetLink continuously monitors the deployment and adoption of data transmission technologies in Singapore and overseas markets so as to keep ourselves up to date on the new technology developments.

Key Risk	Risk Description	Risk Treatment Actions
Customer Concentration Risk	NetLink has no direct material relationship with the end-users of the network and is largely dependent on the Requesting Licensees for marketing activities and growth in demand for the use of the network. 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 Requesting Licensees / Retail Service Providers (NetLink's customer) to expand their own customer bases. In the event that there is an unanticipated loss of key customers it may significantly impact NetLink's revenue streams.	• NetLink carries out regular engagements with the Requesting Licensees to understand their requirements and to address any challenges and feedback that they may have. • NetLink closely monitors the take up rate from all Requesting Licensees and actively keeps track on the market development for fibre services. • Credit assessment on the Requesting Licensees is performed on an annual basis or as and when required.

Investor Relations

As NetLink continues to grow, the Management and Investor Relations ("**IR**") team remain committed to providing Unitholders, analysts and the investment community with the information they need to make sound judgements about the Trust. The team through various communication channels continue to engage with stakeholders in a timely manner, to keep them abreast of NetLink's performance and industry development.

NetLink's website is designed as an easy-to-use tool to reinforce NetLink's efforts to provide useful information to stakeholders. The website provides various stakeholders with comprehensive information about NetLink NBN Trust, including SGXNet announcements, news releases, annual reports and minutes of the annual general meeting. In addition, NetLink's quarterly financial results are made available on SGXNet and on the Corporate website. Management also engages the analysts through a conference call following each results announcement. To be alerted of any new announcements, Unitholders and the public can also subscribe to the email alert service.

In FY20, the Management and IR team met with over 250 investors, financial institutions and brokers to discuss NetLink's operational and financial performance, and corporate strategy. Management participated in over 10 investor conferences and overseas and local roadshows. These meetings conducted by way of one-on-one meetings, group briefings or teleconference, gave analysts and investors an opportunity to pose their questions to Management.

Additionally, as part of our commitment to engage our retail unitholders, we are into our third year of partnership with Securities Investors Association Singapore ("**SIAS**"). Together with SIAS, we organised a briefing for retail unitholders to meet and get updates directly from Management. At the second Annual General Meeting ("**AGM**") held in July 2019, 468 unitholders attended the meeting, this was over 10% more than the previous AGM. The minutes of the meeting was promptly made available on NetLink's website. The minutes included questions and comments from Unitholders, including the responses provided. In addition to meeting with retail unitholders, our team would also meet different brokerages on a quarterly basis, to speak to their trading representatives and private bankers. These briefings gave the representatives an opportunity to better understand NetLink's business and strategy.

As a testament of our efforts in upholding the highest level of corporate governance and investor communications, NetLink NBN Trust was named the winner of the Most Transparent Company, in the REITs & Business Trusts category, at the SIAS 20th Investors' Choice Awards.

As at 31 March 2020, the Unitholder base has grown to 27,535. Market capitalisation was approximately S$3.5 billion, based on the closing price of S$0.905 as at 31 March 2020. The average unit price for the period was S$0.906, hitting a high of S$1.030 on 20 February 2020 and a low of S$0.795 on 19 March 2020. Average daily trading volume during this period was 10,359,244.

Ownership by Geography as at 31 March 2020

Singapore (ex Singtel)	48.8%
Singtel	24.8%
USA	14.5%
UK	3.5%
Hong Kong	2.0%
Rest of World	6.4%

NetLink NBN Trust was named the winner of the Most Transparent Company, in the REITs & Business Trusts category, at the SIAS 20th Investors' Choice Awards.

Distribution Policy

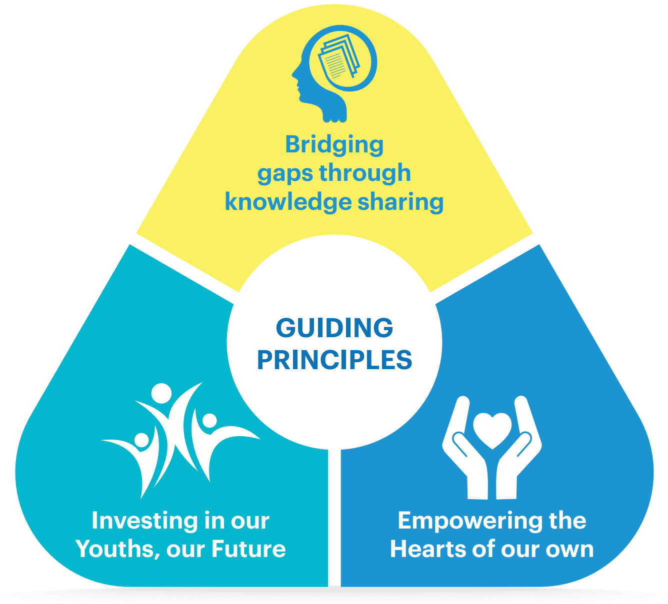
The Trust's full distribution policy can be found in the prospectus dated 10 July 2017.

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.

Investor Relations Calendar FY20

Quarter 1	
Full Year Financial Results for the period ended 31 March 2019	Singapore
Briefing to CGS-CIMB Trading Representatives	Singapore
dbAccess Asia Conference 2019	Singapore
Briefing to Phillips Securities Trading Representatives	Singapore
Citi-ASEAN Investor Conference	Singapore
Quarter 2	
SIAS Pre-AGM briefing	Singapore
Annual General Meeting	Singapore
Q1 Financial Results for the period ended 30 June 2019	Singapore
Maybank Non-deal Roadshow	Singapore
Briefing to DBSV Trading Representatives	Singapore
Briefing to DBSV Private Bankers	Singapore
SGX-DBSV-REITAS Corporate Day	Thailand
Quarter 3	
Q2 Financial Results for the period ended 30 September 2019	Singapore
Briefing to KGI Trading Representatives	Singapore
SGX-JP Morgan Corporate Day	Singapore
SGX-UBS Corporate Day	Australia
Morgan Stanley 18th Annual Asia Pacific Summit	Singapore
Briefing to Asset Management One Representatives	Singapore
Citi Access Day Conference	Singapore
Quarter 4	
DBS Vickers Pulse of Asia	Singapore
UOB Kay Hian Non-deal roadshow	Malaysia
Q3 Financial Results for the period ended 31 December 2019	Singapore
UBS Corporate Day	Singapore



At NetLink, Corporate Giving takes on different forms and as we do our part to build a better community, we continue to focus our corporate social responsibility ("**CSR**") efforts on the areas where we can have the most impact. Besides volunteering at events organised by charitable organisations and other corporations, NetLink also sponsored and organised our own workshops and activities that value-added to the knowledge and enhanced the well-being of beneficiaries. In FY20, NetLink donated approximately S$70,000 and put in about 782 volunteer man-hours in a series of activities that were targeted at *Empowering Lives* of our beneficiaries.

Empowering lives through education

Partnering with TOUCH Community Services, we organised an interactive eco-learning workshop for the children of TOUCH Young Arrows, to teach them the importance of reducing, recycling, reusing, and some eco know-how. To top things off, the children were also presented with Popular Bookstore vouchers, a small token to help them with their educational needs. This workshop was done to better equip our young beneficiaries with the knowledge, skills and values needed to build a better world.

Besides investing in the youth, we also played our part for our silver generation. In our fifth year of participation, NetLink's employees volunteered as guides at various training workshops at the Infocomm Media Development Authority's ("**IMDA**") Silver IT Fest Mass Training. The Silver IT Fest is an annual event organised by IMDA to help senior citizens be more digitally and IT savvy. In line with one of our guiding principles to bridge gaps in knowledge sharing, NetLink supports programmes that encourage building of skills in technology for those who have lesser access to it.

1 Assistive trackball workshop
2 Interactive eco-learning workshop
3 Christmas shopping
4 SG:D friend appreciation

Empowering lives through being inclusive

This year, we continue to support IMDA in their efforts to bring technology to those who have lesser access to it. For this reason, NetLink continued its partnership with IMDA to sponsor the Home Access Programme. Sponsorship involved providing pre-qualified beneficiaries subsidised fibre broadband connectivity for two years. Moving forward, NetLink will continue to extend our support for this programme.

In addition, for the first time, NetLink sponsored a Hack-A-Trackball workshop. Here, volunteers learnt to modify existing trackballs and switches into assistive trackballs. All switch adapted trackballs were donated to special needs children who lack the fine motor skills to use a normal mouse.

Empowering lives through joy

Last Christmas, a group of children from Care Corner Student Care were treated to a mini shopping spree at one of the shopping malls. With a sponsored gift card in hand, the children together with volunteers went on a hunt to choose their own Christmas gifts. This gave the children the opportunity to choose something for themselves this Christmas, putting smiles to their faces and happiness in their hearts.

Empowering lives through partnership

NetLink continued to care for the community through participation in charity events organised by other corporations. In our second year of participation, staff supported the Giving Festival organised by TOUCH Community Services. They played the role of road marshals and water-point marshals, for the charity run segment. The festival serves to help raise funds to help the selected beneficiaries take control of their lives.

In FY20, we continued our support of the SGX Bull Charge Charity Run. The funds raised through the event goes towards supporting the needs of underprivileged children and families, persons with disabilities, as well as the elderly. In return of our sponsorship, 52 employees enjoyed the 5km charity run.

In July 2019, NetLink was recognised by IMDA, as one of the top 10 companies that had contributed the greatest number of volunteering hours toward Singapore Digital or SG:D, in 2018. For this, NetLink was presented a SG:D Friend token of appreciation that came in the form of a painting done by people with disabilities. Moving forward, we will not only continue to do our part to help Singaporeans adopt technology easily, safely, and meaningfully, we will also look at how we can continue to *Empower Lives* by bringing our CSR initiatives to the next level by making our activities not only effective and meaningful to the beneficiaries but also to the volunteers.

From April 2020, as Singapore undergoes a COVID-19 'circuit breaker' period, NetLink has been doing its part to support IMDA's initiatives to ensure that everyone, especially vulnerable segments including seniors and school-going children from low-income households, can go online for daily tasks and social activities. NetLink has prioritised the provisioning of services to these households, and also contributed S$200,000 in FY21 towards the Home Access Programme administered by IMDA.

3

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Board Statement

The Board of Directors (the "**Board**") is proud to present our second Sustainability Report that sets out the sustainability performance and progress in the past year for NetLink NBN Trust and our subsidiaries ("**NetLink**").

NetLink is in the business of technology and operate in a rapidly changing business landscape, where climate change and other environmental issues pose challenges to sustainable development. We acknowledge our responsibility in championing sustainable development and seek to positively contribute to people and the planet. To keep pace with our customers and industry development, we need to constantly evolve and innovate. We create strategic partnerships to pilot new ideas in support of Singapore's Smart Nation vision. In the past year, we had several industry collaborations to trial 5G technology that involved robotics and automated vehicles.

The Board considers sustainability to be an important part of NetLink's business strategy formulation and decision-making processes. To coordinate our efforts and initiatives, we have identified five United Nation's Sustainable Development Goals ("**SDGs**") that are of priority to us. We have aligned our material Environmental, Social and Governance ("**ESG**") factors to these priority SDG goals to enable us to better focus our sustainability efforts.

The Board continues to be committed in leading the sustainability agenda for NetLink. Together with the Sustainability Steering Committee ("**SSC**") which comprises members of our management team, the Board oversees the management and monitoring of the material ESG factors to ensure that NetLink is resilient and adaptable to change while creating value for all our stakeholders in the long-term. Our management team is committed to driving the Board's vision for sustainability.

We are excited to share more within our report.

NetLink NBN Trust
Board of Directors

About This Report

This Sustainability Report (the "**Report**") is NetLink's second sustainability report and describes the sustainability commitments, initiatives and performance for the financial year ended 31 March 2020 ("**FY20**"). The scope of the Report covers information and data relating to NetLink's operations.

This Report was written to be read in conjunction with 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 welcomes feedback on our sustainability report and practices. Please write to investor@netlinknbn.com.

Our Achievements

CONNECTING THE NATION
- Achieved 100% islandwide fibre coverage
- Collaborated with industry players to pilot 5G projects across Singapore, in support of innovation and growth of the 5G ecosystem

INFRASTRUCTURE, QUALITY AND NETWORK AVAILABILITY
- Invested approximately S$49 million to enhance fibre network availability and improve reliability and quality.
- Achieved 99.99% network availability

COMPLIANCE WITH LAWS AND REGULATIONS
- Maintained zero incidents of corruption and recorded no material breaches of laws and regulations.

