Prospectus dated 16 May 2013 (Registered with the Monetary Authority Of Singapore on 16 May 2013)

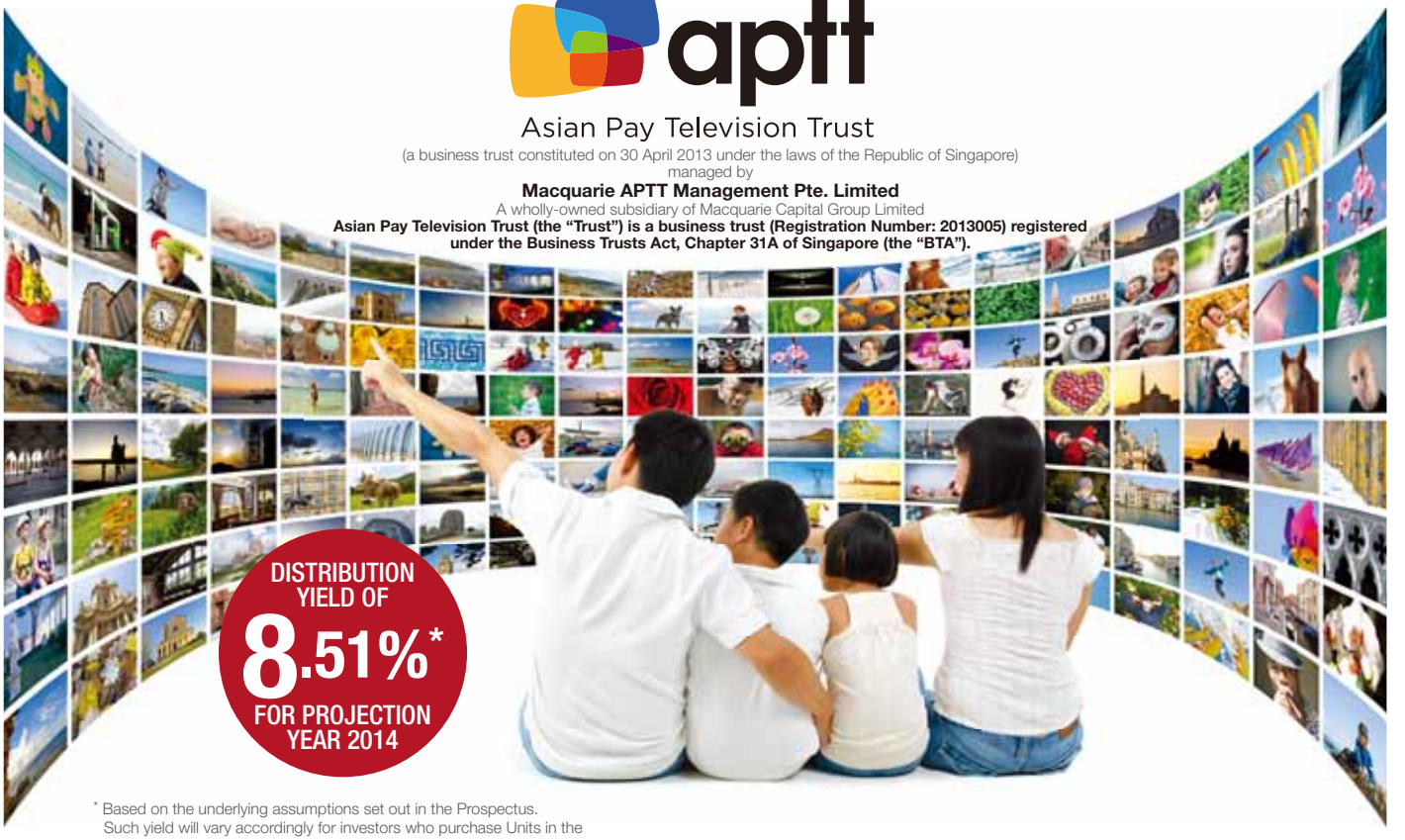
Asian Pay Television Trust

(a business trust constituted on 30 April 2013 under the laws of the Republic of Singapore)
managed by

Macquarie APTT Management Pte. Limited

A wholly-owned subsidiary of Macquarie Capital Group Limited

Asian Pay Television Trust (the "Trust") is a business trust (Registration Number: 2013005) registered under the Business Trusts Act, Chapter 31A of Singapore (the "BTA").



* Based on the underlying assumptions set out in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

The first listed business trust in Asia focused on pay-TV businesses

Up to 936,164,086 Units (subject to the Over-Allotment Option)
(Up to 1,008,004,086 Units where the Over-Allotment Option is exercised in full)

Offering Price : S$0.97 per Unit

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

Macquarie APTT Management Pte. Limited (Registration Number: 201310241D), as trustee-manager of the Trust (the "Trustee-Manager"), is making an offering (the "Offering") of up to 936,164,086 units representing undivided interests in the Trust (the "Units") for subscription at the offering price of S$0.97 per Unit (the "Offering Price").

The Offering consists of (i) an international placement to investors, including institutional and other investors in Singapore (the "Placement"), and (ii) an offering to the public in Singapore (the "Public Offer"). There is one Unit in issue as at the date of this Prospectus. The total number of outstanding Units immediately after the completion of the Offering and the issue of the Cornerstone Units and the Sponsor Units (each as defined below) will be 1,436,800,000 Units (subject to the Over-Allotment Option).

Macquarie Capital (Singapore) Pte. Limited and J.P. Morgan (S.E.A.) Limited are the joint issue managers for the Offering (the "Joint Issue Managers"). Macquarie Capital Securities (Singapore) Pte. Limited and J.P. Morgan (S.E.A.) Limited are the joint global coordinators for the Offering (the "Joint Global Coordinators"). Macquarie Capital Securities (Singapore) Pte. Limited, J.P. Morgan (S.E.A.) Limited, CIMB Securities (Singapore) Pte. Ltd. and DBS Bank Ltd. are the joint bookrunners and joint underwriters for the Offering (the "Joint Bookrunners and Joint Underwriters" or "Joint Underwriters").

Concurrently with but separate from the Offering, each of Asian Century Quest Capital LLC, Capital Research and Management Company, Eastspring Investments (Singapore) Limited, Indus Capital Partners LLC, Lion Global Investors Limited, Neuberger Berman LLC, the OZ Funds (as defined herein), Quantum Partners LP and Signature Global Advisors (the "Cornerstone Investors") has entered into a cornerstone subscription agreement with the Trustee-Manager (each a "Cornerstone Subscription Agreement") to subscribe for Units (the "Cornerstone Units") at the Offering Price, conditional upon the Underwriting Agreements (as defined herein) having been entered into, and not having been terminated, pursuant to their terms on or prior to the date of admission (the "Listing Date") of the Trust to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). An aggregate of 457,531,914 Cornerstone Units will be issued to the Cornerstone Investors.

Concurrently with but separate from the Offering, Macquarie Capital Group Limited (the "Sponsor") has entered into a subscription agreement with the Trustee-Manager (the "Sponsor Subscription Agreement") to subscribe for an aggregate of 43,103,999 Units (the "Sponsor Units") at the Offering Price, conditional upon the Underwriting Agreements having been entered into, and not having been terminated pursuant to their terms on or prior to the Listing Date.

No Units shall be allotted or allocated on the basis of this Prospectus later than six months after the registration of this Prospectus by the Monetary Authority of Singapore (the "Authority" or the "MAS"). Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST (i) all the Units in issue prior to the Offering, (ii) all the Units to be issued pursuant to the Offering, (iii) the Cornerstone Units, (iv) the Sponsor Units, (v) the Units (the "Consideration Units") payable to Macquarie International Infrastructure Fund Limited ("MIIF") in part settlement of the consideration payable to MIIF for the Trust Acquisition (as defined herein), (vi) the Additional Units (as defined herein) and (vii) all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. Such permission will be granted when the Trust has been admitted to the Official List of the SGX-ST on the Listing Date. Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted by the SGX-ST to list and deal in and for quotation of the Units. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against any of the Trust, the Trustee-Manager, the Sponsor and the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters.

The Trust has received a letter of eligibility from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of (i) all the Units in issue prior to the Offering, (ii) all the Units to be issued pursuant to the Offering, (iii) the Cornerstone Units, (iv) the Sponsor Units, (v) the Consideration Units, (vi) the Additional Units and (vii) all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. The Trust's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Units.

A copy of this Prospectus has been lodged on 2 May 2013 with and registered on 16 May 2013 by the MAS. The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the merits of the Units being offered for investment.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Units. None of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters guarantees the performance of the Trust, the repayment of capital or the payment of a particular return on the Units.

We have granted the Joint Bookrunners and Joint Underwriters an over-allotment option (the "Over-Allotment Option") exercisable by J.P. Morgan (S.E.A.) Limited (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) in consultation with the Representatives (as defined herein), in full or in part, on one or more occasions, to subscribe for up to an aggregate of 71,840,000 Units (the "Additional Units") at the Offering Price representing not more than 5.0% of the total number of Units in issue immediately following the Offering, solely to cover the over-allotment of Units (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earliest of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 71,840,000 Units, representing not more than 5.0% of the total number of Units in issue immediately following Offering, to undertake stabilising actions. The Additional Units represent not more than 7.7% of the total number of Units in the Offering. The full exercise of the Over-Allotment Option will increase the total number of Units in issue to 1,508,640,000 Units.

Prospective investors applying for Units under the Public Offer by way of Application Forms or Electronic Applications (both as referred to in the instructions booklet (the "Instructions Booklet") entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") will have to pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters), (i) where an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States of America (the "United States" or the "U.S.") except pursuant to an exemption from or in a transaction not subject to the registration requirements of the U.S. Securities Act. Accordingly, the Units are being offered and sold to non-U.S. persons outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and within the United States to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A"). The Units are not transferable except in accordance with the restrictions described under "Transfer Restrictions". Each purchaser is hereby notified that sellers of Units may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Other than Macquarie Bank Limited ABN 46 008 583 542 ("MBL"), neither Macquarie APTT Management Pte. Limited, Macquarie Capital (Singapore) Pte. Limited, Macquarie Capital Securities (Singapore) Pte. Limited, Macquarie Capital Group Limited nor any other Macquarie group entity referred to in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits liabilities, protected accounts or other liabilities of MBL and MBL does not guarantee or otherwise provide assurance in respect of their obligations.

Joint Issue Managers and Joint Global Coordinators

MACQUARIE J.P.Morgan

Joint Bookrunners and Joint Underwriters

MACQUARIE J.P.Morgan CIMB DBS

APTT PRESENTS A UNIQUE OPPORTUNITY TO INVEST IN A LEADING AND GROWING TAIWAN CABLE TV OPERATOR WITH STABLE CASH FLOWS

Introduction to Asian Pay Television Trust ("APTT")

Asian Pay Television Trust is the first listed business trust in Asia focused on pay-TV businesses. APTT intends to distribute 100% of its Distributable Free Cash Flows, and has an investment mandate to acquire controlling interests and to own, operate and maintain mature, cash generative Pay-TV and Broadband Businesses in Taiwan, Hong Kong, Japan and Singapore.

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

About the Sponsor

MACQUARIE

The Sponsor is Macquarie Capital Group Limited, the holding entity for Macquarie Infrastructure and Real Assets ("MIRA"), a global infrastructure asset management group.

- Approximately A$97.0 billion in assets under management as at 31 December 2012
- Portfolio of 98 infrastructure businesses in 23 countries worldwide as at 31 December 2012
- More than 18 years of infrastructure management and investment experience
- Over 400 global institutional investors as at 31 December 2012

Taiwan Broadband Communications Group

TBC Group, APTT's seed asset, is a leading, integrated cable operator in Taiwan that generates stable cash flows and has an attractive growth profile. The TBC Group is the sole licensed provider of cable TV services in five closely clustered franchise areas in Taiwan, namely South Taoyuan, Hsinchu County, North Miaoli, South Miaoli and Taichung City. It offers Basic Cable TV, Premium Digital Cable TV and Broadband services to households and businesses in these areas.

BASIC CABLE TV

- Core service of TBC Group; over 751k RGUs[1]
- Sole cable operator in 5 franchise areas covering ~1.1 million households[1]
- Over 100 Basic Cable TV channels, including all the top 20 most popular channels in Taiwan

PREMIUM DIGITAL CABLE TV

- Over 110K RGUs representing approximately 15% Premium Digital Cable TV penetration[1]
- Rapid RGU growth driven by promotional set top box initiative to meet the Taiwan government's target
- Up to 73 additional channels (19 HD), on MPEG4 platform

BROADBAND

- Approximately 175K RGUs representing approximately 23% Broadband penetration[1]
- DOCSIS 3.0 enables TBC Group to offer the fastest residential broadband service in Taiwan[1]
- Bundling and up-selling with Premium Digital Cable TV

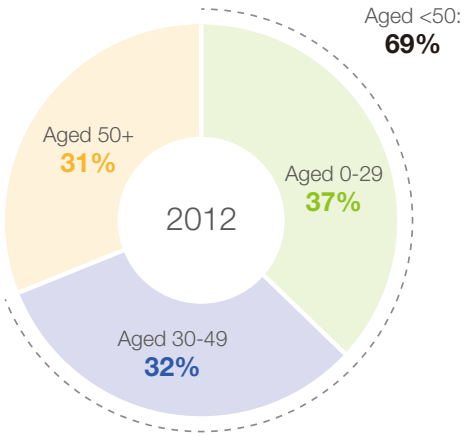
[1] As at 31 December 2012

Taiwan Cable TV Industry Highlights

Robust Macroeconomic Dynamics and Attractive Demographics

Taiwan's real GDP is expected to grow at a faster rate than other developed economies in Asia[1], driven by a gradual renewal in exports growth and robust private consumption. Its young population is expected to drive consumption of pay-TV and broadband consumption.

69% OF TAIWAN'S POPULATION IS BELOW 50 YEARS OLD

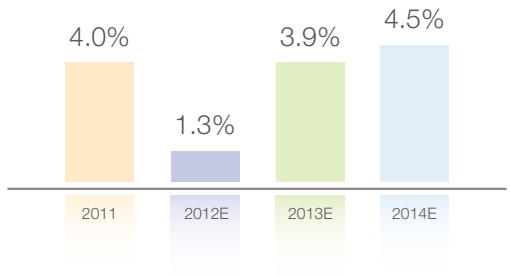


[1] Hong Kong, Singapore and South Korea for the period between 2012 and 2017

Source : Media Partners Asia Ltd. ("MPA")

FORECAST RECOVERY IN REAL GDP GROWTH FROM 2013 ONWARDS

2012 - 17 Real GDP CAGR : 4.6%



Cable TV Continues to be the Dominant TV Media Platform in Taiwan

Cable TV is expected to continue representing over 90% of Taiwan's pay-TV subscription revenue, driven by:

- Unique and attractive content that is largely unavailable on competing platforms
- Affordable service
- Adoption of MPEG4 compression technology and market leading broadband digital technology (DOCSIS 3.0)
- Political, structural and technological restrictions of IPTV in Taiwan

Key Drivers for Broadband, Digitisation and Channel Leasing

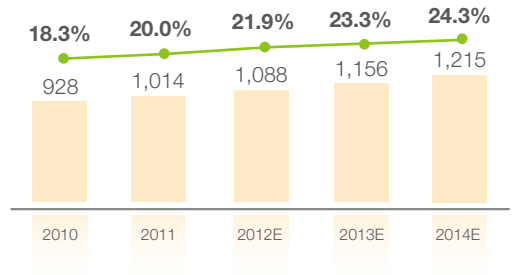
Key Drivers for Broadband:

- Cable broadband market share has increased from 10.6% in 2007 to 18.5% in 2012, and is expected to reach 19.2% in 2014
- Broadband penetration is expected to increase due to growing demand for data
- Wireless broadband is unlikely to substitute fixed broadband due to network congestion

Source : MPA

TAIWAN CABLE BROADBAND RGUs ('000) AND PENETRATION (AS % OF BASIC CABLE TV RGUs)

2012 - 17 CAGR : 4.3%



Source : MPA

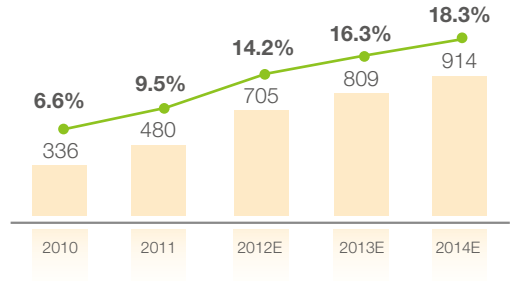
Key Drivers for Digitisation:

- Fairly underdeveloped digital TV penetration today
- NCC's target of 50% digital penetration by 2015
- Consumer preference for better quality video and interactive services

Source : MPA

TAIWAN PREMIUM DIGITAL CABLE TV RGUs ('000) AND PENETRATION (AS % OF BASIC CABLE TV RGUs)

2012 - 17 CAGR : 15.2%



Source : MPA

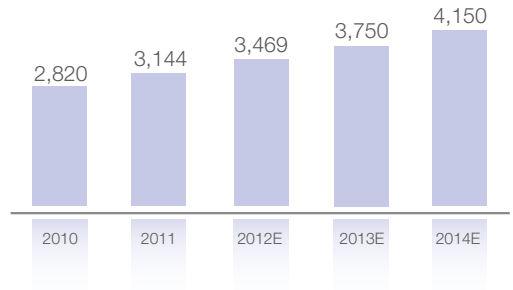
Key Drivers for Channel Leasing Market:

- Increased competition for limited number of attractive channel slots
- Increase in the number of home shopping networks

Source : MPA

TAIWAN PAY-TV CHANNEL LEASING MARKET (NT$m)

2012 - 17 CAGR : 7.5%



Source : MPA

TBC GROUP
INVESTMENT HIGHLIGHTS

Sole Provider of Cable TV Services in its Franchise Areas with Highly Attractive Demographics

- TBC Group's franchise areas have experienced a 2.4% CAGR in the number of households from 2007 to 2012, as compared to Taiwan's national average of 1.6% during the same period
- Further, the nominal GDP per capita in these areas was consistently higher than Taiwan's national average by approximately 25.0% or more in the same period
- Based on the TBC Group's current market position as the sole licensed provider of cable TV services in its franchise areas, TBC Group is well positioned to capitalise on the household growth and favourable demographics of its franchise areas

High Barriers to Entry

- TBC Group's network covers substantially all of its 1.1 million households, a degree of coverage which would require significant time and investment to replicate
- Long-standing relationship with subscriber base and strong brand awareness
- Broadcasts over 100 Basic Cable TV channels, including all of the top 20 most popular channels in Taiwan compared to 2 channels carried by IPTV and none by DTH

Resilient Business Model with Efficient Cost Structure

- Subscription-based business model with substantially all payments made in advance
- Consistent YoY growth for the past six years in Basic Cable TV RGUs, revenue and asset EBITDA margin withstanding economic downturns and competition
- Continuous asset EBITDA margin expansion underpinned by RGU growth and scalable cost structure
  - Margin expansion from 62% in 2010 to 64% in 2012
  - Low and stable content costs preserve profitability – no "killer content"

About the Trustee-Manager

- The Trustee-Manager is Macquarie APTT Management Pte. Limited, a wholly-owned subsidiary of the Sponsor
- The Trustee-Manager will manage APTT's businesses with the primary objective of providing Unitholders with stable and sustainable distributions

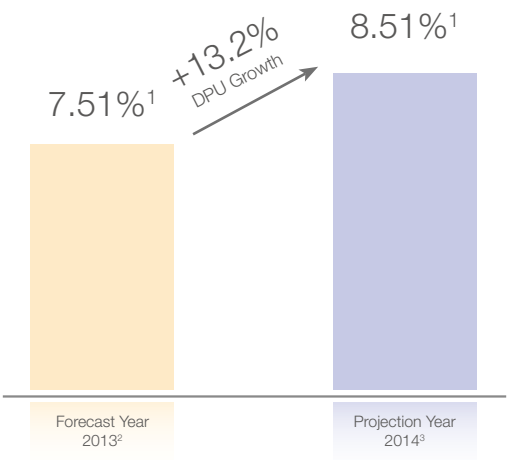
The Trustee-Manager's strategy can be broadly categorised as follows:

- Asset Management Strategy: Enhance the returns from the Trust's existing and future portfolio in consultation with the current or prospective operator(s) of the businesses
- Acquisition Strategy: Consider selectively acquiring other suitable Pay-TV and Broadband Businesses that meet its investment mandate and are accretive to the Trust as well as expanding into other franchise areas in Taiwan
- Capital Management Strategy: Optimise the Trust's capital structure and cost of capital

Attractive Distribution Yield and Growth

APTT has a forecast distribution yield of 7.51%[1] for the Forecast Year 2013[2] and 8.51%[1] for the Projection Year 2014[3].

DISTRIBUTION PER UNIT YIELD



Note : Based on the distribution payable to Unitholders of S$128.3 million for the Forecast Year 2013, the DPU Yield to Unitholders is estimated to be 9.20%.

[1] Based on the underlying assumptions set out in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price

[2] 12-month period from 1 January 2013 to 31 December 2013

[3] 12-month period from 1 January 2014 to 31 December 2014

Organic Growth Potential

- Growth in RGUs driven by cross-selling and bundling initiatives of Broadband and Premium Digital TV services

Superior Track Record of Product Innovation and Marketing

- Market leader in bringing in innovative technology and services to market in Taiwan
- First to offer free digital upgrades to cable TV subscribers and 120 Mbps broadband services in Taiwan (fastest residential broadband service)

Substantially invested, advanced HFC Network with state-of-the-art delivery platform

- Fully upgraded to MPEG4 and DOCSIS 3.0
- Ownership of HFC network and fiber backbone allows TBC Group to operate independently of third-party networks
- 870 MHz upgrade from 750 MHz will be completed by 2014

Strong Local Management Team

- Key executives of the local asset management have over 20 years of experience in communications, media and finance
- Current management team will continue to be instrumental in the Group's financial and operational performance

INDICATIVE TIMETABLE

Event	Date & Time
Opening Date & Time for Public Offer	17 May 2013, 9:00 a.m.
Closing Date & Time for Public Offer	27 May 2013, 12:00 noon
Listing on the SGX-ST	29 May 2013, 2:00 p.m.

TABLE OF CONTENTS

	Page
NOTICE TO INVESTORS	1
CORPORATE INFORMATION	10
SUMMARY	13
RISK FACTORS	55
USE OF PROCEEDS	84
INFORMATION CONCERNING THE UNITS	87
DISTRIBUTIONS	92
EXCHANGE RATE INFORMATION AND EXCHANGE CONTROLS	94
CAPITALISATION AND INDEBTEDNESS	97
SELECTED FINANCIAL INFORMATION AND OPERATING DATA	98
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	105
UNAUDITED PRO FORMA FINANCIAL INFORMATION	142
PROFIT AND CASHFLOW FORECAST AND PROFIT AND CASHFLOW PROJECTION	146
TRUST ACQUISITION	170
CORPORATE STRUCTURE OF THE TRUST	174
SUBSIDIARIES OF THE TRUST AFTER THE TRUST ACQUISITION	179
THE BUSINESS OF THE TRUST	181
THE CHARTER AND INVESTMENT MANDATE OF THE TRUST	221
INDUSTRY OVERVIEW	222
REGULATORY ENVIRONMENT	245
THE TRUSTEE-MANAGER	256
THE SPONSOR	274
CORPORATE GOVERNANCE	275
INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST	282
THE CONSTITUTION OF THE TRUST	299
TAXATION	309
PLAN OF DISTRIBUTION	314
TRANSFER RESTRICTIONS	328
CLEARANCE AND SETTLEMENT	330
EXPERTS	332
LEGAL MATTERS	333
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	334
GENERAL AND STATUTORY INFORMATION	335

GLOSSARY 345

APPENDIX A – REPORTING ACCOUNTANT'S REPORT ON EXAMINATION OF THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 . . . . . A-i

APPENDIX B – REPORTING ACCOUNTANT'S REPORT ON THE PROFIT AND CASHFLOW FORECAST AND PROFIT AND CASHFLOW PROJECTION OF ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2013 AND 31 DECEMBER 2014 . . . . . B-1

APPENDIX C – INDEPENDENT AUDITOR'S REPORT AND THE COMBINED FINANCIAL STATEMENTS OF THE PAY-TV BUSINESS AND BROADBAND BUSINESS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2010, 2011 AND 2012 . . . . . C-i

APPENDIX D – INDEPENDENT TAXATION REPORT D-1

APPENDIX E – INDEPENDENT VALUATION SUMMARY REPORT E-1

APPENDIX F – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS F-1

APPENDIX G – LIST OF MATERIAL PROPERTIES G-1

APPENDIX H – LIST OF TRADEMARKS AND SERVICEMARKS H-1

NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of any of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters. If anyone provides you with different or inconsistent information, you should not rely upon it. Neither the delivery of this document nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of the Trust, the Trustee-Manager or the Units since the date of this document. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Trustee-Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue a supplementary document or replacement document pursuant to Section 282D of the SFA and take immediate steps to comply with the said Section 282D. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

None of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any subscriber of Units regarding the legality of an investment by such subscriber under any legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this document as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisers as to the legal, business, financial or tax and related aspects of an investment in the Units.

Under the Measures Governing Investment Permit for the People of Mainland China Area, a PRC Person (as defined herein) can only invest in certain business sectors in Taiwan allowed by the Investment Commission of the Ministry of Economic Affairs of Taiwan (the "**IC**"). As at the date of this document, the cable TV industry is not on the list of sectors in which PRC Persons may invest in Taiwan. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – PRC investment restrictions*")

Under the Cable Radio and Television Act of Taiwan (the "**CRTA**"), Restricted Entities (as defined herein) shall not directly or indirectly invest in a cable TV system operator. In addition, Restricted Persons (as defined herein) may not directly or indirectly invest in a cable TV system operator and the aggregate shareholdings held by spouses and relatives of Restricted Persons shall not exceed one per cent. of the total outstanding shares of a cable TV system operator. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Taiwan government/political party ownership restrictions*")

Under the Fair Trade Act of Taiwan (the "**Fair Trade Act**"), a "merger" includes a situation where an enterprise holds or acquires the shares or capital contributions of another enterprise to an extent of more than one-third of the total voting shares or total capital of such other enterprise. If a merger meets one of the thresholds set out in the Fair Trade Act, a pre-merger notification will need to be filed with the Fair Trade Commission of Taiwan (the "**FTC**"). (See "*Regulatory Environment – Requirements under the Fair Trade Act*")

Investors should note that the Trust Deed (as defined herein) provides that the Trustee-Manager may, in the case of a breach of the PRC Investment Restrictions and/or the Taiwan Government Ownership Restrictions (each as defined herein) and/or where a corporate

entity which provides cable television services in Taiwan (as determined by the Trustee-Manager in its sole discretion) holds or acquires more than one-third of the total issued Units, take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the restrictions thereunder are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Unitholders (as defined herein) to dispose of their Units and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), the power to arrange for the sale of the Units. Pending such sale, the Trustee-Manager has the power to suspend the voting rights of such Units and/or to restrict the transfer of such Units. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.

By applying for the Units on the terms and subject to the conditions in this document, each investor in the Units represents and warrants that, except as otherwise disclosed to the Joint Bookrunners and Joint Underwriters in writing, he is not (i) a director or substantial shareholder or Substantial Unitholder (as defined herein) (as the case may be) of the Trust, the Trustee-Manager or the Sponsor, (ii) an associate of any of the persons mentioned in (i), (iii) a connected client (as defined in the listing manual of the SGX-ST (the "**Listing Manual**")) of the Joint Bookrunners and Joint Underwriters or lead broker or distributor of the Units, (iv) a PRC Person, (v) a Restricted Entity, (vi) a Restricted Person or the spouse or relative of a Restricted Person or (vii) a corporate entity which provides cable television services in Taiwan.

Copies of this document and the Application Forms may be obtained on request, subject to availability, during office hours, from:

Macquarie Capital Securities (Singapore) Pte. Limited
10 Marina Boulevard #17-01 Tower 2
Marina Bay Financial Centre
Singapore 018983

J.P. Morgan (S.E.A.) Limited
168 Robinson Road,
Capital Tower
17th Floor
Singapore 068912

CIMB Securities (Singapore) Pte. Ltd.
CIMB Investment Centre
50 Raffles Place #01-01
Singapore Land Tower
Singapore 048623

DBS Bank Ltd.
12 Marina Boulevard
Level 46 DBS Asia Central @
Marina Bay Financial Centre Tower 3
Singapore 018982

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this document is also available on the SGX-ST website http://www.sgx.com.

The distribution of this document and the offering, subscription, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters require persons into whose possession this document comes, to inform themselves about and to observe any such restrictions at their own expense and without liability to any of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters. This document does not constitute, and the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would

be unlawful. Persons to whom a copy of this document has been issued must not circulate to any other person, reproduce or otherwise distribute this document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The Units have not been, and will not be, registered under the U.S. Securities Act or under any U.S. state securities laws and subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Units are being offered or sold to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S and within the United States only to QIBs in reliance on Rule 144A. Each purchaser of the Units hereby in making its purchase will be required to make or will be deemed to have made certain acknowledgements, representations and agreements. Prospective purchasers are hereby notified that sellers of the Units may be relying on the exemption from provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Units and the distribution of this document, see "*Transfer Restrictions*". This document is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective purchasers to consider the purchase of the Units. Its use for any other purpose in the United States is not authorised. In the United States, it may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the prospective purchasers to whom it is submitted. There will be no public offering of the Units in the United States.

The Units have not been approved or disapproved by the United States Securities and Exchange Commission or any state or foreign securities commission or regulatory authority. None of the foregoing authorities have confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

In addition, until 40 days after the date of commencement of the Offering, an offer or sale of the Units within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A as described above.

The Units are subject to restrictions on transferability and resale and may not be offered, transferred or resold in the United States, except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration or an exemption from, or a transaction not subject to, registration under the U.S. Securities Act and in accordance with the restrictions under "*Transfer Restrictions*". Investors should be aware that they may be required to bear the risks of an investment in the Units for an indefinite period of time. Because of these restrictions, purchasers of the Units are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Units. (See "*Transfer Restrictions*" for more information on these restrictions)

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Bookrunners and Joint Underwriters, over-allot or otherwise effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the

date falling 30 days thereafter, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 71,840,000 Units, representing not more than 5.0% of the total number of Units in issue immediately following the Offering, to undertake stabilising actions.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

So long as any of the Units are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and the Trust and the Trustee-Manager are not subject to and in compliance with Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, or exempt from such reporting pursuant to Rule 12g3-2(b) thereunder, the Trustee-Manager will furnish to each holder or beneficial owner of Units and to any prospective purchaser of such Units, upon the request of such holder, beneficial owner or prospective purchaser, any information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

The Trust is a business trust constituted under the laws of the Republic of Singapore. All of the Trust's current operations are conducted outside of the United States, and all of the Trust's current assets are located outside of the United States. All of the directors (the "**Directors**") and management of the Trustee-Manager and the auditor of the Trust reside outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Trust or the Trustee-Manager or such persons or to enforce in the United States any judgment obtained in the United States courts against the Trust or the Trustee-Manager or any of such persons, including judgments based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States.

There is uncertainty as to whether judgments of courts in the United States based upon the civil liability provisions of the federal securities laws of the United States are recognised or enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States. A final and conclusive judgment in the federal or state courts of the United States under which a fixed sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of Singapore under the common law doctrine of obligation. Civil liability provisions of the U.S. federal and state securities law permit punitive damages against the Trust or the Trustee-Manager, the Directors and executive officers of the Trustee-Manager (the "**Executive Officers**"). Singapore courts would not recognise or enforce judgments against the Trust or the Trustee-Manager to the extent that the judgment is punitive or penal. It is

uncertain as to whether a judgment obtained from the U.S. courts under civil liability provisions of the federal securities law of the United States would be determined by the Singapore courts to be or not be punitive or penal in nature.

Such a determination has yet to be made by any Singapore court. The Singapore courts will also not be quick to recognise or enforce a foreign judgment if the foreign judgment is inconsistent with a prior local judgment, contravenes public policy, or amounts to the direct or indirect enforcement of a foreign penal, revenue or other public law.

PRESENTATION OF FINANCIAL INFORMATION

The historical combined financial statements of the Pay-TV Businesses and Broadband Businesses (each as defined herein) of the TBC Group as included in this document have been prepared by the Trustee-Manager to present the historical combined financial position, results of operations and cash flows of the companies comprising the TBC Group, under the ownership and management of the Sponsor, as at and for the financial years ended 31 December 2010, 2011 and 2012.

The historical combined financial statements of the Pay-TV Businesses and Broadband Businesses of the TBC Group included herein are presented in Singapore dollars and have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IFRS**"). In making an investment decision, prospective investors must rely upon their own examination of the Trust and the terms of the Offering. Prospective investors who are not familiar with IFRS are urged to consult with their own professional advisers. (Also see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Basis of Presentation*")

NON-IFRS FINANCIAL MEASURES

EBITDA is a non-IFRS financial measure and represents earnings before (i) interest and other financial costs, (ii) taxation, and (iii) depreciation and amortisation. Asset EBITDA is a non-IFRS financial measure and represents EBITDA plus the onshore component of the Pre-Listing LTIP (as defined herein) expenses (for 2010, 2011 and 2012 only), management fee expenses, offshore holding company expenses (which include the Pre-Listing LTIP expenses at Cable TV S.A. (for 2010, 2011 and 2012 only), salaries for some members of management (for 2010 and 2011 only) pursuant to a reimbursement agreement, audit, legal, accounting and tax fees and general administration costs), Trust expenses, Trustee-Manager fees and other operating income (loss) less bank charges (including bank service fees for subscription fee collection and bank handling charges for money remittance or transfers).

EBITDA, EBITDA margin, Asset EBITDA, Asset EBITDA margin, Adjusted Profit before income tax and Adjusted Net Income (as defined in "*Selected Financial Information and Operating Data-Non-IFRS Financial Measures*") in this document are supplemental financial measures of the TBC Group's performance and liquidity and are not required by, or presented in accordance with, IFRS, U.S. GAAP (as defined herein) or any other generally accepted accounting principles. Furthermore, EBITDA, EBITDA margin, Asset EBITDA, Asset EBITDA margin, Adjusted Profit before income tax and Adjusted Net Income are not measures of financial performance or liquidity under IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS, U.S. GAAP or any other generally accepted accounting principles.

You should not consider EBITDA, EBITDA margin, Asset EBITDA, Asset EBITDA margin, Adjusted Profit before income tax and Adjusted Net Income in isolation from, or a substitute for, analysis of the financial condition or results of operations of the TBC Group, as reported under IFRS. Further,

EBITDA, EBITDA margin, Asset EBITDA, Asset EBITDA margin, Adjusted Profit before income tax and Adjusted Net Income may not reflect all of the financial and operating results and requirements of the TBC Group. In particular, EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin do not reflect the TBC Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Adjusted Profit before income tax does not reflect the TBC Group's income tax expense, and Adjusted Net Income does not reflect the impact of certain cash changes resulting from matters the Trustee-Manager considers not to be indicative of the TBC Group's ongoing operations. Other companies may calculate EBITDA, EBITDA margin, Asset EBITDA, Asset EBITDA margin, Adjusted Profit before income tax and Adjusted Net Income differently, limiting their usefulness as comparative measures. The Trustee-Manager's presentation of Adjusted Net Income should not be construed as an inference that the TBC Group's future results will be unaffected by unusual or non-recurring items.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the TBC Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense). In particular, EBITDA and Asset EBITDA eliminate the non-cash depreciation expense that arises from the capital-intensive nature of the TBC Group's businesses and intangible assets recognised in business combinations. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers.

FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute "forward-looking statements". This document also contains forward-looking financial information in "*Profit and Cashflow Forecast and Profit and Cashflow Projection*". All statements other than statements of historical facts included in this document, including those regarding future financial position and results, business strategy, plans and objectives of management for future operations (including development plans and dividends) and statements on future industry growth, are forward-looking statements. These forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Trust, the Trustee-Manager or the Sponsor, or industry results to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements and financial information. These forward-looking statements and financial information are based on numerous assumptions regarding the Trustee-Manager's present and future business strategies and the environment in which the Trust, the Trustee-Manager and the Sponsor will operate in the future. Because these statements and financial information reflect the Trustee-Manager's current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place undue reliance on these forward-looking statements.

The important factors that could cause the Trust's or the Trustee-Manager's actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information include, but are not limited to:

- competition in the pay-TV and broadband industries and franchise areas in which the TBC Group operates;

- changes in government regulations, including re-zoning or licensing laws, in the jurisdictions where the TBC Group operates;

- the regulatory environment in which the TBC Group operates;
- developments in Taiwan's overall economic environment and general market and economic conditions;
- changes in the need for capital and the availability of financing and capital to fund these needs;
- man-made or natural disasters, including war, acts of international or domestic terrorism, civil disturbances, occurrences of catastrophic events and acts of God such as floods, earthquakes, typhoons and other adverse weather and natural conditions that affect the business or assets of the Trust;
- the ability of the Trustee-Manager to anticipate and respond to changes in the pay-TV and broadband industries and in customer demands, trends and preferences;
- the loss of key personnel of the Trustee-Manager or in the operating subsidiaries of the Trust and the inability to replace such personnel on a timely basis or on terms acceptable to the Trustee-Manager or the Trust;
- dependence on the Sponsor and its subsidiaries (the "**Macquarie Capital Group**") for the continued provision of services to the Trust;
- exchange rate fluctuations, including fluctuations in the exchange rates of currencies that are used in the business of the Trust;
- changes in interest rates or rates of inflation;
- the ability of the Trustee-Manager to successfully implement the investment strategy of the Trust;
- breaches of laws or regulations in the operation and management of the Trust and other future businesses and assets;
- legal, regulatory and other proceedings arising out of the operations of the Trust;
- relations between Taiwan and the People's Republic of China (the "**PRC**");
- other factors beyond the control of the Trust; and
- other matters not yet known to the Trust.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*", "*Profit and Cashflow Forecast and Profit and Cashflow Projection*", "*Distributions*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*The Business of the Trust*". These forward-looking statements and financial information speak only as at the date of this document. The Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the Trustee-Manager's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

MARKET AND INDUSTRY INFORMATION

This document includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. The Trustee-Manager has commissioned Media Partners Asia Ltd. ("**MPA**"), a provider of information services on the media industry in Asia, to prepare a report on the pay-TV and broadband industries in Taiwan for the purpose of inclusion in this document, including data (actual, estimated and forecast) relating to, among other things, demand and market share information. While the Trustee-Manager believes that the third party information and data contained in this document are reliable, the Trustee-Manager cannot ensure the accuracy of the information or data, and the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters and any of their affiliates or advisers have not independently verified this information or data or ascertained the underlying economic assumptions relied upon therein.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this document, references to the "TBC Group" or the "Group" are to MKOF Media Holdings Limited (to be renamed APTT Holdings 1 Limited) ("**MMHL**"), Macquarie International Infrastructure Taiwan Limited (to be renamed APTT Holdings 2 Limited) ("**MIIT**" and together with MMHL, the "**Bermuda Holdcos**") and their subsidiaries taken as a whole and for the purpose of the historical financial statements included in this document, include Macquarie Renewables Limited ("**MRL**") and MKOF Media Bermuda Limited ("**MMBL**"). In this document, references to the "Trust Group", "we", "us" and "our" and other grammatical variations thereof are to the Trust and its subsidiaries taken as a whole, as if the Trust Acquisition had been completed. The Trust is not a separate legal entity. The "Trust Group", "we", "us" and "our" include, as the context requires, the Trustee-Manager acting as the trustee-manager of the Trust.

In addition, unless we indicate otherwise, all information in this offering document assumes that (i) no Units have been re-allocated between the Placement and the Public Offer; and (ii) the Over-Allotment Option is not exercised.

In this document, references to "Pay-TV Businesses" and "Broadband Businesses" mean the business as carried on by the Trust Group as if the Trust Acquisition had been completed, unless the context otherwise requires.

All references to the number or percentages of Units that are "owned" or "held" by a Unitholder are references to percentages held, or the number of Units in this document, before the exercise of the Over-Allotment Option, unless otherwise specified or the context of the statement otherwise requires.

The Trust will publish its financial statements in Singapore dollars. In this document, references to "S$" or "Singapore dollars" and "Singapore cents" are to the lawful currency of Singapore, references to "U.S.$" or "U.S. dollars" and "U.S. cents" are to the lawful currency of the United States of America, references to "NT$" or "Taiwan dollars" are to the lawful currency of Taiwan, references to "A$" or "Australian dollars" are to the lawful currency of Australia and references to "€" is to the single currency introduced on 1 January 1999 at the start of the third stage of European Economic and Monetary Union, pursuant to the treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam.

Unless otherwise indicated, U.S. dollar amounts in this document have been translated into Singapore dollars, based on the exchange rate of S$1.00 = U.S.$0.8083, and Taiwan dollar amounts in this document have been translated into Singapore dollars, based on the exchange rate of S$1.00 = NT$23.9058, in each case quoted by Bloomberg L.P. ("**Bloomberg**") on the Latest Practicable Date (as defined herein). Bloomberg has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information. The exchange rates used in this document are for reference only. No representation is made that the U.S. dollar, Singapore dollar or Taiwan dollar amounts referred to herein actually represent such U.S. dollar, Singapore dollar or Taiwan dollar amounts, as the case may be, or could have been or could be converted into U.S. dollars, Singapore dollars or Taiwan dollars at the rates indicated, at any other rate, or at all. (See "*Exchange Rate Information and Exchange Controls*")

Capitalised terms used in this document have the meanings set out in the Glossary. In particular, the following terms used in this document have the following meanings:

"**ARPU**" means average monthly revenue per user, the average amount paid by a subscriber for a service each month.

"**RGU**" means revenue generating unit, another term for subscriptions.

"**franchise area**" means a geographic area in which a cable TV operator is licensed to operate pursuant to a cable TV license issued by the National Communications Commission of Taiwan (the "**NCC**").

"**registered households**" means any household registered with the applicable local government in Taiwan.

"**onshore**" means an entity that is incorporated and registered in Taiwan.

"**offshore**" means an entity that is incorporated or registered outside of Taiwan.

Any discrepancies in the tables, graphs and charts included in this document between the listed amounts and totals thereof are due to rounding. Save in the case of figures in U.S.$, S$, NT$, A$ or €, which are rounded to the nearest thousand and percentages which are rounded to one decimal place, where applicable, figures are rounded to the nearest whole number. References to "Appendix" or "Appendices" are to the appendices set out in this document. All references in this document to dates and times shall mean Singapore dates and times unless otherwise specified.

The information on the Trust Group or Sponsor's websites or any website directly or indirectly linked to such websites is not incorporated by reference into this document and should not be relied on in connection with the Offering or any investment in the Units.

CORPORATE INFORMATION

TRUSTEE-MANAGER	Macquarie APTT Management Pte. Limited 10 Marina Boulevard #17-01, Tower 2 Marina Bay Financial Centre Singapore 018983
JOINT ISSUE MANAGERS	Macquarie Capital (Singapore) Pte. Limited 10 Marina Boulevard #17-01, Tower 2 Marina Bay Financial Centre Singapore 018983 J.P. Morgan (S.E.A.) Limited 168 Robinson Road, Capital Tower, 17th Floor, Singapore 068912
JOINT GLOBAL COORDINATORS	Macquarie Capital Securities (Singapore) Pte. Limited 10 Marina Boulevard #17-01, Tower 2 Marina Bay Financial Centre Singapore 018983 J.P. Morgan (S.E.A.) Limited 168 Robinson Road, Capital Tower, 17th Floor, Singapore 068912
JOINT BOOKRUNNERS AND JOINT UNDERWRITERS	Macquarie Capital Securities (Singapore) Pte. Limited 10 Marina Boulevard #17-01, Tower 2 Marina Bay Financial Centre Singapore 018983 J.P. Morgan (S.E.A.) Limited 168 Robinson Road, Capital Tower, 17th Floor, Singapore 068912 CIMB Securities (Singapore) Pte. Ltd. 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623

	DBS Bank Ltd. 12 Marina Boulevard, Level 46 DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982
PUBLIC OFFER COORDINATOR	CIMB Securities (Singapore) Pte. Ltd. 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623
LEGAL ADVISER TO THE OFFERING, THE TRUSTEE-MANAGER AND THE SPONSOR AS TO SINGAPORE LAW	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
LEGAL ADVISER TO THE OFFERING, THE TRUSTEE-MANAGER AND THE SPONSOR AS TO U.S. FEDERAL SECURITIES LAW	Clifford Chance Pte. Ltd. Marina Bay Financial Centre 25th Floor, Tower 3 12 Marina Boulevard Singapore 018982
LEGAL ADVISER TO THE OFFERING, THE TRUSTEE-MANAGER AND THE SPONSOR AS TO TAIWAN LAW	Lee, Tsai & Partners Attorneys-at-Law 9F, 218 Tun Hwa S. Road Sec. 2, Taipei 106 Taiwan, Republic of China
LEGAL ADVISER TO THE JOINT ISSUE MANAGERS, THE JOINT BOOKRUNNERS AND JOINT UNDERWRITERS AS TO SINGAPORE LAW	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
LEGAL ADVISER TO THE JOINT ISSUE MANAGERS, THE JOINT BOOKRUNNERS AND JOINT UNDERWRITERS AS TO U.S. FEDERAL SECURITIES LAW	Latham & Watkins LLP 9 Raffles Place #42-02 Republic Plaza Singapore 048619
UNIT REGISTRAR AND UNIT TRANSFER OFFICE	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
RECEIVING BANK	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	Deloitte & Touche LLP 6 Shenton Way Tower Two #32-00 Singapore 068809 Partner in-charge: Ng Peck Hoon Certified Public Accountant
INDEPENDENT SINGAPORE TAX ADVISER	KPMG Services Pte. Ltd. 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
INDEPENDENT VALUER	KPMG Corporate Finance Pte. Ltd. 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
INDEPENDENT INDUSTRY CONSULTANT	Media Partners Asia Ltd. Suite 13A, World Trust Tower 50 Stanley Street Central, Hong Kong

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information contained in or referred to elsewhere in this document. The meanings of terms not defined in this summary can be found in the Glossary or in the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Trustee-Manager, which is located at 10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions that could cause actual results of the Trust to differ materially from those forecast or projected in this document. (See "Forward-Looking Statements") Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction of the accuracy of the underlying assumptions by the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this summary, but should read this document in its entirety and, in particular, the sections from which the information in this summary is extracted and "Risk Factors" to better understand the Offering and the Trust's businesses and risks.

Overview

Asian Pay Television is a newly constituted Registered Business Trust formed to acquire its seed asset, the TBC Group. The TBC Group is Taiwan's third-largest cable TV operator, with more than 751,000 Basic Cable TV RGUs as at 31 December 2012. The TBC Group is a leading, integrated cable operator in Taiwan that generates stable cash flows and has an attractive growth profile. The TBC Group operates exclusively in Taiwan, where it offers Basic Cable TV, Premium Digital Cable TV and Broadband services to households and businesses in five closely clustered and heavily populated franchise areas in northern and central Taiwan. In the past five years, these franchise areas (or the regions in which they are located) have exhibited, and are expected to continue to exhibit over the next five years, greater household growth and disposable income than Taiwan's national average, according to estimates by MPA. Within these franchise areas, the TBC Group holds an effective ownership interest of 59.3% in four TBC System Operators and an effective ownership interest of 8.9% in a fifth TBC System Operator. Through various shareholder loans and dividends on equity, the TBC Group receives substantially all of the economic interests in the TBC System Operators. (See "*Corporate Structure of the Trust – Economic Interests and Distribution Flow*") The TBC System Operators are the sole licensed providers of Cable TV services in their respective franchise areas.

As at 31 December 2012, the TBC Group had 751,393 Basic Cable TV RGUs, 110,324 Premium Digital Cable TV RGUs and 174,958 Broadband RGUs. The Group's ability to bundle its three core services as a package provides the Group's subscribers with a highly-compelling proposition. In addition, cross-selling the Group's services enables the Group to generate additional revenue and profit, enjoy operating efficiencies, increase customer satisfaction and reduce its subscriber churn. From 2010 to 2012, the number of the Group's Basic Cable TV RGUs grew at a CAGR of 0.9%, the number of its Premium Digital Cable TV RGUs grew at a CAGR of 40.8%, and the number of its Broadband RGUs grew at a CAGR of 6.8%. According to MPA, the TBC Group has been the fastest growing major cable TV provider in Taiwan since 2009 based on the number of Basic Cable TV RGUs.

The TBC Group provides its Cable TV and Broadband services through the TBC System Operators' HFC networks, all of which are 750 MHz capable. These HFC networks are connected through a fibre backbone and are MPEG4 and DOCSIS 3.0 enabled and as at 31 December 2012

consisted of approximately 13,928 kilometres of coaxial cable and 2,135 kilometres of fibre optic cable. The TBC Group intends to upgrade the HFC Network to 870 MHz by the end of 2014 to further increase operating spectrum for its Premium Digital Cable TV and Broadband services.

The Group generated revenues of S$298.7 million in 2010, S$304.8 million in 2011 and S$308.7 million in 2012, representing a CAGR of 1.7% from 2010 to 2012. The Group generated Asset EBITDA at its operations in Taiwan of S$185.3 million in 2010, S$194.3 million in 2011 and S$197.7 million in 2012, translating to an Asset EBITDA margin of 62.0% for 2010, 63.7% for 2011 and 64.0% for 2012. Asset EBITDA and Asset EBITDA margin are non-IFRS financial measures. For a discussion of the Group's Asset EBITDA and a reconciliation of Asset EBITDA to the Group's profit or losses, see "*Selected Financial Information and Operating Data*".

The Sponsor of the Trust is Macquarie Capital Group Limited, a company incorporated and registered in Australia. It is the holding entity for Macquarie Infrastructure and Real Assets ("**MIRA**"), a global infrastructure asset management group, with approximately A$97.0 billion of assets under management as at 31 December 2012. The Trustee-Manager is Macquarie APTT Management Pte. Limited, a company incorporated and registered in Singapore. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. The Trustee-Manager will acquire the TBC Group from the Sellers on the Listing Date and will manage the Trust's business and the assets of the TBC Group, along with any other businesses or assets that the Trust may acquire in the future, with the key objective of providing Unitholders with stable and sustainable distributions, as well as long-term growth in DPU.

Competitive Strengths of the Trust and the TBC Group

The Trustee-Manager believes that the Trust and the TBC Group benefit from a number of competitive strengths underpinned by the track record of the Sponsor, the experience of the Trustee-Manager and the quality of the underlying assets.

Strengths Relating to the Sponsor

World-Leading Sponsor Group with Substantial Assets and Experience in Infrastructure Investment

The Sponsor of the Trust is Macquarie Capital Group Limited, which is the holding entity for MIRA, a global infrastructure asset management group. As at 31 December 2012, MIRA managed 98 infrastructure businesses in 23 countries worldwide, with approximately A$97.0 billion of assets under management across a broad range of infrastructure and infrastructure-like industries. MIRA has been managing infrastructure assets for more than 18 years, with approximately 400 dedicated professionals worldwide and with the specialist skill set and approach required for successful infrastructure investing. MIRA focuses on strong risk management throughout the life of its investments and has built a strong track record of investor returns. MIRA has an active approach to asset management and endeavours to minimise downside risk by focusing on reducing the risks inherent in the operations and capital structure of its assets, for example by assessing the appropriate level of leverage for each investment and seeking to eliminate operating arrangements it deems onerous, and it has adopted a regional model to locate its infrastructure professionals close to the assets they manage. In addition, the Trustee-Manager believes MIRA has a reputation as a trusted owner of assets and enjoys strong relationships with governments and regulators in the jurisdictions where it operates. The Trustee-Manager believes this is because MIRA has delivered high-quality essential services consistent with long-term public interests in these jurisdictions. MIRA also benefits from a deep understanding of and direct access to a large group of international institutional investors, which is crucial in raising funds and in matching the requirements of investors to different asset classes. While MIRA is a standalone business within the Macquarie Capital Group, it benefits from the institutional quality risk

management and compliance framework of the broader Macquarie Capital Group. The Trust, through the Trustee-Manager, will be able to leverage off the origination expertise, experience and network of the Sponsor and of MIRA to provide long-term distribution growth for Unitholders.

Strengths Relating to the Trustee-Manager

Highly Experienced Trustee-Manager Team

The Trustee-Manager is a wholly-owned subsidiary of the Sponsor and part of MIRA, and its Directors and management team have extensive experience in the pay-TV and broadband industries and complementary skill sets in acquisition, asset and capital management. The Trustee-Manager is led by a strong executive management team, composed of the Chief Executive Officer, Mr. Robert Neale Thorpe, and the Chief Financial Officer, Mr. Brian McKinley, who together have more than 20 years of experience in operating infrastructure and private equity fund businesses, including international telecommunications companies. Mr. Thorpe is currently a Managing Director of MIRA and led the establishment of the Macquarie SBI Infrastructure Fund, a billion-dollar private equity fund that invests in infrastructure projects and businesses located in India. Mr. McKinley was previously the Chief Financial Officer of the Richard Chandler Corporation, a private, Singapore-based investment company, and has extensive experience in managing the financial operations of investment and financial services companies and telecommunications companies. In addition, the Trustee-Manager has entered into the Resources Agreement with MIRA Singapore, the management company owned and operated by the Macquarie Capital Group that services Macquarie-managed funds, pursuant to which MIRA Singapore will provide the Trustee-Manager with additional services and expertise, such as investor relations, corporate finance, capital raising and restructuring and legal services. (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Present and Ongoing Interested Person Transactions – Resources Agreement*" for a more detailed description of the Resources Agreement)

In addition, Mr. Benjamin Ian Way, who has been the Chairman of the TBC Group since 2008, is also a member of the Board of Directors. Mr. Way previously served as chief executive officer of the TBC Group from 2006 to 2008. He has been instrumental to the success of the TBC Group and has made significant contributions to the business through his extensive knowledge of the media industry and his experience in the Asian pay-TV market. He contributed substantially to the re-launch of the Group's Premium Digital Cable TV service, to the introduction of bundled products and to the building of strong relationships with local and national regulators and governments. He recruited and established a strong, experienced local management team to conduct the Group's day-to-day operations and to support the executives at MIRA in executing the vision and strategy for the TBC Group. Mr. Way will continue to serve as a director of the Trustee-Manager and to provide the strategic direction and objectives of the TBC Group after the Listing. In addition, the independent directors of the Trustee-Manager (the "**Independent Directors**"), who make up the majority of the Board of Directors, have extensive experience in the infrastructure and telecommunications industries. With this extensive experience and strong support, the Trustee-Manager believes its team is well-placed to pursue and implement the TBC Group's and the Trust's growth strategy going forward.

Strengths Relating to the Trust's Business in Taiwan

Sole Provider of Cable TV Services in its Franchise Areas with Highly Attractive Demographics

The TBC Group is the sole licensed provider of cable TV services in five closely clustered franchise areas in Taiwan, namely South Taoyuan, Hsinchu County, North Miaoli, South Miaoli and Taichung City. (See "*Regulatory Environment – Material licenses held by the TBC Group*" for details of the material licenses held by the TBC Group) According to MPA, as at 31 December

2012, these franchise areas contained an aggregate of approximately 1.1 million households registered with the local governments. The TBC Group is the only cable TV service provider in these franchise areas, serving 751,393 Basic Cable TV RGUs, or approximately 67.8% of the registered households in the TBC Group's franchise areas as at 31 December 2012. The Group continues to face only limited competition from alternative pay-TV platforms such as IPTV and DTH, given its established market positioning.

The TBC Group's franchise areas include the major rail and road transport arteries of Taiwan along with Taiwan's main international airport (Taiwan Taoyuan International Airport), which is located in the same county as the Group's northern-most franchise area, South Taoyuan. The location of major transportation and infrastructure networks, the growing number of industrial parks and manufacturing facilities, and, consequently, a growing workforce seeking employment in the TBC Group's franchise areas are factors that have contributed to the Group's track record of growth and are expected to lead to higher household growth in the TBC Group's franchise areas as compared to other franchise areas in Taiwan. According to MPA, four of the TBC Group's franchise areas, together with the geographic region of Taoyuan (which contains the TBC Group's franchise area South Taoyuan), have experienced an aggregate CAGR in the number of households of 2.4% from 2007 to 2012, as compared to Taiwan's national average of 1.6% during the same period. Further, according to MPA, the average household disposable income in these areas remained consistently higher than the national average from 2007 to 2012 and experienced a CAGR of 1.6% from 2007 to 2012 during that period, as compared to a marginal decline in CAGR of 0.2% for Taiwan's national average during the same period. Based on the TBC Group's current market position as the sole licensed provider of cable TV in its franchise areas, the Trustee-Manager believes that the Group is well positioned to capitalise on the household growth and favourable demographics of these franchise areas.

High Barriers to Entry due to Comprehensive Content Portfolio and Investments in Network and Subscriber Base

The quality and breadth of programming content are some of the most important factors in potential subscribers' selection of a pay-TV service provider. The Trustee-Manager believes that the TBC Group has developed a strong understanding of Taiwan viewers' preferences after more than 10 years of operating in its franchise areas. With this knowledge, the Group is able to purchase a broad range of attractive local, regional and international content that specifically targets Taiwan viewers and contributes to increased subscriber loyalty. In particular, the Trustee-Manager believes that the Group's ability to purchase a comprehensive content portfolio from a single content aggregator at attractive pricing differentiates the Group from IPTV, DTH and potential new Cable TV service provider entrants. As at 31 December 2012, the Group broadcasts over 100 Basic Cable TV channels, including all the top 20 most popular channels in Taiwan. In comparison, CHT's IPTV service, the Group's closest competitor in its five franchise areas, only broadcasts two of the top 20 most popular channels in Taiwan, according to MPA. The TBC Group also produces and broadcasts local community TV channels in each of its franchise areas, which are not available on IPTV and DTH platforms.

In addition to the breadth and depth of its content portfolio, the Trustee-Manager believes that the Group's investment in the HFC Network, and its subscriber base, differentiates the Group from its competitors and creates a high barrier for potential new market entrants in its franchise areas. The HFC Network already covers substantially all of the 1.1 million registered households in its franchise areas, a degree of coverage which would require significant time and investment to replicate. Further, the Trustee-Manager believes the Group has long-standing relationships with its subscribers and has established strong brand awareness over its history of operations, which a new entrant would substantially lack. As a result of these factors, the TBC Group has maintained

its position as the leading pay-TV service provider in its franchise areas for the past 10 years, despite the entrance of IPTV and DTH operators. (See "*The Business of the Trust – Services – Basic Cable TV – Subscribers*" for the Basic Cable TV penetration rate of the TBC Group)

Superior Track Record of Product Innovation and Marketing

The TBC Group has continuously sought to use technology to develop and expand service offerings in order to address consumers' evolving communications and media preferences. The Trustee-Manager believes that the Group is a recognised leader in bringing innovative technologies and services to market in Taiwan and in offering enhancements to existing services. According to MPA, following the re-launch of Premium Digital Cable TV services on its new MPEG4 digital cable TV platform in 2009, the Group became the first cable TV operator in Taiwan to offer DVR and in 2012, became the first to offer free digital upgrades to cable TV subscribers in Taiwan. Further, in 2012, the TBC Group became the first operator in Taiwan to launch 120 Mbps Broadband services, which was the fastest broadband speed available in the residential market in Taiwan as at 31 December 2012. The Trustee-Manager believes that the Group's offering of Premium Digital Cable TV and high-speed Broadband services has enabled it to capture incremental revenue opportunities and accelerate revenue growth. The Trustee-Manager believes that the Group's ability to successfully innovate and offer cutting-edge services strengthens its customer value proposition, thereby enhancing its brand and customer loyalty.

To further market its services, the TBC Group bundles and cross-sells additional services to its existing subscriber base. In particular, the Trustee-Manager believes that the Group's bundled package of Basic Cable TV, Premium Digital Cable TV and Broadband services is a highly-compelling proposition to its subscribers delivering a rich media and communications experience. In order to facilitate cross-selling, the Group uses its integrated customer service platform, which includes two 24-hour customer service call centres, to provide a one-stop shop for all services, as well as the Group's billing and customer management information system to track customer preferences and provide bundling offers and promotions to targeted subscribers. These efforts have contributed to the TBC Group's average monthly churn rate in Basic Cable TV subscribers of 0.76%, 0.75% and 0.76% in 2010, 2011 and 2012, respectively.

Substantially Invested, Advanced HFC Network with State-of-the-Art Delivery Platform

To provide high quality Basic Cable TV, Premium Digital Cable TV and Broadband services to its subscribers, the TBC Group has made significant investments to build an extensive, two-way, advanced HFC Network with a state-of-the-art delivery platform. In 2009, the TBC Group fully upgraded its Premium Digital Cable TV delivery platform to MPEG4 digital compression technology, which allows for better video quality, greater video transmission capacity and more efficient provision of value-added features such as HDTV and DVR services. In addition, the HFC Network is 100.0% DOCSIS 3.0 enabled, allowing the Group to provide high-speed Broadband services, including the 120 Mbps plan.

As at 31 December 2012, the HFC Network consisted of approximately 13,928 kilometres of coaxial cable and 2,135 kilometres of fibre optic cable covering substantially all of the 1.1 million registered households in the TBC Group's franchise areas. Approximately 97.9% of the HFC Network has been upgraded to operate at 750 MHz, with 97.3% having two-way transmission capabilities. The Group plans to complete the upgrade of the HFC Network to 870 MHz by the end of 2014. The extensive coverage and advanced nature of the HFC Network, which it owns, gives the Group an inherent performance and competitive advantage over its competitors. In particular, ownership of its fibre backbone allows the TBC Group to operate independently of third party networks, providing better quality of service and operational efficiencies to the Group.

Resilient Business Model with Efficient Cost Structure

The TBC Group generates substantially all of its revenue from its Cable TV and Broadband services, using a subscription-based business model with substantially all payments made in advance, which provides a relatively steady stream of cash receipts and stable margins. The Group has been able to consistently add Basic Cable TV RGUs, grow revenue and expand Asset EBITDA margin for the past six years, and to compete effectively against alternative pay-TV platforms and deliver growth, even during economic downturns such as the recent U.S. financial crisis and Eurozone debt crisis.

The Trustee-Manager believes that the key drivers for the Group's scalable and efficient cost structure have been, and are expected to continue to be, the following:

- up-selling and cross-selling of Premium Digital Cable TV and Broadband services to Basic Cable TV subscribers;
- decline in average churn rate driven by enhanced customer experience and strong customer loyalty;
- growing Cable TV subscriber base which enables higher channel leasing fees and advertising fees;
- economies-of-scale procurement benefits such as cable TV content and set-top box and cable modem procurement;
- substantially invested HFC Network that covers almost all of the 1.1 million registered households in the TBC Group's franchise areas; and
- ability to offer additional services at limited incremental cost given headroom in network capacity.

These drivers have translated into strong historical financial performance and increased Asset EBITDA margin during the past three financial years. The Group's Asset EBITDA increased from S$185.3 million in 2010 to S$194.3 million in 2011 to S$197.7 million in 2012, an average increase of 3.3% per year. The Group's Asset EBITDA margin increased from 62.0% in 2010 to 63.7% in 2011 to 64.0% in 2012. Asset EBITDA and Asset EBITDA margin are non-IFRS measures. For a discussion on Asset EBITDA and Asset EBITDA margin and a reconciliation of Asset EBITDA to the TBC Group's profit or losses, see "*Selected Financial Information and Operating Data*".

Strong Local Team

The Trustee-Manager is supported by an experienced and locally based asset level management team in Taiwan that runs the day-to-day operations of the Trust's underlying business. This team is comprised of professionals with extensive experience in the pay-TV, broadband and finance industries. The team has a deep understanding of the Taiwan cable TV and broadband market and of the competitive, technological and regulatory factors that drive this market. The Trustee-Manager believes the team has been, and will continue to be, instrumental in the Group's financial and operational performance and in cultivating a strong and positive working relationship with the Group's regulators.

The core members of the locally based asset level management team are the chief executive officer of the TBC Group, Mr. Thomas Ee; the President of the TBC Group, Ms. Loke Kheng Tham; the Chief Operating Officer of the TBC Group, Mr. Jimmy Chen; and the Chief Financial Officer of the TBC Group, Mr. Dennis Wayne. Mr. Thomas Ee, Ms. Loke Kheng Tham, and Mr. Jimmy Chen

each has more than 20 years of experience in communications and media industries. Prior to joining the TBC Group, Mr. Thomas Ee and Ms. Loke Kheng Tham were the former Head of Cable, Broadband and Fixed Line and the former Head of Content and Marketing, respectively, at a leading Singaporean quad-play operator. Mr. Jimmy Chen has held previous positions including General Manager of Chun Chien and Chief Operating Officer of Asia Pacific Telecom Group, a Taiwan telecommunications company with fixed line, 3G mobile and internet service provider businesses. Mr. Dennis Wayne has more than 20 years of experience in corporate finance and accounting and has held various corporate financial management positions, including as Finance Director of Rhone-Poulenc Rorer in Beijing.

Strategies of the Trustee-Manager

The Trustee-Manager's principal investment strategy is to seek investment opportunities to acquire controlling interests and to own, operate and maintain investment opportunities in mature, cash generative Pay-TV Businesses and Broadband Businesses, as further described in "*The Charter and Investment Mandate of the Trust*", in Taiwan, Hong Kong, Japan and Singapore that exhibit characteristics such as sustainable and stable cash flows over the long-term and a strategic competitive advantage due to high barriers to entry. The Trustee-Manager seeks to deliver returns to Unitholders through long-term investments and will not engage in speculation or trading of assets. The Trustee-Manager intends to pursue revenue growth and margin improvements as well as optimise capital structures of the businesses and assets to be held in its portfolio. (See "*The Charter and Investment Mandate of the Trust*")

The implementation of the Trustee-Manager's strategy can be broadly categorised as follows:

- *Asset Management Strategy*. The Trustee-Manager intends to enhance the returns from the Trust's existing and future portfolio in consultation with the current or prospective operator(s) of the assets.

- *Acquisition Strategy*. The Trustee-Manager may consider selectively acquiring other suitable Pay-TV Businesses and Broadband Businesses that meet its investment mandate and are accretive to the Trust as well as expanding into other franchise areas in Taiwan.

- *Capital Management Strategy*. The Trustee-Manager intends to optimise the Trust's capital structure and cost of capital.

Asset Management Strategy

The Trustee-Manager has an established asset management framework that it seeks to implement for all of its investment companies. The framework is focused on ensuring that appropriate business planning, performance reporting, governance and risk management are put in place and maintained. The Trustee-Manager aims to add value to its investments through the following:

- representation on boards and management committees;

- leading the development and review of strategy, business and financial plans;

- positioning experienced MIRA executives to assist in the management of the investments;

- aligning management compensation with the achievement of key goals;

- implementing effective performance reporting tools to monitor key indicators and to allow the identification of any performance issues on a timely basis;

- leading merger and acquisition growth initiatives;
- assisting management in considering potential procurement initiatives to reduce costs, including insurances;
- focusing on reducing occupational health and safety and other operational risks;
- assisting to maintain and enhance regulatory relationships;
- assessing additional capital investment where appropriate;
- implementing efficient capital structures at acquisition and completing subsequent refinancings to optimise returns to Unitholders; and
- introducing management teams to other industry participants, potential strategic partners and management teams of other assets owned by vehicles managed by Macquarie, in an effort to enhance performance and practices.

The Trustee-Manager, supported by an experienced and locally based asset level management team, will implement pro-active measures to enhance the returns from the TBC Group. These measures include upgrades, enhancements, refurbishments and reconfiguration of the TBC Group and its assets to enhance and maximise the Group's operational efficiency and competitiveness. The Trustee-Manager also intends to work together with the TBC Group and any future operators in its investment portfolio to identify and implement any potential cost savings in day-to-day operations and other resource-sharing initiatives without compromising the quality of services provided.

With respect to the Trust's seed asset, the TBC Group, the Trustee-Manager aims to implement the following strategies to increase the TBC Group's revenue, profitability and cash flows:

Increase Take-Up of Premium Digital Cable TV Services

The TBC Group has embarked on a digitisation programme aimed at increasing the take-up of Premium Digital Cable TV services by its Basic Cable TV subscribers. The up-selling of Premium Digital Cable TV services is a key growth driver for the Group and provides subscribers with a better television viewing experience. The Group's Premium Digital Cable TV service offers up to 73 additional channels and a better video quality for all channels. Further, the Group's digital platform enables the Group to offer HDTV, interactive video services such as DVR, electronic programming guides and games.

In March 2012, the Group began to offer free promotional set-top boxes to selected Basic Cable TV subscribers in order to meet the Taiwan government's objective to increase cable TV digitisation throughout Taiwan and further promote up-selling of the Group's digital products. As at 31 December 2012, approximately 25.6% of the Group's Basic Cable TV subscribers had an MPEG4 digital set-top box. The Group expects to achieve 55.0% digital set-top box penetration by the end of 2014. To promote the take-up of Premium Digital Cable TV services amongst the promotional set-top box base, the Group offers seven free SD channels and two HD channels. In addition, the Group actively follows up with subscribers to educate them on the usage and benefits of digital cable TV and offers them attractive up-selling digital promotions such as an attractively priced DVR service and Premium Digital Cable TV packages.

Promote Bundling of Cable TV and Broadband Services

The Group intends to leverage its existing Cable TV customer base and infrastructure to increase its Broadband subscriber base. The TBC Group's current Broadband penetration rate in its franchise areas is approximately 23.3% of Basic Cable TV RGUs as at 31 December 2012, implying headroom for growth. The Group intends to promote its Broadband services by offering a range of subscriptions with download speeds of 5 Mbps to 120 Mbps to meet the needs of its different customer segments. It also intends to continue to provide highly-compelling bundling propositions of its Basic and Premium Digital Cable TV and Broadband services along with a range of promotions such as waiving installation fees for multi-product installations and offering gifts for multi-product subscriptions such as shopping vouchers and free wireless modems. The Group will also focus on expanding its sales and distribution network and providing new value-added services and technology upgrades to incentivise subscribers to increase the services they subscribe to.

The Trustee-Manager believes that offering bundled services will not only increase revenue generated per household but also increase subscriber loyalty, thereby reducing subscriber churn and subscriber retention costs. Bundled services are also attractive for subscribers as it allows them to benefit from cost savings and a combined customer service platform.

Continue to Focus on Improving Customer Service, Thereby Driving Retention and Building Loyalty

The TBC Group's sales and customer service operations are organised to provide a "one-stop shop" for all of its services. For example, the Group has a single customer service hotline for all of its services, and its retail outlets offer all of its services to subscribers. The Group has a long-standing relationship with its base of Cable TV subscribers, and it intends to build on and deepen its subscribers' loyalty by continuing to grow its sales force and customer service teams, as customer service is a key consideration for subscribers when they select or renew a Cable TV or Broadband service. In this regard, the Group intends to continue to maximise subscriber interactions through its Customer Life Cycle management, which sets out a complete step-by-step approach to sales and retention of subscribers from initial subscription to potential discontinuation.

The Group has two dedicated 24-hour customer call centres and seven retail outlets to service subscribers. More recently, the Group launched "same day" customer service initiatives, with a Global Positioning System vehicle tracking system for technicians to assist them in responding to customer requests more quickly. The Group also conducts extensive research and analysis of its current subscriber base to gain strategic insights as to how to better service its subscribers and increase operational efficiencies. The Group intends to continually enhance its customer service practices and its customer education and to improve its processes and automation.

Upgrade HFC Network to 870 MHz to Offer Superior Service to Subscribers

The Trustee-Manager believes that the current HFC Network is sufficiently flexible and adaptable to continue providing a high quality of service and satisfying the Group's subscribers' current and near-term service requirements, as well as potential increased subscriber demand. Nevertheless, the Group intends to continue to upgrade its network and use its industry knowledge and experience as well as customer insight to provide subscribers with cutting-edge services and value-added features. In particular, the Group plans to upgrade its network to 870 MHz by the end of 2014 to allow for additional capacity for HD channels and faster Broadband service. The Group will invest approximately S$24.0 million to implement this upgrade. The Group expects that the

upgrading of the HFC Network will help to ensure that the Group's infrastructure is of a high standard and provides a strong basis for providing subscribers with additive revenue generating services in the future.

Focus on Growth of Cash Flow and Implementation of Effective Cost Management Initiatives

The Trustee-Manager believes that the TBC Group will be able to achieve continued Asset EBITDA growth and attractive Asset EBITDA margins by leveraging its existing network and subscriber base in order to enjoy organic growth and benefit from economies of scale. The Group's existing network allows it to sell additional services, such as Premium Digital Cable TV and Broadband, to subscribers without substantial investment in additional network infrastructure. Further, having a substantial subscriber base allows the Group to benefit from a better negotiating position with content suppliers and set-top box suppliers.

The TBC Group intends to continue to focus on judicious cost management to drive further operational efficiencies through improved processes and automation. The Group has begun to promote the use of electronic receipts for its subscribers, as well as online billing and payment reminder services, which reduces the Group's costs for collections and other customer communications. The Group is also developing a remote help desk for the 24-hour customer service call centres whereby customer service representatives can provide off-site customer service and thus efficiently manage unexpected peak call volumes. The Trustee-Manager believes that these and other cost management measures will help the TBC Group to continue achieving Asset EBITDA growth and attractive Asset EBITDA margins.

Acquisition Strategy

The Trustee-Manager intends to source and selectively acquire assets, in accordance with the Trustee-Manager's investment mandate, with the objective of delivering strong returns to Unitholders. This involves the consideration of certain factors, including yield accretion, potential for future earnings and capital appreciation, and increase in portfolio diversification (both in diversification of location and geography of the current portfolio and in the prospective operators of the assets).

The Trustee-Manager's acquisition strategy will be influenced by, amongst other things, the following considerations:

- Network of contacts: the Trustee-Manager believes that the experience and the wide network of contacts of the Sponsor will provide it with access to investment opportunities in Pay-TV Businesses and Broadband Businesses.

- Rigorous financial analysis and due diligence: the Trustee-Manager intends to build robust investment cases that reflect various scenarios of asset performance taking into account economic factors, competitive influences, and demand and supply factors. The Trustee-Manager intends to leverage the Sponsor's global network of pay-TV and broadband business experts to support due diligence processes where appropriate. The Trustee-Manager intends to assess characteristics such as:

    - the stability of forecast cash flows and the key factors influencing its future revenue and cash flow generation profile;

    - the capabilities and experience of the existing asset level management team, including recent performance, expertise, culture, business planning initiatives and incentives to perform;

- the current financial position of the infrastructure business and projections for significant items of operating and capital expenditure;
- the current capital structure and any potential optimisation opportunities;
- investment structure, expected yield and equity returns;
- tax considerations;
- any opportunities for enhanced performance to improve the cash flows or risk profile; and
- other key investment risks.

- Exclusive transactions: the Trustee-Manager intends to benefit from the Sponsor's senior infrastructure experts with well-developed infrastructure relationship networks by sourcing potential assets via exclusive transactions instead of participating in lengthy, competitive and resource-consuming auction processes. The Sponsor has acquired a significant proportion of its assets through proprietary transactions or processes of limited competition, often initiated by the Sponsor's asset managers by direct engagement with contacts at relevant counterparties. The Trustee-Manager expects to leverage the Sponsor's team of experts and relationship networks to similarly source exclusive transactions that generally allow for additional access to due diligence information and expedient acquisition processes, both of which would benefit the Trust and its Unitholders.

- Asset level management team and local relationships: the Trustee-Manager intends to consider the capabilities and experience of the existing asset level management team, including recent performance, expertise, culture, business planning initiatives and incentives to perform, when deciding on an acquisition opportunity. Further, the Trustee-Manager believes that the development of strong relationships with local partners, government bodies, regulators and key customers is important to the ongoing success of investments.

- Non-compete undertaking: the Sponsor has undertaken that it will not, and will procure that none of the existing or future funds managed by MIRA, nor MIRA, will compete with the Trust for relevant businesses. (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Non-Compete Undertaking*") There are currently no other Pay-TV businesses in Taiwan, Hong Kong, Japan and Singapore that the Sponsor has an interest in. The Sponsor Group (being the Sponsor's controlled entities and the funds managed by the Sponsor's controlled entities) has one fund, Macquarie Korea Opportunities Fund, which currently has an investment in a pay-TV business in Korea, which does not fall within the investment mandate of the Trust.

- Right of first refusal: the Sponsor has undertaken to procure that Macquarie Capital provide the Trustee-Manager a right of first refusal over any proposed offer or sale or investment opportunity by a third party to Macquarie Capital of any relevant businesses. (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Right of First Refusal*")

- Right of first offer: the Sponsor has undertaken to procure that Macquarie Capital provide the Trustee-Manager a right of first offer over any proposed offer of sale by Macquarie Capital of its interests in a relevant business. (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Right of First Offer*")

With respect to the Trust's seed asset, the TBC Group, the Trustee-Manager is planning to evaluate inorganic growth opportunities while observing stringent investment criteria. The Trustee-Manager believes that a decision by the TBC Group to own and operate a network in another franchise area could yield substantial synergies including the Group's network, sales and distribution, customer service platform and procurement of content, set-top boxes and cable modems. The Trustee-Manager intends to continue to evaluate the benefits and required investments for expanding into other franchise areas, focusing on growth prospects, free cash flow impact and profitability. Furthermore, according to MPA, the two largest cable TV providers in Taiwan, CNS and Kbro, which as at 31 December 2012, held 26.0% and 23.0% of Taiwan's paying cable TV market share, respectively, face more stringent growth limitations than the TBC Group as their subscriber base is nearing the one-third national cable TV subscriber cap imposed by Article 21 of the CRTA. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Anti-trust restriction*") The TBC Group is below this cap and is well positioned to acquire independent system operators with the capacity to take on an additional 911,659 Cable TV subscribers, which would represent up to 121.3% increase over its existing Basic Cable TV subscriber base.

Following the NCC's recent re-zoning of franchise areas, which permits cable TV operators in Taiwan to apply for extensions of their current franchise areas or for new licenses in other franchise areas including the TBC Group's franchise areas, the TBC Group has applied to the NCC for an expansion of one of its franchise areas. (See "*The Business of the Trust – Franchise Areas*") This application will not obligate the TBC Group to invest in or implement the expansion, and the Trustee-Manager will retain the flexibility to decide whether to proceed with the investment after acceptance by the NCC of the TBC Group's application. If the application to the NCC is approved and the Trustee-Manager decides to implement the expansion, it would provide an opportunity for the TBC Group to increase the number of homes covered by its HFC Network and therefore its number of RGUs. Through the application review process, the Trustee-Manager believes that the TBC Group will be able to gain better insight into the NCC's requirements, investment requirements and potential benefits of the expansion. Currently there are no complete details and guidelines which fully outline the requirements, timing and benefits of the expansion.

Capital Management Strategy

The Trustee-Manager aims to optimise returns on the Trust's portfolio and distributions to Unitholders while maintaining appropriate levels of financial prudence. To do so, the Trustee-Manager intends to optimise the capital structure and cost of capital of the TBC Group.

The Trustee-Manager intends to pay distributions to Unitholders out of operating cashflows and shall not borrow at the Trust level to pay out higher distributions to Unitholders out of capital. The Trustee-Manager does not intend to artificially increase distributions to Unitholders such that it would be entitled to earn a performance fee.

As part of its capital management strategy, the Trustee-Manager seeks to have in place a long-term debt facility which will generally be characterised by a principal debt amortisation profile which matches the Group's operating cashflow.

Where applicable, the Trustee-Manager intends to also adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Hedging Arrangements*")

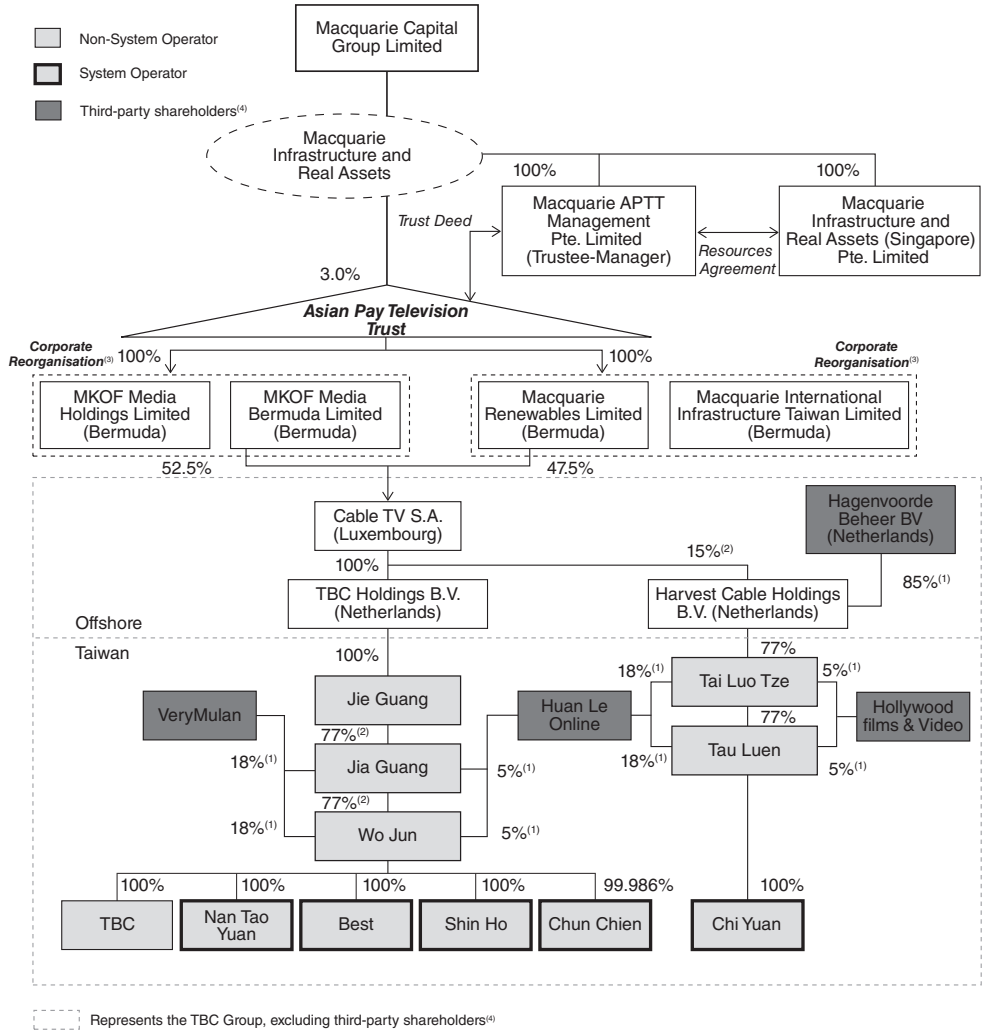
The Trustee-Manager also aims to ensure that the TBC Group has sufficient capital to fund any future capital expenditures, including the upgrade of the HFC Network to 870 MHz by the end of 2014 as well as any future acquisition and integration of independent system operators or

expansion of the Group's current franchise areas to cover currently unfranchised portions of the administrative areas where the existing franchise areas are located. The acquisition and integration of an independent system operator by the TBC Group will require the commitment of significant management and financial support to integrate networks and related IT systems, train and manage personnel and cover any losses that may be incurred following the start of operations. Further, expanding any of the TBC Group's franchise areas or applying for a license in a new franchise area will similarly require substantial capital investment to build or extend the current HFC Network and related IT systems, purchase or lease additional buildings and equipment, extend its marketing, sales and billing system and cover any other related costs. The Trustee-Manager intends to use the Group's available credit facilities, entered into by the TBC Group for such purposes, and is prepared to raise additional debt financing at the asset level, if the existing sources of funding are not sufficient.

In addition to its debt strategy, the Trustee-Manager intends to capitalise on opportunities that may arise to raise additional equity capital for the Trust through the issuance of additional Units if the Trustee-Manager has an appropriate use for such proceeds and if it is in the interest of the Unitholders.

CORPORATE STRUCTURE OF THE TRUST

The following diagram shows the corporate structure of the Trust's holdings as at the Listing Date:



Notes:

(1) Held through preferred shares.

(2) Held through ordinary shares. Pursuant to a shareholder agreement between Cable TV S.A. and Hagenvoorde, Cable TV S.A. has the right, at its sole discretion at any time upon notice, to acquire all or part of the preferred shares in Harvest Cable Holdings held by Hagenvoorde against the payment of a purchase price equal to the nominal value of the preferred shares.

(3) Post-Corporate Reorganisation, MMHL and MIIT hold the entire interests in Cable TV S.A. (See "*Trust Acquisition – The Corporate Reorganisation*") MMBL and MRL will not be part of the Trust Group.

(4) The third-party shareholders are private individuals unrelated to the TBC Group and the Sponsor.

CERTAIN FEES AND CHARGES

	Payable by the Trust	Amount payable
(a)	Base Fee (payable to the Trustee-Manager)	The Base Fee is a fixed fee of S$7.0 million per annum, which is subject to increase at the beginning of each financial year by such percentage representing the percentage increase (if any) in the Singapore Consumer Price Index[1]. The amount of the Base Fee is subject to an upward adjustment whenever the Trust makes an acquisition that can be classified as a major transaction based on the tests set out in Chapter 10 of the Listing Manual. This upward adjustment shall be based on a cost recovery basis, subject to a maximum increase equivalent to the percentage increase in the total assets of the Trust as a result of the acquisition. Whether an adjustment is to be made, and if so, the actual adjustment to be made, shall be subject to the approval of the Independent Directors and the maximum increase as described above. The amount of the Base Fee is also subject to a downward adjustment whenever the Trust makes a disposal that can be classified as a major transaction based on the tests set out in Chapter 10 of the Listing Manual. This downward adjustment shall be based on a cost recovery basis, subject to a maximum decrease equivalent to the percentage decrease in the total assets of the Trust as a result of the disposal. Whether an adjustment is to be made, and, if so, the actual adjustment to be made, shall be subject to the approval of the Independent Directors and the maximum decrease as described above. The Base Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property. The Trustee-Manager has elected to receive 100.0% of the Base Fee in cash for Forecast Year 2013 and Projection Year 2014. (See "*The Trustee-Manager – Fees payable to the Trustee-Manager – Management Fees*")

[1] As shown in the Singapore Department of Statistics website (www.singstat.gov.sg) for the year to which the Base Fee relates as compared to the previous year.

(b)	Performance Fee (payable to the Trustee-Manager)	The Trustee-Manager is entitled to receive a Performance Fee in relation to Projection Year 2014 calculated as follows when the actual DPU of the Trust exceeds the Base DPU: • a fee of 3.0% of the first 25.0% of excess DPU as compared to the Base DPU; • an additional fee of 6.0% of the next 25.0% of excess DPU as compared to the Base DPU (that is, excess DPU above 25.0% and up to 50.0% of the Base DPU); • a further fee of 12.0% of the next 25.0% of excess DPU as compared to the Base DPU (that is, excess DPU above 50.0% and up to 75.0% of the Base DPU); and • an additional further fee of 18.0% of any excess DPU above 75.0% of the Base DPU. In the event that the actual DPU is less than the Base DPU, such deficit shall be brought forward to the subsequent period(s) and shall be set-off from any excess DPU before any Performance Fee can be paid. The Trustee-Manager is entitled to receive a Performance Fee in relation to any year following Projection Year 2014 as follows when the actual DPU of the Trust exceeds the CPI Adjusted Base DPU: • a fee of 3.0% of the first 25.0% of excess DPU as compared to the CPI Adjusted Base DPU; • an additional fee of 6.0% of the next 25.0% of excess DPU as compared to the CPI Adjusted Base DPU (that is, excess DPU above 25.0% and up to 50.0% of the CPI Adjusted Base DPU); • a further fee of 12.0% of the next 25.0% of excess DPU as compared to the CPI Adjusted Base DPU (that is, excess DPU above 50.0% and up to 75.0% of the CPI Adjusted Base DPU); and • an additional further fee of 18.0% of any excess DPU above 75.0% of the CPI Adjusted Base DPU. In the event that the actual DPU is less than the CPI Adjusted Base DPU, such deficit shall be brought forward to the subsequent period(s) and shall be set-off from any excess DPU before any Performance Fee can be paid. The Performance Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property. For avoidance of doubt, the

		Performance Fee shall not be payable on any distribution derived from the disposal and/or sale of assets from the Pay-TV Businesses and Broadband Businesses. The Trustee-Manager has elected to receive 100.0% of any Performance Fee in cash for Projection Year 2014. (See "*The Trustee-Manager – Fees payable to the Trustee-Manager – Management Fees*")
(c)	Acquisition Fee (payable to the Trustee-Manager)	The Acquisition Fee will be: • where the Sponsor has direct or indirect interests of more than 50.0% in any investments acquired directly or indirectly by the Trust, 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of the investments (pro-rated if applicable to the proportion of the Trust's interest in the investments acquired); and • in all other cases, 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investments acquired directly or indirectly by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the investments acquired) No Acquisition Fee is payable in connection with the Trust Acquisition. Where: "**Enterprise Value**" = Equity + Net Debt "**Equity**" is the consideration paid or received for assets, investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association, including the consideration paid or offered under any proposals relating to any options over such units, securities, partnership interests or other form of economic participation. "**Net Debt**" is the value of any debt including finance lease obligations, unfunded superannuation and minority interests, and net of cash held on the balance sheet of the investment as at the time of acquisition or divestment. In the case of an acquisition of an equity share or interest of less than 100.0%, the above definition of Enterprise Value will be applied proportionately to both Equity and Net Debt as defined above.

		The Acquisition Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property. The Acquisition Fee is calculated based on the Enterprise Value of any investments acquired directly or indirectly by the Trust and excludes any fees or expenses incurred in connection with the acquisition. Any payment to third party agents or brokers in connection with the acquisition of any investment for the Trust shall be paid by the Trustee-Manager to such persons out of the Trust Property or the assets of the relevant special purpose vehicle, and not out of the Acquisition Fee received or to be received by the Trustee-Manager. (See "*The Trustee-Manager – Fees payable to the Trustee-Manager – Acquisition Fee and Divestment Fee*")
(d)	Divestment Fee (payable to the Trustee-Manager)	The Divestment Fee is calculated at the rate of 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investments sold or divested directly or indirectly by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the investments sold or divested). (See above for definition of Enterprise Value) The Divestment Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property. The Divestment Fee is calculated based on the Enterprise Value of any investments divested directly or indirectly by the Trust and excludes any fees or expenses incurred in connection with the divestment. Any payment to third party agents or brokers in connection with the divestment of any investment for the Trust shall be paid by the Trustee-Manager to such persons out of the Trust Property or the assets of the relevant special purpose vehicle, and not out of the Divestment Fee received or to be received by the Trustee-Manager. (See "*The Trustee-Manager – Fees payable to the Trustee-Manager – Acquisition Fee and Divestment Fee*")
(e)	Termination Fee (payable to the Trustee-Manager)	If the Trustee-Manager is removed as trustee-manager of the Trust by an Extraordinary Resolution within five years from the Listing Date, the Trustee-Manager is entitled under the Trust Deed to a Termination Fee, in an amount equal to one year's Base Fee based on the Base Fee in effect on the effective date of its removal as Trustee-Manager and without any further adjustment, save that

		where the termination takes effect on or after the fourth anniversary of the Listing Date, the amount of the Termination Fee shall be calculated based on (i) the number of days from the effective date of the termination to the fifth anniversary of the Listing Date divided by the number of days in the year multiplied by (ii) one year's Base Fee. The Termination Fee will not be payable if the Trustee-Manager's services are terminated for fraud, wilful misconduct or gross negligence. Payment of the Termination Fee shall be in cash and shall be made out of the Trust Property on the effective date of the Trustee-Manager's removal as trustee-manager. (See "*The Trustee-Manager – Fees payable to the Trustee-Manager – Termination Fee*")

THE OFFERING

The Trust	Asian Pay Television Trust
The Trustee-Manager	Macquarie APTT Management Pte. Limited
The Sponsor	Macquarie Capital Group Limited
The Business	The Trust as at the Listing Date will comprise the Pay-TV Businesses and the Broadband Businesses of the TBC Group.
The Offering	Up to 936,164,086 Units offered under the Placement and the Public Offer, subject to the Over-Allotment Option; and up to 1,008,004,086 Units where the Over-Allotment Option is exercised in full. The number of Units to be offered in the Placement will be reduced by such number of Consideration Units which will be determined after the shareholders of MIIF have completed their election. (See "*Trust Acquisition*")
The Placement	Up to 866,164,086 Units offered by way of an international placement to investors, including institutional and other investors in Singapore. The number of Units to be offered in the Placement will be reduced by such number of Consideration Units which will be determined after the shareholders of MIIF have completed their election. The Units have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Units are being offered and sold to non-U.S. persons outside of the United States in reliance on Regulation S and other applicable laws and within the United States only to persons who are QIBs in reliance on Rule 144A. (See "*Plan of Distribution*")
The Public Offer	70,000,000 Units offered by way of a public offer in Singapore.
Clawback and Re-allocation	The Units may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Joint Underwriters (in consultation with the Trustee-Manager), subject to any applicable laws.
Cornerstone Units	Concurrently with but separate from the Offering, each of the Cornerstone Investors has entered into a Cornerstone Subscription Agreement with the Trustee-Manager to subscribe for the Cornerstone Units at the Offering Price, conditional upon the Underwriting Agreements having been entered into, and not having been terminated, pursuant to their terms on or prior to the Listing Date. An aggregate of 457,531,914 Cornerstone Units will be issued to the

	Cornerstone Investors and the Cornerstone Units will in aggregate constitute 31.8% of the total issued Units as at the Listing Date (assuming that the Over-Allotment Option is not exercised).
Sponsor Units	Concurrently with but separate from the Offering, the Sponsor has entered into the Sponsor Subscription Agreement with the Trustee-Manager to subscribe for an aggregate of 43,103,999 Units at the Offering Price, conditional upon the Underwriting Agreements having been entered into, and not having been terminated, pursuant to their terms on or prior to the Listing Date. The Sponsor Units will in aggregate constitute 3.0% of the total issued Units as at the Listing Date (assuming that the Over-Allotment Option is not exercised).
Offering Price	S$0.97 per Unit.
Subscription for Units in the Public Offer	Investors applying for Units under the Public Offer by way of Application Forms or Electronic Applications will pay the Offering Price of S$0.97 per Unit in respect of the number of Units applied for, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters) (i) where an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay S$970, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events. The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 1,000. Investors in Singapore must follow the application procedures set out in the Instructions Booklet. Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Units under the Public Offer, save for an administration fee of S$2.00 for each application made through the automated teller machines, the Internet banking websites of the Participating Banks (as defined herein) and the DBS Bank Ltd. mobile banking platform.
Over-Allotment Option	We have granted the Joint Bookrunners and Joint Underwriters the Over-Allotment Option exercisable by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager), in consultation with the Representatives, in full or in part, on one or more occasions, to subscribe for up to an aggregate of 71,840,000 Additional

	Units at the Offering Price for each Unit, solely to cover the over-allotment of Units (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 71,840,000 Units, representing not more than 5.0% of the total number of Units in issue immediately following the Offering, to undertake stabilising actions. The Additional Units represent not more than 7.7% of the total number of Units in the Offering. The total number of outstanding Units immediately after the completion of the Offering and issue of the Cornerstone Units and the Sponsor Units will be 1,436,800,000 Units. The full exercise of the Over-Allotment Option will increase the total number of Units in issue to 1,508,640,000 Units.
Consideration Units	Concurrently with but separate from the Offering, up to 525,866,849 Consideration Units will be delivered to MIIF on the Listing Date in part settlement of the consideration payable to MIIF for the Trust Acquisition. The Consideration Units will in turn be distributed by MIIF to shareholders of MIIF who have not elected to receive cash. The number of Consideration Units will be determined after the shareholders of MIIF have completed their election, and the number of Units to be offered in the Placement will be reduced by such number of Consideration Units. (See "*Trust Acquisition*")
Lock-ups	The Sponsor has agreed with the Joint Bookrunners and Joint Underwriters to a lock-up arrangement during the Sponsor Lock-up Period (as defined herein) in respect of the Sponsor Lock-up Units (as defined herein). The Trustee-Manager has agreed with the Joint Bookrunners and Joint Underwriters not to offer, issue or contract to issue any Units during the Lock-up Period (as defined herein), subject to certain exceptions. (See "*Plan of Distribution – Lock-up Arrangements*")
Capitalisation	The market capitalisation of the Trust will be S$1,393,696,000 immediately following the close of the Offering (assuming the Over-Allotment Option is not exercised). (See "*Capitalisation and Indebtedness*")
Use of Proceeds	The proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units will be used for: (i) settlement of the aggregate consideration (the "**Acquisition Amount**") payable to MKOF Media Investment Limited ("**MMIL**") and MIIF (together with

MMIL, the "**Sellers**") for the acquisition of the assets in the TBC Group from the Sellers (the "**Trust Acquisition**") on the Listing Date;

(ii) repayment of the indebtedness outstanding under the Subordinated Facility (as defined herein) and the costs associated with the termination of the related cross currency interest rate swap;

(iii) payment of cash awards (which vest on the Listing Date) to senior management of the TBC Group pursuant to the Pre-Listing LTIP;

(iv) payment of the Equity Issue Expenses (as defined herein); and

(v) general corporate and working capital purposes.

If the Over-Allotment Option is exercised in full, the additional proceeds may be used for capital expenditure, general corporate purposes and early debt repayment.

(See "*Use of Proceeds"* and *"Trust Acquisition*")

Listing and Trading

Prior to the Offering, there has been no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST (i) all the Units in issue prior to the Offering, (ii) all the Units to be issued pursuant to the Offering, (iii) the Cornerstone Units, (iv) the Sponsor Units, (v) the Consideration Units, (vi) the Additional Units and (vii) all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. (See "*The Trustee-Manager – Fees payable to the Trustee-Manager*") Such permission will be granted when the Trust is admitted to the Official List of the SGX-ST.

The Units will, upon their issue, listing and quotation on the SGX-ST, be traded in Singapore dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("**CDP**"). The Units will be traded in board lot sizes of 1,000 Units. Persons holding Units in a Securities Account with CDP may withdraw the number of Units they own from the book-entry settlement system in the form of physical confirmation notes. Such confirmation notes will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with the Trust Deed.

(See "*Clearance and Settlement*")

Stabilisation

In connection with the Offering, the Stabilising Manager (or

	persons acting on behalf of the Stabilising Manager) may, in consultation with the Representatives, over-allot or otherwise effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 71,840,000 Units, representing not more than 5.0% of the total number of Units in issue immediately following the Offering, to undertake stabilising actions. The Additional Units represent not more than 7.7% of the total number of Units in the Offering. (See "*Plan of Distribution – Over-Allotment and Stabilisation*")
Transfer Restrictions	The Units offered in this Offering have not been, and will not be, registered under the U.S. Securities Act or under any U.S. state securities laws. Therefore, resales by subscribers and/or purchasers of the Units and by subsequent transferees will be subject to certain restrictions described in "*Transfer Restrictions*".
No Redemption by Unitholders	Unitholders have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST.
Distribution Policy	Distributions will be declared in Singapore dollars. Any proposed distributions by the Trust will be paid from its Distributable Free Cash Flows (as defined herein). Distributable Free Cash Flows consists of cash flows from dividends and principal and interest payments (net of applicable taxes and expenses) received by the Trust from the entities held in the Trust, and any other cash received by the Trust from the entities held by the Trust, after such cash flows and cash have been applied to: • pay the operating expenses of the Trust, including the Trustee-Manager's fees; • repay principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust;

- pay interest or any other financing expense on any debt or financing arrangement of the Trust;
- provide for the cash flow needs of the Trust or to ensure that the Trust has sufficient funds and/or financing resources to meet the short-term liquidity needs of the Trust; and
- provide for the cash needs of the Trust for capital expenditure purposes.

The Trust intends to distribute 100.0% of its Distributable Free Cash Flows. Distributions will be made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. However, the Trust's first distribution period will be for the period from the Listing Date to 30 June 2013.

The first distribution payment to Unitholders is expected to amount to S$69.0 million, which comprises S$23.6 million[1] of excess cash available for distribution at the time of the Offering and a further S$45.5 million of projected Distributable Free Cash Flows attributable to the six-month period from 1 January 2013 to 30 June 2013. The first distribution payment will be paid on or before 8 October 2013. Subsequent distributions will take place on a semi-annual basis. The Trustee-Manager will pay the distributions no later than 100 days after the end of each distribution period.

The foregoing are statements of the present intentions of the Trustee-Manager and may be subject to modification (including the reduction or cancellation of any proposed distribution) in the sole and absolute discretion of the Trustee-Manager. The form, frequency and amount of future distributions (if any) on Units will depend on the earnings, financial position and results of operations of the Trust, as well as contractual restrictions, provisions of applicable law and other factors that the Trustee-Manager may deem relevant.

See "*Risk Factors*" and "*Distributions*" for a discussion of factors that may adversely affect the ability of the Trust to make distributions to Unitholders.

Tax Considerations

See "*Taxation*".

Governing Law

The Trust Deed, pursuant to which the Trust was constituted, is governed by Singapore law.

---

[1] Based on U.S.$19.1 million of excess cash at Cable TV S.A. Such excess cash is only available for distribution as part of the first distribution payment and is non-recurring.

Underwriting, Selling and Management Commission	See "*Plan of Distribution*" for the underwriting, selling and management commission (the "**Underwriting, Selling and Management Commission**") payable to the Joint Bookrunners and Joint Underwriters.
Risk Factors	Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed in "*Risk Factors*".

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

Date and time		Event
17 May 2013, 9.00 a.m.	:	Opening date and time for the Public Offer.
27 May 2013, 12 noon	:	Closing date and time for the Public Offer.
28 May 2013	:	Balloting of applications, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants if necessary.
29 May 2013	:	Completion of the Trust Acquisition.
29 May 2013, 2.00 p.m.	:	Commence trading on a "ready" basis.
3 June 2013	:	Settlement date for all trades done on a "ready" basis.

The above timetable is indicative only and is subject to change. The above timetable and procedure may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement of trading of the Units on the SGX-ST.

It assumes that (i) the closing of the application list for the Public Offer (the "**Application List**") is at 12 noon on 27 May 2013, (ii) the Listing Date is 29 May 2013, (iii) there has been compliance with the unitholding spread requirement of the SGX-ST, and (iv) the Units will be issued and fully paid up prior to 2.00 p.m. on 29 May 2013. All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a "ready" basis will commence at 2.00 p.m. on 29 May 2013 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a "ready" basis have been fulfilled). There will be no trading of the Units through the SGX-ST on a "when-issued" basis.

If the Trust is terminated by the Trustee-Manager under the circumstances specified in the Trust Deed prior to the Offering, the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant's own risk and without any right or claim against the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters).

The Trustee-Manager may, at its discretion, in consultation with the Joint Bookrunners and Joint Underwriters and subject to all laws and regulations and rules of the SGX-ST, agree to extend or shorten the Public Offer period, provided that the Public Offer may not be less than two Market Days (as defined herein).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Trustee-Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and

- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

For the date on which trading on a "ready" basis will commence, investors should monitor the SGXNET, the newspapers, or check with their brokers.

The Trustee-Manager will provide details and results of the Public Offer and the size of the Placement through the SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

The Trustee-Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason for it, and no enquiry and/or correspondence on the decision of the Trustee-Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is rejected or accepted in part only, or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters.

Where the application is unsuccessful, the return of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant is expected to be completed at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in the Instructions Booklet).

Where an application is accepted in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the completion of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in the Instructions Booklet).

If, following the receipt by the Trustee-Manager of the proceeds from the Offering under the Underwriting Agreements, the Authority issues a stop order preventing the listing of the Units on the SGX-ST, or the listing of the Units on the SGX-ST does not otherwise occur by 2.00 p.m. on 29 May 2013, all of the Units issued or sold in the Offering will either be returned to the Trustee-Manager for cancellation, repurchase or redemption or be deemed to be void under Singapore law. Upon the occurrence of such an event, the Trustee-Manager will refund the applicants' payments for the Units (without interest or any share of revenue or other benefit arising from any ownership of the Units) in accordance with all applicable laws, rules and directives of any governmental or regulatory agency, or otherwise within 14 days of such occurrence.

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in the Instructions Booklet).

Applications and acceptances under the Placement will be determined by the Joint Bookrunners and Joint Underwriters at their discretion.