TALENT RETENTION
- Achieved total learning hours of 5,413 hours with an average of 15.4 learning hours per employee.

DIVERSITY AND EQUAL OPPORTUNITY
- Recorded zero incidents of discrimination during the year.

OCCUPATIONAL HEALTH AND SAFETY
- Recorded zero work related incidents resulting in fatalities or permanent disabilities.

WASTE MANAGEMENT
- Generated and disposed average of 0.44% of fibre scrap against fibre cable issued

NetLink's Sustainability Approach and Governance

NetLink's approach towards sustainability continues to be anchored by our core values of Partnership, Excellence, Integrity, Teamwork and Respect. NetLink seeks to further integrate sustainability into daily operations and long-term strategy through robust internal management processes. The Board sets the direction for sustainability at NetLink.

The Board oversees the management and performance of the material ESG issues, supported by the SSC which comprises of our C-Suite management. The SSC drives the overall sustainability strategy within NetLink together with senior representatives across the business functions. Our management team is committed to driving our sustainability efforts to ensure NetLink is a responsible corporate citizen.

NetLink's Material Factors

This year, NetLink undertook a review of our previously identified material ESG factors. The review was supported by desktop research, peer benchmarking and discussions with the senior management to ensure changes to the business environment and NetLink's operations and strategy were incorporated into the review. NetLink concluded that the nine material factors remain relevant and aligned to NetLink's business direction. We will continue to carry out regular reviews of our material ESG factors to ensure relevance to our business and key stakeholder concerns.

Material Factors

Our Business Practices

1. Economic performance[1]
2. Connecting the nation
3. Infrastructure, quality and reliability of networks
4. Governance and transparency[1]
5. Compliance with laws and regulations

Our People

6. Talent retention
7. Diversity and equal opportunity
8. Occupational health and safety

Our Environmental Impacts

9. Waste management

[1] Economic Performance and Governance and Transparency are disclosed in the Annual Report. Please refer to the Business Review and Financial Statements for Economic Performance (pages 22 to 29 and 94 to 164) and Corporate Governance Report for Governance and Transparency (pages 34 to 63).

Stakeholder Engagement

To drive business growth, NetLink proactively identifies and engages with our stakeholders. Ongoing engagement helps NetLink to understand the legitimate needs and expectations of our key stakeholders and assists us in making sound stakeholder centric business decisions. The following table summarises how NetLink engages with our key stakeholders and outlines the key topics of the engagement.

Key Stakeholders	Key Topics of Concern	Engagement Methods	Frequency
Unitholders/ Analysts	• Business and operations performance • Business strategy and outlook • Regulatory Pricing Framework and Determination	• 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 • SGX Corporate Connect Seminar • Annual General Meeting	• Throughout the year • Throughout the year • Throughout the year • Annually • Annually
Lenders	• Business and operations performance • Business strategy and outlook	• Announcements and press releases • Meetings with lenders	• Throughout the year • As and when needed
Customers	• Reliability and quality of infrastructure • Ability to meet the infrastructure demand • Sourcing and operations in the value chain	• Customer survey • Regular meetings with customers to understand the projected demand	• Annually • Throughout the year
Contractors/ Suppliers	• Business performance • Occupational health and safety	• Regular meetings with contractors and suppliers	• Throughout the year
Employees	• Compensation and benefits • Career development • Employee wellbeing • Occupational health and safety	• Induction for new employees • Performance appraisals • Staff activities that promote wellbeing • Training and awareness programmes • Employee engagement survey	• Upon joining the Company • Twice a year • Throughout the year • Throughout the year • Once every 2 years
Local communities	• Contribution to and engagement with the local community	• Contribute at community events through volunteering and corporate donations	• Throughout the year
Government and regulators	• Compliance with laws and regulations	• Ongoing communication and consultation with the relevant authorities	• Throughout the year

NetLink Supports the SDGs

NetLink is cognisant of the rising importance of sustainability issues and the risks and opportunities they may bring to our business. NetLink identified five SDGs where we believe there exists opportunities to positively impact through our business operations.

SDG	NetLink's Position	NetLink's Initiatives
3 GOOD HEALTH AND WELL-BEING	NetLink considers the health and safety of our employees of utmost importance and promotes well-being at the workplace.	**Occupational Health & Safety** • With robust internal controls to manage health and safety risks and performance, NetLink strives to go beyond regulatory compliance in creating a healthy and safe workplace for both our employees and contractors. **Sustainable Supply Chain*** • NetLink practices strict screening and monitoring of contractors' safety performance.
8 DECENT WORK AND ECONOMIC GROWTH	NetLink is committed to grow our business together with our people and becoming an employer of choice.	**Economic performance** • NetLink's business contributes to economic growth and Singapore's vision of Smart Nation. **Talent retention** • NetLink creates a workplace that values talent and invests in developing talent over time.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	NetLink promotes innovation and collaboration and provides the underlying infrastructure to drive change.	**Infrastructure, quality & reliability of network** • NetLink heavily invests in increasing the capabilities of our fibre network. **Connecting the nation** • NetLink encourages growth and innovation by supporting pilot projects from industry players.
10 REDUCED INEQUALITIES	NetLink is committed to recruit based on merit and ensuring equal opportunities for all.	**Equal opportunity** • NetLink cultivates a workplace environment that provides equal access to career opportunities and promotion opportunities for its employees.
11 SUSTAINABLE CITIES AND COMMUNITIES	NetLink is actively managing our resource consumption to minimise our business impacts on the environment. NetLink's fibre network is also a key enabler for other corporations to reduce carbon emissions.	**Waste management** • NetLink practices responsible use of resources and proper waste disposal. **Energy*** • NetLink encourages energy saving practices and initiatives. For example, we invest in upgrading our equipment for energy efficiency. **Connecting the nation** • With greater connectivity, corporations are able to adopt more carbon efficient processes. For example, travelling is reduced as employees are able to telecommute.

* Non-material factors

Our Business Practices

Connecting the Nation

NetLink designs, builds, owns and operates the largest passive fibre network infrastructure in Singapore. NetLink's extensive network provides coverage to residential and non-residential premises and has achieved 100% islandwide fibre coverage. With our extensive network, NetLink drives Singapore towards achieving its vision of becoming a Smart Nation by enabling the country to tap into the digital era.

Through better connectivity, we believe that our network is a strong contributor and a key enabler to reduce carbon emissions. Corporations are now able to engage in new businesses such as e-commerce, cashless payment and also adopt other more carbon efficient processes. For example, corporations are able to reduce travelling by adopting online meetings, and connect with their employees, customers and suppliers seamlessly. Employees are also able to telecommute since there is greater access to data and connectivity.

For more disclosure on how NetLink has contributed during the COVID-19 'circuit breaker' period in Singapore, please refer to page 73.

To ensure that NetLink is able to meet the nation's demand for high-speed connectivity, NetLink continues to participate in the Telecommunications Facility Coordination Committee to anticipate the future demand for fibre at residential and non-residential dwellings. NetLink also engages with government agencies to better understand the deployment plan for sensors for new and existing townships as part of the Smart Nation initiatives. NetLink works closely with our customers, the Requesting Licensees ("**RLs**"), to understand and anticipate demands through their campaigns to gain customers.

In FY20, NetLink's total number of connections increased by 7% compared to the previous year. This is the result of NetLink's ability to strategically plan and anticipate the fibre network demand of our customers and that of Singapore's.

NetLink is committed to supporting the 5G trial to grow the 5G ecosystem, in line with the Infocomm Media Development Authority's ("**IMDA**") objectives. NetLink actively collaborated with industry partners to pilot various pioneer projects within Singapore during the year.

Partnerships for the Nation's Pilot 5G Projects

Case 1

NetLink supported M1 in setting up a trial 5G network for Hai Di Lao's Marina Square branch. The store is equipped with self-developed smart machines such as an Intelligent Kitchen Management System, a customised automatic soup base machine and food delivery robots. In addition, the outlet also has a 5G experience corner to provide customers with an enhanced dining experience.

Case 2

NetLink is supporting TPG Telecom in deploying an advanced 5G trial network outdoor coverage across Singapore Science Parks 1 and 2 by 2020. NetLink will provide the fibre network infrastructure to connect TPG Telecom's 5G mobile base stations. Singapore Science Park is slated to be the largest 5G smart estate trial site in Singapore with plans to develop and trial 5G-enabled cellular vehicle-to-everything technologies for intelligent mobility solutions in a commercial space.

Performance in FY20

Number of connections: Residential

Homes passed:
1,517,467

Homes reached:
1,454,367

End users:
1,427,445

Number of connections: Non-Residential

Buildings reached:
41,378

End users:
47,681

Number of NBAP connections

1,679

Fibre Coverage

100% Islandwide

Target for FY21

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

Infrastructure, Quality and Reliability of Networks
NetLink believes that quality and reliable network is key to achieving customer satisfaction and maintaining NetLink's reputation.

In FY20, NetLink spent approximately S$49 million to boost the fibre network's capability, resilience and diversity. A total of 2,800 network diversity points were rolled out across Singapore. These diversity points further increase the robustness of the network and will enable our customers to have better resiliency, greatly reducing the risk of their system downtime.

In addition to the investment, NetLink continues to proactively conduct maintenance and preventative measures. A remote fibre monitoring system is in place to identify faults in addition to fault reporting by the RLs. All faults are managed and tracked till the resolution of the issue.

NetLink's employees and contractors conduct regular inspections to ensure that the critical systems are always in good working condition. Our equipment is regularly maintained and replaced according to schedule.

To reduce incidents of underground telecommunications cables being cut by mistake, any contractor who carries out earthworks in Singapore has to follow a set of guidelines mandated by the Infocomm Media Development Authority. The guidelines set out detailed, step-by-step procedures and comprehensive safeguards that earthworks contractors must observe before commencing earthworks.

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

To combat rising cyber security threats and data security breaches, NetLink has established policies, frameworks and measures to ensure information system security and network stability. Our measures include replacing existing antivirus software with an advanced endpoint protection, fine-tuning alerts to quickly identify abnormality of computer access and the deployment of a Security Information and Event Management solution which helps to identify and detect abnormalities in the network and potential intrusions. In addition, we regularly educate our employees on cyber security awareness and to be vigilant to such threats.

NetLink established a robust Business Continuity Management programme to manage the risk of widespread system failure. Regular simulated business continuity exercises are conducted to familiarise stakeholders with the programme.

As a result, NetLink was able to maintain our network availability at 99.99%.

Performance in FY20

Network Availability[2]

99.99%

Target for FY21

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.

Compliance with Laws and Regulations

NetLink practices high ethical standards and strives to comply with all relevant laws and regulations. NetLink's compliance framework continues to provide the overarching approach to ensure that the business operates in compliance with external laws and regulations.

Based on the framework put in place, responsible persons have been identified for managing the applicable laws and regulatory obligations. Employees are required to undergo training to keep up-to-date on new or revisions to laws and regulations, where applicable.

On a quarterly basis, heads of departments are required to declare their compliance with laws and regulations related to their job scopes. Compliance issues are then centrally reported to the Management Risk Committee and any major issues are escalated to the Risk & Regulatory Committee.

In FY20, there were no incidents of significant[3] non-compliance with laws or regulations.

Anti-Corruption

Grounded by a zero-tolerance policy on fraud and corruption, NetLink has instituted various policies to guide our business conduct to minimise and manage the risks of fraud and corruption, including:

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

Initiatives such as communicating with employees during townhalls and conducting online quizzes were carried out during the year to raise employees' awareness on anti-bribery and corruption.

Employees are also guided by the Code of Conduct in carrying out their daily responsibilities and are required to declare their compliance to the code annually.

Whistle-blowing reporting channels have been made available and published on NetLink's website (https://www.netlinknbn.com/corporate_governance.html). Employees or external parties are able to raise concerns anonymously in good faith about any perceived irregularity or misconduct within NetLink, through the reporting channels.

Performance in FY20

Compliance with Laws and Regulations

No incidents of significant non-compliance with laws and regulations

Anti-Corruption

Maintained **zero** incidents of corruption

Target for FY21

NetLink aims to uphold and adhere our zero-tolerance policy towards fraud, corruption and unethical actions. NetLink will continue to conduct business in a responsible and ethical manner, in compliance with all applicable laws and regulations.

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

Our People

Talent Retention

NetLink's employees are the driving force for growth and development for the business. NetLink views our employees as partners for sustainable growth and invests in creating a workplace that enables holistic career development and offers competitive remuneration and opportunities for both personal and professional advancement.