SUMMARY COMBINED FINANCIAL INFORMATION AND OPERATING DATA

Historical Combined Statements of Comprehensive Income

	For the year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Revenue	298,684	304,822	308,731
Broadcast and production costs	(60,117)	(58,783)	(59,368)
Other operating costs	(32,228)	(26,190)	(24,504)
Staff costs	(30,008)	(33,130)	(41,077)
Depreciation and amortisation expenses	(28,763)	(31,996)	(38,248)
Management fee expenses	(5,314)	(3,001)	(3,551)
Other operating income (expense)	14,136	(3,981)	(9,159)
Operating profit	156,390	147,741	132,824
Interest and other finance costs	(170,220)	(76,977)	(122,250)
(Loss) Profit before income tax expense	**(13,830)**	**70,764**	**10,574**
Income tax expense	(31,497)	(75,289)	(36,832)
Loss for the year	**(45,327)**	**(4,525)**	**(26,258)**
(Loss) Profit attributable to			
Holding companies of the Asian Pay-TV Business	(30,439)	(7,750)	(26,434)
Non-controlling interest	(14,888)	3,225	176
	(45,327)	(4,525)	(26,258)
Other comprehensive (loss) income			
Exchange differences on translation of foreign operations	710	(19,126)	10,577
Change in unrealised gain (loss) on cash flow hedging financial instruments	4,971	(2,231)	2,865
Total comprehensive loss	**(39,646)**	**(25,882)**	**(12,816)**
Total comprehensive (loss) income attributable to			
Holding companies of the Asian Pay-TV Business	(28,386)	(29,103)	(12,992)
Non-controlling interest	(11,260)	3,221	176
	(39,646)	(25,882)	(12,816)
Earnings per share of profit attributable to the holding companies of the Asian Pay-TV Business	**N/A**	**N/A**	**N/A**

Historical Combined Statements of Financial Position

	As at 31 December		
	2010	2011	2012
		S$ ('000s)	
ASSETS			
Current assets			
Cash and cash equivalents	34,235	66,938	52,465
Trade and other receivables	6,064	15,564	15,644
	40,299	82,502	68,109
Non-current assets			
Property, plant and equipment	115,013	114,809	121,867
Intangible assets	1,865,926	1,815,195	1,781,956
Income tax refund receivable	29,010	20,797	14,053
Other assets	887	891	969
	2,010,836	1,951,692	1,918,845
Total assets	**2,051,135**	**2,034,194**	**1,986,954**
Current liabilities			
Borrowings from financial institutions	48,733	–	6,369
Derivative financial instruments	–	–	802
Trade and other payables	13,805	29,439	18,238
Income tax payable	52,965	101,646	124,107
Other liabilities	58,321	71,441	77,740
	173,824	202,526	227,256
Non-current liabilities			
Borrowings from financial institutions	1,141,907	1,033,218	1,019,397
Borrowings from related parties	55,375	250,996	293,198
Derivative financial instruments	82,086	62,519	64,848
Retirement benefit obligation	4,129	4,247	4,865
Deferred tax liabilities	675	1,539	1,358
Other liabilities	6,085	5,653	6,027
	1,290,257	1,358,172	1,389,693
Total liabilities	**1,464,081**	**1,560,698**	**1,616,949**
Net assets	**587,054**	**473,496**	**370,005**
CAPITAL AND RESERVES			
Combined capital	778,126	778,126	778,126
Reserves	(141,342)	(305,370)	(408,405)
Equity attributable to holding companies of the Asian Pay-TV Business	636,784	472,756	369,721
Non-controlling interest	(49,730)	740	284
Total equity	**587,054**	**473,496**	**370,005**

Historical Combined Statements of Cash Flows

	Year ended 31 December		
	2010	2011	2012
		S$ ('000s)	
Operating activities			
Cash generated from operations	178,284	199,706	194,944
Income tax paid	(22,741)	(14,698)	(20,170)
Net cash from operating activities	**155,543**	**185,008**	**174,774**
Net cash used in investing activities(1)	**(33,450)**	**(34,499)**	**(47,691)**
Financing activities			
Acquisition of non-controlling interest in a subsidiary	–	(110,881)	–
Interest received	89	115	106
Interest paid	(75,213)	(54,635)	(51,211)
Borrowings from financial institutions	1,201,256	15,609	13,098
Repayment of borrowings to financial Institutions	(1,183,254)	(145,237)	–
Borrowings from a related party	–	311,961	–
Repayment of borrowings to related parties	–	(58,404)	–
Derivative financial instruments	(17,193)	(11,435)	(12,031)
Proceeds from issuance of shares	1,716	–	–
Proceeds from issuance of preferred stock	–	–	1,329
Redemption of preferred stock	–	–	(1,329)
Preference shares dividend paid	–	(604)	(632)
Dividends paid	(38,487)	(64,349)	(89,631)
Net cash used in financing activities	**(111,086)**	**(117,860)**	**(140,301)**
Increase (decrease) in cash and cash equivalents	11,007	32,649	(13,218)
Balance of cash and cash equivalents at the beginning of the year	24,311	34,235	66,938
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,083)	54	(1,255)
Balance of cash and cash equivalents at the end of the year	34,235	66,938	52,465

Note:

(1) Net cash used in investing activities consists primarily of acquisitions of property, plant and equipment, as well as some acquisitions of intangible assets, net of proceeds from the disposal of property, plant and equipment.

Non-IFRS Financial Measures

	Year ended 31 December		
	2010	**2011**	**2012**
EBITDA[(1)] (S$'000)	185,153	179,737	171,072
EBITDA margin[(1)(2)] (%)	62.0	59.0	55.4
Asset EBITDA[(1)] (S$'000)	185,325	194,291	197,740
Asset EBITDA margin[(1)(2)] (%)	62.0	63.7	64.0
Adjusted Profit before income tax[(3)] (S$'000)	82,738	92,793	85,782
Adjusted Net Income[(3)] (S$'000)	72,061	72,323	74,153

Notes:

(1) EBITDA is a non-IFRS financial measure and represents earnings before (i) interest and other financial costs, (ii) taxation, and (iii) depreciation and amortisation. Asset EBITDA is a non-IFRS financial measure and represents EBITDA plus (i) the onshore component of the Pre-Listing LTIP expenses (for 2010, 2011 and 2012 only), (ii) management fee expenses, (iii) offshore holding company expenses (which include the Pre-Listing LTIP expenses at Cable TV S.A. (for 2010, 2011 and 2012 only), salaries for some members of management (for 2010 and 2011 only) pursuant to a reimbursement agreement, audit, legal, accounting and tax fees and general administration costs), (iv) Trust expenses, (v) Trustee-Manager fees and (vi) other operating income (loss), less bank charges (including bank service fees for subscription fee collection and bank handling charges for money remittance or transfers). Trust expenses and Trustee-Manager fees are only presented in the reconciliation of Asset EBITDA for Forecast Year 2013 and Projection Year 2014 because these expenses are incurred after the Listing of the Trust. (See "*– Forecast and Projected Consolidated Income Statements – Reconciliation of Net Profit to EBITDA and Asset EBITDA*") EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin are supplemental financial measures of the TBC Group's performance and liquidity and are not required by, or presented in accordance with, IFRS, U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin are not measures of financial performance or liquidity under IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS, U.S. GAAP or any other generally accepted accounting principles. EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin may not reflect all of the financial and operating results and requirements of the TBC Group. In particular, EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin do not reflect the TBC Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin differently, limiting their usefulness as comparative measures.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the TBC Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses), the age and book depreciation of tangible assets (affecting relative depreciation expense). In particular, EBITDA and Asset EBITDA eliminate the non-cash depreciation expense that arises from the capital-intensive nature of the TBC Group's businesses and intangible assets recognised in business combinations. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers. Set forth below is a reconciliation of the TBC Group's loss for the year to EBITDA and Asset EBITDA:

	Year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Loss for the year	(45,327)	(4,525)	(26,258)
Add: Depreciation and amortisation expenses	28,763	31,996	38,248
Add: Interest and other finance costs	170,220	76,977	122,250
Add: Income tax expense	31,497	75,289	36,832
EBITDA	**185,153**	**179,737**	**171,072**
Add: Onshore component of the Pre-Listing LTIP expenses	2,519	2,970	3,259
Add: Management fee expense	5,314	3,001	3,551

	Year ended 31 December		
	2010	2011	2012
		S$ ('000s)	
Add: Offshore holding company expenses	8,203	6,418	12,597
Add: Other operating (income) expense	(14,136)	3,981	9,159
Less: Bank Charges	(1,728)	(1,816)	(1,898)
Asset EBITDA	**185,325**	**194,291**	**197,740**

(2) EBITDA margin and Asset EBITDA margin are calculated by dividing EBITDA or Asset EBITDA, respectively, by revenue.

(3) Adjusted Profit before income tax is a non-IFRS financial measure and is calculated as loss (profit) before income tax expense plus (i) realised loss on settlement of derivative financial instruments, (ii) write-off of former arrangement cost, (iii) unrealised loss (gain) on valuation of cross currency interest rate swap, (iv) interest expenses – related parties (being borrowings from related parties which consist of non-interest bearing shareholder loans, non-interest bearing convertible loans and interest-bearing loan notes), (v) currency exchange (gain)/loss and (vi) withholding tax penalty. Adjusted Net Income is a non-IFRS financial measure and is calculated as Adjusted Profit before income tax less income tax expense plus additional provision from potential tax assessment and additional withholding tax. Adjusted Profit before income tax and Adjusted Net Income are supplemental measures of the TBC Group's performance and liquidity and are not required by, or presented in accordance with, IFRS, U.S. GAAP or any other generally accepted accounting principles. Furthermore, Adjusted Profit before income tax and Adjusted Net Income are not measures of financial performance or liquidity under IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS, U.S. GAAP or any other generally accepted accounting principles. Adjusted Profit before income tax and Adjusted Net Income may not reflect all of the financial and operating results and requirements of the TBC Group. In particular, Adjusted Profit before income tax does not reflect the TBC Group's income tax expense, and Adjusted Net Income does not reflect the impact of certain cash charges resulting from matters the Trustee-Manager considers not to be indicative of the TBC Group's ongoing operations. Other companies may calculate Adjusted Profit before income tax and Adjusted Net Income differently, limiting their usefulness as comparative measures. Because of these limitations, Adjusted Profit before income tax and Adjusted Net Income should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. The Trustee-Manager's presentation of Adjusted Net Income should not be construed as an inference that the TBC Group's future results will be unaffected by unusual or non-recurring items.

The Trustee-Manager believes that Adjusted Profit before income tax facilitates operating performance comparisons for the TBC Group from period to period by eliminating potential differences caused by variations in tax positions (such as the impact on periods of changes in effective tax rates or net operating losses), and Adjusted Net Income facilitates operating performance comparisons for the TBC Group from period to period by eliminating potential differences caused by items that the Trustee-Manager does not believe are indicative of the TBC Group's core operating performance. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers. Set forth below is a reconciliation of the TBC Group's (loss) profit before income tax expense for the year to Adjusted Profit before income tax and Adjusted Net Income:

	Year ended 31 December		
	2010	2011	2012
		S$ ('000s)	
(Loss) Profit before income tax expense	(13,830)	70,764	10,574
Add: Realised loss on settlement of derivative financial instruments	54,185	10,652	9,531
Add: Write-off of former arrangement cost	22,603	–	–
Add: Unrealised loss (gain) on valuation of cross currency interest rate swap	22,944	(18,771)	9,667
Add: Interest expenses – related parties	10,613	28,073	47,057
Add: Currency exchange (gain)/loss	(13,777)	(3,133)	9,897
Add: Withholding tax penalty	–	5,208	–
Less: Reversal of over provision of withholding tax penalty	–	–	(944)
Adjusted Profit before income tax	**82,738**	**92,793**	**85,782**
Less: Income tax expense	(31,497)	(75,289)	(36,832)
Add: Additional provision from potential tax assessment	23,032	48,464	25,203

	Year ended 31 December		
	2010	2011	2012
		S$ ('000s)	
Add: Additional withholding tax	(2,212)	6,355	–
Adjusted income tax expense	(10,677)	(20,470)	(11,629)
Adjusted Net Income	**72,061**	**72,323**	**74,153**

Selected Operating Data

	As at or for the year ended 31 December		
	2010	2011	2012
RGUs (in thousands)			
Basic Cable TV	738	749	751
Premium Digital Cable TV	56	91	110
Broadband	153	165	175
Total:	**947**	**1,004**	**1,037**
ARPU[(1)] (NT$ per month)			
Basic Cable TV	557	550	545
Premium Digital Cable TV	202	215	219
Broadband	599	597	572
Average Monthly Churn Rate[(2)] (%)			
Basic Cable TV	0.76	0.75	0.76
Premium Digital Cable TV	6.04	2.02	1.90
Broadband	1.51	1.41	1.34

Notes:

(1) ARPU is calculated by dividing the yearly subscription revenue for Basic Cable TV, Premium Digital Cable TV or Broadband, as applicable, by the average of the number of RGUs for that service as at 1 January of the applicable financial year and the number of RGUs for that service as at 31 December of the same financial year and further dividing the result by 12.

(2) The average monthly churn rate is calculated by dividing the total number of churned RGUs for a particular service for the applicable financial year by the number of RGUs for that service as at 1 January of that year and further dividing the result by 12. The total number of churned RGUs for a particular service for the applicable financial year is calculated by adding together all deactivated subscriptions, including deactivations caused by failure to make payments for that service from the billing system for the year.

SUMMARY UNAUDITED PRO FORMA FINANCIAL INFORMATION

You should read the following summary unaudited pro forma financial information for the year and as at the date indicated in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited pro forma financial statements and the accompanying notes included in this document.

The following tables present the Trust's unaudited pro forma financial statements as at and for the financial year ended 31 December 2012. Such unaudited pro forma financial statements should be read in conjunction with the unaudited pro forma financial statements included in the report in *"Appendix A – Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its Subsidiaries for the Financial Year Ended 31 December 2012".*

The Trust's unaudited pro forma financial statements have been prepared for illustrative purposes only, in accordance with the provisions set out in the Securities and Futures (Offers of Investment) (Business Trusts) (No. 2) Regulations 2005, and are based on certain assumptions after making adjustments to show what:

- the financial results of the Trust Group for the year ended 31 December 2012 would have been if the Significant Events had occurred at 1 January 2012;

- the financial position of the Trust Group as at 31 December 2012 would have been if the Significant Events had occurred at 31 December 2012; and

- the cash flows of the Trust Group for the year ended 31 December 2012 would have been if the Significant Events had occurred at 1 January 2012.

See "*Trust Acquisition"* and "*Corporate Structure of the Trust*".

See Note 3(d) of the unaudited pro forma financial statements of the Trust included in *"Appendix A – Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its Subsidiaries for the Financial Year Ended 31 December 2012"* for the key adjustments and assumptions made for the preparation of the unaudited pro forma financial statements.

The objective of the unaudited pro forma historical financial information is to illustrate what the financial position of the Trust might be at the Listing Date, on the basis as described above. However, the unaudited pro forma historical financial information is not necessarily indicative of the actual financial position that would have been attained by the Trust on the Listing Date. The unaudited pro forma historical financial information, because of its nature, may not give a true picture of the Trust's financial position.

Pro forma Statement of Comprehensive Income

	Year Ended 31 December 2012
	(S$'000s)
Revenue	308,731
Broadcast and production costs	(59,368)
Other operating costs	(32,886)
Staff costs	(28,035)
Depreciation and amortisation expenses	(43,065)
Other operating expense	(9,159)
Operating profit	136,218
Interest and other finance costs	(73,488)
Profit before income tax	**62,730**
Income tax expense	(35,816)
Profit for the year	**26,914**
Profit attributable to	
Unitholders of APTT	26,738
Non-controlling interest	176
	26,914
Other comprehensive income, net of tax	
Exchange differences on translation of foreign operations	10,577
Change in unrealised gain on cash flow hedging financial instruments	2,865
Total comprehensive income	**40,356**
Total comprehensive income attributable to	
Unitholders of APTT	40,180
Non-controlling interest	176
	40,356
Earnings per unit attributable to unitholders of APTT	**1.86 cents**

Pro forma Statement of Financial Position

	Year Ended 31 December 2012
	(S$'000s)
ASSETS	
Current assets	
Cash and cash equivalents	65,274
Trade and other receivables	15,644
	80,918
Non-current assets	
Property, plant and equipment	136,153
Intangible assets	2,219,522
Income tax refund receivable	14,053
Other assets	969
	2,370,697
Total assets	**2,451,615**
Current liabilities	
Borrowings from financial institutions	1,396
Derivative financial instruments	802
Trade and other payables	17,073
Income tax payable	124,107
Other liabilities	51,172
	194,550
Non-current liabilities	
Borrowings from financial institutions	901,104
Retirement benefit obligation	4,865
Deferred tax liabilities	3,787
Other liabilities	6,027
	915,783
Total liabilities	**1,110,333**
Net assets	**1,341,282**
EQUITY	
Unitholders' funds	1,340,998
Non-controlling interest	284
Total equity	**1,341,282**

Pro forma Statement of Cash Flow

	Year Ended 31 December 2012
	(S$'000s)
Operating activities	
Profit for the year	26,914
Adjustments for:	
Depreciation and amortisation expense	43,065
Finance costs, net of interest income	73,488
Currency exchange gain	11,199
Income tax expense	35,816
Operating cash flow before movements in working capital	**190,482**
Trade and other receivables	(368)
Income tax refund receivable	6,395
Trade and other payables	(1,903)
Retirement benefit obligation	287
Other assets and liabilities	(5,405)
Cash generated from operations	**189,488**
Income tax paid	(20,170)
Net cash from operating activities	**169,318**
Investing activities	
Acquisition of property, plant and equipment	(46,638)
Acquisition of intangible assets	(1,053)
Payment for acquisition of Asian Pay-TV Business[(1)]	(1,105,838)
Net cash used in investing activities	**(1,153,529)**
Financing activities	
Issuance of units	1,340,998
Interest received	106
Interest paid	(40,948)
Borrowing from financial institutions	902,500
Repayment of borrowings to financial institutions	(1,062,024)
Derivative financial instruments	(60,930)
Proceeds from issuance of preferred stock	1,329
Redemption of preferred stock	(1,329)
Distribution on redeemable preference shares	(632)
Dividends paid	(89,631)
Net cash from financing activities	**989,439**
Increase in cash and cash equivalents	5,228
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and comprehensive income statement	60,046
Balance of cash and cash equivalents at the end of the year[(1)]	**65,274**

Note:

(1) The balance of cash and cash equivalents at the end of the year of S$65.3 million is expected to reduce by an amount that may be released to the Sellers as part of their total Acquisition Amount, in the event that the actual Equity Issue Expenses and the amount required for the repayment of the indebtedness outstanding under the Subordinated Facility and the costs associated with the termination of the related cross currency interest rate swap (the "**Transaction Costs**") is lower than the assumed Transaction Costs.

SUMMARY PROFIT AND CASHFLOW FORECAST AND PROFIT AND CASHFLOW PROJECTION

Statements contained in this "Summary Profit and Cashflow Forecast and Profit and Cashflow Projection" section and the "Profit and Cashflow Forecast and Profit and Cashflow Projection" section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties, which could cause actual results to differ materially from those that are forecast or projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-Looking Statements" and "Risk Factors") Investors in the Units are cautioned not to place undue reliance on these forward-looking statements, which are made only as at the date of this document.

None of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters guarantees the performance of the Trust, the repayment of capital or the payment of any distributions, or any particular return on the Units. The Trust's actual distributions in future years could differ significantly from those contained in this section, see "Risk Factors – Risks Relating to Ownership of the Units – The Trust's actual performance could differ materially from the forward-looking statements and forecasts in this document".

The actual distribution will vary if the Listing Date is not on 1 June 2013, and the actual distribution and yield will vary in relation to investors who purchase Units in the secondary market at a price that differs from the Offering Price.

The following tables set forth the Trust's projected income statements and cash flow statements for the 12-month period from 1 January 2013 to 31 December 2013 (the "**Forecast Year 2013**") and the 12-month period from 1 January 2014 to 31 December 2014 (the "**Projection Year 2014**"). The financial year end of the Trust is 31 December. The Trust's first accounting period is for the period from 16 May 2013, being the date of its registration as a business trust with the Authority, to 31 December 2013.

The distribution per Unit ("**DPU**") for Forecast Year 2013 is calculated on the assumption that the Units are issued on 1 June 2013 and are eligible for distributions made between 1 January 2013 and 31 December 2013. Further, excess cash available for distribution at the time of the Offering will be paid to Unitholders as part of the first distribution payment in 2013. This will not be recurring. Assuming that the Units are issued on 1 June 2013, the forecast distribution payable to Unitholders for the period from 1 January 2013 to 31 December 2013 is S$128.3 million (including the excess cash available for distribution at the time of the Offering).

Investors in the Units should read the entirety of this "*Summary Profit and Cashflow Forecast and Profit and Cashflow Projection*" section, together with the report set out in Appendix B, "*Reporting Accountant's Report on the Profit and Cashflow Forecast and Profit and Cashflow Projection of Asian Pay Television Trust and its Subsidiaries for the Financial Years Ending 31 December 2013 and 31 December 2014*", as well as the "*Profit and Cashflow Forecast and Profit and Cashflow Projection*" section, including the assumptions and the sensitivity analysis set out in "*Profit and Cashflow Forecast and Profit and Cashflow Projection – Sensitivity Analysis*".

Forecast and Projected Consolidated Income Statement

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Revenue	**310,780**	**323,753**
Basic Cable TV	245,566	251,185
Premium Digital Cable TV	12,688	16,166
Broadband	52,526	56,402
Operating expenses		
Broadcast and production costs	(59,927)	(60,813)
Other operating costs	(24,492)	(24,718)
Staff costs	(26,320)	(27,726)
Depreciation and amortisation expenses	(45,000)	(52,686)
Trust expenses[(1)]	(817)	(1,439)
Trustee-Manager fee[(1)]	(4,083)	(7,196)
Operating profit	**150,141**	**149,176**
Interest and other finance costs	(72,391)	(46,099)
Profit before income tax	**77,749**	**103,077**
Income tax expenses	(23,696)	(27,250)
Net profit for the year	**54,053**	**75,827**
Net profit attributable to:		
Unitholders	53,687	75,460
Non-controlling interest	366	367
	54,053	**75,827**

Note:

(1) Forecast Year 2013 Trust expenses and Trustee-Manager fee have been pro-rated for the seven-month period from the Listing Date to 31 December 2013.

Forecast and Projected Cash Flow Statement

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Operating activities:		
Profit before income tax	77,749	103,077
Adjustment for:		
Depreciation and amortisation	45,000	52,686
Net finance cost[(1)]	72,391	46,099
Cash generated from operations	**195,141**	**201,861**
Income tax paid	(20,136)	(16,571)
Prepaid withholding tax refund	6,104	5,055
Extraordinary costs (non-recurring)[(2)]	(71,830)	–
Net cash from operating activities	**109,279**	**190,345**
Investing activities:		
Acquisition of property, plant and equipment[(3)]	(49,420)	(40,546)
Net cash used in investing activities	**(49,420)**	**(40,546)**
Financing activities:		
Interest paid	(47,070)	(42,065)
(Repayment) of borrowings to financial institutions/Borrowings from financial institutions[(4)]	(138,739)	17,375
Other financing related costs and fees (non-recurring)[(5)]	(28,236)	–
Net offering proceeds[(6)]	266,623	–
Distributions to non-controlling interests	(366)	(367)
Distributions paid to MIIF and MMIL[(7)]	(16,773)	–
Distributions paid to Unitholders[(8)]	(69,019)	(114,786)
Net cash used in financing activities	**(33,581)**	**(139,843)**
Net increase in cash and cash equivalents	**26,278**	**9,956**

Notes:

(1) Higher net finance cost in Forecast Year 2013 is attributable to the write down of the deferred financing fee associated with the debt refinancing in 2010 and the Subordinated Facility interest incurred from 1 January 2013 until the Listing Date. In 2010, transaction costs were incurred for debt refinancing and were capitalised against borrowing from financial institutions at the inception of borrowing. Such capitalised borrowing costs were amortised over the period of borrowing. The unamortised amount is the deferred financing fee.

(2) Extraordinary costs incurred in Forecast Year 2013 include payments under the Pre-Listing LTIP and cost of the tax settlement. (See "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*" and "*The Business of the Trust – Legal Proceedings and Disputes*")

(3) Acquisition cost expected to be incurred mainly attributable to upgrade of network from 750 MHz to 870 MHz and rollout of promotional set-top boxes.

(4) Repayment in Forecast Year 2013 includes estimated cash payments associated with the early termination of cross currency interest rate swaps and repayment of the Subordinated Facility.

(5) In relation to the arrangement of refinancing existing debt facilities associated with the Offering.

(6) Represents part of the Offering proceeds applied for repayment of the Subordinated Facility, cash payments associated with the early termination of cross currency interest rate swaps and payments under the Pre-Listing LTIP at Cable TV S.A.

(7) Distributions of U.S.$13.6 million or S$16.8 million[1] were paid to MIIF and MMIL in April 2013 relating to the period from 1 July 2012 to 31 December 2012.

(8) Excess cash available for distribution at the time of the Offering of S$23.6 million [2] will be paid to Unitholders as part of the first distribution payment. Projected distributions to be paid to Unitholders in Forecast Year 2013 of S$69.0 million comprise this amount of S$23.6 million and projected Distributable Free Cash Flows of S$45.5 million attributable to the six-month period from 1 January 2013 to 30 June 2013, and will be paid on or before 8 October 2013. (See *"Distributions – Distribution Policy"*) Distributions paid to Unitholders in Projection Year 2014 relate to the distribution periods ending 31 December 2013 (which will be paid on or before 10 April 2014) and 30 June 2014 (which will be paid on or before 8 October 2014).

---

[1] Based on the exchange rate of S$1.00 = U.S.$0.8081 (being the exchange rate applicable at the time of payment to MIIF and MMIL).

[2] Based on U.S.$19.1 million of excess cash at Cable TV S.A. Such excess cash is only available for distribution as part of the first distribution payment and is non-recurring.

RISK FACTORS

An investment in the Units involves a number of risks. Prospective investors should consider the following risk factors carefully, together with all other information contained in this document, before deciding to invest in the Units. These risk factors may, among other things, adversely affect the trading price of the Units and the Trust's ability to make distributions to Unitholders. These risk factors are not and do not purport to be an exhaustive list or explanation of all of the potential risks associated with investing in the Units.

In connection with the Offering and on the Listing Date, the Sponsor will divest the TBC Group to the Trust. See "Corporate Structure of the Trust" for further information about the relationship between the Trust and the TBC Group.

This document also contains forward-looking statements (including a Profit and Cashflow Forecast for Forecast Year 2013 and a Profit and Cashflow Projection for Projection Year 2014) that involve risks, uncertainties and assumptions. Forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon by any prospective Unitholder as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Due to various risks and uncertainties, actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Actual events and circumstances and investment performance may differ materially from those reflected in or contemplated by the forward-looking statements and there can be no assurance that any particular forward-looking statement will be realised.

Prospective investors should not expect short-term gains from their investment in the Trust and should be aware that the price of the Units, and the income from them, may fall or rise and that they could lose all or part of their original investment. Before deciding to invest in the Units, prospective investors should seek professional advice from their legal, tax, financial and other advisers about the appropriateness of an investment in the Units.

The value of the Units may fluctuate. There is no guarantee, nor can any assurance be given that any strategic objectives of the Trust will be achieved or that Unitholders will receive a return of all or any part of their investment.

RISKS RELATING TO THE TBC GROUP'S BUSINESS

The TBC Group operates in the pay-TV and broadband market in Taiwan, which is highly competitive

The pay-TV and broadband market in Taiwan is highly competitive and characterised by high penetration rates. The TBC Group through the TBC System Operators (as defined herein) is currently the only licensed provider of cable TV services in its franchise areas. However, following the re-zoning of Taiwan's franchise areas on 27 July 2012, as discussed in *"– The TBC Group is subject to re-zoning of franchise areas, which may lead to increased competition in the TBC Group's franchise areas"*, system operators have begun to submit applications for cable TV licenses in the TBC Group's franchise areas. The TBC Group may face competition from such cable TV system operators or other cable TV system operators in the future if these system operators successfully apply for a license and begin offering services in the TBC Group's franchise areas. The TBC Group's existing Pay-TV competitors are those servicing subscribers through alternative platforms such as Free-to-Air TV ("**FTA TV**"), Internet Protocol TV ("**IPTV**") and Direct-to-Home Satellite TV ("**DTH**"). (See "*The Business of the Trust – Competition" and "Industry Overview – Overview of the Taiwan television industry – Key Cable TV Operators*") In the future, the TBC Group may continue to face competition from these alternative platforms as well as from new alternative platforms such as over-the-top content online media services ("**OTT services**").

If demand for alternative digital platforms grows or industry standards evolve, the TBC Group may face further competition from current or new market entrants using cable, satellite or other broadcast and telecommunication networks and technologies.

In providing fixed Broadband services to subscribers in the TBC Group's franchise areas, the TBC Group faces significant competition, both in terms of pricing and the speed at which its competitors upgrade their respective networks. In particular, the Group mainly competes with incumbent Chunghwa Telecom ("**CHT**"), which according to MPA, had over 80.0% market share in the Taiwan broadband market as at 31 December 2012. Further, it is possible that while wireless broadband has historically not been a substitute for fixed broadband, it may become a viable threat to the TBC Group with the expected launch of Long-Term Evolution ("**LTE**"), marketed as 4G LTE, by the end of 2013, according to MPA. The Trustee-Manager expects to continue to compete with CHT and other broadband operators, and potentially with future LTE providers.

The TBC Group's current or future competitors' pricing policies could significantly affect the prices the TBC Group charges for its products in the future, potentially leading to a decline in such prices and its ability to generate revenues equal to or in excess of the forecasted and projected revenues for 2013 and 2014, respectively, as shown in "*Profit and Cashflow Forecast and Profit and Cashflow Projection – Forecast and Projected Consolidated Income Statement*". In addition, the TBC Group's competitors may seek to offer packaged services with their other pay-TV and broadband services which may compete directly with the TBC Group's services. In addition, if the TBC Group is not able to continue to procure or renew, on reasonable terms, its rights to local content, the TBC Group may face increased competition from its competitors, in particular IPTV and DTH operators that do not provide popular local content, and subsequently Basic Cable TV subscriber churn and diminished revenues from Basic Cable TV services. The TBC Group's competitors may be more effective than the TBC Group at developing or marketing new technologies, products and services and new competitors may emerge as a result of new technologies. In addition, the TBC Group's competitors, existing or future, may also enter into global or regional alliances which may give them a competitive advantage through greater access to a wider range of product offerings, increased leverage with suppliers and more competitive subscription arrangements. They may also have significantly greater financial and marketing resources and, if successful, may erode the TBC Group's subscriber market share.

Competition could lead to a decrease in ARPU and/or an increase in subscriber churn, resulting in a net loss of RGUs. Any of these occurrences could result in lower revenue or increased costs, which could have a material adverse effect on the TBC Group's business, financial condition and results of operations and consequently on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group operates in a highly regulated industry and its licences and the regulatory environment in which it operates are subject to change

The TBC Group is subject to varying degrees of governmental regulation pursuant to the CRTA for cable TV services and the Telecommunications Act of Taiwan ("**TA**") for broadband services. The Taiwan government has had, and is expected to continue to have, significant influence over the development of the pay-TV and broadband industries in Taiwan, which, under Taiwan law, the Taiwan government has authority to regulate, primarily through the NCC.

With respect to the media industry, the NCC is responsible for licensing cable TV operators, monitoring the rates charged by cable TV operators such as the TBC Group, governing the content of television programs and the content and timing of advertising aired on its channels, and setting standards and policies that affect pricing, competition, marketing, foreign investment, frequency allocation, technology, recommended levels of research and development spending and other arrangements.

The TBC System Operators operate in their respective franchise areas pursuant to cable TV licenses issued by the NCC. The TBC System Operators may apply for a renewal of their cable TV licenses by filing a renewal application, accompanied by a business plan, with the NCC within six months following the eighth anniversary of the date of the license's previous issuance. While the TBC Group renewed all of the TBC System Operators' Cable Licenses (as defined herein) in 2008 and 2009 for an additional nine years, there is no assurance that future renewals will not be on less favourable terms than those of the existing licenses or that the TBC Group will be able to renew its licenses at all. Any inability to obtain new licenses or obtain new licenses on terms that are the same or equivalent to those that currently apply, or delay in the renewal of its existing licenses, could impede the TBC Group's ability to provide its services and thus, could have a material adverse effect on the Group's results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

Previously, the TBC System Operators renewed their respective Cable Licenses in 1999 and 2000 for nine years. The TBC Group most recently renewed their Cable Licenses in 2008 and 2009 for an additional nine years. Such renewals are not subject to any terms and conditions. As such, the Trustee-Manager believes that the TBC System Operators will continue to be able to renew their existing Cable Licenses without such renewals being subject to terms and conditions. For details of the material licenses held by the TBC System Operators, see "*Regulatory Environment – Material licenses held by the TBC Group*".

Pursuant to the CRTA, the NCC is mandated to conduct audits of every system operator in Taiwan every three years. Although the TBC System Operators have successfully passed every audit performed in the last 10 years, it is possible that future NCC audits will result in the TBC System Operators being subject to conditions requiring specific performance. In extreme cases, a system operator's license can be revoked if the system operator fails to pass one or more audits.

With respect to the telecommunications industry, the NCC is responsible for, among other things, licensing telecommunications operators, monitoring the rates charged by the TBC Group and other telecommunications operators and setting standards and policies that affect pricing, competition, marketing, foreign investment, frequency allocation, technology, recommended levels of research and development spending, interconnection fees and other arrangements. Taiwan law recognises two types of telecommunications operators, namely Type I telecommunications operators, which install telecommunications line facilities and equipment to provide telecommunications services, and Type II telecommunications operators, which provide telecommunication services such as broadband connectivity. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Licensing requirements of system operators*")

Each of the TBC System Operators holds a Type I telecommunications enterprise franchise license, which is valid for a period of 15 years, and can lease its respective fixed HFC networks and related equipment to domestic third party operators. A foreign-owned operator may be classified as a domestic operator as long as it is in compliance with foreign ownership restrictions in Taiwan. In addition to Type I telecommunications enterprise franchise licenses, Taiwan Broadband Communications Co., Ltd ("**TBC**"), the TBC Group's Broadband operator, holds a Type II telecommunications enterprise operation license, which is valid until April 2014. While the TBC Group renewed all of the TBC System Operators' Type I telecommunications enterprise franchise licenses between 2003 and 2005 for an additional 15 years, there is no assurance that the TBC Group's future renewals of any of its Type I telecommunications enterprise franchise license or Type II telecommunications enterprise operation licenses will be on the same terms as the existing licenses. Any inability to obtain new licenses or to obtain new licenses on terms that are no less favourable than those that currently apply, or any delay in the renewal of its existing licenses, could have a material adverse effect on the Group's financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

Further, the regulations described above are subject to change. In particular, the NCC has submitted a proposal to the Legislative Yuan (as defined herein) to amend the existing CRTA. The proposal, which is currently under review by the Legislative Yuan, seeks to make the following amendments, among others:

- require new entrants and existing holders upon license renewal to provide 100.0% digital cable TV services. There is however no mention or indication in the proposed amendment on what this requirement would mean for the provision of analogue TV services;

- reduce the minimum network coverage requirement for a new entrant to obtain a license from 30.0% to 15.0%;

- reduce the minimum network coverage requirement for a new entrant in a franchise area for a period of three years following the launch of commercial services from 100.0% to 50.0%; and

- remove system operators' right to broadcast local advertising.

If some or all of the proposed amendments were to be implemented by the Legislative Yuan, the current high barriers to entry would diminish and the TBC Group could face increased competition from cable TV system operators seeking to provide services in the TBC Group's franchise areas. Further, if the Legislative Yuan were to remove the system operators' right to broadcast local advertising, the TBC Group could lose revenue derived from local advertisements currently broadcasted through their local community TV channels and other channels. These and other changes to the current rules and regulations governing the pay-TV and broadband industries could have an adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group is subject to foreign ownership restrictions and it may face regulatory sanctions or lose control of its subsidiary system operators if the foreign ownership limitations change or are breached

Under the CRTA, the total direct and indirect interest in a cable TV system operator held by foreign shareholders shall be less than 60.0% of the system operator's total outstanding shares, and the aggregate direct interest in a cable TV system operator held by foreign shareholders shall be less than 20.0% of the system operator's total outstanding shares. Currently, TBC Holdings B.V. ("**TBC Holdings**") and Harvest Cable Holdings B.V. ("**Harvest Cable Holdings**" and together with TBC Holdings, the "**Dutch Holdcos**"), which are intermediate holding companies within the TBC Group incorporated in the Netherlands, are each considered to be a foreign investor under the relevant laws governing foreign investment in Taiwan. Each of the Dutch Holdcos indirectly owns 59.3% of the total issued and outstanding shares of the respective TBC System Operators. The Dutch Holdcos (which are, in turn, wholly or partially owned by Cable TV S.A.) hold these interests through a series of Taiwan holding companies, in which the Dutch Holdcos own majority interests (in the form of ordinary shares) and local Taiwan investors own minority interests (in the form of preferred shares). The preferred shares have the same voting rights as the ordinary shares and the local Taiwan investors have not assigned these voting rights to the ordinary shareholders. Further, the local Taiwan investors holding preferred shares are entitled to receive a fixed preferential distribution before any distributions are paid to the holders of ordinary shares, including the Dutch Holdcos. In return, the Taiwan local investors are restricted from selling or otherwise disposing of their preferred shares in the relevant companies. (See "*Corporate Structure of the Trust*")

Lee, Tsai & Partners Attorneys-at-Law ("**Lee, Tsai & Partners**"), the legal adviser to the Offering, the Trustee-Manager and the Sponsor as to Taiwan law, is of the opinion that (i) the shareholding and ownership structure of the TBC Group and Cable TV S.A.'s shareholding in each of the TBC System Operators, including the distribution entitlements stipulated in the articles of incorporation of the onshore holding companies of the TBC System Operators which allow Cable TV S.A. to hold substantially all of the economic interest in the TBC System Operators, are in compliance with existing Taiwan laws and regulations; (ii) the shareholders' agreements entered into with the Taiwan investors and the distribution entitlements stipulated in the articles of incorporation of the onshore holding companies of the TBC System Operators are valid, binding and enforceable and do not result in any violation of existing Taiwan laws and regulations; and (iii) no further Taiwan regulatory prior approvals are required in relation to the shareholding structure of the TBC Group and the distribution arrangement. While the Group has no indication that the Taiwan government intends to change the current laws on foreign ownership, these laws could be amended or superseded in the future, and there could be changes in the interpretation or enforcement of the current laws. Any such changes could render the current shareholding and ownership structure of the TBC Group ineffective and require changes to the current corporate structure of the TBC Group, including forced disposals of the Group's assets. Such changes to Taiwan's foreign ownership laws could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Foreign ownership restriction*")

The TBC Group is subject to re-zoning of franchise areas, which may lead to increased competition in the TBC Group's franchise areas

Prior to 2006, the Government Information Office of Taiwan ("**GIO**") issued licenses to cable TV system operators in Taiwan. The TBC System Operators had acquired their original cable TV licenses through the GIO. In 2006, the NCC became the central competent authority responsible for issuing cable TV licenses and was required, pursuant to Article 32 of the CRTA, to issue a public announcement providing any applicable requirements on new system operator entrants prior to approving new applications for cable TV licenses. On 27 July 2012, pursuant to Article 32 of the CRTA, which pertains to the zoning of cable TV franchise areas in Taiwan, the NCC publicly announced the re-zoning and adjustment of Taiwan's franchise areas, reducing the number of franchise areas for new system operator entrants or current system operators applying for extension of existing franchise areas from 51 to 22, corresponding to Taiwan's 22 administrative areas. For example, Taipei City went from being subdivided into five franchise areas to only being one franchise area that geographically matches its administrative area. The NCC's public announcement provided that all new system operators, or system operators proposing to expand their current franchise areas, must comply with the following requirements:

- new system operator entrants must provide digital cable TV services only; and
- each franchise area for new system operator entrants must match, at a minimum, an administrative area.

The new system operator entrants are also subject to the current regulations, which include the following:

- a new system operator entrant and its affiliates cannot service more than one-third of all national subscribers;
- a new system operator entrant must have at least 30.0% network coverage of the franchise area before they can obtain an operational license to commence offering commercial services to subscribers;

- a new system operator entrant must achieve 100.0% network coverage of the franchise area in three years from the launch of commercial services; and

- a new system operator entrant must have a minimum amount of NT$200 million paid in capital.

Following the NCC's announcement in July 2012, a number of licensed cable TV system operators aiming to expand their franchise areas submitted their applications to the NCC for newly re-zoned franchise areas. A number of these system operators have applied for licenses covering the TBC Group's franchise areas, including Taichung City. On 8 May 2013, the NCC approved preliminary permits for Vastar and TOP for franchise area extensions into Taichung City, which will allow them to begin the required construction according to the business plans they submitted to the NCC. The NCC will grant a preliminary license to these system operators after they reach 30% of the required construction and pass network functionality tests. The NCC only issues licenses to applicants that have built and deployed 100% of their network. Despite such preliminary approvals by the NCC, there is still uncertainty as to the conditions and requirements that may attach to such approvals. While we cannot ascertain whether these applications will be successful or if they are, whether the new entrants have or will require the significant financial and other resources and other necessary means to begin operations and roll out cable TV services in the TBC Group's franchise areas, the new CRTA framework for new system operator entrants is likely to increase the potential competition faced by the TBC Group. In particular, there is no assurance that Vastar or TOP will not receive their licence to operate in Taichung City. Any increased competition in the TBC Group's franchise areas could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all. (See "*Regulatory Environment – Recent Developments*" and "*– The TBC Group operates in a highly regulated industry and its licences and the regulatory environment in which it operates are subject to change*")

Taiwan's restrictions on the ownership of system operators in one administrative area may further impact the Group's corporate structure

Article 21 of the CRTA places certain restrictions on the number of system operators held by other system operators or affiliated entities in the same administrative area. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Anti-trust restriction*") In particular, Article 21 of the CRTA stipulates that the number of system operators that are deemed "affiliated", as defined by the Taiwan Company Act, cannot exceed one-half of the total number of system operators in one administrative area, unless there is only one system operator in the administrative area. Under Article 369-1 of the Taiwan Company Act, two companies are "affiliate" companies of each other if they have a relationship in which either: (a) one controls the other, or (b) one-third or more of the total voting shares or common stock of each company is held by the other. In this context, "control" is defined as a situation where (i) one company holds a majority of the outstanding voting shares or the capital stock of another company or (ii) one company has control, either directly or indirectly, over the management of the personnel, financial or business operation of another company. Two companies may also be considered affiliates under certain Taiwan government regulations or rulings, based on the fact-specific substantive relationship. For example, pursuant to Article 6 of the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (the "**Article 6 Criteria**"), promulgated by the Financial Supervisory Commission of Taiwan (the "**FSC**") for the purpose of requiring public companies to consolidate the financial statements of their affiliate companies and not specifically aimed at regulating the cable TV industry, two companies would be considered affiliates where one company finances one-third or more of the other company's assets. The Ministry of Economic Affairs of Taiwan has stated that, when determining whether two non-public companies should be considered affiliates of each other, the Article 6 Criteria should be taken into account.

Two of the TBC System Operators, namely Shin Ho and Chi Yuan (each as defined herein), are the two sole system operators in the Miaoli administrative area. Shin Ho is indirectly held by Cable TV S.A. through TBC Holdings and Chi Yuan is indirectly held by Harvest Cable Holdings. Cable TV S.A. holds 15.0% of the equity interest in Harvest Cable Holdings and in September 2005, Cable TV S.A. provided a shareholder's loan to Harvest Cable Holdings, which exceeds one-third of the total assets of Harvest Cable Holdings. Substantially all of the economic interests in Harvest Cable Holdings are enjoyed by Cable TV S.A. through the shareholder's loan and dividends. Under the Taiwan Company Act and the Article 6 Criteria, Cable TV S.A. and Harvest Cable Holdings could be deemed affiliate enterprises, which could consequently mean that Shin Ho and Chi Yuan are affiliates as well. In this case, the TBC Group could be considered to own a system operator that is affiliated to the only other system operator in the Miaoli administrative area, in contravention of Article 21 of the CRTA. To this date, the NCC has not opined on this issue and the Trustee-Manager has no indication that it will do so in the future. There is a risk that the NCC may determine that Shin Ho and Chi Yuan are affiliates in violation of Article 21 of the CRTA, and may require the Group to rectify the situation within a specified period of time, such as by divesting its interest in Chi Yuan, applying to the NCC for an expansion of Shin Ho's current franchise area into Chi Yuan's franchise area, and/or imposing fines of NT$100,000 to NT$1,000,000 for such violation. If the TBC Group does not rectify this situation within the specified period of time, the cable TV licenses of Shin Ho and/or Chi Yuan may be revoked by the NCC. A revocation of the cable TV licenses of either Shin Ho or Chi Yuan or both would not result in the termination of the cable TV licenses of the other TBC System Operators. However, because Chi Yuan and Shin Ho accounted for 7.3% and 6.4%, respectively, of the TBC Group's total revenue in 2012, a revocation of one or both of the cable TV licenses could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

Following the re-zoning of the franchise areas announced by the NCC in July 2012, either Shin Ho or Chi Yuan may apply for a cable TV license that covers the entirety of the Miaoli administrative area. While both Shin Ho and Chi Yuan can apply for such extension, the Trustee-Manager believes Shin Ho is better positioned to apply for an extension of its franchise area given that the TBC Group has an effective ownership interest of 59.3% in Shin Ho as opposed to an effective ownership interest of 8.9% in Chi Yuan. Any application by Shin Ho to expand its business operations to the franchise area of Chi Yuan will likely involve a commitment to provide digital broadcasting services in the combined franchise areas of Shin Ho and Chi Yuan and additional operating and capital expenses to connect their operations. The commitment to provide digital broadcasting services is in line with the current policies of the NCC to promote the digitisation of cable TV services. On this basis, if Shin Ho commits to provide the abovementioned services and comply with the guidelines provided by the NCC, Lee, Tsai & Partners is of the view that the application process should be mainly procedural and does not foresee any major issues with Shin Ho obtaining the approval from the NCC. In terms of the estimated timeframe, there are no complete details and guidelines for the time period that the NCC should respond with an approval, if any, but the Trustee-Manager estimates that the entire application process should take approximately six to twelve months. There can be no assurance that the TBC Group will have sufficient cash flow from operations or will be able to secure financing on commercially favourable terms to fund such an expansion and related operating and capital expenses.

If the NCC were to approve the application, the operations of Shin Ho and Chi Yuan would be subsequently merged to form a single system operator in the Miaoli administrative area. The merger of Shin Ho and Chi Yuan would eliminate the risk of violating Article 21 of the CRTA. However, there can be no assurance that the TBC Group would be able to successfully merge Shin Ho and Chi Yuan. The failure to successfully merge Shin Ho and Chi Yuan could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group is subject to a further reduction in Basic Cable TV rate caps which may cause the TBC Group's revenue and profit to decline

Basic cable TV pricing in Taiwan is regulated by the NCC nationally and by the local governments in each administrative area. Basic Cable TV subscription fees cannot exceed the national cable TV rate cap set by the NCC, which, since 2000, has been NT$600 per month. On 24 April 2013, the NCC announced a preliminary proposal to replace the national cable TV rate cap with an alternate rate cap model where the applicable rate cap for each system operator could be reduced below NT$600 per month should the system operator be unable to meet specified digital penetration rates over the next four years, with price tiering from 2017, if it is implemented on the terms initially proposed. (See "*Regulatory Environment – Recent Developments – Proposal to Replace National Cable TV Rate Caps*") While local governments can impose rate caps, these cannot exceed the national cable TV rate cap. Currently, local government cable TV rate caps range between NT$480 and NT$600 per month for the year ended 31 December 2012.

During the annual review of the local government cable TV rate caps, the local governments consider a number of factors including, among others, the prevailing national and local economic conditions at the time of review, rate of digitisation that an operator is able to achieve within its network to support the NCC's nationwide digitisation initiative, quality of channel content and local news programming, number of subscribers, operating costs, product innovation, quality of customer service and degree of support provided to local communities. Local governments have reduced cable TV rate caps in the past and may do so again in the future. In 2011, for example, local government cable TV rate caps were reduced by NT$10 per month in four of the TBC Group's five franchise areas and most recently, in 2013, the local government cable TV rate caps for the same franchise areas were further reduced by NT$10 to NT$15 per month. (See "*The Business of the Trust – Services – Basic Cable TV – Pricing and Rate Caps – Rate Caps*")

Future cuts in the local government cable TV rate caps and/or the national cable TV rate cap would result in lower revenue of the TBC Group, which could have a material adverse effect on the TBC Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group may not be able to grow its subscriber base or may lose subscribers, which would adversely affect the TBC Group's business and prevent the Group from implementing the core elements of its growth strategy

The primary elements of the TBC Group's growth strategy are to expand its existing Basic Cable TV subscriber base and to build on that base by up-selling and cross-selling Premium Digital Cable TV and Broadband services to existing subscribers. (See "*The Business of the Trust – Competitive Strengths of the Trust and the TBC Group – Strengths Relating to the Trust's Business in Taiwan – Superior Track Record of Product Innovation and Marketing*") Any difficulty faced by the TBC Group in growing its existing subscriber base or cross-selling and up-selling additional services to existing subscribers could have a material adverse effect on the Group's ability to implement its growth strategy and to increase its revenues, profit and distributions. Reasons why the TBC Group may not be able to grow its subscriber base or lose subscribers include, among others, unfavourable macro-economic conditions, increased competition, changes in consumer preferences, the introduction of new and disruptive media or broadcast technologies, inability to procure content, and HFC Network and information technology ("**IT**") interruptions or malfunctions.

If the TBC Group is unable to grow its subscriber base as planned, it may be forced to lower its subscription rates to attract new subscribers, which would result in a corresponding decrease in ARPU, or risk an increase in subscriber churn. Churn is a measure of the discontinuation of service provision to a subscriber and arises mainly as a result of the factors mentioned above, as well as the relocation of subscribers and price increases. In particular, the TBC Group's subscriber

churn rate may increase if the TBC Group is unable to deliver satisfactory services over the HFC Network as a result of the aforementioned factors such as interruption of the TBC Group's services or the removal or unavailability of programming, which may not be within the control of the TBC Group, and increased pressure on customer service or price increases. In order to decrease its subscriber churn rate, the TBC Group may need to increase its expenditure on subscriber acquisition, which would increase the TBC Group's operating costs. In the absence of any increase in subscriber numbers, the TBC Group may have to rely on increases in ARPU in order to grow its revenues and profits, which may not be possible for Basic Cable TV services given that the TBC Group operates in an environment where its rates for Basic Cable TV services are capped by regulation. (See "*The Business of the Trust – Services – Basic Cable TV – Pricing and Rate Caps – Rate Caps*") The inability to grow its subscriber base in accordance with its projections or any reduction in the TBC Group's existing subscriber base could have a material adverse effect on the Group's business, financial condition, and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group's business depends heavily on developments in Taiwan's overall economic environment

A significant part of the TBC Group's growth strategy depends on favourable macro-economic conditions in Taiwan. The TBC Group's ability to increase its subscriber base for Basic Cable TV, to cross-sell and up-sell its Premium Digital Cable TV and Broadband services and to generate additional revenue depends on macro-economic factors such as growth in the number of households in its franchise areas, overall growth in Taiwan, the employment rate, increases in disposable income that can be spent on upgrades in pay-TV and broadband services and the existence of a strong transport infrastructure in the franchise areas. The Taiwan economy, similar to the global economy, has faced difficulties following the U.S. financial crisis and the Eurozone debt crisis, which led to a slower growth in real gross domestic product ("**GDP**") in 2012. In addition, Taiwan's economy is significantly export-driven and as a result, the economic slowdown in the PRC, the U.S. and Europe has had an effect on Taiwan's real GDP growth. The macro-economic performances of these and other countries are expected to continue to have an impact on Taiwan's economic condition and GDP growth. Any decline in national GDP, disposable income or overall economic growth could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group does not have guaranteed access to Cable TV content and is dependent on its content supply agreements, relationships and cooperation with content providers and its ability to source or procure content at reasonable rates

The success of the TBC Group's business depends on, among other things, the quality and variety of the Cable TV content delivered to the TBC Group's subscribers. With the exception of the TBC Group's local community TV channels, the TBC Group does not produce its Cable TV content and depends on content supply agreements, relationships and cooperation with suppliers. In the past, the TBC Group sourced substantially all of its Basic Cable TV content from a single content aggregator and most recently, in January 2011, it entered into a four-year agreement with such aggregator. The TBC Group has also entered into a number of content supply agreements with content providers for its Premium Digital Cable TV content, most of which are renewed every two to three years. While the TBC Group has successfully procured popular Basic Cable TV and Premium Digital Cable TV content in the past, it cannot guarantee that it will be able to continue to procure or renew, on reasonable terms or at all, its content supply agreements.

Further, alternative distribution platforms, the emergence of new distribution platforms, competition from other pay-TV operators or an increase in the cost of sourcing or procuring external content may result in the TBC Group's inability to obtain attractive Cable TV content from content aggregators or content providers at reasonable rates. The TBC Group's subscribers may

be unwilling to pay the prices for its services, if there is an increase in its subscription fees due to an increase in content acquisition cost or if other cheaper alternative means of consuming media content are available. Furthermore, the TBC Group may not be able to procure attractive content that appeals to its subscribers. Changes in subscriber preferences and the TBC Group's inability to procure or source content that is well-received by its subscribers at reasonable cost could cause the TBC Group's RGU numbers to stagnate or decrease and could have a material adverse effect on the Group's revenues, business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group may not be able to deliver its services if the TBC Group experiences a system failure or a shutdown in the HFC Network

The TBC Group's services are currently carried through the HFC Network. The HFC Network may be vulnerable to damage or interruptions in operation due to typhoons, earthquakes, fires, floods, power losses, acts of terrorism, communications failures, network software flaws, transmission cable cuts or other events beyond its control. In the event of any such failure, each TBC System Operator has contingency plans such as back-up power generators following power outages or spare fibre if there is a cut in the cabling. In line with the practice of cable operators globally, the TBC Group does not have a back-up for the entire HFC Network in the event of a major disaster. Although the business of the TBC Group has not previously been materially affected due to a system failure or a shutdown in the HFC Network, any failure of the HFC Network that results in an interruption in its business, operations or its ability to provide any service, whether from operational disruption, natural disaster, its failure to protect equipment or otherwise, could damage the TBC Group's brand equity, reduce its ability to attract and retain subscribers, increase subscriber churn and materially adversely affect the TBC Group's revenue and profitability.

The operation, administration, maintenance and repair of the HFC Network may require significant expenditure

The operation, administration, maintenance and repair of the HFC Network requires the coordination and integration of sophisticated and highly specialised hardware and software technologies and equipment, all of which require significant operating and capital expenses. The HFC Network may not continue to function as expected or in a cost-effective manner. As the elements of the HFC Network become obsolete or reach the end of their design life, the TBC Group's operating expenses could significantly increase depending on the nature and extent of repairs or replacements or if replacement parts for the HFC Network are not readily available or are prohibitively expensive. The failure of the hardware or software to function as required could render the HFC Network unable to perform at design specifications or at all, resulting in its obsolescence or shorter useful life than estimated, and cause the TBC Group to be required to meet its asset retirement obligations earlier than expected, all of which could have a material adverse effect on the TBC Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The HFC Network and supporting systems and equipment that are located outside buildings leased or owned by the TBC Group are uninsured, and any natural disaster or similar event the TBC Group experiences may result in substantial costs incurred

While the TBC Group maintains insurance policies covering property damage to buildings leased or owned by the TBC Group and any equipment found therein, as there is no such insurance product available, the TBC Group does not maintain insurance for those portions of the HFC Network and any supporting infrastructure or systems, devices or accessories that are located outside the TBC Group's leased or owned buildings. If any of the TBC Group's assets or equipment found outside the leased or owned buildings incurs a significant loss in the event of a typhoon, earthquake, fire, flood, act of terrorism, transmission cable cut or other event beyond the TBC Group's control, the TBC Group may have no source of funding to repair or reconstruct the

uninsured damaged property, and the TBC Group cannot be assured that any such sources of funding will be available to the TBC Group for such purposes in the future. Also, to the extent that the TBC Group must pay unexpectedly large amounts for uninsured losses, the TBC Group's costs could significantly increase, which could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group relies on third-parties for the construction of its HFC Network, IT system's hardware and software and for its collection of subscriber payments

The TBC Group relies on several third party providers of construction materials, hardware, software, collections services and other services and products that the TBC Group uses to operate the HFC Network, its IT systems and its collection of subscriber payments. In the event that hardware or software products are defective, or that related services or products are unsatisfactory, it may be difficult or impossible to enforce recourse claims against providers. Further, third parties such as convenience stores that have entered into collection arrangements with the TBC Group to collect subscriber payments may be unable to provide their services timely and effectively, experience interruptions of services or decide not to enter into such collections arrangements with the TBC Group. There can be no assurance that the TBC Group will be able to obtain, in a timely manner, at competitive terms and in adequate amounts, the construction materials, hardware, software, and collections services the TBC Group needs for the operation and maintenance of the HFC Network, IT systems and collection of subscriber payments. The occurrence of any of these risks may create technical problems, damage the TBC Group's reputation, temporarily impair the TBC Group's ability to collect some of its subscriber payments and result in the loss of subscribers and/or increased subscriber churn, which could have a material adverse effect on the Group's financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group depends upon third parties for continued access to utility poles and underground conduits to host the HFC Network and cable equipment

The operation of the HFC Network depends on the TBC Group's continued access to those utility poles that are owned by Taiwan Power Company and underground conduits owned by local governments pursuant to permits granted or consents given by such governments. If the Group is unable to renew its agreements with Taiwan Power Company and with local governments for the use of utility poles or underground conduits on terms that are commercially acceptable to the TBC Group or at all, the TBC Group's services to its subscribers may be disrupted, the TBC Group may not be able to find alternative routes for the HFC Network, or the TBC Group may be required to incur substantial costs to do so. In addition, utility poles are increasingly replaced by underground conduits for aesthetic and safety reasons, and the TBC Group may be required to bear the cost of relocating existing cables to underground conduits. The disruption to the TBC Group's continued access to these utility poles and underground conduits could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

Complex technology used in the Group's business could fail or become obsolete, and implementation of new technologies may require significant capital expenditures

The delivery of pay-TV and broadband services is capital-intensive. In particular, technology in the pay-TV and broadband industries is in a rapid and continuous state of change which, as well as changes in broadcast standards or other technical formats adopted by the Taiwan government, or the TBC Group's subscribers' demands for new or improved services and products, may render the TBC Group's existing service offerings less attractive or obsolete and compel it to implement new technologies. In order to maintain its current competitive position with respect to its technology, the TBC Group will have to continue to expand, modernise and upgrade the HFC

Network and its IT systems, including implementation of new technologies, which will involve substantial capital investment. In particular, during 2013 and 2014, the TBC Group intends to allocate up to NT$567 million (approximately S$24 million) for new capital expenditures, primarily to fund the upgrade of the HFC Network to 870 MHz. The rapid evolution of networks, capacity, technology and offered services will further require the TBC Group to continually improve the features, performance and reliability of the HFC Network and its subscriber services. These improvements and upgrades will require significant capital, and while the Group expects to use its available revolving credit facilities to fund its currently planned capital investments, it may decide to raise additional debt financing in certain circumstances. The Group may not receive expected returns from its capital expenditures, which could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group's Cable TV business is influenced by subscriber spending patterns and preferences

The TBC Group's Cable TV business is influenced by subscriber spending patterns and preferences. Changes in subscribers' tastes or their media consumption patterns could lead to the TBC Group's subscribers ceasing to subscribe to its services or choosing alternative providers. In the event that there is a change in subscriber spending preference to other types of media other than the services the TBC Group offers, its business may be adversely affected. Further, the proliferation of unauthorised use of its content might also encourage subscribers to develop a preference for pirated content, which could have a material and adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group's services may be vulnerable to unauthorised usage and piracy

The TBC Group's analogue Basic Cable TV services are susceptible to piracy and unauthorised usage since the signals transmitted via an analogue platform are not protected by encryption technology. Such piracy and unauthorised usage may lead to a loss of revenue for the TBC Group's analogue Basic Cable TV business which may affect the Group's financial conditions and results of operations.

The TBC Group's Premium Digital Cable TV services employ a conditional access system to encrypt digital transmission. Although the TBC Group requires its conditional access system provider to ensure state-of-the-art security, the security of other providers' conditional access systems has been compromised by unauthorised usage in the past and there can be no assurance that it will not be compromised again, which could adversely affect the Group's business and profitability. Further, delivery, performance and encryption failures may result in lower revenues, higher costs, termination of content provider contracts, damage and penalty claims by content providers or other providers and increased subscriber churn and could otherwise have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group's networks may be vulnerable to hacking and security breaches leading to unauthorised access to, or leaks of, its content and subscriber data

The TBC Group's networks may be vulnerable to computer viruses, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could disrupt the provision of its services to its subscribers. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of the TBC Group's services, which could result in lost revenue and dissatisfied subscribers.

Further, breaches of the TBC Group's networks, including through piracy or hacking, may result in unauthorised access to, or leaks of, its content and subscriber data. The TBC Group's subscriber management system safeguards and manages personal information obtained from the TBC Group's subscribers in accordance with the relevant laws and regulations presently in effect. Further, the TBC Group protects all information disseminated through its networks and IT systems. If any material leaks of personal information do occur, however, the Group's business and results of operations could be adversely affected in a number of ways. The TBC Group could be subject to regulatory sanctions, including financial penalties, as well as claims for defamation, negligence, copyright or trademark infringement, personal injury or other legal claims for damages from subscribers if they are harmed as a result of the unauthorised release of the subscribers' personal information. Further, the TBC Group could incur additional expenses associated with changing its security systems, either voluntarily or in response to administrative guidance or other regulatory initiatives from the Taiwan government, or in connection with public relations campaigns designed to prevent or mitigate damage to the TBC Group's corporate image or reputation. In addition, any such damage to the TBC Group's reputation could lead to a decline in subscribers and/or an increase in subscriber churn and may have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group's billing, credit control and subscriber management systems are critical to its operations

Billing, credit control and subscriber management systems are critical to protect the TBC Group's ability to increase revenue streams, avoid revenue loss, monitor potential credit problems and bill its subscribers accurately and in a timely manner. New technologies and applications in the future may create increasing demands on the TBC Group's billing, credit control and subscriber management systems. The TBC Group will need to expand and adapt its billing and credit control systems to capture new revenue streams as the TBC Group introduces new services and as its business continues to grow. The development of new businesses may impose a greater burden on its systems and may strain its administrative, operational and financial resources. While the TBC Group currently has advanced back-up systems to safeguard its billing, credit control and subscriber management systems, the TBC Group may need to upgrade these systems in the future. If these are unavailable or if upgrades or new systems are delayed, or not introduced or integrated in a timely manner, the TBC Group's operations could be materially and adversely affected.

The Trustee-Manager and the TBC Group depend on certain key personnel, and the loss of any key personnel may adversely affect the Group's and Trust's operations

The Trust's performance, and that of the Group, depends, in part, upon the Trustee-Manager's ability to develop the Trust's business plan and corporate strategies, provide resources and identify the appropriate group of managers to operate the Trust's business. In particular, the Group relies on the expertise and experience of the Trustee-Manager, its executive Directors and its senior managers. (See "*The Trustee-Manager – The Trustee-Manager of the Trust – Board of Directors*" and "*The Trustee-Manager – The Trustee-Manager of the Trust – Executive Officers*") Mr. Robert Neale Thorpe, the chief executive officer of the Trustee-Manager (the "**Chief Executive Officer**"), and Mr. Brian McKinley, the chief financial officer of the Trustee-Manager (the "**Chief Financial Officer**"), are seconded to the Trustee-Manager on a dedicated basis pursuant to the Resources Agreement (as defined herein). The Resources Agreement may be terminated in the circumstances set out in "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Present and Ongoing Interested Person Transactions – Resources Agreement*"). In particular, the Resources Agreement will terminate immediately if MIRA Singapore and/or a related body corporate are no longer controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager or if the Trustee-Manager retires or is removed as trustee-manager of the Trust. The loss of any of the key personnel or the

Trust's inability to replace these individuals, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Trust and the Group and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group relies on its management and its ability to hire, train and retain qualified employees

The TBC Group's future success depends on the ability of the Trustee-Manager to maintain its key executives and to hire, train and retain qualified employees to undertake the day-to-day operations of the TBC Group, monitoring and maintaining the TBC Group's network, producing and broadcasting its local community TV channels and pursuing its subscriber service, sales and marketing activities. Skilled personnel in these areas have on occasion been in short supply, and any shortages in the future may increase competition for such personnel and hence the staff turnover and/or employment costs incurred by us. Any inability by the Trustee-Manager to hire, train and retain a sufficient number of qualified employees could adversely affect the Group's operations.

There may be potential conflicts of interest between the Trust, the Trustee-Manager and the Sponsor

The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. There may be potential conflicts of interest between the Trust, the Trustee-Manager and the Sponsor. The subsidiaries of the Sponsor that have operations that may potentially conflict with the Trust belong to two business divisions, namely the funds management business operated by MIRA, as well as the investment banking business operated by the Macquarie Capital business division of the Sponsor ("**Macquarie Capital**").

In order to manage any potential competition and conflicts of interest that may arise between the Sponsor and the Trust in relation to any interests in Pay-TV Businesses and Broadband Businesses in Taiwan, Hong Kong, Japan and Singapore, the Sponsor has entered into the Deed of Undertaking (as defined herein) with the Trustee-Manager, providing for the Non-Compete Undertaking, the ROFR and the ROFO (each as defined herein). (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking*") The Sponsor is entitled to terminate the Deed of Undertaking if any of the following events occur: (a) the Sponsor and/or any of its subsidiaries (as defined in the Companies Act, Chapter 50 of Singapore (the "**Singapore Companies Act**")) ceases to be a controlling shareholder (as defined in the Listing Manual) of the Trustee-Manager; (b) the Trustee-Manager ceases to be the trustee-manager of the Trust; or (c) the Trust ceases to be listed on the Main Board of the SGX-ST.

However, the ROFR does not apply to non-controlling interests (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Right of First Refusal*") made by Macquarie Capital in a principal capacity or as part of a consortium and other non-controlling investments proposed to be acquired or made by Macquarie Capital which, in each case, are associated with the investment banking activities carried out in the ordinary course of business by Macquarie Capital. Further, Macquarie Capital may also invest in Pay-TV Businesses and Broadband Businesses located in Taiwan, Hong Kong, Japan and Singapore which the Trustee-Manager does not wish, or is unable, to invest in pursuant to the ROFR. (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Right of First Refusal*") If a conflict of interest arises as a result of any of the circumstances described in this paragraph, such conflict of interest could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group's loan agreements contain financial and other covenants and restrictions on the payment of dividends

The TBC Group's debt facility agreements contain various financial and other covenants. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*") Its debt facilities contain covenants requiring the maintenance of certain financial ratios and the amount of distributions payable is also subject to certain excess cash flow calculations. If the TBC Group fails to comply with these covenants, it could be in default under these loans and the lenders would have the right to accelerate its obligation to repay the outstanding borrowings under these loans. Such a default could also cause cross-defaults under its other loans and could have a material adverse effect on the TBC Group. In addition, many of its loans require the TBC Group to obtain written consent from its lenders prior to incurring indebtedness or creating security interests over its assets. This may limit the Group's ability to raise future financing and could have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group may not be able to generate sufficient cash flows to meet its debt obligations and may have to refinance these obligations

It is possible that the TBC Group's future cash flows may be insufficient to meet its outstanding debt obligations. In such a case, the TBC Group may have to seek alternative financing such as through refinancing or restructuring its current debt, selling the TBC Group's assets or seeking to raise additional equity capital. The TBC Group's ability to restructure or refinance its indebtedness will depend on the condition of the capital markets and the TBC Group's financial condition at such time. Any refinancing or restructuring of the TBC Group's indebtedness, if available, could be at higher interest rates and could require the TBC Group to comply with more onerous covenants, which could further restrict and affect the TBC Group's business operations. The TBC Group may not be able to refinance or restructure its indebtedness on terms acceptable to the TBC Group, or at all. If the TBC Group is not able to refinance its existing loan facility agreements and other borrowings, it may default on its indebtedness and the respective lenders would be entitled to exercise remedies, including foreclosure on the TBC Group's assets that serve as collateral under the facilities, pursuant to the relevant debt agreements. In that event, those lenders would be entitled to be repaid in full from the proceeds of the liquidations of those assets, which could result in the TBC Group's assets being entirely or severely diminished, which would materially and adversely affect the TBC Group's business, financial condition and results of operations and the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

If the Trustee-Manager ceases to be trustee-manager of the Trust or is no longer wholly owned, directly or indirectly, by Macquarie Group Limited, the TBC Group may have to repay the New Debt Facilities in full

If the Trustee-Manager ceases to be trustee-manager of the Trust or is no longer wholly owned, directly or indirectly, by Macquarie Group Limited, an event of default may be triggered under the New Debt Facilities (as defined herein). In this event, the lenders will be entitled to declare the amount outstanding under the New Debt Facilities to be immediately due and payable and to cancel any undrawn amount under the Revolving Facility (as defined herein). (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*") If the TBC Group is required to repay the New Debt Facilities in full, it may have to seek alternative financing such as through refinancing or restructuring its current debt, selling the TBC Group's assets or seeking to raise additional equity capital. The TBC Group's ability to obtain alternative financing will depend on the condition of the capital markets and the TBC Group's financial condition as such time. The TBC Group may not be able to obtain alternative financing on terms acceptable to the TBC Group, or at all. If the TBC Group is not able to refinance the New Debt Facilities, it may default on its

indebtedness and the respective lenders would be entitled to exercise remedies, including foreclosure on the TBC Group's assets that serve as collateral under the facilities, pursuant to the relevant debt agreements. In that event, those lenders would be entitled to be repaid in full from the proceeds of the liquidations of those assets, which could result in the TBC Group's assets being entirely or severely diminished, which would materially and adversely affect the TBC Group's business, financial condition and results of operations and the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

If there is a change in the Cable TV law in Taiwan that materially and detrimentally impacts the New Debt Facilities, the TBC Group may have to repay the New Debt Facilities in full

The New Debt Facilities include a number of mandatory prepayment events. In particular, an early repayment of the New Debt Facilities may be required if, after the initial drawdown of funds, there is a change in the Cable TV law in Taiwan which would require, in order to comply therewith, a change materially detrimental to the interests of the lenders be made to the terms and conditions of the finance documents including without limitation the terms and conditions related to guarantees, co-borrowing or security. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*") Although the lenders may propose changes to the finance documents so as to address the impact of the change in the Cable TV law, if the TBC Group does not accept these proposed changes, the TBC Group will have to repay the New Debt Facilities in full. If the TBC Group is required to repay the New Debt Facilities in full, it may have to seek alternative financing such as through refinancing or restructuring its current debt, which could result in the TBC Group's assets being entirely or severely diminished, which would materially and adversely affect the Group's business, financial condition and results of operations and the Trust's ability to make distributions to Unitholders, either at projected levels or at all. (For further detail on the impact to the TBC Group if it has to repay the New Debt Facilities in full, see "*– If the Trustee-Manager ceases to be trustee-manager of the Trust or is no longer wholly owned, directly or indirectly, by Macquarie Group Limited, the TBC Group may have to repay the New Debt Facilities in full*".)

The Group may have substantial additional liability for income tax allegedly owed by the Group

Between 2008 and 2011, the TBC Group submitted formal tax re-examination applications to the Taiwan tax authorities in connection with the Taiwan tax authorities' rejection of the TBC Group's claim for deductible expenses in its tax filings from 2006 to 2010. The TBC Group's 2006 to 2010 tax deductions were in respect of the amortisation of goodwill and of the interest expenses on the debts pushed down from certain special purpose vehicles into operating companies arising from a series of corporate restructurings ("**reverse mergers**") of special purpose vehicles into operating companies, which formed part of the corporate restructuring carried out by TBC Holdings and Harvest Cable Holdings after the Sponsor, through its subsidiaries, acquired the TBC Group from its previous owner in 2006. (See "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*") The TBC Group has challenged the Taiwan tax authorities' assessment of its tax categorisation with the National Tax Administration of Northern Taiwan, which is currently reviewing the TBC Group's claims and relevant income tax returns. If the Taiwan tax authorities find that the TBC Group improperly classified its applicable tax deductions, the TBC Group could be liable for an amount up to NT$2.91 billion (S$122.4 million[1] as at 31 December 2012) and will be required to continue to pay such tax expenses in the future. The Taiwan tax authorities have assessed the income tax filings for 2006 to 2010. Although the 2011 and 2012 tax filing assessments have not been confirmed by the Taiwan tax authorities, the TBC Group's

[1] Based on exchange rate of S$1.00 = NT$23.7912 as at 31 December 2012.

management has accrued the potential assessment amount for 2011 and 2012, resulting in a total provision of NT$2.91 billion (S$122.4 million[1]) in the TBC Group's financial accounts as at 31 December 2012.

The TBC Group is currently in discussions with the Taiwan tax authorities in relation to the tax deductibility of goodwill amortisation, bank loan interest expense and shareholder loan interest expense. While the settlement outcome and amount is not currently known, the TBC Group expects to reach settlement with the Taiwan tax authorities by the end of 2013. The estimated maximum tax settlement amount anticipated by the TBC Group and its tax adviser amounts to approximately NT$1.1 billion (S$46.0 million), based on settlement principles offered to the Taiwan tax authorities, including (i) 75% of the goodwill amortised, (i) up to 5.5% interest on the shareholder loans amortised, (iii) 100% of the bank debt interest amortised. The estimated tax settlement amount is reflected in the projections for Forecast Year 2013 and there is in place a revolving facility to fund up to NT$1.2 billion (S$50.2 million) of the estimated tax settlement or any other future tax liabilities. The Group's cash flows may be insufficient to pay any tax settlement amount or any future tax liabilities which exceed the estimated maximum tax settlement amount of NT$1.1 billion (S$46.0 million) as required to be paid by the tax authorities. Any such insufficiency of its cash flows could require the Group to further borrow, which would increase the Group's indebtedness and its financing costs, which could adversely impact the Group's financial condition and results of operations and the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group is exposed to the risk of exchange rate fluctuations which may increase costs

The TBC Group's business is affected by fluctuations in foreign exchange rates. Currency fluctuations against the Taiwan dollar, which is the functional currency of the respective operating entities in Taiwan within the TBC Group, could, therefore, cause the TBC Group's costs to increase. While the TBC Group's revenues are denominated in Taiwan dollars, a portion of the TBC Group's costs are denominated in U.S. dollars, such as for the purchase of foreign programming content or set-top boxes. While the Taiwan dollar has appreciated against the U.S. dollar over the last five years, there can be no assurance that it will not depreciate in the future. A depreciation of the Taiwan dollar against the U.S. dollar will increase the TBC Group's costs as recorded in the Group's financial statements, and the Group could incur foreign exchange losses as a result of such currency fluctuations, which could have a material adverse effect on the Group's financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The TBC Group's ability to identify or complete acquisitions of independent system operators in the future is limited

Part of the TBC Group's growth strategy is to potentially acquire neighbouring system operators selectively and to offer the TBC Group's services in franchise areas that the Trustee-Manager believes will complement the TBC Group's existing operations and enhance the TBC Group's profitability. However, the number of independent system operators that the TBC Group may consider for future acquisitions may decrease as consolidation of system operators is likely to increase following the implementation of the re-zoning of franchise areas. It is also not certain that the TBC Group will be able to identify one or more independent system operators that have the appropriate attributes and strengths that would make them an attractive target for the TBC Group and whose acquisition would further the growth prospects of the TBC Group.

---

[1] Based on exchange rate of S$1.00 = NT$23.7912 as at 31 December 2012.

Furthermore, the TBC Group's ability to acquire other independent system operators may be limited by the restrictions under the CRTA, which provide that the total number of cable TV subscribers collectively held by a system operator and its affiliates cannot exceed one-third of the total number of cable TV subscribers in Taiwan. The Group's inability to identify attractive acquisition opportunities or to complete additional acquisitions in the future may have a material adverse effect on the Group's business, financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The acquisition and integration of other independent system operators or the expansion of the TBC Group's current franchise areas into neighbouring areas that the TBC Group may make in the future may require significant financial and management resources and the TBC Group may fail to fully realise the anticipated benefits of any such acquisitions or expansions

No assurance can be given that any independent system operator that the TBC Group may acquire or merge with in the future will remain or become profitable or that an expansion of the TBC Group's current franchise areas or an expansion into a new franchise area will enhance the TBC Group's growth prospects. In the event that any of the TBC Group's acquired or merged system operators were to incur losses, or if the expansion requires significant capital investment, the TBC Group would have to finance those losses and costs, which may have an adverse effect on the Group's financial condition and operating results. Moreover, the integration of any acquired or merged system operators into the TBC Group's organisation, or the roll out of new services with such system operators or in expanded franchise areas may require the commitment of significant management and financial support and resources in training, managing and integrating the TBC Group's workforce, integrating the HFC Network, as well as in developing and improving the TBC Group's financial and subscriber management controls. Furthermore, any expansion within existing or into new franchise areas, including the potential expansion of one of the TBC Group's franchise areas for which an application is currently pending with the NCC (see "*The Business of the Trust – Franchise Areas*"), will require significant capital expenditure to build or extend the current HFC Network and related IT systems, purchase or lease additional buildings and equipment, extend its marketing, sales and billing systems and cover any other related costs. The Group cannot be certain that it will be able to efficiently or effectively manage the growth and integration of the Group's operations, and any failure to do so may materially and adversely affect the Group's business, financial condition, results of operations and the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

In the event that the Group acquires a system operator or enters into a merger, the Group intends to capitalise over time on the combined strengths of the Group's acquired or merged entities in terms of market share, subscriber base and cost efficiencies. The Group's ability to achieve these benefits following the Group's acquisitions and mergers is subject to risks and uncertainties, some of which are beyond the Group's control, including:

- unforeseen or latent risks in the operations of the acquired or merged entities;
- difficulties in managing the gradual integration of the acquired or merged system operators, including the harmonisation of compensation levels and the diverse corporate cultures and the implementation of a coordinated business plan;
- difficulties in operating and integrating the acquired networks with the HFC Network and the IT systems, billing and subscriber management systems and other systems;
- difficulties in integrating the managements after the acquisitions or mergers;
- difficulties in putting in place effective cost-cutting measures such as reduction of the Group's enlarged workforce; and

- difficulties in securing and retaining key personnel after the acquisitions or mergers.

The TBC Group may be unable to adequately protect its intellectual property rights or may face intellectual property claims that may be costly to resolve

The TBC Group relies on a combination of trademarks and servicemarks, copyright protection and domain name registrations to establish and protect its brand names and logos, marketing designs and Internet domain names and programme rights. There can be no assurance that the steps the TBC Group takes in this regard will adequately protect its intellectual property rights.

Third parties or persons may challenge its exclusive right to use its brand names and logos and the TBC Group could incur substantial costs in defending any claims relating to its intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise. Any disputes which are not resolved may adversely affect its brand equity, reputation and business.

Relations between Taiwan and the PRC could materially affect the TBC Group's financial condition

Taiwan has a unique international political status. Since 1949, Taiwan and the PRC have been separately governed. The PRC government regards Taiwan as a province of the PRC and does not recognise the legitimacy of Taiwan as an independent country. Although economic and cultural relations between Taiwan and the PRC have improved in recent years, relations have often been strained. The PRC government has not renounced the use of military force to gain control over Taiwan, particularly under what it considers to be highly provocative circumstances, such as a declaration of independence by Taiwan or the refusal by Taiwan to accept the PRC's stated "one China" policy. Furthermore, the PRC government passed the Anti-Secession Law in March 2005, which authorises non-peaceful means and other necessary measures should Taiwan move to gain independence from the PRC.

Relations between Taiwan and the PRC and other factors affecting military, political or economic conditions in Taiwan could materially adversely affect the Group's financial condition and results of operations, and the Trust's ability to make distributions, either at projected levels or at all, as well as the market price and the liquidity of the Units.

The Trust holds the TBC Group through various holding structures, and if tax laws or regulations in the jurisdictions in which the TBC Group operates change or the Group otherwise ceases to be able to comply with applicable tax laws or regulations, it could have a material adverse effect on the Group's financial results

The Trust utilises certain tax exemptions throughout its corporate structure. For example, the Trust expects to receive cash distributions from its direct and indirect subsidiaries pursuant to a combination of dividend payments and principal and interest payments on various shareholder loans. There are certain rates of withholding tax in some of the jurisdictions in which the TBC Group operates that the Trustee-Manager assumes in its projections and forecasts. Should these rates change or should the Group not be able to comply with the conditions required to maintain these tax rates, the Group's tax expenses could increase materially.

In particular, Taiwan tax laws and regulations are under constant development and often subject to change as a result of shifts in government policy. Over recent years, the Taiwan government has promulgated tax laws and regulations in response to varying economic matters such as foreign investment, commerce, and international trade development. As Taiwan tax laws and regulations are continually evolving in response to changing economic and other conditions, any particular interpretation of Taiwan tax laws and regulations (including related enforcement measures) applicable to the TBC Group may not be definitive. Any changes in tax laws or other

circumstances that have an adverse effect on the Group's tax expenses could require the Group to restructure its corporate structure, and if it is unable to address these changes, it could have a material adverse effect on the Group's financial condition and results of operations and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

Taiwan approvals may be required by the Trust if there is a change in the control or ownership of the Trustee-Manager

If the control or ownership of the Trustee-Manager were to change, and consequently, the control of the TBC Group changed, the TBC Group would be required to seek approval for such change from the FTC. Pursuant to Article 6 of the Fair Trade Act, a change in control of the TBC Group would be considered a merger. (See "*Regulatory Environment – Requirements under the Fair Trade Act*") Under the Fair Trade Act, if one of the enterprises in a merger has a market share of 25.0% or more in an industry market, the Fair Trade Act requires a filing of a pre-merger notification with, and approval by, the FTC. A franchise area is considered an independent market under the FTC's Policy Statements on Cable Television and Related Industry and, given that each of the TBC System Operators is the only system operator in its respective franchise area, each of them has 100.0% market share in its respective independent market. Thus, a change in the Trustee-Manager would constitute a merger under Article 6 of the Fair Trade Act and trigger the 25.0% market share threshold requiring a pre-merger notification with, and approval by, the FTC. In connection with its review of any merger application, the FTC may seek comments and advice from the NCC.

The shareholding structure of TBC Holdings and Harvest Cable Holdings was submitted and approved by the IC and the NCC in 2006 when Macquarie Group first acquired Jie Guang and Tai Luo Tze in 2006 from Carlyle. The Macquarie Group also sought and obtained FTC's approval for its acquisition of Jie Guang and Tai Luo Tze from Carlyle. The IC is the primary regulatory body responsible for regulating foreign investments in Taiwan. In its approval letter dated 21 April 2006, the IC had requested that TBC Holdings file with the IC any change of its shareholding structure for record within two months after the end of every fiscal year, i.e. an after the fact filing for record purposes. A change in shareholding at the Cable TV S.A. or TBC Holdings level will not require IC or NCC approval, only notification of the change, unless the change involves investment by a PRC Person or a Restricted Entity or Restricted Person. A change in the Trustee-Manager will require the approval of the IC and the NCC only if the new trustee-manager is deemed to be a PRC Person or a Restricted Entity or a Restricted Person. The IC will not approve a trustee-manager which is deemed to be a PRC Person and the NCC will not approve a trustee-manager which is deemed to be a Restricted Entity or a Restricted Person. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws*") Further, if the new trustee-manager changes the directors, supervisors or managers of any of the TBC System Operators, the NCC would have to approve such a change pursuant to Article 26 of the CRTA.

RISKS RELATING TO THE TRUSTEE-MANAGER

The Trustee-Manager may not be able to implement its investment or corporate strategies

The Trustee-Manager's strategies focus on three main areas: managing the underlying assets of the Trust, managing the Trust's acquisitions and managing the Trust's capital structure to maximise distributions. There is no assurance that the Trustee-Manager will be able to implement these strategies successfully or that it will be able to expand the Trust's portfolio at any specified rate or to any specified size or to maintain distributions at projected levels. The Trustee-Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame, and it may not be able to manage the operations of its underlying assets in a profitable manner. Factors that may affect this risk may include, but are not limited to, changes in the

regulatory framework in Taiwan, competition for assets, partial award of concessions or licenses favouring local or other competitors of the Trust, changes in the Taiwan, Hong Kong, Japan and Singapore regulatory or legal environment or macro-economic conditions.

Even if the Trustee-Manager is able to successfully grow the operating business of the underlying assets and to acquire high quality Pay-TV Businesses or Broadband Businesses located in Taiwan, Hong Kong, Japan and Singapore as desired, there can be no assurance that the Trustee-Manager will achieve its intended return on such acquisitions or capital investments. In addition, the Trustee-Manager may require additional debt and/or equity financing in order to support the operating business or to make acquisitions and investments. If obtained, any such additional debt financing may decrease distributable income whereas equity financing may dilute existing Unitholders' entitlement to distributions. Further, the Trustee-Manager's investment mandate involves a higher level of risks as compared to a portfolio which has a more diverse range of investments.

The TBC Group is subject to certain Taiwan regulations the breach of which may result in penalties being imposed

The TBC Group is subject to certain Taiwan regulations. In particular, it is required to comply with the PRC Investment Restrictions, see "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – PRC investment restrictions*", the Taiwan Government Ownership Restrictions, see "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Taiwan government/political party ownership restrictions*", and the Fair Trade Act restrictions, see "*Information Concerning the Units – PRC Investment Restrictions, Taiwan Government Ownership Restrictions and Fair Trade Requirements*" and "*Regulatory Environment – Requirements under the Fair Trade Act*". The Trustee-Manager has not and believes it cannot practically establish a mechanism to monitor compliance with these three regulations. In particular, it cannot monitor whether Units have been transferred directly or indirectly to PRC Persons or other foreign investors in the secondary market in breach of the foreign ownership restrictions, nor can it control or ensure that an investor which provides cable television services in Taiwan directly or indirectly holds or acquires more than one-third of the Units of the Trust. However, the Trust Deed provides that the Trustee-Manager may, if it becomes aware of a breach of the PRC Investment Restrictions or the Taiwan Government Ownership Restrictions or that a corporate entity which provides cable television services in Taiwan (as determined by the Trustee-Manager in its sole discretion) holds or acquires more than one-third of the total issued Units, take in its absolute discretion all steps it deems necessary to ensure that the restrictions are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Unitholders to dispose of their Units and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), the power to arrange for the sale of the Units. Pending such sale, the Trustee-Manager has the power to suspend the voting rights of such Units and/or to restrict the transfer of such Units. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard. (See "*The Constitution of the Trust – The Trust Deed – Limitation on right to own Units – PRC Investment Restrictions, Taiwan Government Ownership Restrictions and Fair Trade Requirements*") Any breach of any of the Taiwan regulations set out above may result in the TBC Group being subject to penalties set out in "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws*".

The Trust's future potential assets may face governmental, macro-economic and industry-specific risks

In accordance with the Trustee-Manager's investment mandate, the Trustee-Manager intends to acquire controlling interests and to own, operate and maintain investment opportunities in mature, cash-generative Pay-TV Businesses and Broadband Businesses (as further described in "*The Charter and Investment Mandate of the Trust*") in Taiwan, Hong Kong, Japan and Singapore that exhibit characteristics such as sustainable and stable cash flows over the long-term and strategic competitive advantages due to high barriers to entry. If the Trustee-Manager decides to invest in such businesses, it will be subject to the respective country's regulations, macro-economic climate and pay-TV and broadband environment, among others.

Many, if not all, of the Trust's future investments will be in entities that are likely subject to substantial regulation by governmental agencies, where its ability to operate an asset is likely subject to a concession or license from the relevant governmental agencies. The concession or license may restrict the Trust's ability to operate the asset in a way that maximises cash flows and profitability, and the complex nature of these licenses may result in disputes over interpretation or enforceability. Further, the success of any investment will depend, in part, on favourable macro-economic conditions in the country in which the potential asset is located. The Trustee-Manager's ability to increase the relevant subscriber bases will depend on macro-economic factors relevant to each country or geographic region. Finally, a highly competitive environment in the Pay-TV and Broadband markets in one or more of the countries where the Trust may consider acquiring an asset could result in lower revenue or increased costs, which would adversely affect the Trust's profitability and its ability to make distributions to Unitholders, either at projected levels or at all.

Tax treatment in Taiwan and other jurisdictions where the Trust may hold assets in the future, may impact the Trustee-Manager and Unitholders

While the Trust will hold Taiwan incorporated companies that will be subject to Taiwan corporate income tax, the Trust will hold these underlying Taiwan companies through several offshore holding companies and will not have a fixed place of business or business agent in Taiwan as stipulated in Article 10 of the Taiwan Income Tax Law. The Trustee-Manager intends to manage, control and operate the Trust, so far as practicable, in such a manner that the Trust will be treated as a resident of Singapore and will not be treated as a tax resident enterprise or otherwise as a non-tax resident enterprise with an establishment or place of business in Taiwan for Taiwan tax purposes. The Trustee-Manager believes that the Trust, being a business trust registered under the laws of Singapore, should not be considered as a tax resident enterprise in Taiwan, and should not be considered to have a taxable establishment in Taiwan as a result of, among other things, the expected method of operations of the Trust. However, as the Trust's investments are expected to be primarily based in Taiwan, there can be no assurance that measures adopted toward any of the above will be undertaken successfully or that the tax authorities of Taiwan will not change their tax law interpretation and enforcement practices, thereby subjecting the Trust or its affiliates to treatment as if the Trust or such affiliate were considered as a tax resident enterprise in Taiwan or otherwise as having a taxable establishment in Taiwan. In that event, the Trust or such affiliate may be subject to Taiwan corporate income tax on an assessment basis resulting in an additional Taiwan tax liability which may have a material adverse effect on the Trust's ability to make distributions to Unitholders**,** either at projected levels or at all. Further, a Unitholder may be subject to income tax, business tax or withholding taxes in Taiwan or other jurisdictions where the Trust acquires and holds equity and equity-related investments or otherwise conducts activities or is deemed to be engaged in business. Local taxes incurred by the Trust in Taiwan or other jurisdictions or vehicles through which the Trustee-Manager invests may not be creditable to or deductible by Unitholders in their respective jurisdictions. Any changes in the tax laws or other regulations or laws of Taiwan or any other jurisdictions where holding vehicles are established could have an adverse impact on the Trust's investments or on the Trustee-Manager's ability to

access suitable investment opportunities. In addition, changes to taxation treaties (or their interpretation) between Taiwan and countries through which the Trustee-Manager invests, may adversely affect the Trustee-Manager's ability to efficiently realise income or capital gains. Consequently, it is possible that the Trust may face unfavourable tax treatment in Taiwan or other jurisdictions, which may have a material adverse effect on the value of the Units and on the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

RISKS RELATING TO OWNERSHIP OF THE UNITS

The Trustee-Manager may change the Trust's investment mandate after three years

The Trust's policies with respect to certain activities, including investments and acquisitions, will be determined by the Trustee-Manager. The Trustee-Manager's strategy may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual prohibits a departure from the Trustee-Manager's stated investment mandate for such period unless otherwise approved by an Extraordinary Resolution (as defined herein) passed by Unitholders). After this initial period of three years, the Trustee-Manager may change the Trust's investment mandate without Unitholders' approval, provided, however, that any change in the Trust's investment mandate which causes such investment mandate to fall outside the scope of the Trust's Authorised Businesses (as defined herein) would require an amendment to the Trust Deed, and consequently Unitholders' approval for the amendment of the Trust Deed will be required. There are risks and uncertainties with respect to the selection of investments and with respect to the investments made.

The methods of implementing our investment strategies and policies may also vary as new investment and financing techniques are developed or otherwise used. Any such changes may adversely affect Unitholders' investment in the Trust.

The Trust may not be able to make distributions to Unitholders or the level of distributions may fall

The Trust's distributions will be based on the cash flows available for distribution and not on whether the Trust makes an accounting profit or loss. If business entities held by the Trust do not generate sufficient income, the Trust's cash flow and ability to make distributions will be adversely affected.

In addition, the Trust will rely on the receipt of dividends, principal or interest payments on shareholder loans and management fees from the entities held by the Trust in order to make distributions to Unitholders. There can be no assurance that the initial distribution will be as forecast and there can be no assurance that the Trust will have sufficient distributable or realised profits or surplus in any future period to make distributions, pay interest, or make advances. The ability of the entities held by the Trust to pay dividends, make interest payments and repay shareholder loans may be affected by a number of factors including, among other things:

- their respective businesses and financial positions;
- insufficient cash flows received from the assets;
- applicable laws and regulations, which may restrict the payment of dividends by the entities held by the Trust;
- operating losses incurred by the entities held by the Trust in any financial year;

- changes in accounting standards, taxation laws and regulations, laws and regulations in respect of foreign exchange repatriation of funds, corporation laws and regulations relating thereto; and

- the terms of agreements to which they are, or may become, a party.

Further, any change in the applicable laws in Singapore or elsewhere (including, for example, tax laws and foreign exchange controls) may limit our ability to pay or maintain distributions to Unitholders. No assurance can be given that the Trust will be able to pay or maintain the levels of distributions, that the level of distributions will increase over time, or that future acquisitions will increase the Trust's distributable free cash flow to Unitholders. Any reduction in or elimination of payments of distributions could adversely affect the market price of the Units.

Market and economic conditions may affect the market price and demand for the Units

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. In particular, an increase in interest rates may have an adverse impact on the market price of the Units.

Investment in the Trust may raise a series of tax-related risks

There are a number of tax considerations with respect to an investment in the Trust. Accordingly, prospective Unitholders should consult their own tax and other advisors as to the suitability and tax consequences to their particular circumstances of an investment in the Trust. The amount of tax due, if any, with respect to gains and income of the Trust may be determined separately for each Unitholder. Each Unitholder will be responsible for keeping its own records and calculating and reporting any gain or loss resulting from a distribution or disposal of its interest in the Trust. The tax rules or their interpretation in relation to an investment in the Trust may change during the life of the Trust. In particular, both the level and basis of taxation may change.

Exchange rate fluctuations may adversely affect the value of the Units and/or any distribution for investors

The Units will be listed and quoted on the SGX-ST in Singapore dollars and distributions in respect of the Units are expected to be paid in Singapore dollars. However, as the Trust receives distributions from the TBC Group in Taiwan dollars, fluctuations in the exchange rate between the Taiwan dollar and the Singapore dollar will affect, among other things, the Singapore dollar value of the periodic distributions. Although the Trustee-Manager expects to utilise currency hedging arrangements to limit the Trust's exposure to foreign currency fluctuations, the income of the Trust for any given period may be subject to foreign currency exchange risk to the extent that the actual income differs from the forecast and projected income and distributions. A material movement in exchange rates could have a material adverse effect on the extent of the Trust's distributions to Unitholders, as well as on the Singapore dollar value of the Units.

(See "*Exchange Rate Information and Exchange Controls*" for information on the exchange rate between the Taiwan dollar and the Singapore dollar)

Foreign Unitholders may not be permitted to participate in future rights issues and preferential offerings by us

The Trust Deed provides that the Trustee-Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue or preferential offering to those Unitholders whose addresses are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on

such other terms and conditions as the Trustee-Manager may determine, subject to such other terms and conditions as the Trustee-Manager may impose. The proceeds of any such sale, if successful, will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholders are less than S$10.00, the Trustee-Manager is entitled to retain such proceeds as part of the Trust Property (as defined herein). The holding of the relevant holder of the Units may be diluted as a result of such sale.

The pro forma financial information included in this document may not accurately reflect the Group's future financial position, results and cash flows

This document includes pro forma financial information for the year 2012 to reflect the Trust's financial position and financial results as if the acquisition of the TBC Group had taken place on 31 December 2012 and 1 January 2012, respectively. As this pro forma financial information is prepared for illustrative purposes only, it is, by its nature, subject to change and may not give an accurate picture of the Group's actual results of operations, cash flows and distribution that would have occurred had the divestment of the TBC Group to the Trust, the Offering and Listing been effected on the dates assumed to have been effected. After the Listing Date, the cost structure of the Trust will differ in certain significant respects from the historical cost structure of the TBC Group. For example, there are certain costs, such as the Trustee-Manager's fees and other Trust specific costs, which will be the Trust's costs going forward that were not costs of the TBC Group historically. If the various assumptions underlying the preparation of the pro forma financial statements do not come to pass, the actual results of the Trust could be materially different from those indicated in the pro forma financial statements.

The Trust's actual performance could differ materially from the forward-looking statements and forecasts in this document

This document contains forward-looking statements regarding, among other things, forecast and projected distribution levels for Forecast Year 2013 and Projection Year 2014. These forward-looking statements are based on a number of assumptions that are subject to significant uncertainties and contingencies, many of which are beyond the Trustee-Manager's control. (See "*Profit and Cashflow Forecast and Profit and Cashflow Projection – Assumptions*")

Our income is dependent on distributions from the TBC Group, whose revenue is dependent on a number of factors, including the receipt of payments from its subscribers, which may decrease for a number of reasons including decrease in prices for its services, demand for its services and the state of the global economy. These may adversely affect our ability to achieve the forecast and/or projected distributions as some or all events and circumstances assumed may not occur as expected, or events and circumstances may arise that are not currently anticipated.

No assurance is given that the assumptions will be realised and the actual distributions will be as forecast and/or projected. The forecast and projected distributions should be reviewed in conjunction with the description of the TBC Group, the factors affecting results of operations and discussion of liquidity and market risk, and other information contained in this document, including the information in "*Risk Factors*". In addition, the information in "*Selected Financial Information and Operating Data*" contained in this document is not necessarily indicative of our future performance.

The forecast and projected distributions assume that the Listing Date is 1 June 2013 and is based on other assumptions that are inherently uncertain and are subject to significant business, economic, financial regulatory and other competitive risks that could cause actual distributions to differ. The Trustee-Manager does not intend to provide any updated or otherwise revised forecast or projected distributions in the event that these or other assumptions differ from actual results.

Yield on investments to be held by the Trust is not equivalent to yield on the Units

Generally speaking, yield depends on the amount of net income and is calculated as the amount of revenue generated by the investments concerned, less the expenses incurred in connection with such investments compared against the current value of the investments.

However, distribution yield on the Units depends on the distributions payable on the Units as compared with the purchase price of the Units. While there may be some correlation between these two yields, they are not the same and will vary accordingly for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The Units are not redeemable at the option of Unitholders

It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager while the Units are listed on the SGX-ST, although the Trust Deed provides that the Trustee-Manager may repurchase Units if it has obtained the prior approval of Unitholders in a general meeting by passing an Ordinary Resolution (as defined herein) in accordance with the BTA and the Trust Deed but subject to other requirements of the relevant laws, regulations and guidelines imposed by authorities in Singapore.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Offering. Although the Trustee-Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders should view the Units as illiquid and must be prepared to hold their Units for an indefinite length of time.

There is no assurance that the Units will remain listed on the SGX-ST

Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, the Trust may not continue to satisfy the listing requirements of the SGX-ST. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of the Units

Under the Singapore Code on Take-overs and Mergers, an entity is required to make a mandatory offer for all the Units not already held by it or parties acting in concert with it (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of it or parties acting in concert with it results in the aggregate unitholdings crossing certain specified thresholds.

While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The price of the Units may decline after the Offering

The Offering Price is determined by agreement between the Trustee-Manager and the Joint Bookrunners and Joint Underwriters. The Offering Price may not be indicative of the market price for the Units upon completion of the Offering. The market price of the Units may also be highly volatile and could be subject to wide fluctuations. If the market price of the Units declines significantly, investors may be unable to resell their Units at or above their purchase price, if at all. There can be no assurance that the market price of the Units will not fluctuate or decline significantly in the future. The market price of the Units will depend on many factors, including, among others:

- the perceived prospects of the TBC Group's business and investments and the market for media and telecommunication services;
- differences between the TBC Group's actual financial and operating results and those expected by investors and analysts;
- the perceived prospects of future assets and businesses that may be added to the Trust's portfolio in accordance with its investment mandate;
- changes in research analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of the Trust's assets;
- the perceived attractiveness of the Units against those of other business trusts, equity or debt securities;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Singapore business trust market;
- any changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore business trusts;
- the ability of the Trustee-Manager to implement successfully its investment and growth strategies;
- foreign exchange rates;
- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets;
- variations in the quarterly operating results of the Trust;
- difficulty in assessing the Trust's performance against either domestic or international benchmarks, as there are few listed comparables;
- publication of research reports about the Trust, other Pay-TV Businesses or Broadband Businesses or the pay-TV or broadband industries in general, or the failure of securities analysts to cover the Units after the Offering;
- additions or departures of key management personnel of the Trust and/or the TBC Group;

- changes in the distribution payment policy or failure to execute the existing distribution policy;
- actions by Unitholders;
- changes in market valuations of similar business entities or companies;
- announcements by the Trust or its competitors of significant contracts, acquisitions, disposals, strategic partnerships, joint ventures or capital commitments;
- speculation in the press or investment community; and
- changes or proposed changes in laws or regulations affecting the pay-TV and broadband industries or enforcement of these laws and regulations, or announcements relating to these matters.

To the extent that the TBC Group retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure of the TBC Group to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in the Trust.

In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested, in full or in part. The purchase price that the Trustee-Manager is paying for the acquisition of the TBC Group will be based on the Offering Price. To the extent that the value of the TBC Group, which will be the Trust's only material asset immediately after the Listing, declines, the proceeds from a liquidation, winding-up or other termination of the Trust may be less than the amount invested by investors in the Offering, and it is possible that investors may lose a part or all of their investment in the Units.

The net asset value per Unit may be diluted if further issues are priced below the current net asset value per Unit as at the time of such issues

New issues of Units may occur in the future and the subscription price for such Units may be above, at or below the then prevailing net asset value per Unit. Where new Units are issued at a price which is less than the then prevailing net asset value per Unit, the net asset value of each existing Unit will be diluted.

The Trust's rights and rights of the Unitholders to recover claims against the Trustee-Manager are limited

The Trust Deed limits the liability of the Trustee-Manager to any matter or thing done or suffered or omitted to be done by it in good faith in the absence of fraud, wilful default, breach of trust or where the Trustee-Manager fails to exercise Due Care (as defined herein). In addition, the Trust Deed provides that the Trustee-Manager is entitled to be indemnified out of Trust Property against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of the Trust unless occasioned by the fraud, wilful default, breach of trust or where the Trustee-Manager fails to exercise Due Care. As a result, the Trust's rights and the rights of the Unitholders to recover claims against the Trustee-Manager are limited.

Third parties may be unable to recover for claims brought against the Trustee-Manager, as the Trustee-Manager is not an entity with significant assets

Third parties, in particular Unitholders, may in the future have claims against the Trustee-Manager in connection with the carrying on of its duties as trustee-manager of the Trust (including in relation to the Offering and this document).

The Trust Deed provides that the Trustee-Manager is entitled to be indemnified out of Trust Property against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of the Trust unless occasioned by the fraud, wilful default, breach of trust or where the Trustee-Manager fails to exercise Due Care. In the event of any such fraud, wilful default, breach of trust or failure to exercise Due Care, only the assets of the Trustee-Manager itself and not the Trust Property would be available to satisfy a claim.

The Trustee-Manager is incorporated in Singapore, and all of the Trust's assets are located outside the United States, and it may not be possible for investors to effect service of process, including in connection with certain judgements, on us outside of Singapore

The Trustee-Manager is incorporated in Singapore. All of the Trust's assets are located outside the United States, and all of the Directors reside outside the United States. As a result, it may not be possible for investors to effect service of process on the Trustee-Manager or the Directors in the United States, including in connection with civil liability claims under the U.S. federal securities laws or the securities laws of any state within the United States, or upon other bases.

In particular, judgements of U.S. courts based upon the civil liability provisions of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgements in original actions brought in the United States.

The Trust may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting Registered Business Trusts

The Trust may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting business trusts registered with the MAS ("**Registered Business Trusts**"). There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect Registered Business Trusts in general or the Trust specifically.

The Trust may be unable to comply with the conditions for various tax exemptions and/or tax rulings obtained, or the tax exemptions and/or tax rulings may no longer apply

The Trust may, from time to time, obtain various tax exemptions and/or tax rulings from the Inland Revenue Authority of Singapore (the "**IRAS**") or the Ministry of Finance, Singapore. The approvals for these tax exemptions and/or tax rulings may be subject to the Trust satisfying the stipulated conditions. Where these conditions are not satisfied, or are no longer satisfied by the Trust, the tax exemptions and/or tax rulings may not apply. The approvals may also be granted based on the facts presented to the IRAS and/or the Ministry of Finance, Singapore. Where the facts turn out to be different from those represented to the IRAS and/or the Ministry of Finance, Singapore, or where there is a subsequent change in the tax laws, the tax exemptions and/or tax rulings may not apply. In particular, the Trust has obtained an exemption from Singapore income tax under Section 13(12) of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") on dividend income received by the Trust from the Bermuda Holdcos after its listing on the SGX-ST subject to stipulated conditions being met. If the tax exemptions, and/or tax rulings no longer apply to the Trust, the Trust's distributions to Unitholders may be adversely affected.

USE OF PROCEEDS

ISSUE PROCEEDS

Based on the Offering Price, the Trustee-Manager expects the net proceeds from the Offering (based on the Offering of 936,164,086 Units) and from the issue of the Cornerstone Units and the Sponsor Units (after deducting the estimated Equity Issue Expenses and assuming that the Over-Allotment Option is not exercised and no Consideration Units are issued) to be approximately S$1,341.0 million.

USE OF PROCEEDS

The Trustee-Manager intends to use the proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units towards the following:

(i) settlement of the Acquisition Amount on the Listing Date;

(ii) repayment of the indebtedness outstanding under the Subordinated Facility and the costs associated with the termination of the related cross currency interest rate swap (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – U.S.$135.0 million Subordinated Syndicated Loan Facility*");

(iii) payment of cash awards (which vest on the Listing Date) to senior management of the TBC Group pursuant to the Pre-Listing LTIP (See "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*");

(iv) payment of the Equity Issue Expenses; and

(v) general corporate and working capital purposes.

If the Over-Allotment Option is exercised in full, the estimated additional net proceeds of S$67.8 million may be used for capital expenditure, general corporate purposes and early debt repayment. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Expenditures – Planned Capital Expenditure*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – Chinatrust Commercial Bank NT$26,012,000,000 Senior Secured Loan Facility*")

Pending the deployment of the proceeds, as described above, the Trustee-Manager may place the remaining funds in fixed deposits with banks or financial institutions or use the funds for investment in short-term money market instruments, as the Directors may deem appropriate in their absolute discretion.