NetLink's Human Resource ("**HR**") practices are guided by a set of HR policies and practices. Our HR policies and practices cover themes such as market competitive remuneration packages, talent development and education assistance programmes, performance appraisals, employee engagement surveys and employee well-being programmes.

Talent Attraction and Retention

NetLink values talents and offers market competitive salaries. The HR Department recruits candidates based on merit, guided by the Recruitment Guidelines throughout the hiring process. Annually, NetLink participates in market surveys and engages HR consultancy services to ensure that the remuneration and benefits offered to employees are on par with the market.

Maintaining a culture of open communication is one of NetLink's priorities in creating a progressive workplace. Employees are encouraged to provide their feedback to the management through various established platforms such as employee engagement survey and townhalls.

As at 31 March 2020, NetLink had 351 permanent and contract employees and 7 interns/temporary employees.

During the year, the hiring rate was 19.9% while the turnover rate was 17.7%. The turnover rate increased by 4.2% compared to the previous year but was slightly higher than the High-Tech Industry turnover of 15.9% in Singapore. The HR department reviewed the reasons for the turnover and has set up action plans to improve employee retention. Actions include continuing to identify and promote high performing employees. The HR department also intends to utilise screening tools and further ingrain behavioural interviewing in selection processes to ensure that we recruit the right people for NetLink.

Training and Development

To be the leader in the industry, NetLink constantly strives to create an environment that cultivates continuous learning and the development of employees' skills, abilities, and knowledge in various areas such as leadership, soft

New hires

Total Number

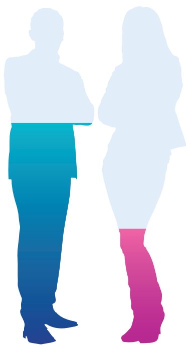
70

Hiring Rate*

19.9%

By gender

● No. of individuals



Male
13.1%
46

Female
6.8%
24

By age group

< 30 years old	7.7%	27
30 - 50 years old	8.8%	31
> 50 years old	3.4%	12

* Hiring rate is computed based on number of new hires during the year divided by year end headcount for permanent and contract employees.

Turnover

Total Number

62

Turnover Rate**

17.7%

By gender

● No. of individuals

Male
10.3%
36

Female
7.4%
26

By age group

< 30 years old	5.1%	18
30 - 50 years old	10.3%	36
> 50 years old	2.3%	8

** Turnover rate is computed based on number of turnover during the year divided by year end headcount for permanent and contract employees .

skills and technical skills. Our learning culture, strong commitment to our customers and living our core values are fundamental to achieving NetLink's corporate excellence.

During the year, NetLink achieved total learning hours of 5,413 hours and each employee recorded an average of 15.4 learning hours.

In FY20, NetLink continued to organise the Learning Week that was introduced in FY19. The theme for the Learning Week this year was 'Self-Development and Wellness'. The week-long programme aimed at supporting our employees in enhancing their mental health, positive lifestyle change, coping skills, healthy relationships and productivity through a series of talks and workshops. Some of the talks/workshops we organised were 'Engineer Stress into Positivity Thinking', 'Adversity Quotient and Mental Resilience', 'Developing Skills to Build Bridges and Relationships' and 'The Key to Personal and Professional Excellence'.

The Learning Week achieved a total of 671 learning hours. More hands-on workshops with longer durations were organised in FY20, compared to FY19, in order to facilitate deeper learning on the subject.

Through the Education Assistance Programme, NetLink continues to provide educational assistance to support eligible employees interested in pursuing further education. NetLink believes 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.

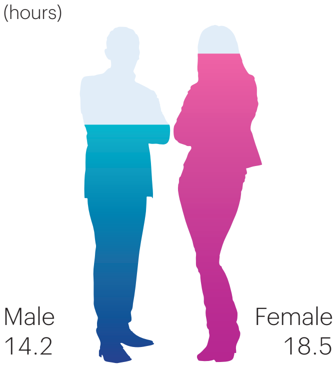
Employee Well-being

Employee health and well-being are important to NetLink and we are committed to providing an environment where employees feel valued and have a sense of belonging. NetLink fosters a cohesive workplace for our employees throughout the year by holding recreational activities, team bonding activities and Family Day.

Average Training Hours

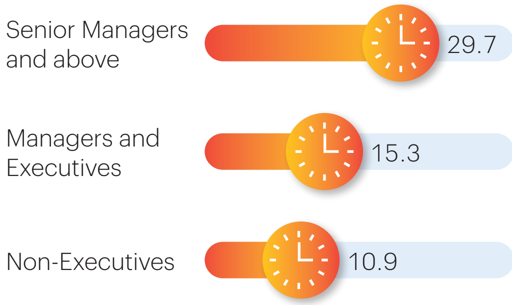
By gender

(hours)



By employee category

(hours)



Family Day 2019

This year's Family Day saw a turnout of around 700 persons, made up of employees and their family members at Resorts World Sentosa's Universal Studios Singapore ("USS"). The Family Day was dedicated to our employees - to thank them for their hard work and contributions including their supportive family members.

The day started off at 8.30am at The Coliseum @ Hard Rock Hotel. Employees and their family members were kept entertained by a range of activities such as tote bag painting, keychain name making, shoulder massage, face painting for kids, carnival games, photo booth and lucky draws. Our employees then visited the USS with their families, which was the highlight of the Family Day.

During the event, NetLink took the opportunity to award 32 employees with Long Service Awards. A lucky draw was held for eligible employees who qualified for the Health Incentive Draw and winners walked away with S$200 cash prizes.

Reinforcing Positive Corporate Culture

NetLink's core values are regularly reinforced by the management, and all employees are encouraged to continuously live out these values in our work environment. Building a positive corporate culture through engraining our core values is critical to the success of NetLink and the well-being of all our employees. In FY20, we had several initiatives to reinforce our core values, including the Core Values Nomination Contests, where 6 employees were nominated for their exemplary behaviours, and 3 nominators were selected for their sharpness in spotting the behaviours, and the Core Values Reinforced Music Contest to encourage a diverse form of learning. To further cultivate a positive workplace culture, we displayed posters at our premises showing quotes from our management team on our core values.

Performance in FY20

Turnover Rate

Turnover rate of **17.7%** is slightly higher than the High-Tech industry norm of 15.9%

Average Training Hours

Recorded **15.4** average training hours per employee per year

Target for FY21

NetLink targets to achieve an annual employee turnover rate lower than 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 values diversity as it recognises that diversity is the foundation for innovation, growth and inclusivity, all of which are core part of NetLink's business strategy.

NetLink's Board diversity remains the same as last year, consisting of eight Board members from various backgrounds and experiences. Female Board members make up 25% of the Board, while 75% of the Board members are above the age of 50.

At the employee level, 250 are male employees and 101 are female employees, which translates to a ratio of 71% male to 29% female of the total workforce. NetLink's female employees are mostly in the Managers and Executives category, representing approximately 36% within the category. Most of NetLink's employees fall within the 30 – 50 years old bracket, making up 64% of the workforce.

Non-Discrimination

NetLink is committed to providing equal access to employment, career opportunities and recruits based on merit. NetLink's HR policies and practices continue to be aligned with this commitment.

NetLink also has a Collective Agreement with the Union of Telecoms Employees of Singapore ("**UTES**") to oversee the interests and well-being of our employees. As at 31 March 2020, 32% of the eligible employees are covered by this Collective Agreement.

NetLink is pleased to report that there were no incidents of discrimination in FY20.

Performance in FY20

Employee Diversity

NetLink has maintained a **diverse** workforce

Incidents of Discrimination

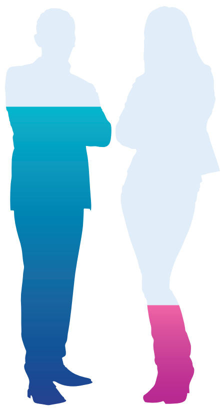
Zero incidents of discrimination recorded

Target for FY21

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.

Gender Diversity

Board of Directors

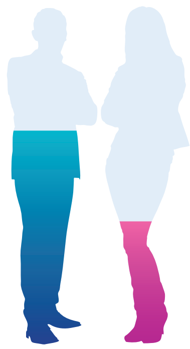


Male	75%
Female	25%

Senior Managers and above

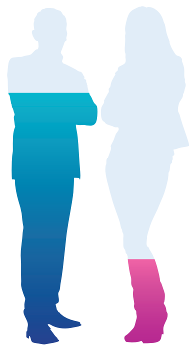
Male	70.5%
Female	29.5%

Managers and Executives



Male	63.7%
Female	36.3%

Non-Executives



Male	74.9%
Female	25.1%

Age Diversity

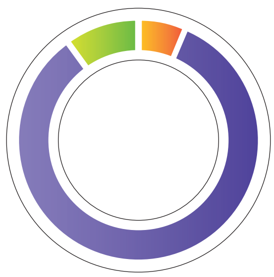
Board of Directors

30 - 50 years old	25%
> 50 years old	75%

Senior Managers and above

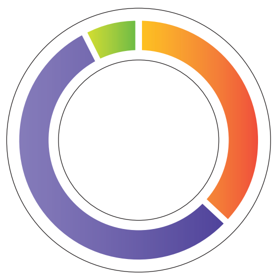
< 30 years old	0%
30 - 50 years old	65.6%
> 50 years old	34.4%

Managers and Executives



< 30 years old	6.6%
30 - 50 years old	83.5%
> 50 years old	9.9%

Non-Executives



< 30 years old	37.2%
30 - 50 years old	55.3%
> 50 years old	7.5%

Occupational Health and Safety

Keeping employees healthy and safe is of utmost importance to NetLink. NetLink strives to go beyond regulatory compliance in creating a healthy and safe workplace by implementing robust internal controls to manage and mitigate our health and safety risks and drive performance.

Health and Safety Management

NetLink's comprehensive approach towards health and safety is supported by the Occupational Health and Safety ("**OHS**") Committee, comprising senior management and heads of departments across the business. The OHS Committee is tasked to oversee and manage the OHS practices in NetLink to create a safe workplace. The Health, Safety, Security and Environment ("**HSSE**") Policy and OHS Management System ("**OHSMS**") are managed by the OHS Committee which reviews the policy and management system annually.

NetLink strives to protect the health and safety of our employees, contractors, customers and the public. All employees are required to adhere to the OHSMS Manual. Furthermore, NetLink retained our OHSAS 18001: 2007, SS506: Part 1: 2009 and bizSAFE Star certifications in FY20. NetLink intends to migrate to ISO 45001 Standards on Occupational Health and Safety in the coming year.

Health and Safety Procedures and Controls

NetLink's robust systematic processes and procedures underpins the approach to identify hazards, assess risks, determine controls and report and investigate incidents. NetLink's 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. These documented procedures 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 every three years.

Health and Safety Awareness

To ensure the effectiveness of the health and safety procedures and controls, employees are required to undergo safety trainings. New employees are introduced to the OHS Policy, OHSMS Manual and emergency response plans upon joining NetLink. Additional trainings are also assigned to employees based on their work responsibilities and risk exposure. Employees are evaluated for their competency and are required to undergo retraining if they are not able to meet the safety standards. NetLink continues to communicate safety messages to our employees by broadcasting safety posters through email to further strengthen commitment.

In addition to workplace safety, NetLink cares for our employees by offering insurance programmes covering medical and healthcare services. Health screening is also provided to permanent employees bi-annually.

Additional Safety Measures during COVID-19

During the early stages of the COVID-19 pandemic and as early as late-January 2020, NetLink activated its Pandemic Plan. The Pandemic Steering Committee, together with the various heads of departments, met regularly to discuss safety issues and the measures that need to be put in place to ensure the safety of the public, our employees and our business partners (including our contractors and their workers).

During this period, various additional safety measures were implemented. These include:

- Keeping employees informed of the developing COVID-19 situation
- Issuing personal thermometers to all employees and additional personal protective equipment for our employees and our contractors' workers working in higher risk areas or in contact with members of the public

Excellence in Road Safety

NetLink's excellence in road safety was recognised through one of our employees, Mr Bidaure Joseph Castro, who was conferred a Safe Driver Award (Light Vehicle Category) by the Singapore Road Safety Council.

- Activating alternate workplace arrangement, whereby no less than 80% of employees are working from home during Singapore's COVID-19 circuit breaker period in April and May 2020
- Implementing safe distancing measures at our offices and worksites for our employees and our contractors' workers, and in relation to interactions with our business partners and members of the public
- Increasing frequency of cleaning in the office premises.

At the time of writing this report, the COVID-19 pandemic is still ongoing. NetLink continues to monitor the situation and will enhance the safety measures, as necessary.

Managing Health, Safety and Environmental Concerns Along the Supply Chain

NetLink outsources certain services to contractors and engages with various suppliers to deliver its products. The main types of contractors and suppliers engaged include installation contractors, outside plant contractors and fibre cable suppliers. The contractors cover works within Singapore and NetLink maintains multiple suppliers for all its major network materials. These contractors and suppliers had been carefully selected through tender processes and have passed NetLink's comprehensive screening process.

NetLink takes interest in the health and safety of its suppliers and contractors. All existing service contractors are required to have at least a bizSAFE 3 certification and their health and safety performance will be assessed prior to appointment.

Monitoring Contractor Performance

NetLink sets up controls to manage and minimise risks for contractors whose work 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
- 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 also continues to evaluate contractors' safety performance at our worksites through regular spot checks. Risk assessments are performed to identify contractors who are exposed to safety risks. Such contractors are inspected by NetLink or its appointed agents to ensure that they comply with our safety requirements at worksites. Findings from the spot checks are reported and shared with the contractors. Follow up inspections are conducted to ensure that the findings have been rectified.

As a result of NetLink's commitment to health and safety, NetLink is pleased to report that there were no work-related incidents that resulted in permanent disability or fatality. Three work-related injuries were however recorded in FY20, resulting in a workplace injury frequency rate of 1.98[4] per million man-hours worked. One employee was involved in a motorcycle accident while travelling for work, and two contractors suffered injuries while working at NetLink's sites. NetLink has conducted a review of the incidents and have taken preventive measures as necessary to mitigate similar incidents in the future.

Performance in FY20

Workplace Injuries

Zero work-related incidents that resulted in permanent disability

Workplace Fatalities

Zero work-related fatalities

Management System Certifications

- bizSAFE Star certified
- OHSAS 18001: 2007 certified
- SS506: Part 1: 2009 certified

Target for FY21

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

[4] The workplace injury frequency rate excludes injuries suffered by contractors who are not based at our offices on a full time basis.

Our Environmental Impacts

Waste Management

In the expansion and growth of our fibre network, NetLink conscientiously adopts measures to manage and minimise our environmental impact.

The main type of waste produced from NetLink's business operations is fibre waste consisting of fibre scraps and recovered fibre cables through cable diversion.

Fibre Scraps

NetLink continues to practice good fibre cable installation planning. For each installation work, NetLink calculates the amount of fibre cable to be issued so that fibre scraps are minimised. After completion of fibre installation works, any excess fibre cable is returned to the warehouse, and such excess fibre cables are reused where possible. Where the excess fibre cables are too short to be reused, these termed as "fibre scraps" will be disposed.

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 ones. These recovered fibre cables cannot be reused and will be disposed.

Waste Disposal

NetLink's appointed waste vendor will collect the fibre waste and dispose it at a National Environment Agency ("**NEA**") approved facility for incineration and the ashes are sent to the landfill by the incinerator contractor.

Performance in FY20

Total Fibre Waste Disposed

Fibre scrap:
8.3 tonnes

Recovered fibre cable:
391.4 tonnes

Percentage of Fibre Scrap Generated and Disposed in Proportion to Total Fibre Cables Issued

0.44% 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 FY21

NetLink targets to keep fibre scrap 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.

Energy Consumption

NetLink recognises the importance of using natural resources responsibly. To effectively manage our energy consumption[5], NetLink actively tracks and monitors our energy consumption.

The majority of NetLink's energy consumption was used to provide power to co-location rooms, where the main energy consumption came from the RL's equipment maintained in the rooms. While NetLink has no direct control over the type of equipment used by the RLs and in connection, the energy consumed by the RL's equipment, NetLink seeks to embark on more initiatives to improve on energy efficiency.

Improved Cooling Efficiencies

The temperature in our co-location rooms are monitored. The RL's equipment operates continuously and needs to be in a cool environment so that it does not become overheated. NetLink makes a concerted effort to monitor and control the room temperature at an optimal level, balancing the needs of the RLs and our aims to be greener.

In FY20, we have invested approximately S$850,000 to replace our Fan Coil Units in the co-location rooms which improved the energy efficiency of the cooling system by 30%.

In the coming years, we also intend to pilot a 'blanking' project – an initiative to reduce energy consumed for cooling based on a containment concept. The project will be rolled out gradually over the next four years across all the co-location rooms.

[5] Energy consumption was not identified as a material factor but has been included as additional disclosure in this Sustainability Report as a result of its growing importance.

Reduced Lighting Energy Consumption

After introducing motion sensor lights at suitable locations in our central offices in FY19, we replaced the Closed-Circuit Television with infra-red technology at the co-location rooms in FY20. This eliminates the need for lighting when no-one is working in the room and we are able to maintain security oversight of these rooms. In addition, we have also progressively replaced from non-LED to LED light fittings to reduce energy consumption.

Other Energy Consumption

NetLink's direct energy consumption arises from electricity used in the offices as well as diesel used to power up generators and company vehicles. NetLink continuously seeks alternative options to improve our energy use, including training and regular internal communication to raise awareness amongst our employees.

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	**Organisational Profile**		
	102-1	Name of the organisation	Page 74
	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 108, 189 - 190
	102-6	Markets served	Pages 2 - 3
	102-7	Scale of the organisation	Pages 22 - 29, 82
	102-8	Information on employees and other workers	Pages 82 - 85
	102-9	Supply chain	Page 87
	102-10	Significant changes to organisation and its supply chain	N/A
	102-11	Precautionary principle or approach	Pages 64 - 69
	102-12	External initiatives	NetLink adopts ISO standards for Business Continuity Management (ISO 22301:2012), Risk Management (ISO 31000:2018) and OHSAS standards for HSSE (OHSAS 18001: 2007).
	102-13	Membership of associations	NetLink has memberships with relevant organisations such as Singapore National Employers Federation.
	Strategy		
	102-14	Statement from senior decision-maker	Page 74
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behaviour	Page 1
	Governance		
	102-18	Governance structure	Page 76

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	**Stakeholder Engagement**		
	102-40	List of stakeholder groups	Page 77
	102-41	Collective bargaining agreements	Page 84
	102-42	Identifying and selecting stakeholders	Page 77
	102-43	Approach to stakeholder engagement	Page 77
	102-44	Key topics and concerns raised	Page 77
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Page 147
	102-46	Defining report content and topic Boundaries	Page 74
	102-47	List of material topics	Page 76 - 77
	102-48	Restatements of information	N/A
	102-49	Changes in reporting	N/A
	102-50	Reporting period	1 April 2019 to 31 March 2020
	102-51	Date of most recent report	NetLink's Sustainability Report for FY19, incorporated in our FY19 Annual Report, was published on SGXNet in June 2019.
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Page 74
	102-54	Claims of reporting in accordance with GRI Standards	Page 74
	102-55	GRI content index	Pages 89 - 92
	102-56	External assurance	NetLink has not sought external assurance for this reporting period and may consider it in the future.
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	The material factor boundaries are defined as where NetLink has significant impacts and has caused or contributed to the impacts through its business relationships. Material factors with internal boundaries: • Economic Performance • Talent Retention • Diversity and equal opportunity Material factors with internal and external boundaries: • Connecting the nation • Infrastructure, quality and reliability of networks • Governance and transparency • Compliance with laws and regulations • Occupational health and safety • Waste management

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Page Reference / Notes
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 22 - 29, 94 - 164
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	
Connecting the Nation			
GRI 103: Management Approach	103-2	The management approach and its components	Page 79
	103-3	Evaluation of the management approach	
GRI 203: Indirect Economic Impacts	203-2	Significant indirect economic impacts	
Compliance with Laws and Regulations			
GRI 103: Management Approach	103-2	The management approach and its components	Page 81
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruptions and actions taken	
GRI 419: Socio-economic Compliance	419-1	Non-compliance with Relevant Laws and Regulations	
Energy Consumption*			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 88 - 89
	103-3	Evaluation of the management approach	Note: Energy has been included as additional disclosure in this Report.
Waste Management			
GRI 103: Management Approach	103-2	The management approach and its components	Page 88
	103-3	Evaluation of the management approach	
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Page Reference / Notes
Topic-specific Standards			
Occupational Health and Safety			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 86 - 87
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety (2018)	403-1 to 403-7	Management approach disclosures	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
Talent Retention			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 82 - 84
	103-3	Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	
GRI 404: Training and Education	404-1	Average hours of training per employee per year	
Diversity and Equal Opportunity			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 84 - 85
	103-3	Evaluation of the management approach	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	
Non-GRI Topic	**Disclosure Number**	**Disclosure Title**	**Page Reference / Notes**
Infrastructure, Quality and Reliability of Networks			
GRI 103: Management Approach	103-2	The management approach and its components	Page 80
	103-3	Evaluation of the management approach	
Governance and Transparency			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 34 - 63
	103-3	Evaluation of the management approach	

* Non-material factor

CONTENTS

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") and the statement of financial position and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2020.

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 Lang Tao Yih, Arthur	(Non-Executive Director)
Mr Sean Patrick Slattery	(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 (Cap 31A) (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 Director		Holdings in which Director is deemed to have an interest	
	At 31 March 2019	At 31 March 2020	At 31 March 2019	At 31 March 2020
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	-	-
Ms Ku Xian Hong	-	40,000	-	-
Mr Yeo Wico	300,000	300,000	-	-
Mr Lang Tao Yih, Arthur	-	-	200,000	200,000
Mr Sean Patrick Slattery	200,000	200,000	-	-
Mr Tong Yew Heng	300,000	350,000	-	-

There are no changes in any of the abovementioned interest in the Trust between the end of the financial year and 21 April 2020.

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 2020;

- 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) 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 2020, 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 NetLink Group and the Trust for the financial year ended 31 March 2020 before their submission to the Board of Directors of the Trustee-Manager.

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
29 May 2020

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 102 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 2020;

(b) the statement of financial position set out on page 103 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 2020;

(c) the consolidated cash flow statement set out on page 106 to page 107 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 2020; 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 2020 for issue.

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

Chaly Mah Chee Kheong
Chairman

Koh Kah Sek
Director

Singapore
29 May 2020

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
29 May 2020

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of NetLink NBN Trust (the "Trust") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 March 2020, 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 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 102 to 164.

In our opinion, the accompanying consolidated financial statements of the 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, Chapter 31A of Singapore (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 Group and the financial position of the Trust as at 31 March 2020, and of the consolidated financial performance, consolidated changes in Unitholders' funds and consolidated cash flows of the 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 period. 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
Goodwill Impairment Review Under SFRS(I) 1-36 *Impairment of Assets*, 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. As at 31 March 2020, goodwill recorded on acquisition of NetLink Trust amounted to $746.9 million, constituting approximately 18% of the Group's total assets. 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.	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. We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis. We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. 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.