The following tables included for the purpose of illustration, set out the intended application of the total proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units (assuming the Over-Allotment Option is not exercised and that no Consideration Units are issued):

Application	(S$ million)	As a dollar amount for each S$ of the total issue proceeds of the Offering and the issue of the Cornerstone Units and the Sponsor Units
Settlement of the Acquisition Amount on the Listing Date	1,073.9[(1)]	0.77
Repayment of the indebtedness outstanding under the Subordinated Facility and the costs associated with the termination of the related cross currency interest rate swap	252.8	0.18
Payment of cash awards (which vest on the Listing Date) to senior management of the TBC Group pursuant to the Pre-Listing LTIP at Cable TV S.A.	13.9	0.01
Payment of the Equity Issue Expenses	52.7	0.04
General corporate and working capital purposes	0.5	Not meaningful
Total proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units	1,393.7	1.00

Note:

(1) Assumes S$252.8 million required for the repayment of the outstanding Subordinated Facility and the termination cost of the cross currency interest rate swap and S$52.7 million of Equity Issue Expenses (the "**Transaction Costs**"). Following the determination of the actual Transaction Costs, if such estimated Transaction Costs are more than the actual Transaction Costs, the Acquisition Amount would increase by that amount. See *"Unaudited Pro Forma Financial Information – Pro Forma Statement of Cash Flow"* and *"Trust Acquisition – Share Purchase Agreement"*.

The foregoing represents the Trustee-Manager's best estimate of the allocation of the total proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units based on its current plans and estimates regarding its anticipated expenditures. Actual expenditures may vary from these estimates, and the Trustee-Manager may find it necessary or advisable to re-allocate the net proceeds within the categories described above or to use portions of the proceeds for other purposes. In the event that the Trustee-Manager decides to re-allocate the proceeds from the Offering and the issue of the Cornerstone Units, the Sponsor Units or Additional Units or use portions of it for purposes other than as set out in this document, the Trustee-Manager will publicly announce its reasons for doing so through an SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com.

The Trustee-Manager will make periodic announcements on the utilisation of the net proceeds from the Offering, the issue of the Cornerstone Units, the Sponsor Units and the Additional Units via SGXNET as and when such funds are materially utilised, and will provide a status report on the use of the net proceeds in the annual report of the Trust.

EQUITY ISSUE EXPENSES

The Trustee-Manager estimates that the costs and expenses payable in connection with the Offering, the issue of the Cornerstone Units and the Sponsor Units and the application for listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering and the issue of the Cornerstone Units and the

Sponsor Units (together, the "**Equity Issue Expenses**") will be approximately S$52.7 million (assuming the Over-Allotment Option is not exercised and that no Consideration Units are issued). A breakdown of these estimated expenses is as follows:

	(S$'000)	As a percentage of the total issue proceeds of the Offering and the issue of the Cornerstone Units and the Sponsor Units
Underwriting, Selling and Management Commission[(1)]	37,177	2.7%
Professional fees and other Offering-related expenses[(2)]	15,521	1.1%
Total	52,698	3.8%

Notes:

(1) Based on the number of Units issued as set out above, the Underwriting, Selling and Management Commission payable in connection with the Offering and the issue of the Cornerstone Units is 2.75% of the gross proceeds of the Offering and the issue of the Cornerstone Units and 2.75% on a per Unit basis. No Underwriting, Selling and Management Commission is payable in connection with the Sponsor Units. (See "*Plan of Distribution*"). Assuming that the full number of Consideration Units is issued, the Underwriting, Selling and Management Commission payable in connection with the Offering and the issue of the Cornerstone Units and the Consideration Units will be S$35.4 million.

(2) Includes solicitors' fees and fees for the Independent Auditor and Reporting Accountant, the Independent Singapore Tax Adviser, the Independent Industry Consultant, the Independent Valuer and other professionals' fees as well as the cost of the production of this document, roadshow expenses, the warranty and indemnity insurance policy acquired by the Trustee-Manager in relation to the Share Purchase Agreement and certain other expenses incurred or to be incurred in connection with the Offering.

LIQUIDITY

Taking into account the expected cash to be generated from the operations of the Trust Group, together with cash and cash equivalents, and the banking facilities available to the Trust Group, the Directors are of the opinion that the working capital available to the Trust Group, as at the date of lodgement of this document is sufficient for the Trust Group's present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the date of this document. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings*")

INFORMATION CONCERNING THE UNITS

SUBSCRIPTION OF UNITS BY THE SPONSOR

At the same time as but separate from the Offering, the Sponsor will, pursuant to the Sponsor Subscription Agreement, subscribe for 43,103,999 Units at the Offering Price and will, immediately after the completion of the Offering hold 43,103,999 Units (constituting approximately 3.0% of the total number of Units expected to be in issue then (assuming that the Over-Allotment Option is not exercised), subject to the Stabilising Manager borrowing up to 43,103,999 Sponsor Units under the Unit Lending Agreement, conditional upon the Underwriting Agreements having been entered into, and not having been terminated pursuant to their terms on or prior to the Listing Date.

SUBSCRIPTION BY THE DIRECTORS AND EXECUTIVE OFFICERS

The Directors and the Executive Officers may, subject to applicable laws, subscribe for Units under the Public Offer and/or the Placement. In such cases, the Trustee-Manager will make announcements via SGXNET as soon as practicable. Save for the Trustee-Manager's internal policy which prohibits the Directors and the Executive Officers from dealing in the Units at certain times as well as applicable insider trading laws, there is no restriction on the Directors and the Executive Officers disposing of or transferring all or any part of their unitholdings. (See "*Corporate Governance*")

SUBSCRIPTION FOR MORE THAN 5.0% OF THE UNITS

To the Trustee-Manager's knowledge, as at 29 April 2013, being the latest practicable date prior to the lodgement of this document with the MAS (the "**Latest Practicable Date**"), no person intends to subscribe for more than 5.0% of the Units in the Offering. If any person were to make an application for Units amounting to more than 5.0% of the Units in the Offering and were subsequently allotted or allocated such number of Units, the Trustee-Manager will make the necessary announcements at an appropriate time. The final allocation of Units will be in accordance with the unitholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.

CONSIDERATION UNITS

The aggregate consideration for the Trust Acquisition payable to MIIF shall be satisfied by the delivery of Consideration Units which will in turn be distributed to shareholders of MIIF. To the extent that shareholders of MIIF elect to receive the distribution in cash or are not otherwise entitled to receive the distribution in Consideration Units, the number of Consideration Units will be reduced by the number that would otherwise have been distributed to such shareholders, and such shareholders will instead receive cash based on the Offering Price. Assuming that none of the shareholders of MIIF elect to receive the distribution in cash, the number of Consideration Units is 525,866,849. (See "*Trust Acquisition – Share Purchase Agreement*")

OPTIONS ON UNITS

No option to subscribe for Units has been granted to any of the Directors or to the Chief Executive Officer or the Chief Financial Officer.

LOCK-UPS

The Sponsor and the Trustee-Manager have agreed to certain lock-up arrangements.

The Sponsor has agreed with the Joint Bookrunners and Joint Underwriters to a lock-up arrangement during the Sponsor Lock-up Period in respect of the Sponsor Lock-up Units.

The Trustee-Manager has agreed with the Joint Bookrunners and Joint Underwriters not to offer, issue or contract to issue any Units or to make any announcements in connection with any of the foregoing transactions, during the Lock-up Period, subject to certain exceptions.

(See "*Plan of Distribution – Lock-up Arrangements*")

PRINCIPAL UNITHOLDERS AND THEIR UNITHOLDINGS

On 30 April 2013, one Unit was issued to Mr. Brian McKinley (the "**Initial Subscriber**") upon the constitution of the Trust. The issue price of this Unit was S$1.00. No other Units have been issued.

The following table sets out the principal Unitholders who have an interest in the Units and the number and percentage of Units in which each of them has an interest (whether direct or deemed) after the Offering (assuming that no Consideration Units are issued). All Units owned by the principal Unitholders will carry the same voting rights as the Units to be issued pursuant to the Offering.

	Units owned after the Offering of 936,164,086 Units (Assuming that the Over-Allotment Option is not exercised)		**Units owned after the Offering of 1,008,004,086 Units (Assuming that the Over-Allotment Option is exercised in full)**	
		(%)		**(%)**
Brian McKinley[(1)]	1	Not meaningful	1	Not meaningful
The Sponsor	43,103,999	3.0	43,103,999	2.9
Eastspring Investments (Singapore) Limited[(2)(3)]	96,000,000	6.7	96,000,000	6.4
Other Cornerstone Investors[(3)]	361,531,914	25.2	361,531,914	24.0
Public and Institutional Investors	936,164,086	65.2	1,008,004,086	66.8
Total	**1,436,800,000**	**100**	1,508,640,000	100

Notes:

(1) Brian McKinley holds shares in MIIF and will receive a distribution of Consideration Units unless he elects to receive the distribution in cash. (See "*Trust Acquisition – Share Purchase Agreement*") He may, subject to applicable laws, also subscribe for Units under the Public Offer.

(2) Eastspring Investments (Singapore) Limited has a deemed interest in 96,000,000 Units which it has agreed to subscribe for in its capacity as investment manager of certain funds. Each of Prudential Singapore Holdings Pte. Limited, Prudential Corporation Holdings Limited, Prudential Holdings Limited and Prudential plc, has a deemed interest in the Units which Eastspring Investments (Singapore) Limited has agreed to subscribe for in its capacity as investment manager of certain funds. Prudential Singapore Holdings Pte. Limited, Prudential Corporation Holdings Limited and Prudential Holdings Limited are the intermediate holding companies of Eastspring Investments (Singapore) Limited, and Prudential plc is the ultimate parent company.

(3) See "*Information Concerning the Units – Information on the Cornerstone Investors*".

INFORMATION ON THE CORNERSTONE INVESTORS

Concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a Cornerstone Subscription Agreement dated 30 April 2013 with the Trustee-Manager to subscribe for Cornerstone Units at the Offering Price, conditional upon the Underwriting Agreements having been entered into, and not having been terminated, pursuant to their terms on or prior to the Listing Date. An aggregate of 457,531,914 Cornerstone Units will be issued to the Cornerstone Investors. The Cornerstone Investors are:

Asian Century Quest Capital LLC

Asian Century Quest Capital, LLC is an investment manager that specialises in the Asian equity markets. Asian Century Quest Capital, LLC's investment team is comprised of 20 professionals with over 200 years of combined industry experience. Asian Century Quest Capital, LLC was founded in 2005 and has offices in New York, Tokyo and Hong Kong.

Capital Research and Management Company

The investor is Capital World Investors, a division of Capital Research and Management Company, as investment adviser to American Funds Insurance Series – Global Growth and Income Fund.

Eastspring Investments (Singapore) Limited

Eastspring Investments (Singapore) Limited, part of Prudential Corporation Asia, is Prudential's asset management business in Asia. Prudential plc provides insurance and financial services directly and through its subsidiaries and affiliates throughout the world. Prudential plc is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the U.S.

Indus Capital Partners, LLC

Indus Capital Partners, LLC is the investment manager to various private investment funds and accounts which will be participating in this investment, and is registered as an investment adviser with the United States Securities and Exchange Commission.

Lion Global Investors Limited

Lion Global Investors Limited, a member of the Oversea-Chinese Banking Corporation Limited (OCBC) Group, is one of the largest asset management companies in Southeast Asia. Established as an Asian asset specialist since 1986, Lion Global Investors Limited offers equities and fixed income funds to institutional and retail investors globally. Lion Global Investors Limited is 70% owned by Great Eastern Holdings Limited and 30% owned by Orient Holdings Private Limited, a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited.

Neuberger Berman LLC

Neuberger Berman LLC is a private, independent, employee-controlled investment manager. It partners with institutions, advisors and individuals throughout the world to customise solutions that address their needs for income, growth and capital preservation. Founded in 1939, the firm provides solutions across equities, fixed income, hedge funds and private equity.

OZ Master Fund, Ltd., Goldman Sachs Profit Sharing Master Trust, Gordel Capital Limited, Ozea, L.P., OZ Equity Long-Short Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Eureka Fund, L.P., OZ Global Special Investments Master Fund, L.P. and OZ ELS Master Fund (the "OZ Funds")

The investment manager of each of the OZ Funds is either OZ Management LP or OZ Management II LP, affiliates of Och-Ziff Capital Management Group LLC. Och-Ziff Capital Management Group LLC is a leading global institutional asset management firm with approximately U.S.$34.9 billion of assets under management as of 1 April 2013.

Quantum Partners LP

Quantum Partners LP is a limited partnership formed under the laws of the Cayman Islands with its principal address at Kaya Flamboyan 9, Willemstad, Curacao. Soros Fund Management LLC ("**SFM**") is the principal investment adviser to Quantum Partners LP. SFM is a Delaware limited liability company beneficially owned by members of the Soros family and operates as a family office.

Signature Global Advisors

Signature Global Advisors, a division of CI Investments Inc., is a wholly owned subsidiary of CI Financial Corporation.

CI Financial Corporation ("**CI Financial**") is a diversified wealth management firm and one of Canada's largest investment fund companies. CI Financial offers a wide selection of mutual funds, industry-specific funds, RSP-eligible funds, multi-manager funds and segregated funds. CI Financial is listed on the Toronto Stock Exchange under the symbol (TSX:CIX) and is a constituent company of the S&P/TSX Composite Index.

PRC INVESTMENT RESTRICTIONS, TAIWAN GOVERNMENT OWNERSHIP RESTRICTIONS AND FAIR TRADE REQUIREMENTS

Under the Measures Governing Investment Permit for the People of Mainland China Area, a PRC Person can only invest in certain business sectors in Taiwan allowed by the IC. As at the date of this document, the cable TV industry is not on the list of sectors in which PRC Persons may invest in Taiwan. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – PRC investment restrictions*")

In addition, under the CRTA, Restricted Entities shall not directly or indirectly invest in a cable TV system operator. In addition, Restricted Persons may not directly or indirectly invest in a cable TV system operator and the aggregate shareholdings held by spouses and relatives of Restricted Persons shall not exceed one per cent. of the total outstanding shares of a cable TV system operator. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Taiwan government/political party ownership restrictions*")

Under the Fair Trade Act, a "merger" includes a situation where an enterprise holds or acquires the shares or capital contributions of another enterprise to an extent of more than one-third of the total voting shares or total capital of such other enterprise. If the merger meets one of the thresholds set out in the Fair Trade Act, a pre-merger notification will need to be filed with the FTC. (See "*Regulatory Environment – Requirements under the Fair Trade Act*")

Investors should note that the Trust Deed provides that the Trustee-Manager may, in the case of a breach of the PRC Investment Restrictions and/or the Taiwan Government Ownership Restrictions and/or where a corporate entity which provides cable television services in Taiwan (as determined by the Trustee-Manager in its sole discretion) holds or

acquires more than one-third of the total issued Units, take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the restrictions thereunder are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Unitholders to dispose of their Units and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), the power to arrange for the sale of the Units. Pending such sale, the Trustee-Manager has the power to suspend the voting rights of such Units and/or to restrict the transfer of such Units. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.

DISTRIBUTIONS

Statements contained in this "Distributions" section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters, the Sponsor or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date of this document. (See "Forward-Looking Statements")

DISTRIBUTION POLICY

Since the establishment of the Trust, there have not been any distributions made on the Units. Pursuant to the Share Purchase Agreement, the Sellers have undertaken to procure that, during the period between the date of the Share Purchase Agreement and completion of the Trust Acquisition, the Bermuda Holdcos and Cable TV S.A. shall not without the prior written consent of the Trustee-Manager (except as may be required to give effect to and comply with the Share Purchase Agreement), declare, make or pay any dividend or other distribution to its shareholders.

Distributions will be declared in Singapore dollars. Any proposed distributions by the Trust will be paid from its residual cash flows ("**Distributable Free Cash Flows**"), which consist of cash flows from dividends and principal and interest payments (net of applicable taxes and expenses) received by the Trust from the entities held in the Trust, and any other cash received by the Trust from the entities held in the Trust, after such cash flows have been applied to:

- pay the operating expenses of the Trust, including the Trustee-Manager's fees;
- repay principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust;
- pay interest or any other financing expense on any debt or financing arrangement of the Trust;
- provide for the cash flow needs of the Trust or to ensure that the Trust has sufficient funds and/or financing resources to meet the short-term liquidity needs of the Trust; and
- provide for the cash needs of the Trust for capital expenditure purposes.

The Trust's distribution policy is to distribute 100.0% of the Trust's Distributable Free Cash Flows. Distributable Free Cash Flow is a non-IFRS financial measure. For a discussion of the Trust's Distributable Free Cash Flow and a reconciliation of Distributable Free Cash Flows to the Trust Group's profit or losses, see "*Profit and Cashflow Forecast and Profit and Cashflow Projections – Reconciliation of Net Profit to Final Distributions to Unitholders*".

After the Trust has been admitted to the Main Board of the SGX-ST, the Trust will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. However, the Trust's first distribution period will be for the period from the Listing Date to 30 June 2013. The first distribution payment, which will be paid on or before 8 October 2013, is expected to amount to S$69.0 million, comprising S$23.6 million[1] of excess cash available for distribution at the time of

---

[1] Based on U.S.$19.1 million of excess cash at Cable TV S.A. Such excess cash is only available for distribution as part of the first distribution payment and is non-recurring.

the Offering and projected Distributable Free Cash Flows of S$45.5 million attributable to the six-month period from 1 January 2013 to 30 June 2013. If the Over-Allotment Option is exercised in full, the Trust intends to maintain the same level of distributions per Unit. Subsequent distributions will take place on a semi-annual basis. The Trustee-Manager will pay the distributions no later than 100 days after the end of each distribution period.

The foregoing are statements of the present intentions of the Trustee-Manager in relation to the Trust and may be subject to modification (including the reduction or cancellation of any proposed distribution) in the sole and absolute discretion of the Trustee-Manager. The form, frequency and amount of future distributions (if any) on the Trust's Units will depend on the earnings, financial position and results of operations of the Trust, as well as contractual restrictions, provisions of applicable law and other factors that the Trustee-Manager may deem relevant. See "*Risk Factors*" for a discussion of factors that may adversely affect the ability of the Trust to make distributions to Unitholders.

EXCHANGE RATE INFORMATION AND EXCHANGE CONTROLS

The table below sets forth, for the periods indicated, information concerning the exchange rates between Singapore dollars and U.S. dollars (in U.S. dollars per Singapore dollar) and between Singapore dollars and Taiwan dollars (in Taiwan dollars per Singapore dollar). The average rates for the annual figures were determined using the average of the exchange rates at the last day of each month during the year indicated. No representation is made that the U.S. dollar, Singapore dollar or Taiwan dollar amounts referred to herein could have been or could be converted into U.S. dollars, Singapore dollars or Taiwan dollars at the rates indicated, at any other rate, or at all.

	U.S. dollar/Singapore dollar[1]		
Financial year ended 31 December	**Average**	**High**	**Low**
2008	0.710	0.743	0.652
2009	0.689	0.726	0.642
2010	0.736	0.781	0.702
2011	0.798	0.834	0.758
2012	0.803	0.823	0.769
2013 (until the Latest Practicable Date)	0.808	0.820	0.798
Month			
October 2012	0.817	0.823	0.811
November 2012	0.818	0.820	0.813
December 2012	0.819	0.822	0.816
January 2013	0.814	0.820	0.806
February 2013	0.807	0.810	0.803
March 2013	0.802	0.809	0.798
April 2013 to the Latest Practicable Date[2]	0.807	0.812	0.804

Notes:

(1) Source: Bloomberg. Bloomberg has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

(2) As at the Latest Practicable Date, the exchange rate between Singapore dollars and U.S. dollars is S$1.00 = U.S.$0.8083.

Financial year ended 31 December	Taiwan dollar/Singapore dollar[1]		
	Average	High	Low
2008	22.363	23.213	21.677
2009	22.711	23.377	21.929
2010	23.109	23.902	22.451
2011	23.469	24.227	22.420
2012	23.690	24.222	23.027
2013 (until the Latest Practicable Date)	23.894	24.262	23.522
Month			
October 2012	23.905	24.026	23.755
November 2012	23.813	23.972	23.654
December 2012	23.814	23.896	23.691
January 2013	23.691	23.973	23.522
February 2013	23.925	24.076	23.794
March 2013	23.872	24.130	23.708
April 2013 to the Latest Practicable Date[2]	24.108	24.262	23.906

Notes:

(1) Source: Bloomberg. Bloomberg has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Trustee-Manager, the Joint Issue Managers, the Joint Bookrunners, the Joint Global Coordinators and Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

(2) As at the Latest Practicable Date, the exchange rate between Singapore dollars and Taiwan dollars is S$1.00 = NT$23.9058.

EXCHANGE CONTROLS

Singapore

There are no exchange controls in Singapore.

Taiwan

The Central Bank of Taiwan has deregulated the foreign exchange controls on capital movements for over a decade. Currently, capital movements are liberalised. Cash flows involving conversion of Taiwan dollars are substantially liberalised for inbound and outbound remittances related to foreign trades in goods and services, as well as direct investments and portfolio investments that are approved by the competent authorities. TBC Holdings and Harvest Cable Holdings have obtained the approval of the IC, under the Statute For Investment By Foreign Nationals, for their respective investments in the TBC Group and hence there are no foreign exchange controls on distributions to TBC Holdings and Harvest Cable Holdings from the TBC Group.

Except for certain thresholds on the amount remitted in a single transaction or over a year, each of which will trigger declaration and/or approval requirements, there are effectively no foreign exchange restrictions in Taiwan.

Bermuda

Exchange controls in Bermuda are operated under the Exchange Control Act 1972 of Bermuda (and the regulations made thereunder) and are administered by the Bermuda Monetary Authority. Generally, any payment by a person resident in Bermuda to or for the credit of a person resident outside Bermuda will require prior approval from the Bermuda Monetary Authority.

Each of the Bermuda Holdcos is an exempted company and is designated non-resident for exchange control purposes. Accordingly, each of the Bermuda Holdcos is able to conduct its day-to-day operations free of exchange control formalities and is able to pay dividends, distribute capital, open and maintain bank accounts in any foreign currency and acquire assets and meet all liabilities without reference to the Bermuda Monetary Authority.

Netherlands

There are no exchange controls in the Netherlands.

Luxembourg

There are no exchange controls in Luxembourg.

CAPITALISATION AND INDEBTEDNESS

The information in the table below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Use of Proceeds".

The following table sets forth the pro forma capitalisation and indebtedness of the Trust Group as at 31 December 2012 and as at the Listing Date and after application of proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units to repay the indebtedness outstanding under the Subordinated Facility and the costs associated with the termination of the related cross currency interest rate swap.

The following table is adjusted to give effect to the issue of Units and receipt of proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units assuming no exercise of the Over-Allotment Option.

The pro forma information below is illustrative only and does not take into account any changes in the Trust Group's short-term borrowings and capitalisation after the Listing Date, other than to give effect to the Offering and after application of proceeds from the Offering and the issue of the Cornerstone Units and the Sponsor Units to repay the indebtedness outstanding under the Subordinated Facility and the costs associated with the termination of the related cross currency interest rate swap, and the transactions contemplated by the Trust Acquisition.

	As at the 31 December 2012 and as at the Listing Date
	S$ ('000s)
Indebtedness	
Bank borrowings[(1)]	
– due within one year	1,396
– due after one year	901,104
Total indebtedness	**902,500**
Total equity	**1,341,282**
Total capitalisation and indebtedness	**2,243,782**

Note:

(1) Secured and after capitalisation of arrangement cost. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*" for a description of the terms of the New Debt Facilities.

SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The following selected historical audited combined financial statements have been derived from the TBC Group's historical audited combined financial statements included elsewhere in this document. The historical audited combined financial statements are reported in Singapore dollars and prepared and presented in accordance with IFRS. The financial statements included in this document are not indicative of the TBC Group's future combined financial position, results of operations and cash flows, and the TBC Group's past operating results are not indicative of the TBC Group's future operating performance.

The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", the TBC Group's historical audited combined financial statements and the related notes and the related auditor's report, which are included elsewhere in this document.

Historical Combined Statements of Comprehensive Income

	For the year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Revenue	298,684	304,822	308,731
Broadcast and production costs	(60,117)	(58,783)	(59,368)
Other operating costs	(32,228)	(26,190)	(24,504)
Staff costs	(30,008)	(33,130)	(41,077)
Depreciation and amortisation expenses	(28,763)	(31,996)	(38,248)
Management fee expenses	(5,314)	(3,001)	(3,551)
Other operating income (expense)	14,136	(3,981)	(9,159)
Operating profit	156,390	147,741	132,824
Interest and other finance costs	(170,220)	(76,977)	(122,250)
(Loss) Profit before income tax expense	**(13,830)**	**70,764**	**10,574**
Income tax expense	(31,497)	(75,289)	(36,832)
Loss for the year	**(45,327)**	**(4,525)**	**(26,258)**
(Loss) Profit attributable to			
Holding companies of the Asian Pay-TV Business	(30,439)	(7,750)	(26,434)
Non-controlling interest	(14,888)	3,225	176
	(45,327)	(4,525)	(26,258)

	For the year ended 31 December		
	2010	2011	2012
		S$ ('000s)	
Other comprehensive (loss) income			
Exchange differences on translation of foreign operations	710	(19,126)	10,577
Change in unrealised gain (loss) on cash flow hedging financial instruments	4,971	(2,231)	2,865
Total comprehensive loss	**(39,646)**	**(25,882)**	**(12,816)**
Total comprehensive (loss) income attributable to			
Holding companies of the Asian Pay-TV Business	(28,386)	(29,103)	(12,992)
Non-controlling interest	(11,260)	3,221	176
	(39,646)	(25,882)	(12,816)
Earnings per share of profit attributable to the holding companies of the Asian Pay-TV Business	**N/A**	**N/A**	**N/A**

Historical Combined Statements of Financial Position

	As at 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
ASSETS			
Current assets			
Cash and cash equivalents	34,235	66,938	52,465
Trade and other receivables	6,064	15,564	15,644
	40,299	82,502	68,109
Non-current assets			
Property, plant and equipment	115,013	114,809	121,867
Intangible assets	1,865,926	1,815,195	1,781,956
Income tax refund receivable	29,010	20,797	14,053
Other assets	887	891	969
	2,010,836	1,951,692	1,918,845
Total assets	**2,051,135**	**2,034,194**	**1,986,954**
Current liabilities			
Borrowings from financial institutions	48,733	–	6,369
Derivative financial instruments	–	–	802
Trade and other payables	13,805	29,439	18,238
Income tax payable	52,965	101,646	124,107
Other liabilities	58,321	71,441	77,740
	173,824	202,526	227,256
Non-current liabilities			
Borrowings from financial institutions	1,141,907	1,033,218	1,019,397
Borrowings from related parties	55,375	250,996	293,198
Derivative financial instruments	82,086	62,519	64,848
Retirement benefit obligation	4,129	4,247	4,865
Deferred tax liabilities	675	1,539	1,358
Other liabilities	6,085	5,653	6,027
	1,290,257	1,358,172	1,389,693
Total liabilities	**1,464,081**	**1,560,698**	**1,616,949**
Net assets	**587,054**	**473,496**	**370,005**
CAPITAL AND RESERVES			
Combined capital	778,126	778,126	778,126
Reserves	(141,342)	(305,370)	(408,405)
Equity attributable to holding companies of the Asian Pay-TV Business	636,784	472,756	369,721
Non-controlling interest	(49,730)	740	284
Total equity	**587,054**	**473,496**	**370,005**

Historical Combined Statements of Cash Flows

	Year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Operating activities			
Cash generated from operations	178,284	199,706	194,944
Income tax paid	(22,741)	(14,698)	(20,170)
Net cash from operating activities	**155,543**	**185,008**	**174,774**
Net cash used in investing activities(1)	**(33,450)**	**(34,499)**	**(47,691)**
Financing activities			
Acquisition of non-controlling interest in a subsidiary	–	(110,881)	–
Interest received	89	115	106
Interest paid	(75,213)	(54,635)	(51,211)
Borrowings from financial institutions	1,201,256	15,609	13,098
Repayment of borrowings to financial institutions	(1,183,254)	(145,237)	–
Borrowings from a related party	–	311,961	–
Repayment of borrowings to related parties	–	(58,404)	–
Derivative financial instruments	(17,193)	(11,435)	(12,031)
Proceeds from issuance of shares	1,716	–	–
Proceeds from issuance of preferred stock	–	–	1,329
Redemption of preferred stock	–	–	(1,329)
Preference shares dividend paid	–	(604)	(632)
Dividends paid	(38,487)	(64,349)	(89,631)
Net cash used in financing activities	**(111,086)**	**(117,860)**	**(140,301)**
Increase (decrease) in cash and cash equivalents	11,007	32,649	(13,218)
Balance of cash and cash equivalents at the beginning of the year	24,311	34,235	66,938
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,083)	54	(1,255)
Balance of cash and cash equivalents at the end of the year	34,235	66,938	52,465

Note:

(1) Net cash used in investing activities consists primarily of acquisitions of property, plant and equipment, as well as some acquisitions of intangible assets, net of proceeds from the disposal of property, plant and equipment.

Non-IFRS Financial Measures

	Year ended 31 December		
	2010	2011	2012
EBITDA[(1)] (S$'000s)	185,153	179,737	171,072
EBITDA margin[(1)(2)] (%)	62.0	59.0	55.4
Asset EBITDA[(1)] (S$'000s)	185,325	194,291	197,740
Asset EBITDA margin[(1)(2)] (%)	62.0	63.7	64.0
Adjusted Profit before income tax[(3)] (S$'000s)	82,738	92,793	85,782
Adjusted Net Income[(3)] (S$'000s)	72,061	72,323	74,153

Notes:

(1) EBITDA is a non-IFRS financial measure and represents earnings before (i) interest and other financial costs, (ii) taxation, and (iii) depreciation and amortisation. Asset EBITDA is a non-IFRS financial measure and represents EBITDA plus (i) the onshore component of the Pre-Listing LTIP expenses (for 2010, 2011 and 2012 only), (ii) management fee expenses, (iii) offshore holding company expenses (which include the Pre-Listing LTIP expenses at Cable TV S.A. (for 2010, 2011 and 2012 only), salaries for some members of management (for 2010 and 2011 only) pursuant to a reimbursement agreement, audit, legal, accounting and tax fees and general administration costs), (iv) Trust expenses, (v) Trustee-Manager fees and (vi) other operating income (loss), less bank charges (including bank service fees for subscription fee collection and bank handling charges for money remittance or transfers). Trust expenses and Trustee-Manager fees are only presented in the reconciliation of Asset EBITDA for Forecast Year 2013 and Projection Year 2014 because these expenses are incurred after the Listing of the Trust. (See "*– Forecast and Projected Consolidated Income Statements – Reconciliation of Net Profit to EBITDA and Asset EBITDA*") EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin are supplemental financial measures of the TBC Group's performance and liquidity and are not required by, or presented in accordance with, IFRS, U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin are not measures of financial performance or liquidity under IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS, U.S. GAAP or any other generally accepted accounting principles. EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin may not reflect all of the financial and operating results and requirements of the TBC Group. In particular, EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin do not reflect the TBC Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate EBITDA, EBITDA margin, Asset EBITDA and Asset EBITDA margin differently, limiting their usefulness as comparative measures.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the TBC Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses), the age and book depreciation of tangible assets (affecting relative depreciation expense). In particular, EBITDA and Asset EBITDA eliminate the non-cash depreciation expense that arises from the capital-intensive nature of the TBC Group's businesses and intangible assets recognised in business combinations. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers. Set forth below is a reconciliation of the TBC Group's loss for the year to EBITDA and Asset EBITDA:

	Year ended 31 December		
	2010	2011	2012
		S$ ('000s)	
Loss for the year	(45,327)	(4,525)	(26,258)
Add: Depreciation and amortisation expenses	28,763	31,996	38,248
Add: Interest and other finance costs	170,220	76,977	122,250
Add: Income tax expense	31,497	75,289	36,832
EBITDA	**185,153**	**179,737**	**171,072**
Add: Onshore component of the Pre-Listing LTIP expenses	2,519	2,970	3,259
Add: Management fee expense	5,314	3,001	3,551
Add: Offshore holding company expenses	8,203	6,418	12,597
Add: Other operating (income) expense	(14,136)	3,981	9,159
Less: Bank Charges	(1,728)	(1,816)	(1,898)
Asset EBITDA	**185,325**	**194,291**	**197,740**

(2) EBITDA margin and Asset EBITDA margin are calculated by dividing EBITDA or Asset EBITDA, respectively, by revenue.

(3) Adjusted Profit before income tax is a non-IFRS financial measure and is calculated as loss (profit) before income tax expense plus (i) amortisation loss on settlement of derivative financial instruments, (ii) write-off of former arrangement cost, (iii) unrealised loss (gain) on valuation of cross currency interest rate swap, (iv) interest expenses – related parties (being borrowings from related parties which consist of non-interest bearing shareholder loans, non-interest bearing convertible loans and interest-bearing loan notes), (v) currency exchange (gain)/loss and (vi) withholding tax penalty. Adjusted Net Income is a non-IFRS financial measure and is calculated as Adjusted Profit before income tax less income tax expense plus additional provision from potential tax assessment and additional withholding tax. Adjusted Profit before income tax and Adjusted Net Income are supplemental measures of the TBC Group's performance and liquidity and are not required by, or presented in accordance with, IFRS, U.S. GAAP or any other generally accepted accounting principles. Furthermore, Adjusted Profit before income tax and Adjusted Net Income are not measures of financial performance or liquidity under IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS, U.S. GAAP or any other generally accepted accounting principles. Adjusted Profit before income tax and Adjusted Net Income may not reflect all of the financial and operating results and requirements of the TBC Group. In particular, Adjusted Profit before income tax does not reflect the TBC Group's income tax expense, and Adjusted Net Income does not reflect the impact of certain cash charges resulting from matters the Trustee-Manager considers not to be indicative of the TBC Group's ongoing operations. Other companies may calculate Adjusted Profit before income tax and Adjusted Net Income differently, limiting their usefulness as comparative measures. Because of these limitations, Adjusted Profit before income tax and Adjusted Net Income should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. The Trustee-Manager's presentation of Adjusted Net Income should not be construed as an inference that the TBC Group's future results will be unaffected by unusual or non-recurring items.

The Trustee-Manager believes that Adjusted Profit before income tax facilitates operating performance comparisons for the TBC Group from period to period by eliminating potential differences caused by variations in tax positions (such as the impact on periods of changes in effective tax rates or net operating losses), and Adjusted Net Income facilitates operating performance comparisons for the TBC Group from period to period by eliminating potential differences caused by items that the Trustee-Manager does not believe are indicative of the TBC Group's core operating performance. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers. Set forth below is a reconciliation of the TBC Group's (loss) profit before income tax expense for the year to Adjusted Profit before income tax and Adjusted Net Income:

	Year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
(Loss) Profit before income tax expense	(13,830)	70,764	10,574
Add: Realised loss on settlement of derivative financial instruments	54,185	10,652	9,531
Add: Write-off of former arrangement cost	22,603	–	–
Add: Unrealised loss (gain) on valuation of cross currency interest rate swap	22,944	(18,771)	9,667
Add: Interest expenses – related parties	10,613	28,073	47,057
Add: Currency exchange (gain)/loss	(13,777)	(3,133)	9,897
Add: Withholding tax penalty	–	5,208	–
Less: Reversal of over provision of withholding tax penalty	–	–	(944)
Adjusted Profit before income tax	**82,738**	**92,793**	**85,782**
Less: Income tax expense	(31,497)	(75,289)	(36,832)
Add: Additional provision from potential tax assessment	23,032	48,464	25,203
Add: Additional withholding tax	(2,212)	6,355	–
Adjusted income tax expense	(10,677)	(20,470)	(11,629)
Adjusted Net Income	**72,061**	**72,323**	**74,153**

Selected Operating Data

	As at or for the year ended 31 December		
	2010	**2011**	**2012**
RGUs (in thousands)			
Basic Cable TV	738	749	751
Premium Digital Cable TV	56	91	110
Broadband	153	165	175
Total:	**947**	**1,004**	**1,037**
ARPU[(1)] (NT$ per month)			
Basic Cable TV	557	550	545
Premium Digital Cable TV	202	215	219
Broadband	599	597	572
Average Monthly Churn Rate[(2)] (%)			
Basic Cable TV	0.76	0.75	0.76
Premium Digital Cable TV	6.04	2.02	1.90
Broadband	1.51	1.41	1.34

Notes:

(1) ARPU is calculated by dividing the yearly subscription revenue for Basic Cable TV, Premium Digital Cable TV or Broadband, as applicable, by the average of the number of RGUs for that service as at 1 January of the applicable financial year and the number of RGUs for that service as at 31 December of the same financial year and further dividing the result by 12.

(2) The average monthly churn rate is calculated by dividing the total number of churned RGUs for a particular service for the applicable financial year by the number of RGUs for that service as at 1 January of that year and further dividing the result by 12. The total number of churned RGUs for a particular service for the applicable financial year is calculated by adding together all deactivated subscriptions, including deactivations caused by failure to make payments for that service from the billing system for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on and should be read in conjunction with the Group's audited combined financial statements as at and for the years ended 31 December 2010, 2011 and 2012, together with the related notes thereto and other financial information, which are included elsewhere in this document. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this document, particularly in "Risk Factors" and "Forward-Looking Statements". The Group's audited combined financial statements as at and for the years ended 31 December 2010, 2011 and 2012 have been presented in Singapore dollars and prepared in accordance with IFRS for all periods presented.

Unless the context requires otherwise, references to "2010", "2011" and "2012" in this section are to the financial years ended 31 December 2010, 2011 and 2012, respectively.

Overview

Asian Pay Television Trust is a newly constituted Registered Business Trust formed to acquire its seed asset, the TBC Group. The TBC Group is Taiwan's third-largest cable TV operator, with more than 751,000 Basic Cable TV RGUs as at 31 December 2012. The TBC Group is a leading, integrated cable operator in Taiwan that generates stable cash flows and has an attractive growth profile. The TBC Group operates exclusively in Taiwan, where it offers Basic Cable TV, Premium Digital Cable TV and Broadband services to households and businesses in five closely clustered and heavily populated franchise areas in northern and central Taiwan. In the past five years, these franchise areas (or the regions in which they are located) have exhibited, and are expected to continue to exhibit over the next five years, greater household growth and disposable income than Taiwan's national average, according to estimates by MPA. Within these franchise areas, the TBC Group holds an effective ownership interest of 59.3% in four TBC System Operators and an effective ownership interest of 8.9% in a fifth TBC System Operator. Through various shareholder loans and dividends on equity, the TBC Group receives substantially all of the economic interests in the TBC System Operators. (See "*Corporate Structure of the Trust – Economic Interests and Distribution Flow*") The TBC System Operators are the sole licensed providers of Cable TV services in their respective franchise areas.

As at 31 December 2012, the TBC Group had 751,393 Basic Cable TV RGUs, 110,324 Premium Digital Cable TV RGUs and 174,958 Broadband RGUs. The Group's ability to bundle its three core services as a package provides the Group's subscribers with a highly-compelling proposition. In addition, cross-selling the Group's services enables the Group to generate additional revenue and profit, enjoy operating efficiencies, increase customer satisfaction and reduce its subscriber churn. From 2010 to 2012, the number of the Group's Basic Cable TV RGUs grew at a CAGR of 0.9%, the number of its Premium Digital Cable TV RGUs grew at a CAGR of 40.8%, and the number of its Broadband RGUs grew at a CAGR of 6.8%. According to MPA, the TBC Group has been the fastest growing major cable TV provider in Taiwan since 2009 based on the number of Basic Cable TV RGUs.

The TBC Group provides its Cable TV and Broadband services through the TBC System Operators' HFC networks, all of which are 750 MHz capable. These HFC networks are connected through a fibre backbone and are MPEG4 and DOCSIS 3.0 enabled and as at 31 December 2012 consisted of approximately 13,928 kilometres of coaxial cable and 2,135 kilometres of fibre optic cable (together, the "**HFC Network**"). The TBC Group intends to upgrade the HFC Network to 870 MHz by the end of 2014 to further increase operating spectrum for its Premium Digital Cable TV and Broadband services.

The Group generated revenues of S$298.7 million in 2010, S$304.8 million in 2011 and S$308.7 million in 2012, representing a CAGR of 1.7% from 2010 to 2012. The Group generated Asset EBITDA at its operations in Taiwan of S$185.3 million in 2010, S$194.3 million in 2011 and S$197.7 million in 2012, translating to an Asset EBITDA margin of 62.0% for 2010, 63.7% for 2011 and 64.0% for 2012. Asset EBITDA and Asset EBITDA margin are non-IFRS financial measures. For a discussion of the Group's Asset EBITDA and a reconciliation of Asset EBITDA to the Group's profit or losses, see "*Selected Financial Information and Operating Data*".

The Sponsor of the Trust is Macquarie Capital Group Limited, a company incorporated and registered in Australia. It is the holding entity for MIRA, a global infrastructure asset management group, with approximately A$97.0 billion in assets under management as at 31 December 2012. The Trustee-Manager is Macquarie APTT Management Pte. Limited, a company incorporated and registered in Singapore. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. The Trustee-Manager will acquire the TBC Group from the Sellers on the Listing Date and will manage the Trust's business and the assets of the TBC Group, along with any other businesses or assets that the Trust may acquire in the future, with the key objective of providing Unitholders with stable and sustainable distributions, as well as long-term growth in DPU.

Principal Factors Affecting the Group's Results of Operations

The Group's business, results of operations and financial condition are affected by a number of factors, the most significant of which are described below.

Basic Cable TV Pricing

Basic Cable TV subscription revenue accounted for 67.2% of the TBC Group's total revenue in 2012. Pricing for Basic Cable TV services in Taiwan is regulated by the NCC and local governments in each franchise area. The NCC sets a national cable TV rate cap, while local governments set local basic cable TV rate caps for each franchise area, which cannot exceed the national basic cable TV rate cap. While the national cable TV rate cap can be reviewed at any time, it has not changed since 2000. Further, although the NCC announced a proposal on 24 April 2013 to replace the national cable TV rate cap with an alternate rate cap model where the applicable rate cap for each system operator is tied to its digital penetration rate over the next four years, this proposal is at a preliminary stage and it is uncertain as to whether or when it will be implemented or whether it will be implemented on the terms initially proposed or at all. Local basic cable TV rate caps are reviewed annually and can change from year to year. As a result, the local basic cable TV rate caps effectively determine the price that the TBC Group can charge for its Basic Cable TV services in each of its franchise areas each year. (See "*The Business of the Trust – Services – Basic Cable TV – Pricing and Rate Caps – Rate Caps*")

There are a number of factors that local governments take into account when reviewing basic cable TV rate caps, including factors that are specific to each system operator and factors that relate to the general local or national economic and business environment. Operator-specific factors include, among other factors:

- the rate of digitisation that an operator is able to achieve within its network to support the NCC's nationwide digitisation initiative;
- the quality of channel content and local news programming;
- the number of subscribers;
- operating costs;
- product innovation;
- quality of customer service; and
- the degree of support provided to local communities in the system operators' franchise areas.

More general factors include inflation rates, increases or declines in GDP or disposable income, nation-wide and local demographic changes (such as population growth in a particular urban centre) and political factors. As the national cable TV rate cap has not changed in 15 years, it is possible that inflation adjustments could at some point lead to an increase in the national rate cap in the future, which could be followed by similar increases in the local rate caps.

The local government basic cable TV rate caps applicable to the TBC Group's franchise areas were reduced twice in the past five years, in 2011 and 2013. In 2011, the local government basic cable TV rate caps in four out of the TBC Group's five franchise areas were reduced by NT$10 per month, representing a 2.0% reduction in the local government basic cable TV rate caps. In 2013, basic cable TV rate caps were further cut by NT$10 to NT$15 per month in the same four franchise areas, representing a 2.0% to 3.0% reduction in the local government basic cable TV rate caps. The Trustee-Manager expects the reduction in 2013 to result in lower Basic Cable TV subscription revenues, which will be partially offset by an increase in the number of Basic Cable TV RGUs. The Trustee-Manager believes annual reviews of local government cable TV rate caps take into consideration the prevailing economic conditions at the time of review rather than the economic outlook for the year in which the rates will apply. Accordingly, the Trustee-Manager believes that 2013 local government cable TV rate cap cuts were primarily driven by weaker economic conditions in Taiwan in 2012, which resulted in greater financial uncertainty, lower levels of household income growth in 2012 and political pressure to reduce the cost of living.

According to MPA, despite the reductions in the local government cable TV rate caps in 2011 and 2013, the TBC Group's current rate caps across its five franchise areas places it at the upper end of the cable TV pricing range in Taiwan. MPA believes this reflects the higher than national average household disposable income levels and household disposable income growth levels in the TBC Group's franchise areas. The Trustee-Manager also believes that these comparatively favourable local government basic cable TV rate caps are the result of, among other factors, the TBC Group's ability to achieve a comparatively high rate of digitisation, its strong local content and customer service and the quality and consistency of the support it provides to local communities. In addition, over the last six years, the TBC Group has worked constructively with regulators in Taiwan to improve the quality of cable TV and broadband services, for example, by promoting the roll-out of Premium Digital Cable TV and higher-speed Broadband services. Notwithstanding these factors, the TBC Group has also been and in the future could again be subject to reductions in the local government cable TV rate caps and subsequent price cuts. (See "*The Business of the Trust – Services – Basic Cable TV – Pricing and Rate Caps – Rate Caps*" and "*Profit and Cashflow Forecast and Profit and Cashflow Projection*")

Any upward adjustments of the regulatory cable TV rate caps in Taiwan are likely to result in increases in revenues for the TBC Group, while downward adjustments are likely to result in decreased revenues, as growth in subscriber numbers is unlikely to change materially in response to pricing changes, because purchasing power and other economic factors are already taken into account by local governments when determining the higher or lower rate caps. In the past, the TBC Group has shared the impact of rate cap decreases with its suppliers by negotiating lower prices for its content, but if it is unable to do so in the future, rate cap reductions are likely to have an adverse effect on the Group's profitability and the Trust's ability to make distributions to Unitholders, either at projected levels or at all.

The Macro-Economic Environment and Demographic Conditions in the TBC Group's Franchise Areas and Subscriber Growth for the Group

The TBC Group derives a significant majority of its revenue from subscription fees for Cable TV and Broadband services. Historically, the Group's overall revenue growth has been driven by growth in the number of revenue-generating units ("**RGUs**"), which is the total number of subscriptions sold by the TBC Group for its Basic Cable TV, Premium Digital Cable TV and Broadband services. In the last three years, the majority of this RGU growth came from Premium

Digital Cable TV and Broadband subscribers. (See "*The Business of the Trust – Competitive Strengths of the Trust and the TBC Group – Strengths Relating to the Trust's Business in Taiwan – Superior Track Record of Product Innovation and Marketing*")

RGU growth for each service offered by the TBC Group is driven by a number of factors, including the maturity or penetration of a product within the market, the availability of alternative comparable services that may be more competitive from a price or value perspective, consumer tastes and preferences and the prevailing macro-economic environment and demographic conditions in Taiwan and in each of the TBC Group's franchise areas.

The prevailing economic and demographic conditions in Taiwan have a direct effect on growth in the number of RGUs for each of the TBC Group's three service offerings. Growth in GDP generally results in growth in disposable household income, which tends to increase the number of people who seek to purchase Cable TV or Broadband subscriptions. Conversely, declines in GDP generally result in lower disposable household income and slower growth in the number of RGUs. Similarly, changing economic conditions can result in more or fewer new homes being built and more or fewer new people moving into the TBC Group's franchise areas. Growth in Basic Cable TV subscribers in particular depends on these demographic changes, as the Group's penetration rate in this market is already high.

The declining economic growth outlook in Taiwan over the last two years, with a real GDP growth rate of 4.0% in 2011 and 1.3% projected in 2012, and the maturity of the Basic Cable TV subscriber market when compared with other markets have had a significant impact on the declining growth rate of the TBC Group's Basic Cable TV subscribers from 1.4% in 2011 to 0.4% in 2012. Continuing weakness in macro-economic conditions in Taiwan could cause the growth rate to decrease further, while an improvement in Taiwan's GDP growth rate may result in an improvement in the subscriber growth rate, as more jobs are created, more new homes are occupied and levels of household disposable income in the TBC Group's franchise areas increase.

The growth in subscribers for the TBC Group's Premium Digital Cable TV services has been the main driver of the Group's total revenue growth in 2011 and 2012. The subscriber growth rate for Premium Digital Cable TV in 2011 and 2012, albeit from a low base after the re-launch of this service in 2009, was 63.0% and 21.7%, respectively. The growth rate in 2012 was impacted by the poor macro-economic environment in Taiwan in that year. The growth in subscribers for Broadband services in 2011 and 2012 of 7.4% and 6.3% was comparatively stable due to consistent consumer demand for such services in Taiwan.

The Group's Ability to Up-Sell and Cross-Sell Additional Services to Subscribers

The TBC Group's ability to grow its revenues will depend to a significant extent on its ability to sell additional services to its existing subscribers and to bundle two or three services for sale to new subscribers. As growth in Basic Cable TV subscriber numbers is constrained by demographic factors within the TBC Group's franchise areas, the core elements of the Group's strategy centre around increasing its subscribers for Premium Digital Cable TV and Broadband services. (See "*The Business of the Trust – Strategies of the Trustee-Manager*") The Group's penetration rates for Premium Digital Cable TV and Broadband are relatively low, implying that there may be opportunities for growth. While the Trustee-Manager believes that the general economic environment and demographic developments in the TBC Group's franchise areas will significantly affect growth in Premium Digital Cable TV and Broadband subscribers, the Group is not as dependent on these factors to grow its premium businesses due to its lower penetration rates in these franchise areas and the fact that rates for premium services are not capped. The Group provides value-added services, such as the electronic programme guide and digital video recording ("**DVR**") services, to promote its Premium Digital Cable TV services to subscribers, and it believes that its investments in technology, such as its HFC Network upgrades to DOCSIS 3.0,

MPEG4 and 870 MHz, will enable it to retain and attract subscribers. (See "*The Business of the Trust – Services – Premium Digital Cable TV*") In addition, in March 2012, the Group began installing promotional set-top boxes for Premium Digital Cable TV services in Basic Cable TV subscribers' homes in order to support the Taiwan government's objective to increase cable TV digitisation and at the same time create opportunities to accelerate growth in its Premium Digital Cable TV service. The Group also intends to increase its Broadband penetration rate, which was 23.3% (measured against the number of the Group's Basic Cable TV RGUs) as at 31 December 2012 by offering highly-compelling bundling propositions. In this context, the Group believes that it can leverage on its existing Basic Cable TV subscribers to seek additional RGUs at low incremental additional cost. The Trustee-Manager expects that higher rates of digitisation and Broadband subscriber growth will result in higher revenue growth and distributable profits, while lower rates will leave the Group relying to a greater extent on its Basic Cable TV business, where the subscriber base tends to be more stable.

Competition

The Trustee-Manager expects that the TBC Group's ability to compete in the pay-TV market and the broadband market in Taiwan will have a material effect on the Group's financial position and results of operations in the future. For Cable TV, competition has been limited in recent years, as the TBC Group has been the sole licensed provider of cable TV services in its franchise areas. The re-zoning of franchise areas in Taiwan may increase competition, as it may become easier for other operators to expand into the TBC Group's franchise areas, either organically or through mergers or acquisitions. (See "*The Business of the Trust – Competition – Cable TV*") In addition, it is possible that alternative platforms will gain broader consumer appeal than they have had in the past for pay-TV services. Increased competition may decrease the TBC Group's RGU numbers and lead to pricing pressure and higher churn, which would decrease the Group's revenues, increase its costs and adversely affect margins and potential distributions to Unitholders. The Trustee-Manager believes that these factors may be mitigated by the Group's existing market position, its brand recognition with customers and its strong value and service proposition to customers.

In the broadband market, the TBC Group competes primarily with the main market incumbent, CHT, and with a number of other smaller operators. To gain market share, the Group has priced its services competitively and is continuing to upgrade the HFC Network, so that it can offer the fastest-speed (and therefore highest-priced) broadband services in the market to subscribers at attractive rates. In addition, although the Trustee-Manager expects that subscribers will generally continue to migrate to faster-speed broadband services, the TBC Group has also focused on low-speed broadband services, which is a market the Group believes has been traditionally underserved. As low-speed broadband services are cheaper, this strategy has reduced the Group's overall ARPU from Broadband services, but the Group believes it has also helped to increase its subscriber numbers in this area and its potential to up-sell to higher-speed services in the future. With the HFC Network now fully upgraded to DOCSIS 3.0 and additional network upgrades to 870 MHz to be completed by the end of 2014, the Trustee-Manager believes that the Group is well placed to meet the demand for faster-speed broadband services and to compete on pricing terms with other providers in its franchise areas. The Group intends to continue to grow its Broadband penetration from 23.3% (measured against the number of the Group's Basic Cable TV RGUs) as at 31 December 2012, and whether or not it is able to do so will have a material effect on the Group's results of operations and ability to make distributions to Unitholders.

Programming Expenditures

The TBC Group sources substantially all of its Basic Cable TV content from a single supplier, Metro Capital International ("**MCI**"). MCI is a content aggregator that procures programming from various other content providers. MCI is one of four major content aggregators in Taiwan, all of which can provide similar content but on different terms. According to MPA, the TBC Group's Basic

Cable TV RGUs represent 15.1% of the total subscriber base in Taiwan as at 31 December 2012, placing the Group in a strong position when negotiating pricing, while also presenting MCI with an opportunity to reach a large audience. (See "*The Business of the Trust – Services – Basic Cable TV – Content*") As a result, programming expenditures have remained relatively stable for the Group's Basic Cable TV business, and the Trustee-Manager does not expect that there will be significant fluctuations in these expenses that will affect the Group's results of operations in the near future.

For Premium Digital Cable TV services, the TBC Group sources content directly from multiple suppliers, which allows it to selectively source higher quality content. The TBC Group's suppliers are leading international content suppliers, including Fox and Universal, and local content suppliers, including Mei Ah Group and Videoland. The Group negotiates with each of these suppliers individually, and it does not have a long-term relationship with a single supplier as it does for Basic Cable TV. As growth in Premium Digital Cable TV services in Taiwan is at an early stage, the Trustee-Manager believes that the Group will be able to achieve greater leverage in its negotiating position and better economies of scale as the Group's subscriber base continues to grow. The Trustee-Manager believes that the Group is not reliant on any single content supplier for its Premium Digital Cable TV service offering and can switch suppliers without a material adverse effect on its subscriber base.

Capital Expenditures

The Group's capital expenditures include expenditures for maintenance, upgrade and capacity enhancement of the HFC Network and digital head-ends, and growth capital expenditures such as the deployment of set-top boxes (both promotional and paid) and cable modems for Premium Digital Cable TV and Broadband subscribers. The Trustee-Manager believes that the Group's continuous focus on investment in its network and customer service has yielded a number of benefits for the Group, including RGU and revenue growth and strong relationships with the NCC and local governments in the TBC Group's franchise areas.

In 2010, 2011 and 2012, the Group's total capital expenditures amounted to S$33.7 million, S$32.9 million and S$46.4 million, respectively. The increase in capital expenditures in 2012 was predominantly driven by the following:

- the Group's decision to offer promotional set-top boxes to Basic Cable TV subscribers to match the Taiwan government's objectives to increase cable TV digitisation throughout Taiwan;

- the continued replacement of DOCSIS 2.0 cable modems with DOCSIS 3.0 modems for customers who migrate to faster Broadband products; and

- the initial stages of the planned upgrade of the HFC Network to 870 MHz.

The TBC Group also expects to make capital investments in the future, both to retain its subscribers for Basic Cable TV and to promote its Premium Digital Cable TV and Broadband services. The Group plans to continue to roll out promotional set-top boxes in order to drive the digitisation of its network, and it intends to continue the upgrade of its network to 870 MHz during 2013 and 2014. In addition, after the re-zoning of the franchise areas in Taiwan, there may be opportunities for the Group to pursue expansions into other franchise areas and to invest in acquisitions of or mergers with other operators in Taiwan in order to broaden the Group's geographic coverage. In particular, the TBC Group has applied to the NCC for an expansion of one of its franchise areas, which, if approved by the NCC and implemented by the TBC Group, will require additional capital expenditure over the next several years. The amount of such required capital expenditure is dependent, in part, upon the NCC's requirements and is uncertain. The Trustee-Manager expects to fund any such capital expenditure using the Revolving Facility. (See

"*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*") Further, the Group may also be required to make capital investments in connection with a potential merger of Shin Ho and Chi Yuan. (See "*Risk Factors – Risks Relating to the TBC Group's Business – Taiwan's restrictions on the ownership of system operators in one administrative area may further impact the Group's corporate structure*") Whether and to what extent the Group's additional capital expenditures will lead to growth in RGU numbers will affect the Group's ability to grow its revenues, generate returns from its investments and make future distributions to the Unitholders.

Financing

The TBC Group had total borrowings of S$1.3 billion as at 31 December 2012, consisting of short-term liabilities of S$6.4 million and long-term liabilities of S$1,312.6 million (which also includes S$293.2 million of the non-current interest-free shareholder loans from MIIF). As at 31 December 2012, the Group's cash and bank balances were S$52.5 million. For the financial years ended 31 December 2010, 2011 and 2012, the Group's interest expense to financial institutions amounted to S$54.1 million, S$50.2 million and S$48.2 million, respectively. (See "– *Borrowings*")

The TBC Group may need to seek refinancing for its existing and any additional debt it may raise in the future. Such refinancings may have a material effect on the TBC Group's interest expense and principal repayment profile, either positively or negatively. If such refinancings are not available at a time when the TBC Group needs them, the TBC Group may default under its other debt facilities and the TBC Group's plans for investments, and the Trust's ability to make future distributions to Unitholders may be significantly impacted.

The TBC Group's level of outstanding debt, fluctuations in the cost of borrowing and availability of additional debt financing will continue to have a meaningful impact on the Group's financial performance. In particular, the Group intends to draw down on its existing revolving debt facilities and seek additional financing, if needed, for potential acquisitions of or mergers with selected other system operators in Taiwan and the potential expansion of Group's services into other franchise areas. The availability and terms of additional financing would be instrumental to the investment decision and would have an impact on the level of outstanding borrowings and the Group's interest expenses. For ongoing capital expenditures, the Group intends to primarily draw down on its existing revolving debt facilities.

Basis of Presentation

The Trust has no operating history and, upon completion of the Trust Acquisition on the Listing Date, its only assets will be its shareholdings in the Bermuda Holdcos, which, in turn, are the holding companies of Cable TV S.A. The Bermuda Holdcos and Cable TV S.A., along with the other entities in which Cable TV S.A. holds direct and indirect interests and through which Cable TV S.A. owns interests in the TBC System Operators in Taiwan make up the TBC Group. (See "*Corporate Structure of the Trust*") In addition, the Trust will rely on the receipt of dividends, principal or interest payments and management fees from the entities held by the Trust in order to make distributions to Unitholders. The Trustee-Manager has prepared the historical combined financial statements discussed in this section in order to present that historical combined financial position, results of operations and cash flows of the companies comprising the TBC Group, under the management of the Sponsor, for each of the financial years 2010, 2011 and 2012. The combined financial statements have been prepared for the sole purpose of the Offering and may not necessarily reflect the consolidated financial position, results of operations and cash flows of the TBC Group had it been a separately managed group during the periods presented, nor do they give an indication of the financial position, results of operations and cash flows of the TBC Group in the future. For further details, see Note 1 and Note 18 to the Combined Financial Statements of the Pay-TV Business and Broadband Business for the financial years ended 31 December 2010, 2011 and 2012 set out in Appendix C.

After the Listing Date, there may be certain changes to the Trust's cost structure, level of indebtedness and operations. The Trust's cost structure, levels of indebtedness and operations could differ materially from the historical cost structure, levels of indebtedness and operations of the TBC Group. For example, there are certain costs, such as the Trustee-Manager's fees and other costs relating to the operations of the Trust, that will be costs of the Trust going forward that were not costs of the TBC Group historically. (See "*Unaudited Pro Forma Financial Information"* and *"Profit and Cashflow Forecast and Profit and Cashflow Projection*")

Critical Accounting Policies

The preparation of the TBC Group's combined financial statements requires the Directors and the management of the Group companies to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities at the end of the reporting period. These judgments, estimates and assumptions are inherently uncertain, and actual results or outcomes could require a material adjustment to the reported amounts in future periods. The Trustee-Manager reviews these judgments, estimates and assumptions on an ongoing basis, and any revisions to these judgments, estimates and assumptions are recognised in the financial period in which they are revised and, if applicable, in future periods.

The following accounting policies are those policies that involve the most significant judgments, estimates and assumptions in the process of their application and that have the most significant effects on the amounts recognised in the Group's combined financial statements:

Indefinite Useful Lives of the Cable TV Licenses

The Directors and the management of the TBC Group companies exercise judgment in estimating the useful lives of the Group's Cable TV licenses. The Group's Cable TV licenses are subject to renewal every nine years, at no significant additional cost. Unless there is a significant risk of a violation of the CRTA or a breach of the conditions of any of the licenses, there is no reason to believe the Cable TV licenses will not be renewed. In addition, the lives of the Cable TV licenses are not limited by any technical, legal, commercial or other factors, either known or anticipated. Taking these factors into consideration, it is the judgment of the Directors that the Cable TV licenses have useful lives of indefinite duration. The Directors review the determination of useful life at each reporting date to determine whether events and circumstances continue to support the indefinite useful life assessment. Costs incurred in acquiring the Cable TV licenses are brought to account as intangible assets. The useful lives of the Cable TV licenses are subject to annual impairment testing, as discussed below.

Impairment of Goodwill and Intangible Assets with Indefinite Useful Lives

Goodwill and assets with indefinite useful lives are not subject to amortisation and are tested annually for impairment. Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of their recoverable amounts (as an impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount). The recoverable amount is the higher of (i) an asset's fair value less costs-to-sell or (ii) the value-in-use of the cash-generating units to which goodwill and intangible assets have been allocated. The fair values less costs-to-sell require the Directors to estimate, based on the best information available, the amount that an entity could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Where there are no active markets, the Directors have to exercise judgment in estimating the fair values of these assets, based on a discounted cash flow model for expected income from the asset.

Depreciation and Impairment of Property, Plant and Equipment

All items of property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Directors and management of the TBC Group estimate the useful lives of various groups of assets as follows:

Type of asset	Useful life
Buildings	3-50 years
Leasehold improvement	3-10 years
Network equipment	3-10 years
Transportation equipment	5 years
Plant and equipment	2-10 years
Leased equipment	3 years

The Directors will review the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Valuation of Loans

The convertible loan amounting to S$23,496,000 as at 31 December 2010 is stated at fair value, with any gains or losses arising from re-measurement recognised in profit or loss as described in Note 9(b) to the Combined Financial Statements for the years ended 31 December 2010, 2011 and 2012 set out in Appendix C. The fair value of the convertible loan has been calculated based on a future discounted cash flow model for future equity-like payments and principal repayment of the loan, using the appropriate discount rate. The non-current, interest-free shareholder loans from MIIF amounting to S$311,961,000 and S$306,230,000 as at 31 December 2011 and 2012 respectively, are initially measured at fair value based on a future discounted cash flow model, with the fair value gain being recorded as capital reserves, and subsequently measured at amortised costs. The Directors have exercised their judgment and believe that the method of valuation and the use of the observable or unobservable market data inputs for each loan are reflective of current market conditions.

Income Tax

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

The Directors evaluate positions taken in income tax returns with respect to situations in which applicable income tax regulations are subject to interpretation. The income tax liabilities are recognised when it is more likely than not that certain tax positions may be changed upon review by income tax authorities. The Directors believe that the final tax outcome of these positions can differ from those initially recognised when reviews or audits by tax authorities of tax returns are

completed. Benefits from tax positions are measured at the single best estimate of the most likely outcome. At each statement of financial position date, the tax positions are reviewed, and to the extent that new information becomes available that causes the directors to change their judgment regarding the adequacy of existing income tax liabilities, these changes to income tax liabilities are duly recognised as income tax expense in the year in which the determination is made.

Results of Operations

The following table sets forth the Group's statements of comprehensive income on a combined basis for the years 2010, 2011 and 2012:

	For the year ended 31 December					
	2010		2011		2012	
	S$ ('000s)	% of revenue	S$ ('000s)	% of revenue	S$ ('000s)	% of revenue
Revenue	298,684	100	304,822	100	308,731	100
Broadcast and production costs	(60,117)	20	(58,783)	19	(59,368)	19
Other operating costs	(32,228)	11	(26,190)	9	(24,504)	8
Staff costs	(30,008)	10	(33,130)	11	(41,077)	13
Depreciation and amortisation expenses	(28,763)	10	(31,996)	10	(38,248)	12
Management fee expenses	(5,314)	2	(3,001)	1	(3,551)	1
Other operating income (expense)	14,136	5	(3,981)	1	(9,159)	3
Operating profit	156,390	52	147,741	48	132,824	43
Interest and other finance costs	(170,220)	57	(76,977)	25	(122,250)	40
(Loss) Profit before income tax expense	(13,830)	5	70,764	23	10,574	3
Income tax expense	(31,497)	11	(75,289)	25	(36,832)	12
Loss for the year	(45,327)	15	(4,525)	1	(26,258)	9
Other comprehensive (loss) income						
Exchange differences on translation of foreign operations	710		(19,126)		10,577	
Change in unrealised gain (loss) on cash flow hedging financial instruments	4,971		(2,231)		2,865	
Total comprehensive loss	(39,646)		(25,882)		(12,816)	
Total comprehensive (loss) income attributable to						
Holding companies of the Asian Pay-TV Business	(28,386)		(29,103)		(12,992)	
Non-controlling interest	(11,260)		3,221		176	
	(39,646)		(25,882)		(12,816)	
Earnings per share of profit attributable to the holding companies of the Asian Pay-TV Business	N/A		N/A		N/A	

Non-IFRS Financial Measures

The following table sets forth the Group's Adjusted Profit before income tax and Adjusted Net Income for the years 2010, 2011 and 2012:

	Year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Adjusted Profit before income tax	82,738	92,793	85,782
Adjusted Net Income	72,061	72,323	74,153

The following table sets forth the reconciliation of the Group's Adjusted Profit before income tax and Adjusted Net Income to its (loss) profit before income tax expense for the years 2010, 2011 and 2012:

	Year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
(Loss) Profit before income tax expense	(13,830)	70,764	10,574
Add: Realised loss on settlement of derivative financial instruments	54,185	10,652	9,531
Add: Write-off of former arrangement cost	22,603	–	–
Add: Unrealised loss (gain) on valuation of cross currency interest rate swap	22,944	(18,771)	9,667
Add: Interest expenses – related parties	10,613	28,073	47,057
Add: Currency exchange (gain)/loss	(13,777)	(3,133)	9,897
Add: Withholding tax penalty	–	5,208	–
Less: Reversal of over provision of withholding tax penalty	–	–	(944)
Adjusted Profit before income tax	**82,738**	**92,793**	**85,782**
Less: Income tax expense	(31,497)	(75,289)	(36,832)
Add: Additional provision from potential tax assessment	23,032	48,464	25,203
Add: Additional withholding tax	(2,212)	6,355	–
Adjusted income tax expense	(10,677)	(20,470)	(11,629)
Adjusted Net Income	**72,061**	**72,323**	**74,153**

Adjusted Profit before income tax and Adjusted Net Income are non-IFRS financial measures. For a discussion of the Group's Adjusted Profit before income tax and Adjusted Net Income, including their limitations as performance measures, see "*Selected Financial Information and Operating Data – Non-IFRS Financial Measures*".

Key Components of the Group's Income Statement

Revenue

The Group's revenue consists primarily of revenue from the sale of subscriptions to the Group's Basic Cable TV, Premium Digital Cable TV and Broadband services. The Group also generates non-subscription revenue related to its Basic Cable TV business from the leasing of television channels to third parties and, to a lesser extent, from sales of advertising time during the Group's television programming and fees for the installation of set-top boxes. In addition, the Group generates other revenue from miscellaneous items such as forfeited customer deposits.

The following table shows a breakdown of the Group's revenue by category for the years 2010, 2011 and 2012:

	For the year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Revenue			
Basic Cable TV revenue			
Subscription revenue	211,282	209,996	207,420
Non-subscription revenue	35,159	35,628	38,557
Broadband revenue	47,680	50,591	50,902
Premium Digital Cable TV revenue	4,380	8,403	11,616
Other revenue	183	204	236
	298,684	304,822	308,731

Broadcast and Production Costs

The Group's broadcast and production costs consist primarily of the cost of acquiring Cable TV content and, to a lesser extent, the cost of acquiring bandwidth (which consists of the leasing of domestic and international bandwidth capacity from operators to support TBC Group's Broadband services), costs associated with providing Premium Digital Cable TV services, costs for producing the Group's own programming and news production costs. While the TBC Group relies on the significant bandwidth availability of its own HFC Network, it also leases domestic and international bandwidth capacity from operators to source broadband data traffic from locations outside of Taiwan and the TBC Group's franchise areas.

Other Operating Costs

The Group's other operating costs consist primarily of professional service fees, non-recoverable GST and value added tax ("**VAT**") (which mainly relates to VAT paid by the Group to some of its suppliers that cannot be refunded or deducted against VAT charged on revenues, as subscription revenues are VAT-exempt), fees payable to the NCC and local governments, such as annual Cable TV fees on channel subscription, channel leasing, advertising and circuit leasing revenue for Basic Cable TV and Premium Digital TV services, general repair and maintenance expenses, promotions and marketing expenses and other general and administrative expenses, such as rent for fibre and utility poles, installation costs and office premises, postage and printing. In 2010, other operating costs also included salaries and bonuses for some members of senior management of the TBC Group that were not paid directly by the Group but rather pursuant to the Reimbursement Agreement (as defined herein). The Reimbursement Agreement was terminated

in July 2011, and since that point, these salaries and bonuses have been recorded as staff costs of the TBC Group. (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – TBC Group management salary reimbursement*")

The following table shows a breakdown of the TBC Group's other operating costs for the years 2010, 2011 and 2012:

	For the year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Other operating costs			
Professional service fees[(1)]	(8,416)	(3,674)	(2,613)
Non-recoverable GST/VAT	(3,664)	(3,316)	(3,496)
Repairs and maintenance	(1,884)	(1,734)	(1,486)
Promotions and marketing expenses	(2,014)	(1,327)	(725)
Other operating costs	(16,250)	(16,139)	(16,184)
	(32,228)	(26,190)	(24,504)

Note:

(1) Professional service fees were higher for the year ended 31 December 2010 as compared to the years ended 31 December 2011 and 2012 due to TBC Group's refinancing of its debt facilities in 2010. In addition, in 2010, professional service fees also included salaries and bonuses to certain members of senior management of the TBC Group (under the Reimbursement Agreement), but this has since been reclassified as staff costs in 2011 and 2012 upon the termination of the Reimbursement Agreement on 1 July 2011.

Staff Costs

The Group's staff costs consist of both direct employee costs and costs for general and administrative employees, in each case including salaries, bonuses and benefits, such as retirement benefits and the costs of the Pre-Listing LTIP. The Pre-Listing LTIP will be terminated upon Listing. In 2010, the salaries and bonuses for some members of senior management of the TBC Group were recorded under other operating costs because these members of senior management were not paid directly by the Group but rather pursuant to the Reimbursement Agreement. The Reimbursement Agreement was terminated in July 2011, and since that point, these salaries and bonuses have been recorded as staff costs of the TBC Group. (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – TBC Group management salary reimbursement*")

For employees who spend part or all of their time on capital investment projects (the costs of which are capitalised), a portion of their salaries, bonuses, benefits and other costs to the Group that is proportional to the time they spend on these projects is classified as a capital expenditure in the Group's financial statements and is not included in the staff costs line item in the Group's income statement. As a result, as the TBC Group increases its capital investment activities, such as for the upgrade of the network to 870 MHz in 2013 and 2014, the Trustee-Manager expects staff costs to decrease for a relevant period, while capital expenditures for employees and depreciation and amortisation would rise.

Depreciation and Amortisation Expenses

The Group's depreciation and amortisation expenses consist of depreciation and amortisation of the Group's capital expenditures, primarily in relation to network equipment, set-top boxes and other plant and equipment.

Management Fee Expenses

The Group's management fee expenses consist of payments made by the Group to its shareholders for management services provided by the shareholders under the Management Services Agreement (as defined herein). These services are primarily high level corporate finance services. The original parties to the Management Services Agreement were Asia Cable S.a.r.l. ("**Asia Cable**") (a former shareholder), MRL and MMHL on the one hand, as management service providers, and TBC on the other hand, as recipient of the Management Services (as defined herein). In 2011, pursuant to the sale of Asia Cable's interest in TBC to MRL, Asia Cable assigned its rights under the Management Services Agreement to MRL, which, together with MMHL, continued to provide Management Services to TBC pursuant to the Management Services Agreement. The annual fee for these Management Services is U.S.$7.5 million. MRL has entered into a back-to-back arrangement with its sole shareholder, MIIF, to assist MRL with providing the Management Services to TBC. The payments made by TBC to MRL and then to MIIF (together with, prior to 2011, payments made by TBC to Asia Cable) make up the management fees recorded on the Group's income statement. This back-to-back arrangement will cease on completion of the Trust Acquisition and the Group will no longer record these management fee expenses. (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Management Services Agreement")*

Other Operating Income (Expense)

The Group's other operating income or expense consists primarily of currency exchange gains (or losses) and other items, including any relevant provisions for future liabilities, such as tax disputes.

Interest and Other Finance Costs

The Group's interest and other finance costs consist primarily of interest expenses paid to the lending banks under the Group's debt facilities and, in the past, to related parties; unrealised gains or losses on the valuation of the Group's cross currency interest rate swaps; realised losses on the settlement of derivative financial instruments. In 2010, losses of S$77.1 million arising from the settlement and valuation of derivative financial instruments were recorded as compared to a net gain of S$8.1 million in 2011. Of these losses recorded in 2010, approximately S$54.2 million was due to the realised loss on the settlement of derivative financial instruments in 2010, which was mainly due to an approximately S$40.5 million realised loss on the one-off early termination of the then-existing U.S. dollar cross currency interest rate hedge as part of the Group's restructuring of its financing arrangements. This early termination of the cross currency interest rate hedge occurred after TBC Holdings refinanced its existing U.S. dollar denominated borrowings in June 2010, which was a non-recurring event. Other factors for the realised loss on the settlement of derivative financial instruments for 2010, 2011 and 2012 include the unfavourable movements in the interest rate used for the contractual hedge rates for the Senior Facility as well as the current cross currency interest rate swap which relates to the Subordinated Facility. As the Subordinated Facility will be repaid using part of the proceeds from the Offering, realised losses on the settlement of derivative financial instruments relating to the current cross currency interest rate swap will no longer be included in the finance costs immediately after the Listing.

The reversal of prior year cumulative unrealised losses which amounted to S$61.1 million was separately recorded as an unrealised loss on the valuation of cross currency interest rate swap, which resulted in a net unrealised loss of S$22.9 million in 2010, compared to a S$18.8 million recognised gain on the valuation of such a swap in 2011. This recognised loss in 2010 was mainly due to unfavourable movements in the interest rate used for the contractual hedge rates. Cross currency interest rate swaps are not designated as cash flow hedges and unrealised mark to market gain/loss on cross currency interest rate swaps is recognised as profit or loss.

In addition, interest and other finance costs include the amortisation of arrangement costs the Group incurs in procuring its debt financing. In 2010, this cost included a substantial write-off of previous arrangement costs, which were written off in the context of the Group's refinancing. Furthermore, interest-free shareholder loans from MIIF are initially measured at fair value, with the fair value gain recorded as capital reserves and subsequently measured at amortised costs. The difference between this fair value and nominal value is amortised over the period of the loan and these amortised costs are included in interest and other finance costs. These various costs are netted off against any interest income the Group receives from its cash deposits. As the Subordinated Facility will be repaid using part of the proceeds from the Offering, interest and other finance cost will no longer include interest payments on that facility immediately after the Listing. (See "– *Borrowings*")

Income Tax Expense

The Group's income tax expense consists of current tax less deferred tax benefits or expenses. Income tax expense also includes provisions for potential future tax assessments. (See "– *Taxation*")

Other Comprehensive (Loss) Income

Other comprehensive income (loss) consists of changes in unrealised gains or losses on cash flow hedging financial instruments and exchange differences on the translation of foreign operations.

Year Ended 31 December 2012 Compared to Year Ended 31 December 2011

Revenue

The TBC Group's revenue increased by S$3.9 million, or 1.3%, to S$308.7 million in 2012 from S$304.8 million in 2011, primarily due to increases in Premium Digital Cable TV and Basic Cable TV non-subscription revenue. Premium Digital Cable TV revenue increased by S$3.2 million, or 38.2%, following an increase of 21.7% in the number of Premium Digital Cable TV RGUs. Basic Cable TV non-subscription revenue increased by S$2.9 million, primarily due to higher channel leasing revenue. Similarly, Broadband revenue increased by S$0.3 million, or 0.6%, due to an increase of 6.3% in the number of Broadband RGUs. The above increase in Basic Cable TV non-subscription revenue, Premium Digital Cable TV revenue and Broadband revenue in base currency of Taiwan dollars in 2012 as compared to 2011 are partially offset by the impact of unfavourable foreign exchange translation. Basic Cable TV subscription revenue for 2012 decreased by S$2.6 million or 1.2%, due to foreign exchange rate differences caused by a stronger Singapore dollar in 2012 as compared to 2011. Basic Cable TV subscription revenue in base currency of Taiwan dollars for 2012 remained constant as compared to 2011.

Broadcast and Production Costs

The TBC Group's broadcast and production costs increased by S$0.6 million, or 1.0%, to S$59.4 million in 2012 from S$58.8 million in 2011, primarily due to the increase in the number of Premium Digital Cable TV and Broadband RGUs and related broadcast and production costs.

Other Operating Costs

The TBC Group's other operating costs decreased by S$1.7 million, or 6.4%, to S$24.5 million in 2012 from S$26.2 million in 2011, primarily due to a decrease of S$1.1 million in professional service fees and S$0.6 million in promotions and marketing expenses. The decrease in professional service fees in 2012 follows a similar decrease in 2011 as the Reimbursement Agreement, which provided salaries and bonuses to certain members of senior management of the TBC Group was terminated in July 2011. Following the termination of the Reimbursement Agreement, these costs were recorded as staff costs rather than professional service fees leading to a decrease in other operating costs. In addition, promotions and marketing expenses continued to decrease in 2012 by S$0.6 million due to the ongoing strategy of the TBC Group's management to reduce higher-cost promotions in favour of offering discounts on bundled products.

Staff Costs

The TBC Group's staff costs increased by S$7.9 million, or 24.0%, to S$41.1 million in 2012 from S$33.1 million in 2011, primarily due to an increase in the LTIP expense provision. The Pre-Listing LTIP will vest on the earlier of Listing or 31 December 2013. In provisioning for this expense, the TBC Group's management has assumed that it would vest earlier than 31 December 2013 (that is, on the date of Listing), which has brought forward the provisioning to take into account the full Pre-Listing LTIP provision in 2012 and thus there will be no further provisioning of the Pre-Listing LTIP in 2013.

Depreciation and Amortisation Expenses

The TBC Group's depreciation and amortisation expenses increased by S$6.3 million, or 19.5%, to S$38.2 million in 2012 from S$32.0 million in 2011, primarily due to a S$6.6 million increase in network equipment depreciation expenses. Beginning in April 2012, the TBC Group's management decided to reduce the useful life of certain signal equipment from four to three years due to frequent replacement and upgrade of such equipment, which increased the amount of depreciation expense for such signal equipment in 2012 as compared to 2011. In addition, there was a S$7.1 million increase in fixed assets in 2012, including DOCSIS 3.0 equipment, cable modems and Premium Digital Cable TV set-top boxes, which further increased the depreciation and amortisation expenses in 2012 as compared to 2011.

Management Fee Expenses

The TBC Group's management fee expenses increased by S$0.6 million, or 18.3%, to S$3.6 million in 2012 from S$3.0 million in 2011, primarily due to an increase in the management fee paid by MRL to MIIF which reflects a full year of MIIF's ownership of 47.5% effective ownership interest in the TBC Group.

Other Operating Income (Expense)

The TBC Group's other operating income (expense) increased by S$5.2 million to S$9.2 million in 2012 from S$4.0 million in 2011, primarily due to S$9.9 million of currency exchange loss which relates mainly to the US dollar denominated shareholder loans. Further, in 2011, there was an expense of S$5.2 million for a withholding tax penalty resulting from a dispute with the Taiwan tax authorities relating to the appropriate rate of withholding tax applicable on shareholder loans between Group entities in Taiwan and the Netherlands. The dispute was over whether withholding tax on the shareholder loan interest paid to TBC Holdings was subject to the ordinary withholding tax rate of 20.0%, rather than the 10.0% tax rate under the tax treaty between Netherlands and Taiwan for the period from 2006 to 2009. After a year of appeal and negotiations with the Taiwan tax authorities, the TBC Group management reached a favourable agreement in 2012 and S$0.9 million was reversed based on the over provisioning of withholding tax penalty in 2011. This

withholding tax issue was fully resolved in 2012. A favourable outcome of the dispute with the Taiwan tax authorities led to the partial reversal of the withholding tax penalty in 2012 of S$0.9 million, which the TBC Group had over-provisioned in 2011. The withholding tax penalty was a one-off event and no other provisions were made for it.

Operating Profit

The TBC Group's operating profit decreased by S$14.9 million, or 10.1%, to S$132.8 million in 2012 from S$147.7 million in 2011, as a result of the factors described above.

Interest and Other Finance Costs

The TBC Group's interest and other finance costs increased by S$45.3 million, to S$122.3 million in 2012 from S$77.0 million in 2011, primarily due to a S$47.1 million of interest expense arising from subsequent amortisation of the shareholder loan from MIIF, which represents a S$19.7 million increase from 2011. The increase in interest expense arising from subsequent amortisation in 2012 is due to a full year effect as compared to 2011, which was on a pro rata basis. The interest-free shareholder loan from MIIF is recognised initially at fair value, with the fair value gain recorded as capital reserves and subsequently measured at amortised cost. The fair value gain upon initial recognition amounting to S$88.2 million is recorded as capital reserves, representing an interest-free benefit by way of capital contribution from a shareholder. The shareholder loan from MIIF was repaid in full pursuant to the Corporate Reorganisation and there is no residual outstanding liability for the Trust Group. (See "*Trust Acquisition – The Corporate Reorganisation*") Further, there was an unrealised loss of S$9.7 million due to the cross currency interest rate swap that the TBC Group entered into for the US dollar denominated Subordinated Facility with external financial institutions. As the Subordinated Facility will be repaid and the associated cross currency interest rate swap will be terminated upon Listing (with the cash payments associated with the early termination of the hedge fully paid), there will be no further unrealised losses or gains related to valuation of cross currency interest rate swap.

(Loss) Profit before Income Tax

The TBC Group's profit before income tax decreased by S$60.2 million to S$10.6 million in 2012 from S$70.8 million in 2011, primarily due to two non-recurring costs described above: (i) S$47.1 million of interest expenses arising from subsequent amortisation of the Shareholder Loan from MIIF and (ii) S$9.7 million of unrealised loss on valuation of the cross currency interest rate swap. (See "*– Non-IFRS Financial Measures*") After adjusting for these and other one-time non-recurring items, the Group's Adjusted Profit before income tax for 2012 was S$85.8 million. Adjusted Profit before income tax is a non-IFRS financial measure. For a discussion of the Group's Adjusted Profit before income tax, including its limitations as a performance measure, see "*Selected Financial Information and Operating Data – Non-IFRS Financial Measures*".

Income Tax Expense

The TBC Group's income tax expense decreased by S$38.5 million, or 51.1%, to S$36.8 million in 2012 from S$75.3 million in 2011, primarily due to a decrease in additional provision from potential tax assessment of S$23.3 million from S$48.5 million in 2011 to S$25.2 million in 2012, in relation to for a potentially adverse ruling by the Taiwan tax authorities relating to the Group's deduction of certain amortisation and interest expenses in prior years. Although the 2011 tax filing assessments have not been confirmed by the Taiwan tax authorities, the TBC Group's management has accrued the entire assessment amount. Further, in 2011 the TBC Group's management accrued additional tax expenses of S$7.2 million to cover a new regulation relating to the Taiwan thin-capitalisation rule in 2011, which was subsequently reversed in 2012 (as the new regulation does not apply to the TBC Group). In addition, there was a decrease of S$13.6

million in withholding tax in 2012 as compared to 2011, relating to interest payments on certain shareholder loans in 2011. There were no additional withholding tax payments or any accrual in relation to any potential additional tax in 2012.

(Loss) Profit for the Year

The TBC Group's loss for the year increased by S$21.7 million to S$26.3 million in 2012 from S$4.5 million in 2011, as a result of the factors described above and in particular, the following non-recurring expenses: (i) S$47.1 million of interest expenses arising from subsequent amortisation of the interest-free Shareholder Loan from MIIF and (ii) S$9.7 million of unrealised loss on valuation of the cross currency interest rate swap. After adjusting for these and other non-recurring items, the Group's Adjusted Net Income for 2012 was S$74.2 million. Adjusted Net Income is a non-IFRS financial measure. For a discussion of the TBC Group's Adjusted Net Income, including its limitations as a performance measure, see "*Selected Financial Information and Operating Data – Non-IFRS Financial Measures*".

Other Comprehensive (Loss) Income – Exchange Differences on Translation of Foreign Operations

The TBC Group's gain on exchange differences on translation of foreign operations amounted to S$10.6 million in 2012, compared to a loss of S$19.1 million in 2011, in each case relating to the translation of the assets and liabilities of the Group's foreign operations from the functional currency of the respective entities within the Group to the presentation currency of the Group at the end of each year.

The translation gain in 2012 was mainly contributed by the impact of unfavourable exchange rates movement of the US dollar and Taiwan dollar on the net loss position but was partially offset by the translation loss on the net asset position upon consolidation of the foreign operation.

Other Comprehensive (Loss) Income – Change in Unrealised Gain (Loss) on Cash Flow Hedging Financial Instruments

The TBC Group's gain on derivative financial instruments amounted to S$2.9 million in 2012, compared to a loss of S$2.2 million in 2011. The primary reason for the gain in 2012 was the increase in the fair value of a hedging interest rate derivative.

Total Comprehensive Loss

The TBC Group's total comprehensive loss decreased by S$13.1 million, or 50.5%, to S$12.8 million for 2012 from S$25.9 million in 2011, due to the reasons described above.

Year Ended 31 December 2011 Compared to Year Ended 31 December 2010

Revenue

The TBC Group's revenue increased by S$6.1 million, or 2.1%, to S$304.8 million in 2011 from S$298.7 million in 2010, primarily due to increases in Premium Digital Cable TV revenue and Broadband revenue, which were partially offset by a decrease in Basic Cable TV subscription revenue. Premium Digital Cable TV revenue increased by S$4.0 million, or 91.8%, primarily due to an increase of 63.0% in the number of Premium Digital Cable TV RGUs. Broadband revenue increased by S$2.9 million, or 6.1%, due to an increase of 7.4% in the number of Broadband RGUs. Revenue from sales of Basic Cable TV subscriptions decreased by $1.3 million, or 0.6%, primarily as a result of a NT$10 decrease in rate caps in four out of five of the TBC Group's

franchise areas, coupled with slower growth in Basic Cable TV subscriber numbers. The Trustee-Manager believes that the decrease in rate caps and the slower growth in subscriber numbers were largely the result of adverse macro-economic conditions in Taiwan.

Broadcast and Production Costs

The TBC Group's broadcast and production costs decreased by S$1.3 million, or 2.2%, to S$58.8 million in 2011 from S$60.1 million in 2010, primarily as a result of the fact that the TBC Group was able to negotiate successfully with its Basic Cable TV content provider for price reductions to help offset the effect of the NT$10 rate cap reduction in four out of its five franchise areas, resulting in lower content costs. Bandwidth costs also decreased, as the TBC Group renegotiated its existing agreement with its bandwidth provider. These decreases were partially offset by an increase in Premium Digital Cable TV costs, as the number of subscriptions for the Group's Premium Digital Cable TV service increased.

Other Operating Costs

The TBC Group's other operating costs decreased by S$6.0 million, or 18.7%, to S$26.2 million in 2011 from S$32.2 million in 2010, primarily due to a decrease of S$4.7 million in professional service fees, which resulted from the fact that professional service fees in 2010 were exceptionally high due to the Group's refinancing of its debt facilities in that year. In addition, in 2010, other operating costs also included salaries and bonuses of certain members of senior management that the Group paid through the Reimbursement Agreement. The Reimbursement Agreement was terminated in July 2011, and from that point onwards, these salaries and bonuses were recorded in staff costs rather than other operating costs. In addition, promotions and marketing expenses decreased by S$0.7 million due to the TBC Group's management strategy to reduce higher-cost promotions in favour of offering discounts on bundled products.

Staff Costs

The TBC Group's staff costs increased by S$3.1 million, or 10.4%, to S$33.1 million in 2011 from S$30.0 million in 2010, primarily due to an increase in the costs recognised in relation to the Pre-Listing LTIP. In addition, in 2011, staff costs also included salaries and bonuses of certain members of senior management that the Group had previously paid through the Reimbursement Agreement. The Reimbursement Agreement was terminated in July 2011, and from that point onwards, these salaries and bonuses were recorded in staff costs.

Depreciation and Amortisation Expenses

The TBC Group's depreciation and amortisation expenses increased by S$3.2 million, or 11.2%, to S$32.0 million in 2011 from S$28.8 million in 2010, primarily as a result of additional capital expenditures for new equipment made in the ordinary course of business as part of the Group's continuing focus on its Premium Digital Cable TV services.

Management Fee Expenses

The TBC Group's management fee expenses decreased by S$2.3 million, or 43.5%, to S$3.0 million in 2011 from S$5.3 million in 2010, primarily due to the fact that, in 2010 the management fee expense for MRL under the Management Services Agreement included an accrual of S$1.7 million relating to fees in respect of 2009 that was not previously recognised. The reduction in the fee in 2011 reflects the non-recurrence of this accrual.

Other Operating Income (Expense)

The TBC Group incurred other operating expenses of S$3.9 million in 2011, compared to generating other operating income of S$14.1 million in 2010. The other operating expense in 2011 resulted primarily from a provision in the amount of S$5.2 million in 2011 (compared to S$0.0 in 2010) for a tax penalty resulting from a dispute with the Taiwan tax authorities relating to the appropriate rate of withholding tax applicable on shareholder loans between Group entities in Taiwan and the Netherlands. This tax penalty provision was partially offset by currency exchange gains of S$3.1 million in 2011 mainly due to the translation gain on foreign currency denominated loans. In 2010, the Group had realised a more substantial currency exchange gain, in an amount of S$13.8 million, when the entities in Taiwan repaid its shareholder loan in full to TBC Holdings and Harvest Cable Holdings.

Operating Profit

The TBC Group's operating profit decreased by S$8.6 million, or 5.5%, to S$147.7 million in 2011 from S$156.4 million in 2010, primarily as a result of the other operating expense incurred in 2011, compared to the other operating income in 2010, as well as the other factors described above.

Interest and Other Finance Costs

The TBC Group's interest and other finance costs decreased by S$93.2 million, or 54.8%, to S$77.0 million in 2011 from S$170.2 million in 2010. In 2010, losses of S$77.1 million arising from the settlement and valuation of derivative financial instruments were recorded as compared to a net gain of S$8.1 million in 2011. Of these losses recorded in 2010, approximately S$54.2 million was due to the realised loss on the settlement of derivative financial instruments, which was mainly due to an approximately S$40.5 million realised loss on the one-off early termination of the then-existing U.S. dollar cross currency interest rate hedge as part of the Group's restructuring of its financing arrangements. This early termination of the cross currency interest rate hedge occurred after TBC Holdings refinanced its existing U.S. dollar denominated borrowings in June 2010, which was a non-recurring event. Other factors for the realised loss on the settlement of derivative financial instruments for 2010, 2011 and 2012 include the unfavourable movements in the interest rate used for the contractual hedge rates for the Senior Facility as well as the current cross currency interest rate swap which relates to the Subordinated Facility. As the Subordinated Facility will be repaid using part of the proceeds from the Offering, realised losses on the settlement of derivative financial instruments relating to the current cross currency interest rate swap will no longer be included in the finance costs immediately after the Listing.

The reversal of prior year cumulative unrealised losses which amounted to S$61.1 million was separately recorded as an unrealised loss on the valuation of cross currency interest rate swap, which resulted in a net unrealised loss of S$22.9 million in 2010, compared to a S$18.8 million unrealised gain on the valuation of such a swap in 2011. This unrealised loss in 2010 was mainly due to unfavourable movements in the interest rate used for the contractual hedge rates. In addition, in 2011 amortisation of arrangement costs decreased by S$21.1 million, from S$26.2 million in 2010 to S$5.0 million, as the amount recognised under this item in 2010 included a S$22.6 million one-time write-off of previously incurred arrangement costs, as a result of the refinancing that occurred in 2010. Also, interest expenses to related parties increased from S$10.6 million in 2010 to S$28.1 million in 2011 mainly due to S$27.3 million of amortised costs (as described in "– *Key Components of the Group's Income Statement – Interest and Other Finance Costs*") on the shareholder loan from MIIF, partially offset by the elimination of interest payments relating to the interest-bearing loan notes from Asia Cable, a former shareholder, which were restructured during 2011 and acquired by other companies within the TBC Group. In addition, interest expense to financial institutions decreased from S$54.1 million in 2010 to S$50.2 million in 2011 due to lower amounts of borrowings and lower interest rates.

(Loss) Profit before Income Tax

The TBC Group's profit before income tax in 2011 was S$70.8 million, compared to a loss of S$13.8 million in 2010. After adjusting for a non-recurring cost of S$28.1 million of interest expenses arising from amortisation of the MIIF Shareholder Loan and other items, the Group's Adjusted Profit before income tax for 2011 was S$92.8 million. Adjusted Profit before income tax is a non-IFRS financial measure. For a discussion of the Group's Adjusted Profit before income tax, including its limitations as a performance measure, see "*Selected Financial Information and Operating Data – Non-IFRS Financial Measures*". The loss in 2010 was primarily the result of the significant amounts of interest and other finance costs resulting from the valuation loss and realised loss on settlement of the Group's cross currency interest rate swap, and as a result of the other factors described above.

Income Tax Expense

The TBC Group's income tax expense increased by S$43.8 million, or 139.0%, to S$75.3 million in 2011 from S$31.5 million in 2010, primarily due to an additional accrual of S$48.5 million in 2011 for a potentially adverse ruling by the Taiwan tax authorities relating to the Group's deduction of certain amortisation and interest expenses in prior years. (See "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*") In addition, there was an increase of S$15.0 million in withholding tax relating to interest payments on certain shareholder loans.

Loss for the Year

The TBC Group's loss for the year 2011 amounted to S$4.5 million, compared to a loss of S$45.3 million for 2010, primarily as a result of the valuation losses and a realised loss on settlement of a cross currency interest rate swap in 2010 and the other factors described above.

Other Comprehensive (Loss) Income – Exchange Differences on Translation of Foreign Operations

The TBC Group's loss on exchange differences on translation of foreign operations amounted to S$19.1 million in 2011, compared to a gain of S$0.7 million in 2010, in each case relating to the translation of the assets and liabilities of the Group's foreign operations from the functional currency of the respective entities within the Group to the presentation currency of the Group at the end of each year.

The unfavourable foreign exchange rates movement of US dollar and Taiwan dollar against the Singapore dollar resulted in translation losses upon consolidation of foreign operation for 2011.

Other Comprehensive (Loss) Income – Change in Unrealised Gain (Loss) on Cash Flow Hedging Financial Instruments

The TBC Group's unrealised loss on cash flow hedging financial instruments amounted to S$2.2 million in 2011, compared to income of S$5.0 million in 2010, relating to a decrease in 2011 and an increase in 2010 in the fair value of the Group's interest rate swaps.

Total Comprehensive Loss

The TBC Group's total comprehensive loss amounted to S$25.9 million for 2011, compared to a total comprehensive loss of S$39.6 million in 2010, as a result of the factors described above.

Liquidity and Capital Resources

The TBC Group maintains cash balances to fund the daily cash requirements of its business. The Group's funding requirements for its working capital, capital expenditures and other costs and expenses have historically been met mainly through bank borrowings and cash generated from operations. Because the Group's liquidity and capital requirements are affected by many factors, some of which are beyond the Group's control, the Group's funding requirements may change. If the Group requires additional funds to support its working capital or capital requirements, it may seek to raise additional funds through public or private financing or other sources.

Cash Flow Data

The following table shows selected items from the Group's combined cash flow statements for the periods indicated:

	For the year ended 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
Net cash from operating activities	155,543	185,008	174,774
Net cash used in investing activities	(33,450)	(34,499)	(47,691)
Net cash used in financing activities	(111,086)	(117,860)	(140,301)
Increase (decrease) in cash and cash equivalents	11,007	32,649	(13,218)
Balance of cash and cash equivalents at the beginning of the year	24,311	34,235	66,938
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,083)	54	(1,255)
Balance of cash and cash equivalents at the end of the year	34,235	66,938	52,465

Net Cash from Operating Activities

Net cash from operating activities reflects (i) (loss)/profit after income tax adjusted for non-cash and non-operating activities items, such as finance costs net of interest income, depreciation and amortisation, and currency exchange gains or losses, (ii) the effects of changes in working capital, increases or decreases in trade receivables or trade payables, and (iii) income tax paid.

Net cash from operating activities for 2012 amounted to S$174.8 million, consisting of S$194.9 million in cash generated from operations less S$20.1 million in income tax paid. After adjusting the loss after income tax for the year of S$26.3 million for non-cash items and non-operating activities totalling S$208.5 million, operating cash flow before movements in working capital amounted to S$182.2 million. The non-cash and non-operating activities adjustments consisted of income tax expense, finance costs (net of interest income), depreciation and amortisation, and currency exchange loss as discussed above. Movements in working capital in 2012 amounted to a net cash inflow of S$12.7 million and consisted primarily of the following: (a) an increase in liabilities of S$8.3 million, which was mainly due to the increase in the provision for the Pre-Listing LTIP, and (b) a decrease in withholding tax refund receivable of S$6.4 million relating to shareholder loan interest payments between onshore Group entities for which the Group paid withholding tax that was refunded. These cash inflows were partially offset by cash outflow from a decrease in trade and other payables of S$1.9 million in the ordinary course of business.

Net cash from operating activities for 2011 amounted to S$185.0 million, consisting of S$199.7 million in cash generated from operations less S$14.7 million in income tax paid. After adjusting the loss after income tax for the year of S$4.5 million for non-cash items and non-operating activities totalling S$174.3 million, operating cash flow before movements in working capital amounted to S$169.8 million. The primary non-cash and non-operating activities adjustments consisted of income tax expense, a net loss on borrowings from related parties at fair value through profit or loss, finance costs (net of interest income), depreciation and amortisation, and currency exchange gains, each as discussed above. Movements in working capital amounted to a net cash inflow of S$29.9 million and consisted primarily of the following: (a) movements in other assets and liabilities (net) of S$16.0 million, which was primarily due to an increase in other liabilities as a result of an increase in withholding tax payable in connection with interest payments on the Group's onshore shareholder loans and an increase in provisioning of long-term incentive plans for senior management, (b) an increase in trade and other payables of S$16.0 million, which was the result of an increase in trade payables in ordinary course of business and an increase of accrued withholding tax penalty in connection with interest payments on the Group's offshore shareholder loans, and (c) a decrease in withholding tax refund receivable of S$7.4 million relating to shareholder loan interest payments between onshore Group entities for which the Group paid withholding tax that was refunded. These cash inflows were partially offset by cash outflow from an increase in trade and other receivables of S$9.7 million primarily relating to restructuring costs for the Group's restructuring of its onshore senior debt in 2011; these costs are capitalised and amortised over the life of the loan and are recorded as prepayments under the current assets on the Group's balance sheet.

Net cash from operating activities for 2010 amounted to S$155.5 million, consisting of S$178.3 million in cash generated from operations less S$22.7 million in income tax paid. After adjusting the loss after income tax for the year of S$45.3 million for non-cash items and non-operating activities totalling S$217.2 million, operating cash flow before movements in working capital amounted to S$171.9 million. The primary non-cash and non-operating activities adjustments consisted of finance costs (net of interest income), depreciation and amortisation and income tax expense, each as discussed above. Movements in working capital amounted to a net cash inflow of S$6.4 million and consisted primarily of the following: (a) an increase in trade and other payables of S$7.7 million arising in the ordinary course of business, and (b) movements in other assets and liabilities (net) of S$2.6 million primarily relating to provisioning for long-term incentive plans for senior management. This cash inflow was partially offset by a cash outflow of S$5.6 million resulting from an increase in withholding tax refund receivable relating to shareholder loan interest payments between onshore Group entities for which the Group paid withholding tax which was expected to be refunded at a future date.

Net Cash Used in Investing Activities

Net cash used in investing activities for 2012 amounted to S$47.7 million, consisting primarily of S$46.6 million for the acquisition of property, plant and equipment, which consisted primarily of purchases for DOCSIS 3.0 equipment, cable modems and Premium Digital Cable TV set-top boxes.

Net cash used in investing activities for 2011 amounted to S$34.5 million, consisting primarily of S$33.4 million for the acquisition of property, plant and equipment, which consisted primarily of general purchases for network maintenance, digital head-end upgrades, digital set-top boxes and hard disk drives for DVR services.

Net cash used in investing activities for 2010 amounted to S$33.5 million, consisting primarily of S$32.8 million for the acquisition of property, plant and equipment, which consisted of purchases of equipment related to network maintenance, broadband head-end and digital set-top boxes.

Net Cash Used in Financing Activities

Net cash used in financing activities for 2012 amounted to S$140.3 million, consisting primarily of a dividend payment in the amount of S$89.6 million, S$51.2 million in interest paid under the Senior Facility and Subordinated Facility (each as defined herein) and S$12.0 million in payments relating to derivative financial instruments, namely the TBC Group's onshore interest rate swap and the offshore cross currency interest rate swap. These amounts were partially offset by S$13.1 million of borrowings drawn on the revolving line of credit to fund capital expenditures.

Net cash used in financing activities for 2011 amounted to S$117.9 million, consisting primarily of S$145.2 million for the repayment of borrowings under the Group's senior secured loan facility arranged by Chinatrust Commercial Bank as part of the Group's debt restructuring, S$110.9 million for the acquisition of a non-controlling interest in a subsidiary, namely the purchase by the Group of Asia Cable's remaining interest in Cable TV S.A., S$58.4 million for the repayment of borrowings to related parties, which consisted of the Group's acquisition of a convertible loan and loan notes from Asia Cable, S$54.6 million in interest paid under the Senior Facility, S$11.4 million in payments relating to derivative financial instruments, namely the TBC Group's onshore interest rate swap and offshore cross currency interest rate swap, and a dividend payment in the amount of S$64.3 million. These amounts were partially offset by S$312.0 million in cash received from borrowings under two new shareholder loans from MIIF as part of the Group's debt restructuring and S$15.6 million in cash received from borrowings under the senior secured loan facility arranged by Chinatrust Commercial Bank.

Net cash used in financing activities for 2010 amounted to S$111.1 million, consisting primarily of S$1,183.3 million for the repayment of borrowings from external financial institutions in the context of the Group's refinancing, S$75.2 million in interest paid, which included interest under the Group's senior and subordinated syndicated loan facilities arranged by Chinatrust Commercial Bank and interest payments to Asia Cable in relation to the loan notes and the convertible loan, S$17.2 million in payments relating to derivative financial instruments, namely the TBC Group's onshore interest rate swap and offshore cross currency interest rate swap, and a dividend paid in the amount of S$38.5 million. These amounts were partially offset by S$1,201.3 million in cash generated from borrowings under the new Chinatrust Commercial Bank senior and subordinated syndicated loan facilities and S$1.7 million in cash generated from the issuance of new shares.

Working Capital

As at 31 December 2010, 2011 and 2012, the TBC Group had cash and cash equivalents of S$34.2 million, S$66.9 million and S$52.5 million, respectively. The Group views its working capital requirements historically and currently to consist primarily of trade and other payables, staff costs and withholding tax expenses. The TBC Group meets its short-term working capital requirements through cash from operations and bank financing.

The TBC Group believes that it has adequate working capital for its present requirements and that the Group's net cash generated from operating activities and the Group's existing loan facilities, together with cash and cash equivalents, will provide sufficient funds to satisfy the Group's working capital requirements and anticipated capital expenditure and other payment obligations for the next 12 months. The Group may, however, incur additional indebtedness to finance all or a portion of the Group's planned capital expenditure and other payment obligations or for other purposes.

Borrowings

External Borrowings

The following table shows the TBC Group's outstanding external debt as at 31 December 2010, 2011 and 2012:

	As at 31 December		
	2010	**2011**	**2012**
		S$ ('000s)	
External Bank Borrowings			
Current portion	48,733	–	6,369
Non-current portion	1,176,743	1,062,024	1,042,255
Unamortised arrangement cost	(34,836)	(28,806)	(22,858)
	1,190,640	**1,033,218**	**1,025,766**

As at 31 December 2012, the TBC Group had external bank borrowings under syndicated loan agreements with a syndicate of banks led by Chinatrust Commercial Bank Ltd acting as lender and facility agent and arranger. As at 31 December 2012 and the Latest Practicable Date, the Group had NT$1.3 billion (S$54.6 million[1]) and NT$1.1 billion (S$46.0 million), respectively, in undrawn funds under these facilities.