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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee-Manager and 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 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 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 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 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 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 and business activities within the 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 period 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 Trust 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

29 May 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 March 2020

	Note	2020 $'000	2019 $'000
Revenue	4	370,192	353,580
Other income	6	7,543	3,458
Expenses			
Operation and maintenance costs		(19,787)	(20,834)
Installation costs		(10,639)	(14,376)
Diversion costs		(6,318)	(9,152)
Depreciation and amortisation		(167,782)	(160,792)
Staff costs	7	(27,438)	(24,229)
Finance costs	8	(20,504)	(19,126)
Management fee	9	(998)	(982)
Other operating expenses		(52,400)	(37,797)
Total expenses		(305,866)	(287,288)
Profit before income tax	10	**71,869**	**69,750**
Income tax credit	11	6,244	7,609
Profit after income tax		**78,113**	**77,359**
Profit attributable to:			
Unitholders of the Trust		78,113	77,359
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	27	(6,165)	(537)
Total comprehensive income attributable to:			
Unitholders of the Trust		71,948	76,822
Earnings per unit:			
- Basic and diluted	32	2.00 cents	1.99 cents

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 March 2020

	Note	Group		Trust	
		31 March 2020 $'000	31 March 2019 $'000	31 March 2020 $'000	31 March 2019 $'000
ASSETS					
Current assets					
Cash and bank deposits	12	168,624	148,621	58,786	223
Trade and other receivables	13	46,029	46,925	67	57,624
Contract assets	14	27,382	28,909	-	-
Finance lease receivables	15	234	221	-	-
Inventories	16	4,302	4,738	-	-
Other current assets	17	4,615	4,116	252	310
		251,186	233,530	59,105	58,157
Non-current assets					
Finance lease receivables	15	87,425	87,659	-	-
Property, plant and equipment	18	3,026,656	3,124,527	-	-
Right-of-use assets	19	12,104	-	-	-
Rental deposits	20	220	667	-	-
Goodwill	21	746,854	746,854	-	-
Licence	22	84,326	88,564	-	-
Investment in subsidiaries	23	-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary	24	-	-	1,100,000	1,100,000
		3,957,585	4,048,271	3,113,673	3,113,673
Total assets		4,208,771	4,281,801	3,172,778	3,171,830
LIABILITIES					
Current liabilities					
Trade and other payables	25	58,502	56,023	680	521
Deferred revenue	26	19,028	14,946	-	-
Derivative financial instruments	27	6,945	-	-	-
Loans	28	509,411	-	-	-
Lease liabilities	29	1,821	-	-	-
Current tax liabilities		6,927	1,696	52	-
		602,634	72,665	732	521
Non-current liabilities					
Deferred revenue	26	6,675	7,043	-	-
Derivative financial instruments	27	-	780	-	-
Loans	28	155,377	634,554	-	-
Lease liabilities	29	12,284	-	-	-
Deferred tax liabilities	30	524,863	536,907	-	-
		699,199	1,179,284	-	-
Total liabilities		1,301,833	1,251,949	732	521
NET ASSETS		**2,906,938**	**3,029,852**	**3,172,046**	**3,171,309**
UNITHOLDERS' FUNDS					
Units in issue	31	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficits)/Retained earnings		(211,101)	(94,039)	54,868	54,131
Hedging reserves	27	861	6,713	-	-
Total Unitholders' funds		**2,906,938**	**3,029,852**	**3,172,046**	**3,171,309**

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 2020

	Units in issue $'000	(Accumulated deficits)/ Retained earnings $'000	Hedging reserves $'000	Total $'000
Group				
2020				
At 1 April 2019	3,117,178	(94,039)	6,713	3,029,852
Adoption of SFRS(I) 16 *Leases*	-	(1,885)	-	(1,885)
As adjusted at 1 April 2019	3,117,178	(95,924)	6,713	3,027,967
Total comprehensive income for the year:				
Profit for the year	-	78,113	-	78,113
Loss arising from discontinuation of cash flow hedge	-	-	313	313
Other comprehensive loss for the year	-	-	(6,165)	(6,165)
Distribution paid (Note 36)	-	(193,290)	-	(193,290)
At 31 March 2020	3,117,178	(211,101)	861	2,906,938
2019				
At 1 April 2018	3,117,178	49,950	7,250	3,174,378
Total comprehensive income for the year:				
Profit for the year	-	77,359	-	77,359
Other comprehensive loss for the year	-	-	(537)	(537)
Distribution paid (Note 36)	-	(221,348)	-	(221,348)
At 31 March 2019	3,117,178	(94,039)	6,713	3,029,852

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 2020

	Units in issue $'000	Retained earnings $'000	Total $'000
Trust			
2020			
At 1 April 2019	3,117,178	54,131	3,171,309
Total comprehensive income for the year:			
Profit for the year	-	194,027	194,027
Distribution paid (Note 36)	-	(193,290)	(193,290)
At 31 March 2020	3,117,178	54,868	3,172,046
2019			
At 1 April 2018	3,117,178	78,133	3,195,311
Total comprehensive income for the year:			
Profit for the year	-	197,346	197,346
Distribution paid (Note 36)	-	(221,348)	(221,348)
At 31 March 2019	3,117,178	54,131	3,171,309

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the Financial Year Ended 31 March 2020

	Note	2020 $'000	2019 $'000
Operating activities			
Profit before income tax		71,869	69,750
Adjustments for:			
- Depreciation and amortisation	10	167,782	160,792
- Amortisation of transaction fees	8	864	812
- Provision for/(write-back of) loss allowance for trade receivables	10,13	213	(100)
- (Write-back of provision)/provision for stock obsolescence	10,16	(110)	46
- Interest expense	8	19,640	18,314
- Interest income	6	(1,730)	(1,792)
- Gain on disposal of property, plant and equipment		(4)	(4)
- Property, plant and equipment written off	10,18	16,746	2,075
Operating cash flows before working capital changes		**275,270**	**249,893**
Changes in working capital:			
- Trade and other receivables		784	(7,303)
- Contract assets		1,527	(5,233)
- Trade and other payables		1,954	15,734
- Inventories		546	(895)
Cash generated from operations		**280,081**	**252,196**
Interest received		1,798	1,792
Interest paid		(18,792)	(18,285)
Income tax paid		(569)	(6,061)
Net cash generated from operating activities		**262,518**	**229,642**
Investing activities			
Purchase of property, plant and equipment (Note A)		(75,535)	(71,100)
Proceeds from sale of property, plant and equipment		4	6
Net cash used in investing activities		**(75,531)**	**(71,094)**
Financing activities			
Payment of loan arrangement fee		(680)	(28)
Repayment of lease liabilities		(3,014)	-
Repayment of bank loans	28	(126,000)	-
Distribution paid		(193,290)	(221,348)
Proceeds from bank loans	28	156,000	45,000
Net cash used in financing activities		**(166,984)**	**(176,376)**
Net increase/(decrease) in cash and cash equivalents		**20,003**	**(17,828)**
Cash and cash equivalents at beginning of financial year		148,621	166,449
Cash and cash equivalents at end of financial year	12	**168,624**	**148,621**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTE A

	Note	2020 $'000	2019 $'000
Purchase of property, plant and equipment	18	79,789	72,490
Less: Accruals for property, plant and equipment at end of financial year	25	(20,174)	(15,920)
Add: Payment of accruals for property, plant and equipment at beginning of financial year		15,920	14,530
		75,535	71,100

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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) (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, Chapter 31A of Singapore 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 ("$'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, Viva Business Park, Singapore 469005.

The principal activities of the Trust is that of investment holding. The principal activities of the Trust's subsidiaries are disclosed in Note 23 to the financial statements.

Since early January 2020, COVID-19 has affected many businesses worldwide. At the date of this report, the business of the Group was not significantly impacted by the outbreak and management believes that this will continue to be so. However, given the inherent uncertainties, the Group will closely monitor the development of the COVID-19 outbreak and continue to assess its impact on its operations.

These financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 29 May 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with 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, Chapter 31A of Singapore 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 which market participants would take 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 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*.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and revised standards

On 1 April 2019, 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 amounts reported for the current or prior years, except as discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting: it introduces significant changes to lease accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of the SFRS(I) 16 on the Group's consolidated financial statements is described below.

The Trustee-Manager has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Trustee-Manager has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Trustee-Manager applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and revised standards (cont'd)

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Trustee-Manager accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

i. Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);

ii. Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

iii. Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) which includes short term office rental with remaining lease less than 12 months, the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Trustee-Manager has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and revised standards (cont'd)

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate is 3.2% applied to the lease liabilities recognised in the statements of financial position on 1 April 2019.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statements of financial position at the date of initial application.

	$'000
Operating lease commitments at 31 March 2019	20,362
Less: Short-term leases	(16)
Less: Effect of discounting the above amounts	(3,786)
Lease liabilities recognised at 1 April 2019	16,560

At lease commencement date, right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application. Consequently, right-of-use assets of $14.7 million were recognised on 1 April 2019 and the net impact on accumulated deficit of $1.9 million was recognised on 1 April 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 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, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the unitholders of the Trust. Total comprehensive income of subsidiaries is attributed to the unitholders of the Trust.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 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 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
Network assets	23 to 50 years
Exchange equipment	8 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 are not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

The residual values, estimated useful life 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

2.6 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.

2.7 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 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 subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.8 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 Operator ("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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of tangible and intangible assets excluding goodwill

As at each reporting date, the Group reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, 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 (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 (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the 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. 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 financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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").

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. On the other hand, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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. No impairment loss is recognised for investments in equity instruments. 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. 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. In contrast, 12-months ECL represents the portion of lifetime ECL that is expected to result from possible default events on a financial instrument within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument 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;
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 abovementioned, 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 borrower 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 internal or external credit rating of "investment grade" as per 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 counterparty 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.

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 and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 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 issued by a Group entity 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 subsequently measured 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 premium 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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 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 27.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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 is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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 27 set out details of the fair values of the derivative instruments used for hedging purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 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 is 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 equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.12 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.

2.13 Contract assets

A contract asset is recognised for the revenue recognised but not yet invoiced.

2.14 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.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 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 end of the reporting period, 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 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.

2.17 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.

2.18 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases

Leases (Before 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases (cont'd)

Leases (From 1 April 2019)

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.

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 specific to the lessee.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives; 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The Group applies 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 2.9.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, 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 is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 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.

2.21 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 individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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.

2.22 Units in issue

Proceeds from issuance of units are recognised in unitholders' funds, net of issue costs.

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 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, Reference Access Offer, Customised Agreement and the ducts and manholes services revenue. Revenue received pursuant to the Interconnection Offer and Reference Access 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 includes the following:

   (i) 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.

   (ii) Revenue received from the substantial Unitholder for the recovery of ducts and manholes construction costs on joint-build projects and the provision of Reference Access Offer ("RAO") services. Revenue is recognised upon project completion. Invoices are issued on a monthly basis 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 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 in arrears on a monthly basis when the service is completed and/or rendered and are payable within 30 days.

(g) Diversion revenue primarily comprises income 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition (cont'd)

(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 and Diversion services are rendered.

(l) Customer rebates and discount are recognised against the respective revenue.

2.25 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.

2.26 Distributions to the Unitholders

Distributions to the Unitholders are recorded in equity in the period in which they are approved for payment.

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(b) Goodwill impairment reviews

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 of goodwill on acquisition of subsidiaries are disclosed in Note 21.

(c) Fair value of derivative financial instruments (Note 27)

The fair value of the interest rate swaps is derived using the discounted cash flow method, 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.

4. REVENUE

	Group	
	2020 $'000	**2019 $'000**
Timing of revenue recognition		
At a point in time:		
- Ducts and manholes service revenue – joint-build construction and provision of RAO services	1,021	6,797
- Installation-related revenue	20,513	21,412
- Diversion revenue	11,127	13,507
- Co-location revenue – Others	1,216	1,028
- Fibre related revenue	2,740	2,782
- Other revenue	414	745
	37,031	46,271
Over time:		
- Ducts and manholes service revenue – Provision of space	29,261	30,579
- Central office revenue	5,383	5,384
- Finance lease income (Note 15)	5,236	5,248
- Service income and charges	7,240	6,859
- Connection revenue – Residential	231,496	206,768
- Connection revenue – Non-residential	31,204	29,962
- Connection revenue – NBAP	1,405	1,202
- Connection revenue – Segment fibre	5,841	5,707
- Co-location revenue – Space, power and cooling	16,095	15,600
	333,161	307,309
	370,192	353,580

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 duct 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	
	2020 $'000	**2019 $'000**
Interest income	1,730	1,792
Government grants[(a)]	2,912	240
Third party compensation[(b)]	1,791	779
Fibre Readiness Certification	455	432
Plant Route Plans	273	107
Notice for Commencement of Earthworks	212	97
Others	170	11
	7,543	3,458

7. STAFF COSTS

	Group	
	2020 $'000	**2019 $'000**
Salaries and wages	26,028	24,571
Employer's contribution to defined contribution plans including Central Provident Fund	3,033	3,030
Other short-term benefits	1,670	1,891
Less: Staff costs capitalised	(3,293)	(5,263)
	27,438	24,229

(a) Government grants consists mainly of Wage Credit Scheme, Jobs Support Scheme and property tax rebate.

(b) Third party compensation consists mainly of compensation received for construction works performed on behalf of Land Transport Authority ("LTA"), proceeds from land purchased by Singapore Land Authority ("SLA") for the purpose of the construction of an MRT track in Jurong West and from third parties for cable cuts.

8. FINANCE COSTS

	Group	
	2020 $'000	2019 $'000
Interest on bank loans	17,206	16,286
Interest on lease liabilities (Note 29)	500	-
Interest cost attributable to advanced payment received for ducts and manholes services	133	140
Financing related costs	1,489	1,484
Loss arising from discontinuation of cash flow hedge	313	-
Realised loss on interest rate swaps	863	1,216
	20,504	19,126

For cash flow purposes, finance costs do not include amortisation of transaction fee of $864,000 (2019: $812,000).