Chinatrust Commercial Bank NT$26,012,000,000 Senior Secured Loan Facility

The Group entered into an NT$24,512,000,000 senior secured loan facility in Taiwan with Chinatrust Commercial Bank as lender and as facility agent and arranger for a syndicate of other banks in June 2010. This facility was further increased by NT$1,500,000,000 to NT$26,012,000,000 in June 2012 in relation to the additional capital expenditure revolver (the "**Senior Facility**"). The facility was restructured in 2011. The Group used the proceeds of the original facility in 2010 to repay other indebtedness outstanding with other external financial institutions. The restructuring in June 2011 consisted of TBC Holdings making an additional shareholder loan of NT$3.2 billion to its subsidiaries in Taiwan to prepay a portion of the Senior Facility and restructuring the principal repayment profile of the Senior Facility. After the prepayment and restructuring, the maturity date of the facility is 30 June 2017, with amortisation payments on a quarterly basis, commencing on 31 December 2013. Interest is also payable quarterly, with the annual interest rate of the facility being the rate of the secondary market commercial paper fixing rate on Reuters, plus a margin of 2.25% to 2.90%. The loan is secured by mortgages over selected real estate and pledges over shares and over video, network and other equipment of the TBC Group. The facility contained a revolving line of credit originally in the amount of NT$1.2 billion, which was extended by an additional NT$1.5 billion in 2012. As at 31 December 2012, NT$1.3 billion remained undrawn under this revolving line of credit. The Group has used the funds from this revolving credit line for capital expenditures.

As at the Latest Practicable Date, NT$17,250 million (S$721.6 million) of the Senior Facility is hedged through a series of interest rate swaps until 30 June 2013. As at 31 December 2012 and the Latest Practicable Date, the amount outstanding under the Senior Facility was NT$21,024 million (S$883.7 million[1]) and NT$21,199 million (S$886.8 million), respectively, with NT$1,300 million (S$54.6 million[1]) and NT$1,125 million (S$47.1 million), respectively, available and undrawn.

---

[1] Based on exchange rate of S$1.00 = NT$23.7912 as at 31 December 2012.

The Trustee-Manager intends to refinance the Senior Facility in its entirety on the Listing Date with new debt from external financial institutions. (See "– *New Debt Facilities*") In the event that the NCC approves the TBC Group's application to expand its franchise area and the TBC Group decides to implement the expansion (See "*The Business of the Trust – Franchise Areas*"), the TBC Group may draw down on its additional revolving credit line of S$56.5 million, that is part of its senior secured loan facility, to fund this expansion.

U.S.$135.0 million Subordinated Syndicated Loan Facility

The Group entered into a U.S.$135.0 million subordinated loan facility (the "**Subordinated Facility**") with external financial institutions and Macquarie Capital Group Limited in June 2010. (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Participation in Subordinated Loan to TBC Holdings*") The Group used the proceeds from the Subordinated Facility to refinance all amounts outstanding under a U.S.$100,000,000 mezzanine facility extended to Cable TV S.A. (the "**Mezzanine Facility**") and to pay for the fees, costs and expenses relating to this refinancing (including taxes, break fee funding costs and hedging settlement payments and costs). The facility is due on 31 December 2017. Interest on the facility is payable quarterly, with the annual interest rate of the facility being the three-month U.S. dollar LIBOR (as defined herein) rate plus 8.25%. The Subordinated Facility is secured primarily by pledges over assets and shares of TBC Holdings, Cable TV S.A. and Harvest Cable Holdings. The Subordinated Facility is fully hedged through a cross currency interest rate swap, which makes the effective interest rate under the facility 12.17%. As at 31 December 2012 and the Latest Practicable Date, the amount outstanding under the Subordinated Facility was U.S.$135.0 million.

The Trustee-Manager intends to repay the Subordinated Facility in its entirety on the Listing Date, using part of the proceeds from the Offering. (See "*Use of Proceeds*")

Both the Senior Facility and the Subordinated Facility contain covenants requiring the Group to maintain certain financial ratios and limiting its ability to act as guarantor, to lend money (other than to run the Group's daily business activities), to effect consolidations, mergers, takeovers and liquidations, to change the Group's shareholders or company status, and to distribute dividends or pay other distributions.

New Debt Facilities

Upon Listing, the TBC Group will have in place the following debt facilities of up to NT$27,000 million (S$1,129.4 million) from a syndicate of lenders with Taipei Fubon Commercial Bank Co., Ltd. as facility agent (the "**New Debt Facilities**"):

- NT$22,250 million (S$930.7 million) seven-year senior secured onshore term loan facility (the "**Term Loan Facility**");

- NT$4,750 million (S$198.7 million) seven-year senior secured revolving credit facility (the "**Revolving Facility**").

The Term Loan Facility will be used to, among other things, refinance the existing onshore senior facilities of the TBC Group on the Listing Date and to pay fees and expenses in respect of the refinancing. The Revolving Facility will be used to finance the ongoing working capital and capital expenditure requirements as well as potential income tax settlement of the TBC Group. NT$1,350 million (S$56.5 million) of the Revolving Facility may only be utilised by the TBC Group to expand into other franchise areas under the new re-zoning laws. The New Debt Facilities will be secured by all land, buildings, signal communication equipment and certain deposits, insurance and material contracts held by the TBC Group as well as by pledges over shares in onshore entities of the TBC Group and over the shares in TBC Holdings and Harvest Cable Holdings held by Cable

TV S.A. The onshore members of the TBC Group party to the New Debt Facilities are jointly liable under the New Debt Facilities. In addition, guarantees in favour of the lenders under the New Debt Facilities are provided by TBC Holdings and Harvest Cable Holdings.

Neither the Sponsor nor any of its affiliates is part of the syndicate of lenders providing the New Debt Facilities to the TBC Group.

Interest Rate

The New Debt Facilities will be denominated in Taiwan dollars and bear a floating interest rate of Taiwan's three-month secondary market commercial paper rate plus an interest margin of 2.2% to 3.0% based on the leverage ratio of the TBC Group. Interest on the New Debt Facilities will be payable quarterly. The Trustee-Manager intends to enter into an interest rate swap to hedge its interest rate exposure for a minimum of 50.0% of the New Debt Facilities.

Conditions to Funding Under the New Debt Facilities

The New Debt Facilities are available to the TBC Group for drawdown, subject to the satisfaction of customary conditions precedent on and prior to the Listing Date. The Trustee-Manager expects that all amounts available under the Term Loan Facility will be fully drawn on the Listing Date.

Final Maturity and Repayment

The outstanding loan amount under the Term Loan Facility will be amortised, on a quarterly basis, over a period of seven years in accordance with an agreed amortisation schedule with a final repayment of all outstanding principal on the final maturity date, which will equal 44.5% of the total loan amount drawn under the Term Loan Facility. Any outstanding amount under the Revolving Facility must be repaid by the final maturity date. The New Debt Facilities may also be voluntarily prepaid or cancelled without any penalties.

Covenants

The New Debt Facilities contain a number of customary covenants and undertakings for facilities of similar nature, including without limitation a number of operational and financial covenants and undertakings relating to the TBC Group, such as limits on the amount of its capital expenditures and its ability to effect mergers and acquisitions. In particular, TBC Group's capital expenditure per year shall be no more than 120.0% of the capital expenditure for that year set out in the financial projections provided to the lenders and determined in the facility documentation, provided that any unused portion thereof for any given year can be carried forward to the immediately succeeding year. Such unused portion is exclusive of the 20.0% headroom each year on the capital expenditure budget for the TBC Group set out in the financial projections provided to the lenders and determined in the facility documentation. Capital expenditure exceeding the 120.0% threshold can be made out of excess cash flow permitted, under the terms of the New Debt Facilities, to be used to make distributions, but not used for such purpose. The New Debt Facilities also permit a further NT$2.8 billion to be spent on capital expenditure in connection with rezoning expansion.

The TBC Group's financial covenants under the New Debt Facilities consist of the following, tested on the TBC Group on a quarterly basis:

- Gross debt/EBITDA ratio not exceeding 5.75 times for the initial four quarters, gradually stepping down to 3.0 times after the sixth year;

- Interest coverage ratio of at least 2.50 times, gradually increasing to 3.00 times after the first 2.5 years; and

- Debt service coverage ratio of at least 1.20 times, gradually decreasing to 1.05 times after the fourth year.

Under the terms of the New Debt Facilities, the amount of distributions paid to the Bermuda Holdcos (via its subsidiaries) is subject to certain excess cash flow calculations, similar to the TBC Group's existing loan facilities and customary to facilities of a similar nature.

Change of Control and Mandatory Prepayment Events

The New Debt Facilities include a number of mandatory prepayment events, which apply in certain circumstances on material disposals and receipts of insurance claims, among others. In particular, an early repayment of the facilities may be required if, after the initial drawdown of funds, there is a change in the Cable TV law in Taiwan which would require, in order to comply therewith, a change materially detrimental to the lenders be made to the terms and conditions of the finance documents including without limitation the terms and conditions related to guarantees, co-borrowing or security. The lenders may propose changes to the finance documents so as to address the impact of the change in the Cable TV law and if the TBC Group does not accept these proposed changes, the TBC Group will have to repay the facility in full.

Events of Default and Review Event

The New Debt Facilities contain a number of customary events of default, including without limitation non-payment, misrepresentation, breaches of undertakings, cross-default, breach of financial covenants, material adverse change, illegality, bankruptcy, insolvency and cessation of business. Upon the occurrence of an event of default, the lenders will be entitled to declare the amount outstanding under the New Debt Facilities to be immediately due and payable and to cancel any undrawn amount under the New Debt Facilities. The TBC Group will also be liable for default interest. In addition, under the terms of the New Debt Facilities, where the Trustee-Manager ceases to be trustee-manager of the Trust or is no longer wholly owned, directly or indirectly, by Macquarie Group Limited, an event of default is triggered unless (a) the Trustee-Manager is involuntarily removed by Unitholders which would amount to a "Review Event", (b) the Trustee-Manager voluntarily resigns and is replaced with a wholly owned subsidiary (directly or indirectly) of Macquarie Group Limited.

A "Review Event" occurs if the Trustee-Manager or a subsequent trustee-manager is involuntarily removed by Unitholders pursuant to the terms of the Trust Deed and within 60 days, a replacement or substitute trustee-manager has not been appointed that is either 100.0% owned (directly or indirectly) by Macquarie Group Limited or approved by the facility agent (acting on instructions of the majority lenders). Under the Business Trusts Regulations, Unitholders may request a meeting to vote on a resolution to remove the Trustee-Manager if they represent Unitholders holding at the date of the requisition not less than 10% of the total voting rights of all Unitholders (the "**Requisition**"). Upon receipt of the Requisition, the Trustee-Manager must give to Unitholders notice of the Requisition.

Upon the occurrence of a Review Event, the facility agent and the TBC Group shall for a period of 60 days (or such longer time as the facility agent may agree) consult with each other in relation to the Review Event with a view to establishing a remedial action plan. At the end of the period, the facility agent (acting on the instructions of the majority lenders) will notify the TBC Group if the occurrence of the Review Event is acceptable, unacceptable or acceptable subject to certain amendments being made to the terms of the New Debt Facilities. If the facility agent notifies the TBC Group that the occurrence of the Review Event is unacceptable, or acceptable subject to certain amendments but such amendments are not acceptable to the TBC Group, the amount outstanding under the New Debt Facilities shall be repaid within 60 days and any undrawn amount under the New Debt Facilities may be immediately cancelled.

The Sponsor has by way of a deed dated 30 April 2013 provided the Trustee-Manager with an undertaking (the "**Information Undertaking**") that, for so long as any borrowings or loans of the Trustee-Manager or any of its subsidiaries contain an event of default (or any other event which, with the lapse of time and/or the giving of any notice and/or the fulfilment of any other requirement, would constitute an event of default) in relation to the shareholding interest of the Sponsor (or Macquarie Group Limited) in the Trustee-Manager, it will notify the Trustee-Manager immediately upon:

(a) entering into a binding definitive agreement for; or

(b) becoming aware of any enforcement of pledge, charge or other security arrangement resulting in,

the disposal of, and/or foreclosure on, any or all of its direct or indirect interest in the Trustee-Manager, unless (in the case of a disposal) such disposal is to a wholly-owned subsidiary of the Sponsor.

The Sponsor shall be entitled to terminate the Information Undertaking by written notice to the Trustee-Manager if any of the following events occur:

(a) the Trustee-Manager ceases to be the trustee-manager of the Trust (whether by resignation, termination, removal or otherwise); or

(b) the Trust ceases to be listed on the Main Board of the SGX-ST.

Upon receipt of written notice from the Sponsor terminating the Information Undertaking pursuant to paragraph (a) above, the Trustee-Manager will make an immediate announcement via SGXNET.

Borrowings from Related Parties

The following table shows the Group's total borrowings from related parties as at 31 December 2010, 2011 and 2012:

			As at 31 December		
	Lender/Issuer	**Interest rate**	**2010**	**2011**	**2012**
				S$ ('000s)	
Convertible loan	Asia Cable	–	23,496	–	–
Shareholder loan	Asia Cable	–	3,396	–	–
Shareholder loan	MIIF	–	–	311,961	306,230
			26,892	311,961	306,230
Interest-bearing loan notes	Asia Cable	12.0469%	31,409	–	–
Total nominal value			**58,301**	**311,961**	**306,230**
Accumulated valuation gain			(2,926)	–	–
Valuation gain at initial recognition			–	(88,211)	(88,211)
Amortised interest expense			–	27,322	74,379
Translation difference			–	(76)	800
Total carrying value			**55,375**	**250,996**	**293,198**

MIIF Shareholder Loans

As part of the Group's debt restructuring in 2011, MIIF made two shareholder loans to MRL and MIIT in an aggregate amount of S$312.0 million (the "**MIIF Shareholder Loans**"). MRL and MIIT used the proceeds from these loans to acquire the remaining 20.0% in the share capital of Cable TV S.A. owned by Asia Cable, along with a convertible loan, a shareholder loan and loan notes from Asia Cable, which Asia Cable had made to Cable TV S.A. MRL and MIIT also subscribed for additional shares, shareholder loans, convertible loans and loan notes issued by Cable TV S.A. The MIIF Shareholder Loans do not bear any interest and are payable on demand. The MIIF Shareholder Loans are recognised initially at fair value, with the fair value gain recorded as capital reserves and subsequently measured at amortised cost. The difference between this fair value and nominal value is amortised over the period of the loan and these amortised costs and are included in interest and other finance costs. As at 31 December 2012, the aggregate amount outstanding under the MIIF Shareholder Loans was S$306.2 million. The MIIF Shareholder Loans were repaid in full pursuant to the Corporate Reorganisation and there is no residual outstanding liability for the Trust Group. (See "*Trust Acquisition – The Corporate Reorganisation*" and "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Provision of shareholder loan by MIIF to MIIT*")

Asia Cable Convertible Loan, Loan Notes and Shareholder Loan

In 2007, Asia Cable entered into three loan arrangements with Cable TV S.A.: (i) a convertible loan in an amount of U.S.$17.6 million, (ii) a shareholder loan in an aggregate amount of U.S.$2.5 million and (iii) loan notes in an aggregate amount of U.S.$72.0 million (which was amended to U.S.$23.5 million in 2009). The convertible loan was interest-free and repayable on 31 December 2017 or on such other date or dates as agreed between the borrower and the lender. The convertible loan with embedded derivatives (i.e. variable payment to convertible loan holders pertaining to eligible income after deducting expenses and capital requirements, which depends on the income and cashflow of the underlying subsidiaries) provides for an equity-like indemnity payment to be made by Cable TV S.A. to the lender in an amount equal to the net income received by Cable TV S.A. from its underlying subsidiaries, minus an operating margin. The loan notes bear interest at a fixed rate of 12.0469% per annum and are repayable on demand. The aggregate amount of interest expenses to Asia Cable on the loan notes and convertible loans in 2010 and 2011 amounted to S$10,613,000 and S$751,000, respectively.

In March 2011, MIIF acquired an additional 20.0% stake in Cable TV S.A. (and thus the TBC Group) from Asia Cable (the previous 20.0% investor in the TBC Group), increasing its stake from 20.0% to 40.0%. The acquisition involved the following:

(a) the acquisition by MRL (a wholly-owned subsidiary of MIIF) of 20.0% of the shares, interest-bearing loan notes and interest-free shareholder loans in Cable TV S.A. that were previously held by Asia Cable; and

(b) the acquisition by MIIT (a wholly-owned subsidiary of MIIF) of 20.0% of the convertible loans of Cable TV S.A. which were previously held by Asia Cable.

In June 2011, MIIF further increased its stake in Cable TV S.A. from 40.0% to 47.5% through its participation in Cable TV S.A.'s rights issue of shares, interest-bearing loan notes, interest-free shareholder loans and convertible loans.

Due to the equity-like payment provision in the convertible loan, the convertible loan was stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. Since the acquisition of the loan notes and convertible loans by MRL and MIIT respectively, the principal amounts outstanding under the convertible loan and the loan notes and the interest payments on the loan notes are eliminated on consolidation of the TBC Group's financial statements.

Capital Expenditures

The TBC Group's capital expenditures consist primarily of investments in the Group's network infrastructure. Historically, the Group has funded its capital expenditures through a combination of bank borrowings and cash from operations. The following table shows information about the Group's capital expenditures for the three years ended 31 December 2010, 2011 and 2012:

	For the year ended 31 December		
	2010	2011	2012
		S$ ('000s)	
Maintenance	16,500	14,397	20,988
Network upgrade	1,430	242	3,408
Premium Digital Cable TV growth	9,143	12,968	13,080
Broadband growth	6,613	5,312	8,959
Total	**33,685**	**32,918**	**46,435**

In 2010 and 2011, the Group's capital expenditures consisted of expenditures for general purchases of network equipment, network maintenance, head-end equipments, set-top boxes and cable modems. In 2012, the Group's capital expenditures consisted of expenditures for general purchases of network equipment, network maintenance, head-end equipments, set-top boxes, promotional set-top boxes offered to Basic Cable TV subscribers, cable modems including the replacement of DOCSIS 2.0 cable modems with DOCSIS 3.0 cable modems for customers who migrate to faster Broadband products, and the initial expenditures for the Group's planned upgrade of the HFC Network to 870 MHz.

Planned Capital Expenditure

The Group anticipates incurring significant capital expenditures to fund the maintenance and upgrading of its network in Taiwan, in particular, the upgrading of the network to 870 MHz in 2013 and 2014, which the Trustee-Manager expects will cost approximately S$16.7 million in 2013 and S$7.0 million in 2014. The Group expects to fund its planned capital expenditures primarily through bank borrowings and cash from operations.

As at the Latest Practicable Date, the Group had contractually committed NT$4,750 million (S$198.7 million) in funding for its capital expenditures. *(See "– Borrowings – External Borrowings – New Debt Facilities)*

The following table shows the Group's planned capital expenditures:

	Forecast Year 2013	Projection Year 2014
	S$ ('000s)	
Planned Capital Expenditure		
Maintenance	12,666	13,557
Network upgrade	16,732	6,980
Premium Digital Cable TV growth	13,547	17,038
Broadband growth	6,474	2,971
Total	**49,420**	**40,546**

Planned capital expenditures for maintenance relate to all expenditures for the maintenance of the HFC Network and reliability improvements, while upgrading of the network relates to the network upgrade to 870 MHz. Planned capital expenditures for Premium Digital Cable TV growth relate primarily to the deployment of set-top boxes and external hard drives, digital head-end investments and installation expenditures. Planned capital expenditures for Broadband growth include head-end investments, deployment of cable modems for Broadband RGUs and installation expenditures.

Following the NCC's recent re-zoning of franchise areas, which permits cable TV operators in Taiwan to apply for extensions of their current franchise areas or for new licenses in other franchise areas including the TBC Group's franchise areas, the Trustee-Manager has applied to the NCC for an expansion of one of its franchise areas. (See "*The Business of the Trust – Franchise Areas*") Given that currently there are no complete details and guidelines which fully outline the requirements and timing for the application and subsequent approval by the NCC of the application, it is uncertain when the NCC's approval may be obtained or what conditions and requirements may attach to such approval. Consequently, the Trustee-Manager cannot provide a reasonable estimate of when any such capital expenditure may be incurred or of the relevant amounts.

There is no certainty that any of the above projects will be completed in the expected timeframe or within the estimated budget. (See "*Risk Factors – Risks Relating to the TBC Group's Business – Complex technology used in the Group's business could fail or become obsolete, and implementation of new technologies may require significant capital expenditures*")

Contractual Obligations and Contingent Liabilities

As at 31 December 2012, the TBC Group had an aggregate of S$1,062.8 million in contractual obligations, consisting primarily of operating lease obligations and long-term debt obligations. The following table details the Group's contractual obligations as at 31 December 2012:

	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years	Total
			('000s)		
Operating lease obligations (NT$) . .	28,535	50,459	39,535	14,691	133,220
Long-Term debt obligations (NT$) . .	151,528	5,221,888	15,651,064	–	21,024,480
Long-Term debt obligations (U.S.$) .	–	–	135,000	–	135,000
Purchase obligations(U.S.$)[(1)]	3,520	–	–	–	3,520
Finance lease obligations (NT$)[(2)] . .	2,503	3,869	–	–	6,372
Total (S$ equivalent)[(3)].	**11,964**	**360,986**	**689,222**	**617**	**1,062,789**

Notes:

(1) Consists of a contract to purchase broadband equipment, for which the last payment is due in January 2013.

(2) Consists of lease contracts for rental of vehicles.

(3) Amounts in NT$ and U.S.$ in table converted into S$ at the rates of NT$23.8 = S$1.00 and U.S.$0.82 = S$1.00, the rates quoted on 31 December 2012.

The long-term debt obligations described in the table above relate to the Senior Facility and the Subordinated Facility. (See "– *Borrowings – External Borrowings*") As both of these facilities will be refinanced or repaid on the Listing Date, the maturity profile of the TBC Group's debt obligations will change. (See "– *Borrowings – External Borrowings – New Debt Facilities*")

As at 31 December 2012 and the date of this offering document, the Group does not have any contingent liabilities.

Off-Balance Sheet Arrangements

The TBC Group does not have any material off-balance sheet arrangements.

Taxation

The TBC Group is subject to corporate income tax in the various jurisdictions where it has operations, at the rates prevailing in those jurisdictions. In 2010, 2011 and 2012, the income tax rate applicable to the TBC Group in Taiwan was 17.0%. In addition, the Group pays withholding tax of 10.0% on dividends and withholding tax in Taiwan on interest payments relating to the Group companies' various shareholder loans. The withholding tax rates are 10.0% for interest payments with an interest rate up to 10.5% and 20.0% for interest payments with an interest rate above 10.5%. (See "*Corporate Structure of the Trust*")

Hedging Arrangements

The TBC Group has historically used interest rate swaps and cross currency interest rate swaps to hedge its interest rate risk and its foreign exchange risk, primarily as it relates to the Group's borrowings in foreign currencies and other commitments, such as foreign currency capital expenditures. (See "– *Market Risks*") The Trustee-Manager intends to continue to use such hedging instruments in the future where appropriate. The Trustee-Manager expects that any relevant commitments would be hedged as closely as possible to the time of making the commitment or raising the additional capital. In addition, the Trustee-Manager intends to hedge distributions received from the TBC Group's companies at a rate that can be adjusted gradually over two years, in order to manage the impact on distributions of acute foreign exchange swings occurring within a short period of time. The Trustee-Manager expects that such rate adjustments will help reduce the possibility of an over-hedged position arising from changes in cash flow projections. The Trustee-Manager intends to monitor foreign currency movements and may elect to enter into further hedging arrangements at the expiry of the initial hedged period. The TBC Group does not hold or issue derivative financial instruments for speculative purposes and does not intend to do so.

Market Risks

The main market risks faced by the Group are credit risk, foreign currency risk, interest rate risk and liquidity risk.

Credit Risk

The Group may incur credit risk when the Group's subscribers or other counterparties fail to discharge their contractual obligations. As the Group collects subscription fee payments from subscribers in advance, the Trustee-Manager does not believe that the Group's exposure to credit risk is material.

Foreign Exchange Rate Risk

The Group faces the risk of fluctuations in foreign exchange rates mainly due to the foreign currency transactions entered into by the Group in currencies other than its functional currency. The Group uses cross currency interest rate swaps to limit its exposure to currency fluctuations on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies. The Group also faces currency translation risk with regard to its investments in subsidiaries whose functional currencies are different from the presentation currency of the Group.

The following table details the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

	Assets S$ ('000s)	Liabilities S$ ('000s)
2010		
Management fee payable	–	7,349
Borrowings from related parties	–	55,375
Subordinated Facility	–	180,428
	–	243,152
2011		
Management fee payable	–	1,819
Subordinated Facility	–	175,053
	–	176,872
2012		
Management fee payable	–	1,165
Subordinated Facility	–	164,917
	–	166,082

The following table details the sensitivity to a 10.0% increase or decrease in the relevant foreign currency (U.S. dollar) of these monetary liabilities against the functional currency of each Group entity. If the U.S. dollar weakens or strengthens by 10.0% against the functional currency of each Group entity, profit or loss will increase or decrease correspondingly, by the following amounts:

	U.S. dollar impact		
	2010	2011	2012
		S$ ('000s)	
Decrease or increase in loss for the year	24,315	17,687	16,608

Interest Rate Risk

The TBC Group is exposed to interest rate risk arising from its long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. The Group manages this risk by using floating-to-fixed interest rate swaps. These interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Liquidity Risk

The TBC Group incurs liquidity risk where the Group's financial position indicates that the Group's cash position is not enough to cover its current liabilities as and when they fall due. The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at 31 December 2012, the Group's current liabilities exceeded its current assets by S$159.1 million and the total financial liabilities (including both derivative and non-derivative) of S$1,452.0 million exceed total financial assets of S$64.5 million.

For FY2012, the TBC Group recorded a negative working capital of approximately S$159.1 million. However, this included:

(a) a S$122.4 million provision for potential tax assessment in relation to a tax dispute, for which the TBC Group is currently in discussion with the Taiwan tax authorities. (See "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*") The TBC Group has in place a revolving facility to fund up to NT$1.2 billion of the estimated tax settlement or any other future tax liabilities;

(b) S$32.7 million of received advances from customers. These are collections received from customers which do not require any future cash out flow from the TBC Group; and

(c) S$26.0 million of Pre-Listing LTIP provisions in the other current liabilities. Pre-Listing LTIP awards will vest on the earlier of (i) 31 December 2013 or (ii) the time of a trade sale or listing of Cable TV S.A. or its subsidiaries. As of 31 December 2012, the accrued amount has not been paid from the TBC Group. It is envisaged that the payment of cash awards (which vest on the Listing Date) to senior management of the TBC Group pursuant to the Pre-Listing LTIP will be from a combination of IPO proceeds and debt facilities. (See "*Use of Proceeds*" and "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*")

After these adjustments, the TBC Group's operating working capital was S$21.6 million.

The Group believes that it has adequate working capital for its present requirements and that the Group's net cash generated from operating activities and the Group's existing loan facilities, together with cash and cash equivalents, will provide sufficient funds to satisfy the Group's working capital requirements and anticipated capital expenditure and other payment obligations for the next 12 months.

The table below details the remaining contractual maturity for the Group's non-derivative and derivative financial liabilities and includes both interest and principal cash flows as at 31 December 2012:

Non-derivative financial liabilities

	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
			(S$'000s)		
Floating rate – borrowings from financial institutions	61,305	1,216,195	–	(251,734)	1,025,766
Floating rate – borrowings from related parties	306,230	–	–	(13,032)	293,198
Trade and other payables	16,368	–	–	–	16,368
Other liabilities	45,031	6,027	–	–	51,058
Total	428,934	1,222,222	–	(264,766)	1,386,390

The long-term debt obligations described in the table above relate to the Senior Facility and the Subordinated Facility. (See "– *Borrowings – External Borrowings*") As both of these facilities will be refinanced or repaid on the Listing Date, the maturity profile of the TBC Group's debt obligations will change. (See "– *Borrowings – External Borrowings – New Debt Facilities*")

Derivative financial liabilities

	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
			(S$'000s)		
Net settled:					
Cross currency interest rate swap contract	–	64,848	–	–	64,848
Interest rate swap contract	802	–	–	–	802
Total	802	64,848	–	–	65,650

Inflation

The Trustee-Manager does not believe that inflation in Taiwan has had a material impact on the Group's operations in the past. As the majority of Group's revenues are subject to a rate cap (which, at the national level, has not changed since 2000), any inflationary effect would primarily impact the Group's costs, which could adversely affect its margins and results of operations.

RECENT DEVELOPMENTS

In the first quarter of 2013, the TBC Group's business has continued in line with management's expectations. Revenues and operating expenses for the three months ended 31 March 2013 were materially unchanged, as compared to the corresponding period in 2012, despite the rate cap reductions for Basic Cable TV for 2013 (See "*The Business of the Trust – Services – Basic Cable TV – Pricing and Rate Caps – Rate Caps*").

Overall, the TBC Group's number of RGUs increased as of 31 March 2013 compared to 31 March 2012, driven primarily by increases in the number of RGUs for Premium Digital Cable TV and Broadband whilst Basic Cable TV RGUs remained steady. The net increase in RGUs for Premium Digital Cable TV for the three months ended 31 March 2013 was 4,002 RGUs, reaching 114,326 RGUs as of 31 March 2013, an increase of 15.6% compared to 31 March 2012. The net increase in RGUs for Broadband in the three months ended 31 March 2013 was 2,365 RGUs, reaching 177,323 RGUs as of 31 March 2013, an increase of 5.9% compared to 31 March 2012.

The following table sets forth the TBC Group's RGUs and penetration rates as of 31 March 2013:

	As of 31 March 2013
Basic Cable TV RGUs	752,201
Premium Digital Cable TV RGUs	114,326
Premium Digital Cable TV Penetration Rate	15.2%
Broadband RGUs	177,323
Penetration Rate	23.6%

On 8 May 2013, the NCC approved preliminary permits for Vastar and TOP for franchise area extensions into Taichung City, which will allow them to begin the required construction according to the business plans they submitted to the NCC. The NCC will grant a preliminary licence to these system operators after they reach 30% of the required construction and pass network functionality tests. The NCC only issues licences to applicants that have built and deployed 100% of their network. Despite such preliminary approvals by the NCC, there is still uncertainty as to the conditions and requirements that may attach to such approvals.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

You should read the following unaudited pro forma financial information for the year and as at the date indicated in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited pro forma financial statements and the accompanying notes included in this document.

The following tables present the Trust's unaudited pro forma financial statements as at and for the financial year ended 31 December 2012. Such unaudited pro forma financial statements should be read in conjunction with the unaudited pro forma financial statements included in the report in *"Appendix A – Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its Subsidiaries for the Financial Year Ended 31 December 2012"*.

The Trust's unaudited pro forma financial statements have been prepared for illustrative purposes only, in accordance with the provisions set out in the Securities and Futures (Offers of Investment) (Business Trusts) (No. 2) Regulations 2005, and are based on certain assumptions after making adjustments to show what:

- the financial results of the Trust Group for the year ended 31 December 2012 would have been if the Corporate Reorganisation, the Listing, the New Debt Facilities, Post-Listing LTIP and Distributions Payment (as defined herein) as described in Note 2 to the unaudited pro forma financial statements (the "**Significant Events**") had occurred at 1 January 2012;

- the financial position of the Trust Group as at 31 December 2012 would have been if the Significant Events had occurred at 31 December 2012; and

- the cash flows of the Trust Group for the year ended 31 December 2012 would have been if the Significant Events had occurred at 1 January 2012.

See "*Trust Acquisition"* and "*Corporate Structure of the Trust*".

See Note 3(d) of the unaudited pro forma financial statements of the Trust included in "Appendix A – Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its Subsidiaries for the Financial Year Ended 31 December 2012" for the key adjustments and assumptions made for the preparation of the unaudited pro forma financial statements.

The objective of the unaudited pro forma historical financial information is to illustrate what the financial position of the Trust might be at the Listing Date, on the basis as described above. However, the unaudited pro forma historical financial information is not necessarily indicative of the actual financial position that would have been attained by the Trust on the Listing Date. The unaudited pro forma historical financial information, because of its nature, may not give a true picture of the Trust's actual financial results, financial position and cash flows.

Pro forma Statement of Comprehensive Income

	Year Ended 31 December 2012
	(S$'000s)
Revenue	308,731
Broadcast and production costs	(59,368)
Other operating costs	(32,886)
Staff costs	(28,035)
Depreciation and amortisation expenses	(43,065)
Other operating expense	(9,159)
Operating profit	136,218
Interest and other finance costs	(73,488)
Profit before income tax	**62,730**
Income tax expense	(35,816)
Profit for the year	**26,914**
Profit attributable to	
Unitholders of APTT	26,738
Non-controlling interest	176
	26,914
Other comprehensive income, net of tax	
Exchange differences on translation of foreign operations	10,577
Change in unrealised gain on cash flow hedging financial instruments	2,865
Total comprehensive income	**40,356**
Total comprehensive income attributable to	
Unitholders of APTT	40,180
Non-controlling interest	176
	40,356
Earnings per unit attributable to unitholders of APTT	**1.86 cents**

Pro forma Statement of Financial Position

	Year Ended 31 December 2012
	(S$'000s)
ASSETS	
Current assets	
Cash and cash equivalents	65,274
Trade and other receivables	15,644
	80,918
Non-current assets	
Property, plant and equipment	136,153
Intangible assets	2,219,522
Income tax refund receivable	14,053
Other assets	969
	2,370,697
Total assets	**2,451,615**
LIABILITIES	
Current liabilities	
Borrowings from financial institutions	1,396
Derivative financial instruments	802
Trade and other payables	17,073
Income tax payable	124,107
Other liabilities	51,172
	194,550
Non-current liabilities	
Borrowings from financial institutions	901,104
Retirement benefit obligation	4,865
Deferred tax liabilities	3,787
Other liabilities	6,027
	915,783
Total liabilities	**1,110,333**
Net assets	**1,341,282**
EQUITY	
Unitholders' funds	1,340,998
Non-controlling interest	284
Total equity	**1,341,282**

Pro forma Statement of Cash Flow

	Year Ended 31 December 2012
	(S$'000s)
Operating activities	
Profit for the year	26,914
Adjustments for:	
Depreciation and amortisation expense	43,065
Finance costs, net of interest income	73,488
Currency exchange gain	11,199
Income tax expense	35,816
Operating cash flow before movements in working capital	**190,482**
Trade and other receivables	(368)
Income tax refund receivable	6,395
Trade and other payables	(1,903)
Retirement benefit obligation	287
Other assets and liabilities	(5,405)
Cash generated from operations	**189,488**
Income tax paid	(20,170)
Net cash from operating activities	**169,318**
Investing activities	
Acquisition of property, plant and equipment	(46,638)
Acquisition of intangible assets	(1,053)
Payment for acquisition of Asian Pay-TV Business[(1)]	(1,105,838)
Net cash used in investing activities	**(1,153,529)**
Financing activities	
Issuance of units	1,340,998
Interest received	106
Interest paid	(40,948)
Borrowing from financial institutions	902,500
Repayment of borrowings to financial institutions	(1,062,024)
Derivative financial instruments	(60,930)
Proceeds from issuance of preferred stock	1,329
Redemption of preferred stock	(1,329)
Distribution on redeemable preference shares	(632)
Dividends paid	(89,631)
Net cash from financing activities	**989,439**
Increase in cash and cash equivalents	5,228
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and comprehensive income statement	60,046
Balance of cash and cash equivalents at the end of the year[(1)]	**65,274**

Note:

(1) The balance of cash and cash equivalents at the end of the year of S$65.3 million is expected to reduce by an amount that may be released to the Sellers as part of their total Acquisition Amount, in the event that the actual Equity Issue Expenses and the amount required for the repayment of the indebtedness outstanding under the Subordinated Facility and the costs associated with the termination of the related cross currency interest rate swap (the "**Transaction Costs**") is lower than the assumed Transaction Costs.

PROFIT AND CASHFLOW FORECAST AND PROFIT AND CASHFLOW PROJECTION

Statements contained in the "Summary Profit and Cashflow Forecast and Profit and Cashflow Projection" section and this "Profit and Cashflow Forecast and Profit and Cashflow Projection" section that are not historical facts may be forward-looking statements. The Profit and Cashflow Projection is intended to show a possible outcome based on the stated assumptions. As the length of the period covered by the Profit and Cashflow Projection extends beyond the period covered by the Profit and Cashflow Forecast, the assumptions used in the Profit and Cashflow Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the Project and Cashflow Forecast. The Profit and Cashflow Projection does not therefore constitute a Profit and Cashflow Forecast. Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions set out herein of the Prospectus occur, actual results are still likely to be different from the Profit and Cashflow Forecast and Profit and Cashflow Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-Looking Statements" and "Risk Factors") Investors in the Units are cautioned not to place undue reliance on these forward-looking statements, which are made only as at the date of this document.

None of the Trust, the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters guarantees the performance of the Trust, the repayment of capital or the payment of any distributions, or any particular return on the Units. The Trust's actual distributions in future years could differ significantly from those contained in this section, see "Risk Factors – Risks Relating to Ownership of the Units – The Trust's actual performance could differ materially from the forward-looking statements and forecasts in this document".

The forecast yields stated in the following table are calculated based on:

- the Offering Price;
- the assumption that the Listing Date is 1 June 2013; and
- the assumption that the Over-Allotment Option is not exercised.

The actual distribution will vary if the Listing Date is not on 1 June 2013, and the actual distribution and yield will vary in relation to investors who purchase Units in the secondary market at a price that differs from the Offering Price.

The following tables set forth the Trust's projected income statements and cash flow statements for Forecast Year 2013 and Projection Year 2014. The financial year end of the Trust is 31 December. The Trust's first accounting period is for the period from 16 May 2013, being the date of its registration as a business trust with the Authority, to 31 December 2013.

The DPU for Forecast Year 2013 is calculated on the assumption that the Units are issued on 1 June 2013 and are eligible for distributions made between 1 January 2013 to 31 December 2013. Further, excess cash available for distribution at the time of the Offering will be paid to Unitholders as part of the first distribution payment in 2013. This will not be recurring. Assuming that the Units

are issued on 1 June 2013, the forecast distribution payable to Unitholders for the period from 1 January 2013 to 31 December 2013 is S$128.3 million (including the excess cash available for distribution at the time of the Offering).

Investors in the Units should read the entirety of this *"Profit and Cashflow Forecast and Profit and Cashflow Projection"* section together with the report set out in Appendix B, *"Reporting Accountant's Report on the Profit and Cashflow Forecast and Profit and Cashflow Projection of Asian Pay Television Trust and its Subsidiaries for the Financial Years Ending 31 December 2013 and 31 December 2014"*, as well as the assumptions and the sensitivity analysis set out below.

FORECAST AND PROJECTED CONSOLIDATED INCOME STATEMENT

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Revenue	**310,780**	**323,753**
Basic Cable TV	245,566	251,185
Premium Digital Cable TV	12,688	16,166
Broadband	52,526	56,402
Operating expenses		
Broadcast and production costs	(59,927)	(60,813)
Other operating costs	(24,492)	(24,718)
Staff costs	(26,320)	(27,726)
Depreciation and amortisation expenses	(45,000)	(52,686)
Trust expenses[(1)]	(817)	(1,439)
Trustee-Manager fee[(1)]	(4,083)	(7,196)
Operating profit	**150,141**	**149,176**
Interest and other finance costs	(72,391)	(46,099)
Profit before income tax	**77,749**	**103,077**
Income tax expenses	(23,696)	(27,250)
Net profit for the year	**54,053**	**75,827**
Net profit attributable to:		
Unitholders	53,687	75,460
Non-controlling interest	366	367
	54,053	**75,827**

Note:

(1) Forecast Year 2013 Trust expenses and Trustee-Manager fee have been pro-rated for the seven-month period from the Listing Date to 31 December 2013.

FORECAST AND PROJECTED CASH FLOW STATEMENT

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Operating activities:		
Profit before income tax	77,749	103,077
Adjustment for:		
Depreciation and amortisation	45,000	52,686
Net finance cost[1]	72,391	46,099
Cash generated from operations	**195,141**	**201,861**
Income tax paid	(20,136)	(16,571)
Prepaid withholding tax refund	6,104	5,055
Extraordinary costs(non-recurring)[2]	(71,830)	–
Net cash from operating activities	**109,279**	**190,345**
Investing activities:		
Acquisition of property, plant and equipment[3]	(49,420)	(40,546)
Net cash used in investing activities	**(49,420)**	**(40,546)**
Financing activities:		
Interest paid	(47,070)	(42,065)
(Repayment) of borrowings to financial institutions/Borrowings from financial institutions[4]	(138,739)	17,375
Other financing related costs and fees (non-recurring)[5]	(28,236)	–
Net offering proceeds[6]	266,623	–
Distributions to non-controlling interests	(366)	(367)
Distributions paid to MIIF and MMIL[7]	(16,773)	–
Distributions paid to Unitholders[8]	(69,019)	(114,786)
Net cash used in financing activities	**(33,581)**	**(139,843)**
Net increase in cash and cash equivalents	**26,278**	**9,956**

Notes:

(1) Higher net finance cost in Forecast Year 2013 is attributable to the write down of the deferred financing fee associated with the debt refinancing in 2010 and the Subordinated Facility interest incurred from 1 January 2013 until the Listing Date. In 2010, transaction costs were incurred for debt refinancing and were capitalised against borrowing from financial institutions at the inception of borrowing. Such capitalised borrowing costs were amortised over the period of borrowing. The unamortised amount is the deferred financing fee.

(2) Extraordinary costs incurred in Forecast Year 2013 include payments under the Pre-Listing LTIP and cost of the tax settlement. (See "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*" and "*The Business of the Trust – Legal Proceedings and Disputes*")

(3) Acquisition cost expected to be incurred mainly attributable to upgrade of network from 750 MHz to 870 MHz and rollout of promotional set-top boxes.

(4) Repayment in Forecast Year 2013 includes estimated cash payments associated with the early termination of cross currency interest rate swaps and repayment of the Subordinated Facility.

(5) In relation to the arrangement of refinancing existing debt facilities associated with the Offering.

(6) Represents part of the Offering proceeds applied for repayment of the Subordinated Facility, cash payments associated with the early termination of cross currency interest rate swaps and payments under the Pre-Listing LTIP at Cable TV S.A.

(7) Distributions of U.S.$13.6 million or S$16.8 million[1] were paid to MIIF and MMIL in April 2013 relating to the period from 1 July 2012 to 31 December 2012.

(8) Excess cash available for distribution at the time of the Offering of S$23.6 million[2] will be paid to Unitholders as part of the first distribution payment. Projected distributions to be paid to Unitholders in Forecast Year 2013 of S$69.0 million comprise this amount of S$23.6 million and projected Distributable Free Cash Flows of S$45.5 million attributable to the six-month period from 1 January 2013 to 30 June 2013, and will be paid on or before 8 October 2013. (See "*Distributions – Distribution Policy*") Distributions paid to Unitholders in Projection Year 2014 relate to the distribution periods ending 31 December 2013 (which will be paid on or before 10 April 2014) and 30 June 2014 (which will be paid on or before 8 October 2014).

---

[1] Based on the exchange rate of S$1.00 = U.S.$0.8081 (being the exchange rate applicable at the time of payment to MIIF and MMIL).

[2] Based on U.S.$19.1 million of excess cash at Cable TV S.A. Such excess cash is only available for distribution as part of the first distribution payment and is non-recurring.

RECONCILIATION OF NET PROFIT TO EBITDA AND ASSET EBITDA

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Net profit for the year	**54,053**	**75,827**
Add: Depreciation and amortisation	45,000	52,686
Add: Interest and other finance costs	72,391	46,099
Add: Income tax expenses	23,696	27,250
EBITDA[(1)]	**195,141**	**201,861**
EBITDA margin (%)[(2)]	62.8	62.4
Add: Offshore expenses	2,254	2,254
Add: Trustee-Manager fees	4,083	7,196
Add: Trust expenses	817	1,439
Less: Bank charges	(1,914)	(1,933)
Asset EBITDA[(1)]	**200,381**	**210,818**
Asset EBITDA margin (%)[(2)]	64.5	65.1

Notes:

(1) EBITDA is a non-IFRS financial measure and represents earnings before (i) interest and other financial costs, (ii) taxation, and (iii) depreciation and amortisation. Asset EBITDA is a non-IFRS financial measure and represents EBITDA plus (i) the onshore component of the Pre-Listing LTIP expenses (for 2010, 2011 and 2012 only), (ii)management fee expenses, (iii) offshore holding company expenses (which include the Pre-Listing LTIP expenses at Cable TV S.A. (for 2010, 2011 and 2012 only), salaries for some members of management (for 2010 and 2011 only) pursuant to a reimbursement agreement, audit, legal, accounting and tax fees and general administration costs), (iv) Trust expenses, (v) Trustee-Manager fees and (vi) other operating income (loss), less bank charges (including bank service fees for subscription fee collection and bank handling charges for money remittance or transfers). The following items are not presented in the table above because they are not expected to be incurred in Forecast Year 2013 and Projection Year 2014: Pre-Listing LTIP expenses and other operating income (loss). Post-Listing LTIP expenses are not presented in the table above as it is not possible, as at the Latest Practicable Date, to accurately estimate the amount of the provision for such expenses. See "– *Other Assumptions*".

(2) EBITDA margin and Asset EBITDA margin are non-IFRS financial measures and are calculated by dividing EBITDA or Asset EBITDA by revenue. For a discussion of EBITDA, Asset EBITDA, EBITDA margin and Asset EBITDA margin, including their limitations as performance measures, see "*Selected Financial Information and Operating Data – Non-IFRS Financial Measures*".

RECONCILIATION OF DISTRIBUTION

Total distributions of S$128.3 million payable to Unitholders for Forecast Year 2013 comprise S$23.6 million[2] of excess cash available for distribution at the time of the Offering and the distributions attributable to the year from 1 January 2013 to 31 December 2013 of S$104.7 million.

	Forecast Year 2013
	(S$'000s)
Excess cash available for distribution at the time of the Offering	23,568(1)
Distributions attributable to the period from 1 January 2013 to 31 December 2013	104,721
Total Distributions payable to Unitholders	**128,289**

Note:

(1) Based on U.S.$19.1 million of excess cash at Cable TV S.A.

The following is the reconciliation of distribution to Unitholders:

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Distribution paid to Unitholders during current year	**69,019**	**114,786**
Less: Distribution paid to Unitholders in current year in relation to prior year's distribution period	–	(59,270)
Add: Distribution to be paid next year in relation to current year's distribution period	59,270	63,019
Less: Distribution paid to Unitholders in current year in relation to excess cash available for distribution at the time of the Offering	(23,568)(1)	–
Distribution to Unitholders attributable to the year from 1 January to 31 December	**104,721**	**118,536**

Note:

(1) Based on U.S.$19.1 million of excess cash at Cable TV S.A.

[2] Based on U.S.$19.1 million of excess cash at Cable TV S.A. Such excess cash is only available for distribution as part of the first distribution payment and is non-recurring.

RECONCILIATION OF NET PROFIT TO FINAL DISTRIBUTIONS TO UNITHOLDERS

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Net profit for the year	**54,053**	**75,827**
Add: Depreciation and amortisation	45,000	52,686
Add: Interest and other finance costs	72,391	46,099
Add: Income tax expenses	23,696	27,250
EBITDA[(1)]	**195,141**	**201,861**
Less: Acquisition of property, plant and equipment	(49,420)	(40,546)
Less: Extraordinary costs (non-recurring)[(2)]	(71,830)	–
Less: Income tax paid	(20,136)	(16,571)
Add: Prepaid withholding tax refund	6,104	5,055
Less: Interest paid	(47,070)	(42,065)
Less: Other financing related costs and fees (non-recurring)[(3)]	(28,236)	–
Less: (Repayment) of borrowings to financial institutions/Borrowings from financial institutions[(4)]	(138,739)	17,375
Less: Net offering proceeds[(5)]	266,623	–
Less: Distributions to non-controlling interests	(366)	(367)
Distributable free cash flow available for the year	**112,070**	**124,743**
Less: Adjustments to distributions attributable to the year[(6)]	(7,349)	(6,206)
Distributions attributable to the year from 1 January to 31 December	**104,721**	**118,536**

Notes:

(1) EBITDA is a non-IFRS financial measure and represents earnings before (i) interest and other financial costs, (ii) taxation, and (iii) depreciation and amortisation. For a reconciliation of EBITDA, see "*– Reconciliation of Net Profit to EBITDA and Asset EBITDA*". For a discussion of EBITDA, including its limitations as a performance measure, see "*Selected Financial Information and Operating Data – Non-IFRS Financial Measures*".

(2) Extraordinary costs incurred in Forecast Year 2013 include payments under the Pre-Listing LTIP and cost of the tax settlement. (See "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*")

(3) In relation to the costs incurred for the refinancing associated with the Offering.

(4) Repayment in Forecast Year 2013 includes estimated cash payments associated with the early termination of cross currency interest rate swaps and repayment of the Subordinated Facility.

(5) Represents part of the Offering proceeds applied for repayment of the Subordinated Facility, cash payments associated with the early termination of cross currency interest rate swaps and payments under the Pre-Listing LTIP at Cable TV S.A.

(6) Primarily consists of prepaid withholding tax refund which is not included as part of excess cashflow calculations and differences between (a) withholding taxes paid relating to distributions paid for the year and (b) withholding taxes attributable to the distributions attributable to the year from 1 January to 31 December.

PROJECTED YIELDS BASED ON OFFERING PRICE

	Based on Offering Price	
	Forecast Year 2013	Projection Year 2014
Issue price (S$)	0.97	0.97
Distribution to Unitholders attributable to the year from 1 January to 31 December (S$'000s)	104,721	118,536
Number of Units (millions)	1,436.8	1,436.8
DPU (Singapore cents)	7.29	8.25
DPU yield (%)	7.51%(1)	8.51%

Note:

(1) Based on the distribution payable to Unitholders of S$128.3 million for Forecast Year 2013, the DPU yield to Unitholders is estimated to be 9.20%.

PREAMBLE

The Trustee-Manager has prepared the income and cash flow forecast for Forecast Year 2013 and the income and cash flow projection for Projection Year 2014 in conjunction with MPA's view on the pay-TV and broadband industries, which is presented in "*Industry Overview*". In particular, MPA's analysis on Taiwan's macro-economy, pay-TV and broadband industry growth prospects and competitive landscapes, some of which are highlighted below, were taken into consideration when formulating the material assumptions on revenue:

- Taiwan's weak economic environment in 2012 has led to a low real GDP growth rate of 1.3% and disposable household income growth rate of 0.8% from 2011 to 2012. However, Taiwan's economy is expected to recover from 2013 onwards with stronger manufacturing and export sectors as well as robust private consumption. As a result, Taiwan's real GDP and disposable household income are expected to grow at a compound annual growth rate ("**CAGR**") of 4.2% and 2.5%, respectively, from 2012 to 2014.

- The TBC Group's five franchise areas are more affluent and faster growing than the Taiwan national average due to the existence of strong transportation infrastructure and a growing number of industrial parks and manufacturing facilities in these areas, attracting workers seeking better paying employment opportunities. Nevertheless, in 2012, the TBC Group's five franchise areas were negatively affected by weaker economic conditions in Taiwan despite experiencing a disposable household income growth rate of 2.1% from 2011 to 2012. With the expected improvement in Taiwan's real GDP growth from 2013 onwards, disposable household income for the five franchise areas is expected to grow at a CAGR of 3.1% from 2012 to 2014 compared to the Taiwan national average of 2.5% for the same period. Further, the number of households for the five franchise areas is expected to grow at a CAGR of 1.6% between 2012 and 2014 compared to the Taiwan national average of 0.9% for the same period.

- Pay-TV subscription revenues in Taiwan are expected to grow at a CAGR of 1.4% between 2012 and 2014, driven by:

  (a) Positive macro-economic dynamics contributing to growth in the number of households and steadier growth in basic cable TV RGUs;

  (b) Significant growth in premium digital cable TV RGUs; and

  (c) Stable basic cable TV rate caps on the back of the overall macro-economic sentiment, increase in digitisation, and the continued investment in infrastructure by the cable operators.

- Cable TV will likely continue to drive the pay-TV industry in Taiwan with over 90.0% share of pay-TV industry subscription revenue in 2014; lack of access to key content and network reliability considerations are expected to result in other pay-TV platforms such as IPTV and DTH remaining smaller in scale.

- The prospects for fixed broadband are encouraging as fixed broadband household penetration is expected to increase from 72.1% in 2012 to 76.4% in 2014, driven by consumer demand, including higher speeds enabled by next generation systems such as DOCSIS 3.0. This growth in penetration is also expected to be supported by product bundling and marketing initiatives by broadband service providers.

- Over the last five years, the cable broadband industry has increased its share of the fixed broadband market from 10.6% in 2007 to 18.5% in 2012, which is expected to remain stable and reach 19.2% by 2014. Broadband ARPU is also expected to remain stable with declines in ARPUs offset by up-selling of higher price, high-speed services to low-speed subscribers.

Although the NCC announced a proposal on 24 April 2013 to replace the national cable TV rate cap with an alternate rate cap model where the applicable rate cap for each system operator is tied to its digital penetration rate over the next four years, this proposal is at a preliminary stage and there is no certainty as to whether or when it will be implemented. In any event, even if this proposal is implemented during Forecast Year 2013 and Projection Year 2014, the Trustee-Manager does not expect it to affect the income and cash flow forecast for Forecast Year 2013 and the income and cash flow projection for Projection Year 2014 as the TBC Group's projected digital penetration rate in Forecast Year 2013 and Projection Year 2014 will meet NCC's proposed digital penetration rate for the respective years.