9. MANAGEMENT FEE

Management fees are payable quarterly in arrears and in accordance with the Trust Deed dated 19 June 2017.

10. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	Group	
	2020 $'000	2019 $'000
<u>Total depreciation and amortisation:</u>		
Depreciation of property, plant and equipment (Note 18)	160,914	156,554
Depreciation of right-of-use assets (Note 19)	2,630	-
Amortisation of Licence (Note 22)	4,238	4,238
	167,782	160,792
<u>Other operating expenses:</u>		
Property tax	16,309	16,438
Operating lease expense (Note 33a)	-	3,889
Expense relating to short-term lease (Note 33a)	74	-
Property, plant and equipment written off (Note 18)	16,746	2,075
(Write-back of provision)/provision for stock obsolescence (Note 16)	(110)	46
Provision for/(write-back of) loss allowance for trade receivables (Note 13)	213	(100)
<u>Total amount of fees paid/payable to auditors of the Trust:</u>		
Audit fees paid/payable to auditors of the Trust	170	163
Non audit fees paid/payable to auditors of the Trust	155	10
Total	325	173

11. INCOME TAX CREDIT

The major components of income tax credit for the year ended 31 March 2020 is:

	Group	
	2020 $'000	2019 $'000
Income tax is made up of:		
- Current income tax expense	(5,786)	(581)
- Under provision of current income tax in prior year	(14)	(7,730)
	(5,800)	(8,311)
- Deferred income tax due to origination and reversal of temporary differences (Note 30)	12,490	7,528
- (Under)/over provision of deferred income tax in prior year (Note 30)	(446)	8,392
Income tax credit recognised in profit or loss	6,244	7,609

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	
	2020 $'000	2019 $'000
Profit before income tax	71,869	69,750
Income tax expense calculated at a tax rate of 17%	(12,218)	(11,858)
Effect of:		
- Income not subject to taxation	240	18
- Expenses not deductible for tax purposes	(1,029)	(783)
- Tax relief and tax rebate	52	-
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities (Note 24)	19,689	19,635
- (Under)/over provision in prior year – net	(460)	662
- Others	(30)	(65)
	6,244	7,609

In December 2018, NLT received an amended assessment relating to Year of Assessment 2014 from the Inland Revenue Authority of Singapore ("IRAS") where certain capital allowances claimed by NLT were reduced. These capital allowances were previously transferred to Singtel group under the group tax relief system. The additional assessments for the Singtel group amount to $120 million.

In May 2020, Singtel finalised the tax position with IRAS. The amended assessment does not result in any tax payable by NLT under the transfer agreement with Singtel group.

12. CASH AND BANK DEPOSITS

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash and bank balances	160,353	138,621	58,786	223
Capital expenditure reserve fund[a]	8,271	10,000	-	-
Cash at bank, representing cash and cash equivalents	168,624	148,621	58,786	223

13. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables:				
- Third parties	9,068	11,170	20	33
- Substantial Unitholder	14,760	21,186	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	9,740	9,144	-	-
Loss allowances	(294)	(81)	-	-
	33,274	41,419	20	33
Other receivables:				
- Third parties	6,366	5,506	-	-
- Subsidiaries	-	-	47	57,591
Grant receivables	6,389	-	-	-
	46,029	46,925	67	57,624

[a] Capex Reserve comprises monies set aside each year for at least 20% of capital expenditure 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 Infocomm Media Development Authority ("IMDA") for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure. On a quarterly basis, NLT will set aside additional funds in the capital expenditure reserve on a pro-rata basis computed based on the yearly requirement of $8.0 million. As at 31 March 2020, NLT has set aside $18.0 million for capital expenditure reserve of which approximately $9.7 million were utilised to increase network resiliency and capacity.

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 (2019: 30 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 10.75% (2019: 10.75%) per annum on the outstanding balance for interconnection services which are regulated under IMDA which consist of connection revenue, co-location revenue, installation-related revenue and fibre related revenue. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). 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.

A trade receivable is written off 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 from contracts with customers based on the Group's provision matrix.

	2020			2019		
	Weighted average loss rate	Gross carrying amount	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance
	%	$'000	$'000	%	$'000	$'000
Group						
Current	0.07	28,798	19	0.01	35,644	2
Past due 1-30 days	2.10	667	14	-	1,054	-
Past due 31-60 days	11.09	1,308	145	-	4,560	-
Past due 61-90 days	76.92	13	10	17.65	17	3
Past due above 90 days	3.81	2,782	106	33.78	225	76
		33,568	294		41,500	81

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			
	Collectively assessed	Individually assessed	Lifetime ECL – credit-impaired	Total
	$'000	$'000	$'000	$'000
Group				
At 1 April 2018	-	169	12	181
Allowance utilised	-	(23)	(12)	(35)
Loss allowance recognised	6	42	26	74
Amounts recovered	-	(139)	-	(139)
At 31 March 2019	6	49	26	81
Allowance utilised	-	(10)	(5)	(15)
Loss allowance recognised	184	2	95	281
Amounts recovered	(4)	(39)	(10)	(53)
At 31 March 2020	186	2	106	294

Grant receivables and other receivables due from third parties and subsidiaries

Grant receivables pertains to Jobs Support Scheme and property tax rebates announced by the Singapore Government and are unsecured and interest-free.

Other receivables due from third parties and subsidiaries are unsecured, interest-free and are generally receivable on 30 days terms.

ECL for grant receivables and other receivables due from third parties and subsidiaries are expected to be insignificant.

14. CONTRACT ASSETS

	Group	
	2020 $'000	2019 $'000
Contract assets	27,382	28,909
Analysed as:		
Substantial Unitholder	9,613	12,699
Subsidiaries of a substantial shareholder of the substantial Unitholder	9,177	9,374
Third parties	8,592	6,836
	27,382	28,909

Movements in the contract assets balances during the year are as follows:

	Group	
	2020 $'000	2019 $'000
At the beginning of the year	28,909	23,676
Contract assets recognised, net of reclassification (to)/from trade receivables	(1,527)	5,233
At the end of the year	27,382	28,909

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	
	2020 $'000	**2019 $'000**
Amounts receivable under finance leases		
Year 1	5,456	5,456
Year 2	5,456	5,456
Year 3	5,456	5,456
Year 4	5,456	5,456
Year 5	5,456	5,456
Year 6 and onwards	266,038	271,494
Undiscounted lease payments and gross investment in the lease (Note 33b)	293,318	298,774
Less: Unearned finance income	(205,659)	(210,894)
Net investment in the lease	87,659	87,880
Undiscounted lease payments analysed as:		
Recoverable within 12 months	5,456	5,456
Recoverable after 12 months	287,862	293,318
	293,318	298,774
Net investment in the lease analysed as:		
Recoverable within 12 months	234	221
Recoverable after 12 months	87,425	87,659
	87,659	87,880

The following table presents the amounts included in profit or loss.

	Group	
	2020 $'000	**2019 $'000**
Finance income on the net investment in finance leases (Note 4)	5,236	5,248

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 2012, the exchange buildings have a remaining lease period of 50 to 70 years.

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% (2019: 6.2%).

Loss allowance for finance lease receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). None of the finance lease receivables at the end of the reporting period is past due and taking into account the historical default experience, 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.

16. INVENTORIES

Movement in provision for stock obsolescence

	Group	
	2020 $'000	2019 $'000
Balance at beginning of the financial year	185	139
(Write-back of provision)/provision for obsolescence during the year (Note 10)	(110)	46
Utilised during the year	(20)	-
Balance at the end of the financial year	55	185

The cost of inventories recognised as an expense includes $115,000 (2019: Nil), in respect of write-downs of inventory to net realisable value.

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to $238,000 (2019: $332,000).

17. OTHER CURRENT ASSETS

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deposits	523	144	-	-
Prepayments	4,092	3,972	252	310
	4,615	4,116	252	310

ECL is expected to be insignificant for deposits.

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 2018	8,949	3,635,160	119,248	2,369	20,899	886	75,105	3,862,616
Additions	562	2,949	13,558	-	1,644	868	52,909	72,490
Transfer	-	56,799	-	-	-	-	(56,799)	-
Disposals/written off	-	(1,514)	(1,888)	-	(97)	(125)	-	(3,624)
At 31 March 2019	9,511	3,693,394	130,918	2,369	22,446	1,629	71,215	3,931,482
Additions	127	2,239	2,881	-	2,041	-	72,501	79,789
Transfer	-	58,039	-	-	-	-	(58,039)	-
Disposals/written off	(64)	(905)	(1,693)	-	(76)	-	(15,468)	(18,206)
At 31 March 2020	9,574	3,752,767	132,106	2,369	24,411	1,629	70,209	3,993,065
Accumulated depreciation:								
At 1 April 2018	378	581,608	47,972	1,545	20,151	294	-	651,948
Depreciation charge	157	143,586	11,422	470	771	148	-	156,554
Disposals/written off	-	(332)	(1,000)	-	(93)	(122)	-	(1,547)
At 31 March 2019	535	724,862	58,394	2,015	20,829	320	-	806,955
Depreciation charge	161	145,846	11,714	324	2,561	162	146	160,914
Disposals/written off	(4)	(284)	(1,096)	-	(76)	-	-	(1,460)
At 31 March 2020	692	870,424	69,012	2,339	23,314	482	146	966,409
Net carrying amount:								
At 31 March 2019	8,976	2,968,532	72,524	354	1,617	1,309	71,215	3,124,527
At 31 March 2020	8,882	2,882,343	63,094	30	1,097	1,147	70,063	3,026,656

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 49 years to 68 years (2019: 50 to 69 years), and have a carrying amount of $6,952,000 (2019: $7,108,000).

19. RIGHT-OF-USE ASSETS

The Group leases several leasehold land and buildings and furniture, fittings and equipment. The average lease term is 9 years.

	Leasehold land and buildings	Furniture, fittings and equipment	Total
	$'000	$'000	$'000
Group			
Cost:			
At 1 April 2019	23,335	208	23,543
Additions	39	20	59
At 31 March 2020	23,374	228	23,602
Accumulated depreciation:			
At 1 April 2019	8,771	97	8,868
Depreciation charge	2,577	53	2,630
At 31 March 2020	11,348	150	11,498
Carrying amount:			
At 31 March 2020	12,026	78	12,104

20. RENTAL DEPOSITS

	Group	
	2020 $'000	2019 $'000
Subsidiary of a substantial shareholder of the substantial Unitholder	45	41
Substantial Unitholder	160	160
Third parties	15	466
	220	667

ECL is expected to be insignificant for rental deposits.

21. GOODWILL

	Group	
	2020 $'000	**2019 $'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 5.04% (2019: 5.26%). The time period used is 14 years (2019: 15 years) in line with the amortisation of the licence. The terminal growth rates used of 1.5% (2019: 1.5%) do not exceed the long-term average growth rates of the industry in which the Group operates.

As at 31 March 2020, 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.

22. LICENCE

	Group	
	2020 $'000	**2019 $'000**
Cost:		
Balance at beginning/end of year	95,980	95,980
Amortisation:		
Balance at beginning of year	(7,416)	(3,178)
Amortisation	(4,238)	(4,238)
Balance at end of year	(11,654)	(7,416)
Carrying amount:		
Balance at end of year	84,326	88,564

The Group's Facilities-Based Operations ("FBO") 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.

23. INVESTMENT IN SUBSIDIARIES

	Trust	
	2020 $'000	2019 $'000
Unquoted equity investments, at cost	2,013,673	2,013,673

Details of the subsidiaries are as follows:

Name of company/entity	Principal activities (Country of incorporation/ Place of business)	Effective interest held by the Trust (%) 2020	2019
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. (incorporated on 29 November 2019)*	Provision of treasury management activities (Singapore)	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)	100	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 the Infocomm Media Development Authority which is the successor-in-title of the Info-communications Development Authority of Singapore.

Audited by Deloitte & Touche LLP.

* The first set of audited accounts shall be from date of incorporation, 29 November 2019 to 31 March 2021. The company has not commenced business as at 31 March 2020.

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.

25. TRADE AND OTHER PAYABLES

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables				
- Third parties	10,698	16,242	52	26
- Substantial Unitholder	11	173	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	69	87	-	-
- Other related parties	94	1,590	19	291
Other payables	2,003	648	-	-
Accruals:				
- Property, plant and equipment	9,359	9,348	-	-
- Property, plant and equipment from substantial Unitholder	10,815	6,572	-	-
- Operating expenses	19,449	19,408	609	204
- Operating expenses from substantial Unitholder	1,696	1,281	-	-
Interest payable to third parties	52	149	-	-
Deferred grant income	3,731	-	-	-
Provision for reinstatement cost	525	525	-	-
	58,502	56,023	680	521

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 $76,000 (2019: $1,299,000).
- Amount owing to Trustee-Manager is $18,000 (2019: $291,000).

26. DEFERRED REVENUE

Group's revenue that was included in deferred revenue at the end of the year:

	Group	
	2020 $'000	**2019 $'000**
Current		
Amounts received/receivable for ducts and manholes services[i]	370	512
Amounts received/receivable for diversion services[ii]	5,266	3,031
Amounts received/receivable for service activation charge[iii]	12,774	7,788
Amounts receivable for which collection is uncertain[iv]	599	3,576
Amounts received in advance for installation-related revenue[v]	19	39
Balance at end of year	19,028	14,946
Non-current		
Amounts received/receivable for ducts and manholes services[i]	6,675	7,043

As at 31 March 2020, there was no performance obligations that was unsatisfied or partially satisfied, other than performance obligations relating to ducts and manholes services, diversion services, service activation charges and installation-related revenue as described above. As the Group has the right to invoice the customers, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligations.

Group's revenue that was included in deferred revenue at the beginning of the year:

	Group	
	2020 $'000	**2019 $'000**
Amounts received/receivable for ducts and manholes services[i]	510	223
Amounts received/receivable for diversion services[ii]	1,127	1,936
Amounts received/receivable for service activation charge[iii]	969	164
Amounts receivable for which collection is uncertain[iv]	186	405
Amounts received in advance for installation-related revenue[v]	39	-
Recognised as revenue in profit or loss	2,831	2,728

(i) Revenue received in advance from substantial Unitholder, which is recognised as revenue when the services are rendered.

(ii) Revenue related to diversion 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-related is collected in advance and recognised only upon completion of installation works.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2020 $'000	Group 2019 $'000
Current		
Interest rate swaps, designated in hedge accounting relationship (net-settled)	6,945	-
Non-current		
Interest rate swaps, designated in hedge accounting relationship (net-settled)	-	780

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.

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" line item in the consolidated statements of financial position.

Group

				Life to date values as at 31 March 2020			Year to date values recognised during the year ended 31 March 2020	
					Carrying amount of the hedging instrument		Hedge effectiveness in reserves	
	Currency	Maturity years	Average rate	Nominal amount of the hedging instrument	Liability	Cost of hedging reserve	Marked to market loss through OCI	Fair value hedge/ (income statement loss)
				$'000	$'000	$'000	$'000	$'000
2020								
Cash flow hedge								
Interest rate swaps	SGD	0-1	2.86%	636,000	6,945	861	(6,165)	(1,176)
2019								
Cash flow hedge								
Interest rate swaps	SGD	1-2	2.86%	636,000	780	6,713	(537)	(1,216)

27. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

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 Group recognised a loss of $313,000 (2019: Nil) arising from the discontinuation of hedging relationship due to repayment of the $126 million Revolving Credit Facility ("RCF").

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore interbank rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount 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.

28. LOANS

	Effective Average Interest rate			
	2020 %	2019 %	2020 $'000	2019 $'000
Unsecured borrowings				
Repayable within one year				
- Bank loans (unsecured)	2.88	-	509,411	-
Repayable after one year				
- Bank loans (unsecured)	2.43	2.82	155,377	634,554
			664,788	634,554

Maturity	Terms	Utilised 2020 $'000	Utilised 2019 $'000
March 2021	$510 million Five-Year Term Loan	510,000	510,000
March 2021	$90 million Five-Year RCF	-	-
June 2020	$210 million Three-Year RCF	-*	126,000*
March 2023	$210 million Three-Year RCF	156,000#	-
		666,000	636,000
Transaction costs		(1,212)	(1,446)
		664,788	634,554

* The $126 million loan was fully repaid on 31 March 2020 and the $210 million Three-Year RCF which commenced on 15 June 2017 was cancelled on 31 March 2020.

$156 million was drawn down from a new Three-Year RCF which commenced on 19 March 2020 to repay the $126 million loan and to fund capital expenditure.

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 2019	Financing cash flows	Non-cash amortisation of transaction fees (Note 8)	31 March 2020
	$'000	$'000	$'000	$'000
Loans	634,554	29,370	864	664,788

	1 April 2018	Financing cash flows	Non-cash amortisation of transaction fees (Note 8)	31 March 2019
	$'000	$'000	$'000	$'000
Loans	588,742	45,000	812	634,554

29. LEASE LIABILITIES

	Group
	2020 $'000
Maturity analysis:	
Not later than one year	2,251
Later than one year but not later than five years	5,132
Later than five years	9,896
	17,279
Less: Unearned interest	(3,174)
	14,105
Analysed as:	
Current	1,821
Non-current	12,284
	14,105

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.

29. LEASE LIABILITIES (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.

			Non-cash changes		
	1 April 2019	Financing cash flows	Additions	Finance cost recognised (Note 8)	31 March 2020
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	16,560	(3,014)	59	500	14,105

There is no lease liabilities as at 31 March 2019.

30. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relates to the same fiscal authority.

	Group	
	2020 $'000	2019 $'000
Movement in deferred tax account is as follows:		
Balance at beginning of year	536,907	552,827
Credited to profit or loss (Note 11)	(12,044)	(15,920)
Balance at end of year	524,863	536,907

Financials & Additional Information

30. DEFERRED TAX LIABILITIES (CONT'D)

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	Finance lease receivables	Licence	Others	Total
	$'000	$'000	$'000	$'000	$'000
At 1 April 2018	521,692	14,975	15,777	383	552,827
Credited to profit or loss	(12,549)	(35)	(720)	(137)	(13,441)
At 31 March 2019	509,143	14,940	15,057	246	539,386
Credited to profit or loss	(9,354)	(38)	(720)	(40)	(10,152)
At 31 March 2020	499,789	14,902	14,337	206	529,234

Deferred income tax assets

Group

	Deferred revenue	Total
	$'000	$'000
At 1 April 2018	-	-
Credited to profit or loss	(2,479)	(2,479)
At 31 March 2019	(2,479)	(2,479)
Credited to profit or loss	(1,892)	(1,892)
At 31 March 2020	(4,371)	(4,371)
Net deferred income tax liabilities		
At 31 March 2019		536,907
At 31 March 2020		524,863

31. UNITS IN ISSUE

	Number of units		Units in Issue	
	2020	2019	2020 $'000	2019 $'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 attributable to the unitholders of the Trust is based on the following data:

Earnings

	2020 $'000	2019 $'000
Profit attributable to unitholders of the Trust for basic and diluted earnings per unit computation	78,113	77,359

Number of Units

	2020 '000	2019 '000
Weighted average number of units on issue applicable for basic and diluted earnings per unit computation	3,896,971	3,896,971

Without the effects of adoption of SFRS(I) 16 for the year ended 31 March 2020, profit after tax would have increased by $116,000 and hence there is no material impact to basic earnings per unit.

33. COMMITMENTS

(a) Operating lease commitments – as lessee

Disclosure required by SFRS(I) 16

At 31 March 2020, the Group does not have any significant commitments to short-term leases.

Disclosure required by SFRS(I) 1-17

At 31 March 2019, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2019 $'000
Not later than one year	3,028
Later than one year but not later than five years	6,385
More than five years	10,949
	20,362

The future minimum lease payments under non-cancellable operating leases included future minimum lease payments with substantial Unitholder amounted to $16,318,000 and subsidiaries of a substantial shareholder of the substantial Unitholder that has significant influence amounted to $1,170,000.

(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 with substantial Unitholder which amounted to $293,318,000 (2019: $298,774,000).

(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	
	2020 $'000	2019 $'000
Property, plant and equipment	36,290	38,811

There is capital commitment of $25,000 (2019: $25,000) with substantial Unitholder as at 31 March 2020.

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	
	2020 $'000	2019 $'000
Services rendered to a substantial Unitholder	161,479	166,550
Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder	112,470	94,698
Purchase of services from a substantial Unitholder	5,448	6,241
Purchase of fixed assets from a substantial Unitholder	2,239	10,609
Management fee paid or payable to Trustee-Manager of the Trust	998	982
Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder	3,669	3,760
Purchases of goods from subsidiaries of the substantial Unitholder	430	4,227

(b) Compensation of directors and key management personnel compensation are as follows:

	Group	
	2020 $'000	2019 $'000
Wages and salaries	3,051	2,077
Employer's contribution to defined contribution plans, including Central Provident Fund	36	40
Other benefits	131	131

The remuneration of directors and key management are determined by the Board Remuneration Committee having regard to the performance of individuals and market trends.

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 and foreign currency risk, 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

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 27 to the financial statements.

The Group has no significant exposure to interest rates cash flow risk as the risk has been substantially hedged through the fixed interest rates obtained by the Group.

35. FINANCE 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 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.

Interest from 95.5% (2019: 100%) of bank loans has been hedged as at 31 March 2020 and the interest rate is fixed at an average of 2.86% (2019: 2.86%).

With regard to the remaining interest from 4.5% of bank loan not hedged in 2020, 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 2020 would decrease/increase by $150,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) 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 2020, 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 a substantial shareholder of the 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 (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-months ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

35. FINANCE RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) 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	Loss allowance	Net carrying amount
					$'000	$'000	$'000
Group							
2020							
Trade receivables							
Substantial Unitholder	13	A*	(i)	Lifetime ECL	14,760	-	14,760
Subsidiaries of a substantial shareholder of the substantial Unitholder	13	N.A.	(i)	Lifetime ECL	9,740	(2)	9,738
Third parties	13	N.A.	(i)	Lifetime ECL	9,068	(292)	8,776
Other receivables	13	N.A.	Performing	12-month ECL	6,366	-	6,366
Grant receivables	13	N.A.	Performing	12-month ECL	6,389	-	6,389
Contract assets	14	N.A.	(i)	Lifetime ECL	27,382	-	27,382
Finance lease receivables	15	N.A.	(i)	Lifetime ECL	87,659	-	87,659
Other current asset							
Deposit	17	N.A.	Performing	12-month ECL	523	-	523
Rental deposit	20	N.A.	Performing	12-month ECL	220	-	220
						(294)	
2019							
Trade receivables							
Substantial Unitholder	13	A+*	(i)	Lifetime ECL	21,186	-	21,186
Subsidiaries of a substantial shareholder of the substantial Unitholder	13	N.A.	(i)	Lifetime ECL	9,144	-	9,144
Third parties	13	N.A.	(i)	Lifetime ECL	11,170	(81)	11,089
Other receivables	13	N.A.	Performing	12-month ECL	5,506	-	5,506
Contract assets	14	N.A.	(i)	Lifetime ECL	28,909	-	28,909
Finance lease receivables	15	N.A.	(i)	Lifetime ECL	87,880	-	87,880
Other current asset							
Deposit	17	N.A.	Performing	12-month ECL	144	-	144
Rental deposit	20	N.A.	Performing	12-month ECL	667	-	667
						(81)	

* The external credit rating is based on Standard and Poor's rating as at 31 March 2020 and 31 March 2019.

N.A. = Not applicable

35. FINANCE RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) 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							
2020							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	20	-	20
Other receivables – subsidiaries	13	N.A.	Performing	12-month ECL	47	-	47
2019							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	33	-	33
Other receivables – subsidiaries	13	N.A.	Performing	12-month ECL	57,591	-	57,591

(i) As per Note 2.10(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. Note 13, 14, 15, 17 and 20 include further details on the loss allowance for these assets respectively. For all other financial assets, the Group measures the loss allowance applying an amount equal to 12-month ECL.

(c) Credit risk management

Of the trade and other receivables, finance lease receivable and contract assets balance at the end of the year, $130.9 million (2019: $140.3 million) is due from the substantial Unitholder and subsidiary of a substantial shareholder of the 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 the substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder of the Group did not exceed 81.3% (2019: 85.7%) of total trade and other receivables, finance lease receivable and contract assets 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.

N.A. = Not applicable

35. FINANCE RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(d) Liquidity risk management

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 2020, current liabilities of the Group exceeded current assets by $351 million due to the classification of the $510 million loan as a short-term liability. The Trustee-Manager believes that the Group will be able to refinance the $510 million loan and meet its current obligations as and when they fall due.

The Group has $144 million (2019: $174 million) of undrawn committed borrowing facilities available for working capital and general corporate use.

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.

	Effective interest rate	Within 1 year	Between 2 and 5 years	More than 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2020						
Group						
Loans	2.83	527,408	163,049	-	(25,669)	664,788
Trade and other payables	-	54,771	-	-	-	54,771
Lease liabilities	3.28	2,251	5,132	9,896	(3,174)	14,105
		584,430	168,181	9,896	(28,843)	733,664
Trust						
Trade and other payables	-	680	-	-	-	680
2019						
Group						
Loans	2.82	17,123	650,636	-	(33,205)	634,554
Trade and other payables	-	56,023	-	-	-	56,023
		73,146	650,636	-	(33,205)	690,577
Trust						
Trade and other payables	-	521	-	-	-	521

All non-derivative financial assets are recoverable within 1 year except for finance lease receivables disclosed in Note 15.

35. FINANCE RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(e) 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 liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair Value as at ($'000)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 March 2020	31 March 2019				
Interest rate swaps	6,945	780	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 Trust has no financial assets or liabilities that are measured at fair value on a recurring basis.

(f) 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 equity attributable to unitholders, comprising units in issue, retained earnings and hedging reserves.

(g) 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(h).

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.

N.A. = Not applicable

35. FINANCE RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(h) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting year:

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial Assets				
Financial assets at amortised cost	330,437	313,146	1,158,853	1,157,847
Financial Liabilities				
Financial liabilities at amortised cost	719,559	690,577	680	521
Lease liabilities	14,105	-	-	-
Derivative Instruments:				
Designated in hedge accounting relationships	6,945	780	-	-
Total	740,609	691,357	680	521

36. DISTRIBUTION TO UNITHOLDERS

Distribution paid during the year:

	Group and Trust	
	2020 $'000	2019 $'000
Distribution of 3.24 Singapore cents per unit for the period from 19 July 2017 to 31 March 2018 and paid on 8 June 2018	-	126,262
Distribution of 2.44 Singapore cents per unit for the period from 1 April 2018 to 30 September 2018 and paid on 27 November 2018	-	95,086
Distribution of 2.44 Singapore cents per unit for the period from 1 October 2018 to 31 March 2019 and paid on 3 June 2019	95,086	-
Distribution of 2.52 Singapore cents per unit for the period from 1 April 2019 to 30 September 2019 and paid on 26 November 2019	98,204	-
	193,290	221,348

37. SUBSEQUENT EVENTS

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of $98,593,369 or 2.53 Singapore cents per unit in respect of financial period from 1 October 2019 to 31 March 2020 and it has not been adjusted for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

38. COMPARATIVE FIGURES

Certain reclassifications have been made to prior year's financial statements to enhance comparability with the current year's financial statements for better presentation purposes.

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, Chapter 31A of Singapore (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 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 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.

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.

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 and the Sino Group, which entities operate within the real estate, food and beverage and/or hospitality industries (the "FEO/Sino Entities"). The FEO/Sino 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 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 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 FEO/Sino 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 FEO/Sino Entities; and (iii) the aggregate payments received by the FEO/Sino Entities in respect of such transactions and/or services did not exceed $10,000 for the financial year ended 31 March 2020.

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.

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 are less than 5% of the issued share capital of VIL.

Mr Lang Tao Yih, Arthur and Mr Sean Patrick Slattery 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.

2. STATEMENT OF POLICIES AND PROCEDURES REQUIRED UNDER BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE 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) 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 2020 are disclosed on page 170;

- 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 170; 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.

3. INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions[1] during the financial year (excluding transactions less than $100,000) are as follows:

	Group	
	2020 $'000	2019 $'000
NetLink NBN Management Pte. Ltd.:		
- Management fees	900	900
- Reimbursement of expenses	98	82
	998	982

[1] Excludes transactions which are regulated by IMDA or where prices are publicly quoted.

This page does not form part of the audited financial statements

CONTENTS

Directors' Statement

For the Financial Year Ended 31 March 2020

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 2020.

In the opinion of the Directors, the accompanying financial statements of the Company as set out on pages 176 to 188 are drawn up to give a true and fair view of the financial position of the Company as at 31 March 2020, 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 Lang Tao Yih, Arthur	(Non-Executive Director)
Mr Sean Patrick Slattery	(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.

AUDITORS

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

On behalf of the directors,

Chaly Mah Chee Kheong	**Tong Yew Heng**
Chairman	Director

Singapore
29 May 2020

Independent Auditor's Report

To the Members of NetLink NBN Management Pte. Ltd.
For the Financial Year Ended 31 March 2020

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 2020, 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 176 to 188.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2020 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 172 to 173.

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.

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

29 May 2020

NETLINK NBN MANAGEMENT PTE. LTD.

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 March 2020

	Note	2020 $	2019 $
Revenue	4	985,869	982,113
Operating expenses		(961,974)	(941,419)
Profit before tax	5	**23,895**	**40,694**
Income tax expenses	6	(916)	(3,034)
Profit after tax representing total comprehensive income for the financial year		**22,979**	**37,660**

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

NETLINK NBN MANAGEMENT PTE. LTD.

Statement of Financial Position

As at 31 March 2020

	Note	2020 $	2019 $
ASSET			
Current assets			
Cash and bank balances	7	349,690	15,082
Prepayments		12,109	13,045
Trade receivable from a related party	8	18,499	291,277
		380,298	319,404
LIABILITY			
Current liabilities			
Other payables		18,475	-
Accrued operating expenses		256,983	236,115
Income tax payable		1,606	3,034
		277,064	239,149
Net assets		**103,234**	**80,255**
SHAREHOLDER'S EQUITY			
Share capital	9	5	5
Accumulated profits		103,229	80,250
Total equity		**103,234**	**80,255**

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

NETLINK NBN MANAGEMENT PTE. LTD.

Statement of Changes in Equity

For the Financial Year Ended 31 March 2020

2020

	Share capital (Note 9)	Accumulated profits	Total
	$	$	$
Balance as at 1 April 2019	5	80,250	80,255
Profit for the year representing total comprehensive income for the financial year	-	22,979	22,979
Balance as at 31 March 2020	**5**	**103,229**	**103,234**

2019

	Share capital (Note 9)	Accumulated profits	Total
	$	$	$
Balance as at 1 April 2018	5	42,590	42,595
Profit for the year representing total comprehensive income for the financial year	-	37,660	37,660
Balance as at 31 March 2019	**5**	**80,250**	**80,255**

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

Statement of Cash Flows

For the Financial Year Ended 31 March 2020

	Note	2020 $	2019 $
Operating activities			
Profit before tax		23,895	40,694
Operating cash flows before working capital changes		**23,895**	**40,694**
Changes in working capital:			
- Prepayments		936	571
- Trade receivable from a related party		272,778	(44,877)
- Other payables		18,475	-
- Accrued operating expenses		20,868	6,808
Cash generated from operations		**336,952**	**3,196**
Income tax paid		(2,344)	(2,743)
Net cash generated from operating activities		**334,608**	**453**
Net increase in cash and cash equivalents		334,608	453
Cash and cash equivalents at beginning of financial year		15,082	14,629
Cash and cash equivalents at end of financial year	7	**349,690**	**15,082**

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

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 Viva Business Park, 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, Chapter 31A of Singapore 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 in accordance with 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, Chapter 50 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 which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

(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 and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current year.

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. 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

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade receivable from a related party that meet the following conditions and 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. On the other hand, 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.

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.

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 borrower 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 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.

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

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 counterparty 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.

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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

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 period, 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 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.

Provisions are reviewed at the end of each reporting period 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 profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company operates by the end of the reporting period.

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

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 are recorded at the bank rate of exchange prevailing on the date of the transaction. At end of the reporting period, monetary items 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

	2020 $	2019 $
Management fees	900,000	900,000
Reimbursement of expenses	85,869	82,113
	985,869	982,113

5 PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	2020 $	2019 $
Directors' fees	873,000	820,000

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:

	2020 $	2019 $
Profit before tax	23,895	40,694
Tax calculated at a tax rate of 17%	4,062	6,918
Income not subject to tax purposes	-	(3,884)
Overprovision in prior years	(691)	-
Effect of tax relief	(2,455)	-
	916	3,034

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2020 $	2019 $
Cash and bank balances	349,690	15,082

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.

For the purpose of impairment assessment, the trade receivable from NetLink NBN Trust is considered to have low credit risk as the timing of payment is controlled by the Company as Trustee-Manager of NetLink NBN Trust and taking into account cash flow management within the NetLink NBN Trust group.

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 SHARE CAPITAL

Issued and paid up ordinary share capital

	2020 Shares and $	2019 Shares and $
Balance at beginning financial year 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.

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

10 RELATED PARTY TRANSACTIONS

	2020 $	2019 $
Management fees and reimbursement of expenses received/receivable from NetLink NBN Trust	985,869	982,113

11 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The following table sets out the financial instruments as at the end of the reporting period:

	2020 $	2019 $
Financial assets		
Financial assets at amortised cost	368,189	306,359
Financial liabilities		
Financial liabilities at amortised cost	275,458	236,115

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

The accompanying notes on pages 180 to 188 form an integral part of these financial statements. Independent Auditor's Report – Pages 174 to 175.

11 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:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$	$	$
2020						
Trade receivable from a related party	8	Performing	Lifetime ECL	18,499	-	18,499
2019						
Trade receivable from a related party	8	Performing	Lifetime ECL	291,277	-	291,277

(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.

12 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 29 May 2020.

Statistics of Unitholdings

As at 26 May 2020

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	5	0.02	55	0.00
100 – 1,000	3,674	13.54	3,450,812	0.09
1,001 – 10,000	15,912	58.64	71,270,800	1.82
10,001 – 1,000,000	7,489	27.60	347,077,439	8.91
1,000,001 and above	53	0.20	3,475,171,994	89.18
Total	**27,133**	**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.	DBS NOMINEES (PRIVATE) LIMITED	877,730,612	22.52
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	802,771,410	20.60
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	216,153,556	5.55
5.	RAFFLES NOMINEES (PTE.) LIMITED	182,583,088	4.69
6.	DBSN SERVICES PTE. LTD.	128,230,761	3.29
7.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	39,527,400	1.01
8.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	31,297,200	0.80
9.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	25,723,413	0.66
10.	GUTHRIE VENTURE PTE LTD	17,400,000	0.45
11.	DB NOMINEES (SINGAPORE) PTE LTD	15,470,000	0.40
12.	OCBC SECURITIES PRIVATE LIMITED	15,204,100	0.39
13.	MERRILL LYNCH (SINGAPORE) PTE. LTD.	14,545,990	0.37
14.	PHILLIP SECURITIES PTE LTD	12,243,036	0.31
15.	NTUC FAIRPRICE CO-OPERATIVE LTD	12,000,000	0.31
16.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,442,129	0.29
17.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	8,998,500	0.23
18.	UOB KAY HIAN PRIVATE LIMITED	8,219,000	0.21
19.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	8,175,700	0.21
20.	INDIA INTERNATIONAL INSURANCE PTE LTD - SIF	7,300,000	0.19
Total		**3,401,015,894**	**87.27**

Statistics of Unitholdings

As at 26 May 2020

SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 26 May 2020, the Substantial Unitholders of NetLink NBN Trust and their interests in the Units of NetLink NBN Trust are as follows:

	Direct interest		Deemed interest	
Name	**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]	-	-	1,049,755,299	26.92

Notes:

1 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.

2 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, Chapter 289 of Singapore, Temasek is deemed to be interested in a further 83,755,300 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.

PUBLIC UNITHOLDERS

Based on the information available to the Trustee-Manager as at 26 May 2020, approximately 73.02% 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 26 May 2020, there are no treasury units held and there are no subsidiary holding.

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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 Arthur Lang Tao Yih
Mr Sean Patrick Slattery
Mr Tong Yew Heng

AUDIT COMMITTEE

Ms Koh Kah Sek
(Chairman)
Mr Eric Ang Teik Lim
Mr Yeo Wico

NOMINATING COMMITTEE

Mr Eric Ang Teik Lim
(Chairman)
Mr Chaly Mah Chee Kheong
Mr Arthur Lang Tao Yih

REMUNERATION COMMITTEE

Mr Chaly Mah Chee Kheong
(Chairman)
Mr Eric Ang Teik Lim
Mr Arthur Lang Tao Yih

RISK AND REGULATORY COMMITTEE

Mr Sean Patrick Slattery
(Chairman)
Mr Chaly Mah Chee Kheong
Ms Ku Xian Hong

COMPANY SECRETARIES

Ms Tan Lay Hong
Mr Albert Lim Aik Seng

REGISTERED OFFICE

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AUDITORS

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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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