ASSUMPTIONS

INCOME STATEMENT AND CASH FLOW STATEMENT ASSUMPTIONS

The Trustee-Manager has prepared the income and cash flow forecast for Forecast Year 2013 and the income and cash flow projection for Projection Year 2014 based on the material assumptions listed below. The Trustee-Manager considers these assumptions to be appropriate and reasonable as at the Latest Practicable Date. However, investors should consider these assumptions as well as the profit and cashflow forecast and the profit and cashflow projection and make their own assessment of the future performance of the Trust.

At listing, the Trust will hold an effective ownership interest of 59.3% in four TBC System Operators (Nan Tao Yuan, Best, Shin Ho, and Chun Chien (each as defined herein)) and the remaining 40.7% will be held by Taiwan domestic shareholders (VeryMulan and Huan Le Online (each as defined herein)). Further, the Trust will hold an effective ownership interest of 8.9% in one other TBC System Operator, Chi Yuan. Hagenvoorde (as defined herein) will hold 50.4% effective ownership interest in Chi Yuan and the remaining 40.7% interest will be held by Taiwan

domestic shareholders (Huan Le Online and Hollywood films & Video (as defined herein)). Through various shareholder loans and dividends on equity, the TBC Group receives substantially all of the economic interests in the TBC System Operators. (See "*Corporate Structure of the Trust – Economic Interests and Distribution Flow*")

The following income and cash flow forecasts and projections for Forecast Year 2013 and Projection Year 2014 do not assume any investments pursuant to a re-zoning application or merger with, divestment, or acquisition of another system operator or other Pay-TV and Broadband businesses.

The income and cash flow assumptions reflect the Trustee-Manager's assessment of:

- The current macro-economic environment in Taiwan, the outlook and competitive dynamics in the pay-TV and broadband services markets, while taking into account the TBC Group's market position, business strategy, competitive strengths and the regulatory environment;
- The TBC Group's operating costs;
- The TBC Group's capital expenditure plans and the regulatory environment;
- The TBC Group's debt terms including its financing costs;
- The TBC Group's tax-related costs and obligations; and
- The TBC Group's other expenditures including hedging related costs.

(I) Basic Cable TV

The constituents of Basic Cable TV revenue are estimated to be as follows:

	Forecast Year 2013	Projection Year 2014
Basic Cable TV		
Subscription revenue (S$'000s)[(1)]	203,428	206,099
Other revenue (S$'000s)	42,138	45,086
Total revenue	**245,566**	**251,185**
Assumptions		
Average Cable TV RGUs for the period (No.)	755,711	765,524
Ending Basic Cable TV RGUs (No.)[(2)]	760,028	771,020
Average monthly churn rate (%)[(3)]	0.77	0.76
Basic Cable TV ARPU (per month) (NT$)[(4)]	536	536

Notes:

(1) Subscription revenue is calculated based on average cable TV RGUs for the period multiplied by Basic Cable TV ARPU per annum.

(2) The ending Basic Cable TV RGU is calculated by adding the total additional RGUs generated during the year from opening RGUs and deducting the churn out RGUs in the year. The total number of churn out RGUs for the year is calculated based on the opening RGUs multiplied by the annual churn rate.

(3) The average monthly churn rate is calculated by dividing the total number of churned RGUs for a particular service for the applicable financial year by the number of RGUs for that service as at 1 January of that year and further dividing the result by 12. The total number of churned RGUs for a particular service for the applicable financial year is calculated by adding together all deactivated subscriptions, including deactivations caused by failure to make payments for that service from the billing system for the year.

(4) ARPU is calculated by dividing the yearly subscription revenue for each of Basic Cable TV, Premium Digital Cable TV or Broadband by the average of the number of RGUs for each service as at 1 January of the applicable financial year and the number of RGUs for that service as at 31 December of the same financial year and further dividing the result by 12.

Basic Cable TV revenue, comprising subscription revenue and other revenue, is expected to represent approximately 79.0% of the Trust's total revenue in Forecast Year 2013 and 77.6% of the Trust's total revenue in Projection Year 2014. Basic Cable TV total revenue is expected to grow at 2.3% in Projection Year 2014.

Subscription revenue

The Trustee-Manager has used the following basis to forecast and project Basic Cable TV's revenue streams:

- Basic Cable TV RGUs are expected to grow by 1.1% in Forecast Year 2013 and 1.4% in Projection Year 2014, representing Basic Cable TV RGU net additions of 8,635 and 10,992, respectively. The growth in Basic Cable TV RGUs is expected to be driven by a number of factors which include:

  - Positive economic outlook in 2013 and 2014, with Taiwan's expected real GDP growth rates of 3.9% in 2013 and 4.5% in 2014, compared to real GDP growth rate of 1.3% in 2012 as estimated by MPA, which will support increasing Basic Cable TV penetration of existing households in the TBC Group's franchise areas;

  - Growth in the number of households in the TBC Group's franchise areas in 2013 and 2014;

  - Continued monitoring of illegal connections and conversion of these connections into RGUs.

- Basic Cable TV average monthly churn rate is expected to be 0.77% in Forecast Year 2013 and 0.76% in Projection Year 2014;

- Basic Cable TV subscription ARPU is expected to decline from NT$545 per month in 2012 to NT$536 per month in Forecast Year 2013 following the rate reductions that were announced at the end of December 2012 for four of its franchise areas. The Trustee-Manager believes that annual reviews of local government Basic Cable TV rate caps take into consideration the prevailing economic conditions at the time of review rather than the economic outlook for the year in which the rates will apply. Accordingly, the Trustee-Manager believes that 2013 local government Basic Cable TV rate cap cuts were primarily driven by weaker economic conditions in Taiwan in 2012, which resulted in greater financial uncertainty, lower levels of household income growth in 2012 and political pressure to reduce the cost of living. In Projection Year 2014, the Trustee-Manager projects that the TBC Group's Basic Cable TV ARPU will remain stable due to the following factors:

  - Positive economic outlook, with Taiwan's real GDP and disposable household income growth rates expected to recover in 2013 at 3.9% and 2.3%, respectively, compared to real GDP and disposable household income growth rates of 1.3% and 0.8%, respectively, in 2012 according to MPA. The Trustee-Manager believes that

recovery in Taiwan's economic environment and projected higher growth in disposable household income will be factors considered by the franchise areas' local governments in determining Basic Cable TV rate caps; and

- The TBC Group's continued focus on providing high quality services by investing in content and digitisation. The TBC Group currently has one of the highest digital set-top box penetrations rates amongst its neighbouring cities and counties, and is likely to continue to be ahead of the other cable TV operators with TBC Group's ongoing digitisation initiatives such as offering promotional set-top boxes.

Other revenue

Other Basic Cable TV revenue comprises revenue generated from the leasing of television channels to third parties, sales of advertising time during the Group's television programming and fees for the installation of set-top boxes. Channel leasing revenue represents a significant portion of other revenue, and is expected to materially exceed the growth in Basic Cable TV subscription revenue as competition for favourable channel slots intensifies. The Trustee-Manager estimates other revenue to grow at 9.3% and 7.0% in Forecast Year 2013 and Projection Year 2014, respectively. Growth in other revenue is expected to be in line with the increase in channel leasing fees for contracts already negotiated for Forecast Year 2013 as well as MPA's estimates for channel leasing revenue in Taiwan generally, which is expected to grow at a CAGR of 9.4% from 2012 to 2014.

(II) Premium Digital Cable TV

The constituents of Premium Digital Cable TV revenue are estimated to be as follows:

	Forecast Year 2013	Projection Year 2014
Premium Digital Cable TV		
Subscription revenue (S$'000s)[(1)]	11,655	13,510
Other revenue (S$'000s)	1,033	2,656
Total revenue	**12,688**	**16,166**
Assumptions		
Total Digital set-top boxes (No.)	304,011	424,061
Average Premium Digital Cable TV RGUs for the period (No.)	114,855	125,845
Ending Premium Digital Cable TV RGUs (No.)	119,386	132,303
Average monthly churn rate (%)	1.95	1.66
Premium Digital Cable TV ARPU (per month) (NT$)	202	214

Note:

(1) Includes revenues generated from subscriptions to Basic Package Premium Digital Cable TV, Premium Packs and bundled DVR services.

Premium Digital Cable TV revenue, comprising subscription revenue and other revenue, is expected to represent approximately 4.1% and 5.0% of the Trust's total revenue in Forecast Year 2013 and Projection Year 2014, respectively. Premium Digital Cable TV revenue is expected to grow at 9.2% and 27.4% in Forecast Year 2013 and Projection Year 2014, respectively, compared to 38.2% actual growth in 2012.

Subscription Revenue

The Trustee-Manager has used the following basis to forecast and project Premium Digital Cable TV subscription revenue:

- Premium Digital Cable TV RGUs are expected to grow by 8.2% in Forecast Year 2013 and 10.8% in Projection Year 2014, respectively. The growth in Premium Digital Cable TV RGUs is expected to be driven by the TBC Group's focus on up-selling its Premium Digital Cable TV services in conjunction with the increase in digital set-top box penetration from the promotional set-top box initiative (See "*The Business of the Trust*" for further details);

- Premium Digital Cable TV average monthly churn rate is expected to decline from 1.95% in Forecast Year 2013 to 1.66% in Projection Year 2014, due to expected improvements in content offerings and improved customer service;

- Premium Digital Cable TV ARPU is expected to decline from NT$219 per month in 2012 to NT$202 per month in Forecast Year 2013 due to the TBC Group's strategy to improve Premium Digital Cable TV take-up by offering attractive promotions to Basic Cable TV RGUs; and

- As the demand for Premium Digital Cable TV service grows and the TBC Group expands its Premium Digital Cable TV content offerings, the Trustee-Manager expects Premium Digital Cable TV ARPU to increase to NT$214 per month in Forecast Year 2014.

Other Revenue

Other Premium Digital Cable TV revenue is mainly comprised of DVR-only subscription revenue in addition to revenue generated from installation of set-top boxes, sale of electronic programme guide data to other system operators, and other revenue. The Trustee-Manager estimates other revenue to grow from S$1.0 million in Forecast Year 2013 to S$2.7 million in Projection Year 2014 driven by an increase in DVR-only subscription revenue, which the TBC Group plans to actively market to subscribers who receive a promotional set-top box.

(III) Broadband

The constituents of Broadband revenue are estimated to be as follows:

	Forecast Year 2013	Projection Year 2014
Broadband		
Subscription revenue (S$'000s)	50,758	54,580
Other revenue (S$'000s)	1,767	1,822
Total	**52,526**	**56,402**
Assumptions		
Average Broadband RGUs for the period (No.)	181,535	195,201
Ending Broadband RGUs (No.)	188,111	202,290
Average monthly churn rate (%)	1.36	1.26
Broadband ARPU (per month) (NT$)	557	557

Broadband revenue, comprising subscription revenue and other revenue, is expected to represent approximately 16.9% and 17.4% of the Trust's total revenue in Forecast Year 2013 and Projection Year 2014, respectively. The Trustee-Manager believes that the TBC Group is well-positioned to continue growing Broadband revenue by focusing on bundling Broadband with cable TV, leveraging its market position in cable TV in the five franchise areas, as well as by offering various broadband packages at attractive pricing.

Subscription revenue

The Trustee-Manager has used the following basis to forecast and project Broadband subscription revenue:

- Broadband RGUs are expected to grow by 7.5% in Forecast Year 2013 and 7.5% in Projection Year 2014, representing Broadband RGU net additions of 13,153 and 14,179 in Forecast Year 2013 and Projection Year 2014, respectively. Penetration of Broadband RGUs as a percentage of Basic Cable TV RGUs is expected to increase from 23.3% in 2012 to 24.8% in Forecast Year 2013, and 26.2% in Projection Year 2014. The growth is expected to be supported by a number of factors which include:

    - Positive economic outlook in 2013 and 2014, with expected Taiwan real GDP growth rates of 3.9% in 2013 and 4.5% in 2014, compared to a real GDP growth rate of 1.3% in 2012 as estimated by MPA and average growth in the number of households in the TBC Group's franchise areas estimated by MPA to increase at a CAGR of 1.6% from 2012 to 2014;

    - Bundling initiatives and cross-selling of Broadband services through strong marketing and promotional activities as described in "*The Business of the Trust*";

    - Launch of standalone Broadband services that targets technology-focused, young households;

    - Launch of lower speed packages (e.g. 5 Mbps Broadband services) for subscribers looking for economically attractive plans; and

    - DOCSIS 3.0 enabled network that allows the TBC Group to offer high speed Broadband services of up to 120 Mbps.

- The average monthly churn rate for Broadband services is estimated to be 1.36% for Forecast Year 2013 and 1.26% for Projection Year 2014, in line with 1.34% in 2012.

Broadband subscription ARPU is expected to decline from NT$572 per month in 2012 to NT$557 per month in Forecast Year 2013 and remain at this ARPU in Projection Year 2014. Up-selling existing broadband RGUs to higher speed products is expected to increase ARPU, and offset the impact of increases in RGUs subscribing to lower speed packages.

Other Revenue

Other broadband revenue is comprised of installation revenue and Voice-over-Internet-Protocol ("**VoIP**") revenue. The Trustee-Manager estimates that other revenue is expected to grow at 3.1% in Projection Year 2014.

(IV) Broadcast and Production Costs

Total broadcast and production costs are projected to be S$59.9 million and S$60.8 million in Forecast Year 2013 and Projection Year 2014. Total broadcast and production costs as a percentage of total revenue is expected to decrease from 19.3% in Forecast Year 2013 to 18.8% in Projection Year 2014, driven by the TBC Group's scalability.

Programming expenses, which is the cost incurred to procure programmes for the TBC Group's Basic Cable TV and Premium Digital Cable TV services, represent the majority of broadcast and production costs in Forecast Year 2013 and Projection Year 2014. Due to the agreement currently in place with the TBC Group's Basic Cable TV content provider and the TBC Group's strong negotiating position driven by its substantial subscriber base, programming expenses are expected to remain stable in Forecast Year 2013 and Projection Year 2014.

Bandwidth expenses refer to the cost of leasing domestic and international bandwidth capacity from operators to support the TBC Group's Broadband services. Bandwidth expenses as a percentage of Broadband revenue is expected to remain stable with total expenses growing at a similar rate to Broadband RGU growth rate.

(V) Other Operating Costs

Other operating costs are projected to be S$24.5 million and S$24.7 million in Forecast Year 2013 and Projection Year 2014, respectively which represents 7.9% and 7.6% of total revenues in Forecast Year 2013 and Projection Year 2014. It includes selling, general and administrative cost items such as rent for fibre and utility poles, installation costs, local and NCC taxes, billing expenses, utility expenses, marketing expenses as well as offshore administrative expenses among others.

(VI) Staff Costs

Staff costs in relation to the TBC Group are projected to be S$26.3 million in Forecast Year 2013, which is in line with staff costs in 2012. In Projection Year 2014, staff costs in relation to the TBC Group are projected to be S$27.7 million, a 5.3% increase from Forecast Year 2013. Staff headcount is expected to be relatively stable for Forecast Year 2013 and Projection Year 2014, reflecting the TBC Group's scalable business model.

(VII) Depreciation and Amortisation Expenses

Depreciation and amortisation expenses have been projected by taking into consideration the existing property, plant and equipment depreciation schedule, capital expenditure to be incurred over the forecast period and amortisation of previously capitalised transaction costs. Depreciation and amortisation is calculated using a straight line method to allocate the depreciable amounts of fixed assets over their average estimated useful lives.

In Forecast Year 2013 and Projection Year 2014, total depreciation is expected to increase due to the incremental capital expenditure associated with the 870 MHz network upgrade as well as the continued roll-out of promotional set-top boxes. Depreciation and amortisation expenses in Forecast Year 2013 and Projection Year 2014 is expected to be S$45.0 million and S$52.7 million, respectively.

(VIII) Non-operating Expenses

a. Finance Costs

Finance cost is composed mainly of interest on external debt outstanding and on any drawn amount on its revolving credit facility following the refinancing on the Listing Date. Total finance cost is projected to be S$72.4 million and S$46.1 million for Forecast Year 2013 and Projection Year 2014. The higher finance cost in Forecast Year 2013 compared to Projection Year 2014 is largely due to the repayment of the Subordinated Facility from the proceeds from the Offering and write down of the deferred financing fee associated with debt refinancing in Forecast Year 2013.

b. Income Tax

Taiwan taxes have been taken into account in the Profit and Cashflow Forecast and Profit and Cashflow Projection, including a corporate tax rate of 17.0% and withholding taxes of 10.0% on dividends and a withholding tax rate of 10 to 20% on shareholder loan interest income [1] from the Trust's Taiwan subsidiaries to the intermediate holding companies and then to the Bermuda Holdcos. (See "*Corporate Structure of the Trust*", "*Taxation*" and "*Risk Factors – Risks Relating to the Trustee-Manager – Tax treatment in Taiwan and other jurisdictions where the Trust may hold assets in the future, may impact the Trustee-Manager and Unitholders*")

c. Tax Settlement

The TBC Group is currently in discussions with the Taiwan tax authorities in relation to the tax deductibility of goodwill amortisation, bank loan interest expense and shareholder loan interest expense. (See "*Risk Factors – Risks Relating to the TBC Group's Business – The Group may have substantial additional liability for income tax allegedly owed by the Group"* and "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*") Based on the assessment criteria adopted by the Taiwan tax authorities, the total additional income tax that the Group may be liable for the fiscal years from 2006 to 2012 is S$122.4 million[2] , which the TBC Group has fully provisioned for in its accounts.

While the settlement outcome and amount is not known at the time of this document, the TBC Group expects to reach settlement with the Taiwan tax authorities by the end of 2013, and has in place a revolving credit facility to help fund the expected settlement amount. The anticipated settlement amount of approximately S$46.0 million, is reflected in Forecast Year 2013. The amount of the potential tax liability, expected settlement amount and revolving credit facility in place is summarised in the table below.

Potential tax liability (provisioned amount as at 31 December 2012)	NT$2,912.0 million (S$122.4 million)(1)
Expected tax settlement	NT$1,100.0 million (S$46.0 million)
Expected date of tax settlement	31 December 2013
Maximum amount that may be drawn from Revolving credit facility to fund settlement	NT$1,200.0 million (S$50.2 million)
Expected tax impact on retained earnings (reversal of provision)	NT$1,812.0 million (S$75.8 million)

Note:

(1) Based on exchange rate of S$1.00 = NT$23.7912 as at 31 December 2012.

---

1 The TBC Group pays 10.0% withholding tax on shareholder loan interest payment with an interest rate of up to 10.5% and 20.0% withholding tax on shareholder loan interest payments with an interest rate above 10.5%.

2 Based on exchange rate of S$1.00 = NT$23.7912 as at 31 December 2012.

For income tax for Forecast Year 2013 and for Projection Year 2014, the Trustee-Manager has assumed the following tax treatment in connection with deductible expenses that are in dispute will apply following the tax settlement. (See "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*"):

- deduction of 75.0% of the amortisation of goodwill arising from a series of reverse mergers, which formed part of the corporate restructuring carried out by TBC Holdings and Harvest Cable Holdings after the Macquarie Capital Group's acquisition in 2006 of the TBC Group from its previous owner;

- full deduction of interest on refinanced the Senior Facility and revolving line of credit facility; and

- deduction of interest payments on the Group's onshore shareholder loans for payments up to a 5.5% interest rate.

Following the tax settlement, any liability net of the settlement amount will be reversed in the retained earnings account of the TBC Group.

TRUST ASSUMPTIONS

a. Management Fees

Pursuant to the Trust Deed, the Trustee-Manager is entitled to a Base Fee of S$7.0 million. For Forecast Year 2013, the Base Fee is assumed to be S$4.1 million which represents a pro-rated amount for the seven-month period from the Listing Date to 31 December 2013. The Base Fee will be adjusted annually in accordance with the Singapore Consumer Price Index and is assumed to be S$7.2 million for Projection Year 2014. Independent director fees, salaries of the key executives of the Trustee-Manager and salaries payable under the Resources Agreement will be payable out of the Base Fee. The Trustee-Manager has elected to receive 100.0% of the Base Fee in cash for Forecast Year 2013 and Projection Year 2014.

In addition, based on the projected DPU for Projection Year 2014, the Trustee-Manager is not entitled to a Performance Fee for Projection Year 2014.

The Trustee-Manager has assumed no further acquisitions, divestments and development projects in Forecast Year 2013 and Projection Year 2014, and as such, no acquisition fees, divestment fees and development fees will be paid.

b. Trust Expenses

Trust expenses are composed mainly of administrative expenses, corporate services fees, audit fees, annual filing fees, occupancy fees, legal costs, other professional fees, insurance and other miscellaneous expenses. Total trust expenses are projected to be S$0.8 million (including S$0.3 million in respect of amounts payable to MIRA Singapore pursuant to the Resources Agreement out of Trust Property) for Forecast Year 2013 which represents a pro-rated amount for the seven-month period from the Listing Date to 31 December 2013 and S$1.4 million (including S$0.5 million in respect of amounts payable to MIRA Singapore pursuant to the Resources Agreement out of Trust Property) for Projection Year 2014.

CASHFLOW ASSUMPTIONS

(I) Capital Expenditure

Capital expenditure is comprised of maintenance, network upgrade, Premium Digital Cable TV growth and Broadband growth expenditures. For Forecast Year 2013 and Projection Year 2014, the capital expenditure incurred is projected to be S$49.4 million and S$40.5 million, respectively, which represents 15.9% and 12.5% of the Trust's total revenue, respectively. Under the New Debt Facilities, the TBC Group has a Revolving Facility in place that is sufficient to fund the required capital expenditure[1]. The following table sets out the breakdown of capital expenditure for the periods indicated:

	Forecast Year 2013	Projection Year 2014
	(S$'000s)	
Maintenance	12,666	13,557
Network upgrade	16,732	6,980
Premium Digital Cable TV growth	13,547	17,038
Broadband growth	6,474	2,971
Total Capital Expenditure	**49,420**	**40,546**

The Trustee-Manager has used the following basis to forecast and project capital expenditure:

Maintenance Capital Expenditure

Maintenance capital expenditure relates to all expenditures for network maintenance, network reliability improvements, investments in shared-pipe deployment and capitalised engineer labour expenses, amongst other items. Total Maintenance capital expenditure for Forecast Year 2013 and Projection Year 2014 is expected to be S$12.7 million and S$13.6 million, respectively.

Network Upgrade Capital Expenditure

Network upgrade capital expenditure primarily relates to capital required for upgrading the HFC Network from 750 MHz to 870 MHz to offer more competitive broadband services and enhance network capacity to meet the increased demand for HD content for Premium Digital Cable TV services. The TBC Group expects to largely complete the upgrade of the HFC Network by the end of Projection Year 2014. Total network upgrade capital expenditure for Forecast Year 2013 and Projection Year 2014 is expected to be S$16.7 million and S$7.0 million, respectively.

Premium Digital Cable TV Growth Capital Expenditure

Premium Digital Cable TV growth capital expenditure is related to the deployment of set-top boxes and external hard drives for Premium Digital Cable TV RGUs, installation related expenditures and digital head-end investments amongst other items. Premium Digital Cable

---

[1] Capital expenditure forecasts and projections for Forecast Year 2013 and Projection Year 2014 do not take into account potential capital expenditure that the TBC Group may incur in relation to its expansion into other franchise areas pursuant to the new re-zoning laws. In the event the TBC Group decides to expand into other franchise areas, the TBC Group may utilise S$56.5 million of the S$198.7 million revolving facility to fund the required capital expenditure. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*")

TV growth capital expenditure for Forecast Year 2013 and Projection Year 2014 is expected to be S$13.6 million and S$17.0 million, respectively. The growth in capital expenditure is primarily driven by the ongoing roll-out of promotional set-top boxes and external hard disk drives. The TBC Group expects to achieve 55.0% digital set-top box penetration by end of Projection Year 2014, up from 25.6% in 2012.

Broadband Growth Capital Expenditure

Broadband growth capital expenditure includes head-end investments, the deployment of cable modems for Broadband RGUs and installation related expenditures amongst other items. Broadband growth capital expenditure for Forecast Year 2013 and Projection Year 2014 is expected to be S$6.5 million and S$3.0 million, respectively. The rise in Broadband growth capital expenditure in Forecast Year 2013 is attributable to upgrade of head-end equipment in 2013, which will be incurred to support the anticipated growth in Broadband RGUs.

(II) Distribution Assumptions

The Taiwan domestic shareholders, who collectively own an effective ownership interest of approximately 40.7% in the five TBC System Operators, have invested capital into Jia Guang, Wo Jun, Tai Luo Tze and Tau Luen (each as defined herein) in return for preferred shares in these entities, which entitle them to fixed preferential distributions from TBC and the five TBC System Operators, before the remaining free cash flow is distributed to TBC Holdings and Harvest Cable Holdings. Similarly, Hagenvoorde, the Dutch entity that holds 85.0% of the share capital of Harvest Cable Holdings, holds its interest through preferred shares and is entitled to receive a fixed preferential annual return on those preferred shares. In each case, the fixed returns must be paid to the holders of preferred shares before any dividends can be made to any of the other shareholders. The payment of dividends is subject to the availability of accumulated accounting profits in a relevant financial year. This dividend restriction applies to all classes of shares including ordinary shares.

After the payment of the fixed returns to the holders of the preferred shares, distributions of any remaining free cash are paid from the TBC System Operators through the various holding companies in the Group to the Trust, including dividends on equity, interest and principal on shareholder loans and management fees.

The distribution flow to Unitholders is summarised as follows:

- Cash flows from the Taiwan Holdcos (as defined herein) will be distributed to the Dutch Holdcos in the form of dividends, shareholder loan interest payments and shareholder loan principal repayments. Separately, TBC pays management fees directly to the Bermuda Holdcos pursuant to the Management Services Agreement, in an aggregate annual amount of U.S.$7.5 million. These distributions will be subject to the following withholding tax rates:

    - 10.0% withholding tax on dividends;
    - 10.0% to 20.0% withholding tax on shareholder loan interest payments;
    - No withholding tax on shareholder loan principal repayments; and
    - 20.0% withholding tax on management fees

- Cash flows will be distributed from the Dutch Holdcos to Cable TV S.A. in the form of dividends and shareholder loan interest payments

    o No additional withholding tax applies

- Cash flows will be distributed from Cable TV S.A. to the Bermuda Holdcos in the form of repayments of principal of convertible loans and/or an equity return on the convertible loans

    o No additional withholding tax applies

- Cash flows will be distributed from the Bermuda Holdcos to the Trust in the form of dividends

(See "*Corporate Structure of the Trust*" for a more detailed discussion on the distribution cashflows)

Distributions will be calculated on a semi-annual basis for the six-month period ending 30 June and 31 December of each year. Distributions will be paid within 100 days after the end of each distribution period.

Distribution attributable to Forecast Year 2013 and Projection Year 2014 is projected to be S$104.7 million and S$118.5 million respectively. The increase in distributions attributable to Projection Year 2014 from the distributions attributable to Forecast Year 2013 is largely reflective of the following changes in the capital structure of the TBC Group subsequent to the Listing and the refinancing on the Listing Date:

- Reduction in indebtedness of the TBC Group through the repayment of the Subordinated Facility using part of the proceeds from the Offering which will result in significant interest savings;

- Repayment of the Subordinated Facility will allow for increased distributions in the form of shareholder loan principal repayments. The distributions in the form of shareholder loan principal repayments are currently restricted by the financial covenants of the Subordinated Facility; and

- Improved repayment profile of external bank borrowings as a result of the debt refinancing.

Total distributions of S$128.3 million payable to Unitholders for Forecast Year 2013 comprise S$23.6 million [1] of excess cash available for distribution at the time of the Offering and the distributions attributable to the year from 1 January 2013 to 31 December 2013 of S$104.7 million.

(III) Other Cash Flow Assumptions

The Acquisition Amount is S$1,073.9 million. The Trust Acquisition will be funded by the Consideration Units, the proceeds from the Offering, the issue of the Sponsor Units and the issue of Cornerstone Units.

---

[1] Based on U.S.$19.1 million of excess cash at Cable TV S.A., based on the exchange rate of S$1.00 = U.S.$0.8083. Such excess cash is only available for distribution as part of the first distribution payment and is non-recurring.

OTHER ASSUMPTIONS

(I) Accounting Standards

The Trustee-Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Profit Forecast or the Profit Projection. Significant accounting policies adopted by the Trustee-Manager in the preparation of the Profit and Cashflow Forecast and the Profit and Cashflow Projection are set out in Appendix A *"Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its Subsidiaries for the Financial Year Ended 31 December 2012"*.

(II) Other Assumptions

The Trustee-Manager has made the following additional assumptions in preparing the Profit and Cashflow Forecast and the Profit and Cashflow Projection:

- the asset portfolio of the Trust remains unchanged;
- while the TBC Group has applied to the NCC for an expansion of one of its franchise areas, the Profit and Cashflow Forecast and the Profit and Cashflow Projection does not assume that the application has been approved (See "*The Business of the Trust – Franchise Areas*" for further details on the application);
- the Over-Allotment Option is not exercised;
- a spot rate of S$1.00 = NT$23.9058 has been applied in converting from the TBC Group's functional currency (Taiwan dollars) to the Trust's reporting currency (Singapore dollars);
- notional units that may be granted pursuant to the Post-Listing LTIP (as defined herein. See "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*") will only start to vest in the financial year ending 31 December 2016 and hence no cash payments under the Post-Listing LTIP will be made during Forecast Year 2013 and Projection Year 2014. As the Units will only be listed on the Listing Date, it is not possible, as at the Latest Practicable Date, to accurately estimate the amount of the provision for Post-Listing LTIP expenses, which has to take into account factors such as volatility of the Unit price and hence, no provision in respect of Post-Listing LTIP notional unit payments has been made in the Profit and Cashflow Forecast and the Profit and Cashflow Projection. However, the valuation of these notional units will be provisioned for in the actual financial statements for 2013 and 2014 even though the notional units have not vested and no cash payment is made in those years;
- there will be no change in applicable accounting standards or tax treatment or other financial reporting requirements that may have a material effect on the Profit and Cashflow Forecast and the Profit and Cashflow Projection;
- there will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the countries or territories in which the Trust operates, except as otherwise disclosed in this document; and
- there will be no economic crisis, wars, military incidents, pandemic diseases, natural disasters or any force majeure events or unforeseeable factors that are beyond the Trust's control, that would have a material impact on the Trust's business and operating activities.

SENSITIVITY ANALYSIS

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

(I) Total Revenue

- Changes in the Trust's total revenues (Basic Cable TV, Premium Digital Cable TV and Broadband) for the Group will impact the operating profit margin of the Group and consequently, the distribution yield of the Trust.

- The sensitivity to changes in the Trust's total revenues has been adjusted to include an additional increase/decrease of 2.5% to the Trust's total revenues from the current projected DPU.

	DPU pursuant to changes in total revenue(1)	
	Forecast Year 2013	**Projection Year 2014**
	(Singapore cents)	
2.5% below Base Case	6.84	7.80
Current projected DPU	7.29	8.25
2.5% above Base Case	7.53	8.63

Note:

(1) Based on 1,436.8 million Units and assuming the Over-Allotment Option is not exercised.

(II) Expenses

- Changes in the Trust's total expenses (including all programming costs, employee costs and selling, general and administrative expenses) for the TBC Group will impact the operating profit margin of the Trust, and consequently the distribution yield of the Trust.

- The sensitivity to changes in the Trust's total expenses has been adjusted to include an additional increase/decrease of 5.0% to the Trust's total expenses from the current projected DPU.

	DPU pursuant to changes in total expenses(1)	
	Forecast Year 2013	**Projection Year 2014**
	(Singapore cents)	
5.0% below Base Case	7.46	8.52
Current projected DPU	7.29	8.25
5.0% above Base Case	6.98	7.93

Note:

(1) Based on 1,436.8 million Units and assuming the Over-Allotment Option is not exercised.

(III) Interest Rate on Bank Loans

- Changes in interest rate of the bank loans for the TBC Group will impact the net profits and consequently the distribution yield of the Trust.

- The sensitivity to changes in interest rates has been adjusted to include an additional increase/decrease of 1.0% to the interest margins from the current projected DPU.

	DPU pursuant to changes in interest rates[1]	
	Forecast Year 2013	**Projection Year 2014**
	(Singapore cents)	
1.0% below Base Case	7.61	8.85
Current projected DPU	7.29	8.25
1.0% above Base Case	6.97	7.65

Note:

(1) Based on 1,436.8 million Units and assuming the Over-Allotment Option is not exercised.

TRUST ACQUISITION

Share Purchase Agreement

Pursuant to a share purchase agreement entered into between the Sellers and the Trustee-Manager dated 30 April 2013 (the "**Share Purchase Agreement**"), the Trustee-Manager will acquire the entire interests in the Bermuda Holdcos from the Sellers. The Bermuda Holdcos hold, in aggregate, the entire interests in Cable TV S.A., an entity incorporated in Luxembourg, which is the holding company for the TBC Group. Pursuant to the Share Purchase Agreement, the Trustee-Manager will acquire the Pay-TV Businesses and Broadband Businesses of the TBC Group on the Listing Date.

The Sellers are MIIF and MMIL. The Sponsor is the holding company of MIIF's manager, Macquarie Infrastructure Management (Asia) Pty Limited. MMIL is a wholly-owned subsidiary of Macquarie Korea Opportunities Fund. The Sponsor is the holding company of Macquarie Korea Opportunities Fund's manager, Macquarie Korea Opportunities Management Ltd.

The Trust, through the Bermuda Holdcos, will acquire shares, shareholder loans (non-interest bearing) and convertible loans of Cable TV S.A., which in turn will indirectly hold shares and shareholder loans (interest-bearing) in the TBC Group. The convertible loan instrument at Cable TV S.A. is commonly used to fund Luxembourg incorporated companies and the Trustee-Manager believes it is an efficient way to distribute excess cash flows from Cable TV S.A., to the Bermuda Holdcos. While the convertible loan instrument has a conversion feature, the Trustee-Manager does not intend to convert such convertible loan into ordinary equity in the foreseeable future, and the Trustee-Manager will only contemplate any conversions if it considers it to be economically viable.

Based on the assumptions below, the aggregate consideration for the Trust Acquisition payable to MMIL shall be composed of an amount in cash equal to S$563,784,617.

Based on the assumptions below, the aggregate consideration for the Trust Acquisition payable to MIIF shall be S$510,090,844. The aggregate consideration for the Trust Acquisition payable to MIIF shall be satisfied by the delivery of Consideration Units which will in turn be distributed to shareholders of MIIF. To the extent that shareholders of MIIF elect to receive the distribution in cash or are not otherwise entitled to receive the distribution in Consideration Units, the number of Consideration Units will be reduced by the number that would otherwise have been distributed to such shareholders, and such shareholders will instead receive cash based on the Offering Price. Assuming that none of the shareholders of MIIF elect to receive the distribution in cash, the number of Consideration Units is 525,866,849.

The above consideration for the Trust Acquisition payable to MMIL and MIIF is calculated on the basis of estimated Equity Issue Expenses and the amount required for the repayment of the indebtedness outstanding under the Subordinated Facility and the costs associated with the termination of the related cross currency interest rate swap (the "**Transaction Costs**") of S$305.5 million. The actual Transaction Costs will only be determined prior to the Listing Date.

Following the determination of the actual Transaction Costs, if such estimated Transaction Costs are more than the actual Transaction Costs, the above consideration amounts will increase by the difference, which will be paid in cash.

The Share Purchase Agreement contains certain warranties given by the Sellers in respect of, amongst other things, certain matters relating to the Pay-TV Businesses and Broadband Businesses of the TBC Group. The Sellers have also warranted that (other than distributions of U.S.$13.6 million that have been made to the Sellers prior to the date of the Share Purchase Agreement), neither of the Bermuda Holdcos nor Cable TV S.A. has declared, made or paid any

dividend or other distribution to its members from 1 January 2013 to the date of the Share Purchase Agreement. Any claims arising from the warranties provided by the Sellers under the Share Purchase Agreement will be met by warranty indemnity insurance which the Trustee-Manager and the Sellers have procured. The cost of the warranty indemnity insurance was borne by the Sellers.

The Sellers have undertaken to procure that, during the period between the date of the Share Purchase Agreement and completion of the Trust Acquisition, the Bermuda Holdcos and Cable TV S.A. shall not without the prior written consent of the Trustee-Manager (except as may be required to give effect to and comply with the Share Purchase Agreement), declare, make or pay any dividend or other distribution to its shareholders.

The Share Purchase Agreement provides for the following limitations on the liability of the Sellers:

(a) Time limitation for claims. Save in respect of a breach of a Fundamental Warranty, the Sellers shall not be liable under the Share Purchase Agreement in respect of any claim unless a written notice of the claim is given by the Trustee-Manager to the Sellers within one month following signature by the auditors of the Trust Group of their audited accounts for the financial period ending 31 December 2013;

(b) Minimum claims. The Sellers shall not be liable for a breach under the Share Purchase Agreement in respect of any individual claim (or a series of claims arising from substantially identical facts or circumstances) where the liability agreed or determined in respect of any such claim or series of claims does not exceed S$3,000,000;

(c) Aggregate minimum claims. The Sellers shall not be liable for a breach under the Share Purchase Agreement in respect of any claim unless the aggregate amount of all claims for which the Sellers would otherwise be liable under the Share Purchase Agreement exceeds 1 per cent. of the Acquisition Amount; and

(d) Claims under warranty insurance cover. The Trustee-Manager waives any rights it may have against the Sellers for breach of warranty, except only to the extent required to permit a claim under the warranty indemnity insurance and the Trustee-Manager's sole recourse for any claim for breach of warranty is against the insurers under the warranty indemnity insurance.

(e) Maximum liability. Save in respect of a breach of a Fundamental Warranty, the aggregate liability of each Seller in respect of all breaches under the Share Purchase Agreement shall not exceed 15 per cent. of the Acquisition Amount received by that Seller. The aggregate liability of each Seller in respect of any breach of any of the Fundamental Warranties shall not exceed 100 per cent. of the Acquisition Amount received by that Seller.

However, as the maximum amount payable under the warranty indemnity insurance is equal to 15.0 per cent. of the Acquisition Amount received by the Sellers, the aggregate liability in respect of all breaches of warranties under the Share Purchase Agreement shall, in light of the provisions described in (d) above, not exceed 15 per cent. of the Acquisition Amount received by the Sellers.

"**Fundamental Warranties**" are warranties relating to authority and capacity of the Sellers and warranties relating to the Bermuda Holdcos.

Lee, Tsai & Partners is of the opinion that the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager will not require prior approval from the IC or NCC. Based on the IC's approval letter dated 21 April 2006, a change in the shareholding structure of the Dutch Holdcos (including the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager) would only require a post-event notification within two months after the end of each fiscal year, unless the change

involves investment by certain restricted persons. Pursuant to the CRTA, the NCC shall disapprove an application for operating cable TV business in the event where such an application involves a violation of the foreign ownership restrictions, the Taiwan Government Ownership Restrictions or the anti-trust restrictions, set forth under the CRTA. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws*")

Based on the above, Lee, Tsai & Partners has advised that the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager (which holds shares in the Bermuda Holdcos on trust for Unitholders) would not require prior approvals from the IC and NCC nor would it, subject to the disclosure made in "*Risk Factors – Risks relating to the TBC Group's Business – Taiwan's restrictions on the ownership of system operators in one administrative area may further impact the Group's Corporate Structure*", render the Trust to be in violation of any foreign ownership restrictions or the anti-trust restrictions, set forth under the CRTA. As to the FTC, while the Trustee-Manager for the Trust will continue to be a wholly-owned subsidiary of Macquarie Group Limited, for the avoidance of doubt, Macquarie Capital Group Limited, the Sponsor of the Trust, submitted an application to the FTC on 22 February 2013 for the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager and obtained clearance from the FTC on 14 March 2013. (See "*Regulatory Environment – Requirements under the Fair Trade Act")*

The Independent Valuer has issued an Independent Valuation Summary Report (included herein as Appendix E) which provides that the indicative equity value of the Pay-TV Businesses and Broadband Businesses of the TBC Group, as of 31 December 2012, is in the range from S$1.3 billion to S$1.5 billion. The valuation range indicated in the Independent Valuation Summary Report must be read in the context of the valuation report as a whole.

In accounting for the Trust Acquisition, the excess of the purchase consideration for such acquisition and the net identifiable assets is recorded as goodwill. This goodwill can only be known after the final Offering Price and the fair values of identifiable assets acquired and liabilities assumed as at the date of actual acquisition have been determined after the date of this document. In the Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its subsidiaries for the financial year ended 31 December 2012 included in Appendix A, the pro forma goodwill, pro forma net identifiable assets and pro forma non-controlling interests as at 31 December 2012 are S$5.0 million, S$1,069.1 million and S$0.3 million respectively (See Note 11(b) of the Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its subsidiaries for the financial year ended 31 December 2012 set out in Appendix A). The pro forma goodwill and the actual goodwill will be different because actual goodwill is dependent on the final offering price and the fair values of identifiable assets acquired and liabilities assumed as at the date of actual acquisition which will be different from the fair values as at 31 December 2012.

The Corporate Reorganisation

In preparation for the Listing, a corporate reorganisation (the "**Corporate Reorganisation**") was undertaken, comprised of the following:

(a) Transfer of financial instruments

MMBL transferred the convertible loans issued by Cable TV S.A. to MMHL for a consideration of U.S.$70.5 million (the "**Convertible Loans Transfer**") (See *"Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Convertible Loans")*, which was set off against the full repayment of the outstanding interest-free loan provided by MMHL to MMBL. (See *"Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Provision of loan by MMHL to MMBL"*)

MRL transferred the shares it held in Cable TV S.A. and the interest-free shareholder loan it provided to Cable TV S.A. (the "**MRL IFL**") (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Provision of interest-free shareholder loan by MRL to Cable TV S.A.*") to MIIT for a consideration of U.S.$310.1 million (S$383.6 million) (the "**Cable TV Share and IFL Transfer**").

Consideration for the Cable TV Share and IFL Transfer remained outstanding as a payable from MIIT to MRL under the interest free intercompany loan provided by MRL to MIIT (the "**MRL Interco Loan**"). (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Provision of loan by MRL to MIIT*") The MRL Interco Loan principal amount owed by MIIT increased from NT$997.6 million (S$41.7 million) to NT$10,244.3 million (S$428.5 million).

(b) Injection of equity by MIIF into MIIT

MIIF has injected equity of NT$11,126.4 million (S$465.4 million) into MIIT as contributed surplus (the "**MIIF Equity Injection**"). The proceeds from the MIIF Equity Injection have been used to repay the outstanding principal amount of the MRL Interco Loan of NT$10,244.3 million (S$428.5 million), as well as to repay the outstanding interest-free loan provided by MIIF to MIIT of NT$882.1 million (S$36.9 million). (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Provision of shareholder loan by MIIF to MIIT*")

(c) Novation of management services agreement

MRL novated the Management Services Agreement to MIIT. (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Management Services Agreement*" for further details of the Management Services Agreement)

The Corporate Reorganisation resulted in zero net cash movement.

CORPORATE STRUCTURE OF THE TRUST

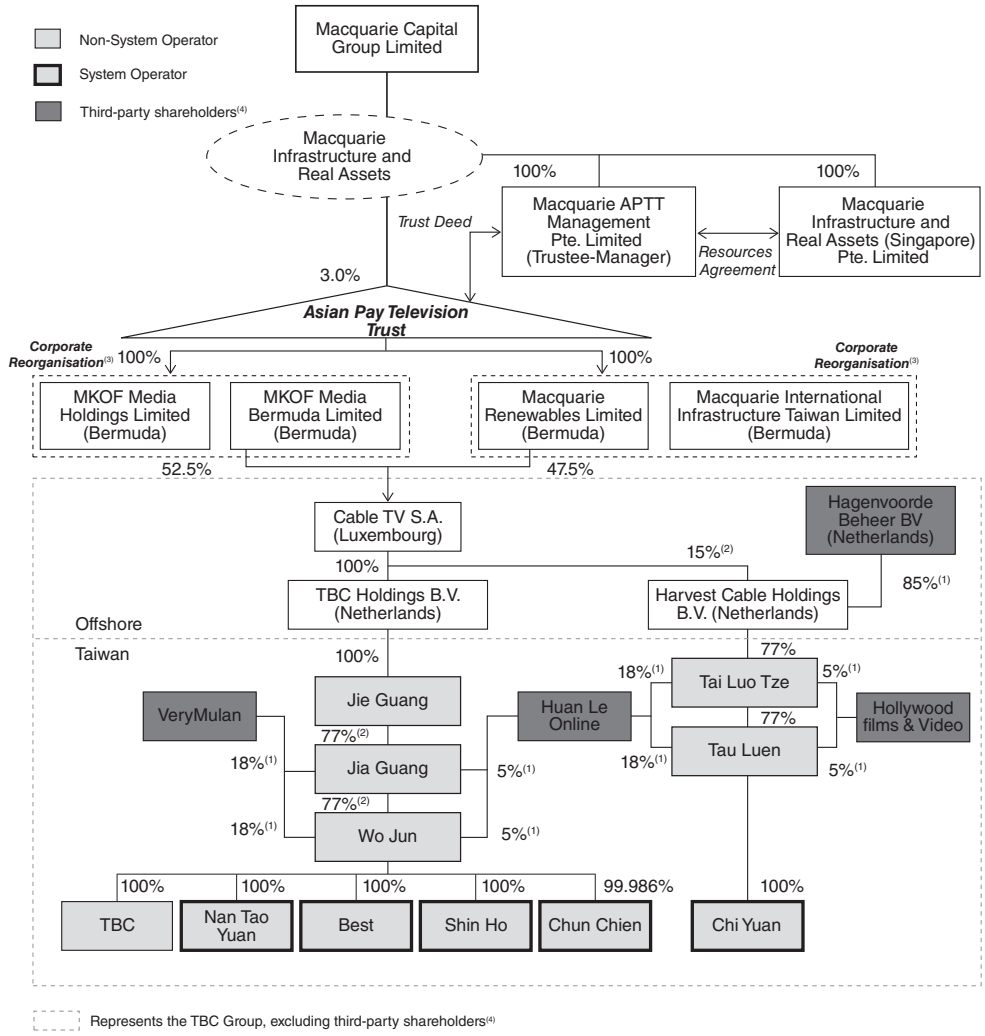
Following the Trust Acquisition as at the Listing Date, the Trust will hold its interests in the TBC System Operators through a number of Taiwan and offshore entities, as shown in the diagram below. Under Taiwan law, there are restrictions on foreign ownership in cable system operators in Taiwan and restrictions relating to the number of system operators servicing one administrative area in Taiwan. Article 19 of the CRTA and Article 12 of the Enforcement Rule of the CRTA provide that (a) the total direct and indirect foreign investment in a Taiwan cable system operator shall be less than 60.0% of the system operator's total outstanding shares; and (b) the aggregate direct interest in a system operator held by foreign shareholders shall be less than 20.0% of the system operator's total outstanding shares. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Foreign ownership restriction*") Further, Article 21 of the CRTA stipulates that the number of system operators that are deemed "affiliated", as defined by the Taiwan Company Act, cannot exceed one-half of the total number of system operators in one administrative area, unless there is only one system operator in the administrative area. Under Article 369-1 of the Taiwan Company Act, two companies are "affiliate" companies of each other if they have a relationship in which either: (a) one controls the other, or (b) one-third or more of the total voting shares or common stock of each company is held by the other. In this context, "control" is defined as a situation where: (a) one company holds a majority of the outstanding voting shares or the capital stock of another company, or (b) one company has control, either directly or indirectly, over the management of the personnel, financial or business operation of another company. Two companies may also be considered affiliates under certain Taiwan government regulations or rulings based on the specific facts of their substantive relationship. For example, pursuant to the Article 6 Criteria promulgated by the FSC, two companies would be considered affiliates where one company finances one-third or more of the other company's assets. The Ministry of Economic Affairs of Taiwan has stated in a ruling that, when determining whether two non-public companies should be considered to be affiliates of each other, the Article 6 Criteria should be taken into account.

Pursuant to these restrictions, the Trust, as a non-Taiwan entity, is only permitted to hold, directly or indirectly, up to 60.0% of the shares in the TBC Group's onshore entities, including four of the TBC System Operators: Nan Tao Yuan, Best, Shin Ho and Chun Chien. Further, because two of the TBC System Operators, Shin Ho and Chi Yuan, operate in the same administrative area and are therefore not permitted to be "affiliates" under Taiwan law, the Trust can only hold, directly or indirectly, up to 29.65% of Chi Yuan.

Legal Interests

Following the Trust Acquisition as of the Listing Date, the Trust holds 100.0% of MMHL, a company incorporated and registered in Bermuda, and of MIIT, a company incorporated and registered in Bermuda. The Bermuda Holdcos in turn hold 52.5% and 47.5%, respectively, of Cable TV S.A., a company incorporated and registered in Luxembourg. Cable TV S.A. holds ownership interests in two different intermediate holding companies, through one of which the Trust's effective ownership interests in TBC, the TBC Group's Broadband operator, and four of the five System Operators is 59.3%, and through the other of which the Trust's effective ownership interest in the fifth TBC System Operator, Chi Yuan, is 8.9%. Effective ownership interest, when used with respect to TBC or one of the TBC System Operators, refers to the Trust's proportionate percentage interest in TBC or such TBC System Operator, as the case may be, held indirectly through one or more of the Trust's subsidiary companies computed based on the Trust's percentage interest in any such subsidiary company multiplied by such subsidiary company's percentage interest in TBC or such TBC System Operator, as the case may be.

The following diagram shows the corporate structure of the Trust's holdings as at the Listing Date:



Notes:

(1) Held through preferred shares.

(2) Held through ordinary shares. Pursuant to a shareholder agreement between Cable TV S.A. and Hagenvoorde, Cable TV S.A. has the right, at its sole discretion at any time upon notice, to acquire all or part of the preferred shares in Harvest Cable Holdings held by Hagenvoorde against the payment of a purchase price equal to the nominal value of the preferred shares.

(3) Post-Corporate Reorganisation, MMHL and MIIT hold the entire interests in Cable TV S.A. (See "*Trust Acquisition – The Corporate Reorganisation*") MMBL and MRL will not be part of the Trust Group.

(4) The third-party shareholders are private individuals unrelated to the TBC Group and the Sponsor.

TBC Holdings

The first of the two intermediate holding companies in which Cable TV S.A. holds an interest is TBC Holdings, a company incorporated and registered in the Netherlands, in which Cable TV S.A. holds a 100.0% interest. TBC Holdings owns 100.0% of the share capital of Jie Guang Co., Ltd ("**Jie Guang**"), a holding company registered and incorporated in Taiwan. Jie Guang, in turn, owns 77.0% (in the form of ordinary shares) of the share capital of Jia Guang Co., Ltd ("**Jia Guang**"), another holding company registered and incorporated in Taiwan. The remaining interests in Jia Guang (in the form of preferred shares) are held by two Taiwan investors, VeryMulan Co., Ltd. ("**VeryMulan**"), which owns 18.0% of Jia Guang, and Huan Le Online Co., Ltd. ("**Huan Le Online**"), which owns 5.0% of Jia Guang.

Jia Guang owns 77.0% (in the form of ordinary shares) of the share capital of Wo Jun Co., Ltd ("**Wo Jun**"), also a holding company registered and incorporated in Taiwan. VeryMulan and Huan Le Online also own 18.0% and 5.0% (in the form of preferred shares), respectively, of Wo Jun. Wo Jun, in turn, owns 100.0% of the share capital of TBC and of the TBC System Operators Nan Tao Yuan, Best and Shin Ho, as well as 99.986% of the share capital of the TBC System Operator Chun Chien. This structure gives Cable TV S.A. an effective ownership interest of 59.3% in the share capital of TBC and each of these four TBC System Operators. VeryMulan and Huan Le Online, the local investors in the Taiwan holding companies, contributed capital in return for preferred shares in these companies, which entitle them to preferential distributions from TBC and the four TBC System Operators, before the remaining free cash flow is distributed to TBC Holdings. (See "– *Economic Interests and Distribution Flow*") Such preferred shares have the same voting rights as the ordinary shares.

The two Taiwan investors, VeryMulan and Huan Le Online, have entered into shareholder agreements with the other shareholders in the Taiwan companies below TBC Holdings, pursuant to which the Taiwan investors are subject to restrictions on their ability to sell or otherwise transfer their preferred shares (subject to certain limited exceptions [1]) and are required to maintain their shareholdings in the relevant company at the levels described above. In addition, the directors of each of the TBC System Operators are appointed by the Taiwan holding companies, and the Taiwan investors are restricted from acting as directors or supervisors of the Taiwan holding companies. Accordingly, the directors of each of the TBC System Operators are in effect appointed by representatives of TBC Holdings. Pursuant to the shareholder agreements, the Taiwan holding companies have the right to redeem the preferred shares held by the Taiwan investors.

Harvest Cable Holdings

The second of the two intermediate holding companies in which Cable TV S.A. holds an interest is Harvest Cable Holdings, a company incorporated and registered in the Netherlands, in which Cable TV S.A. holds a 15.0% interest (in the form of ordinary shares) and Hagenvoorde Beheer B.V. ("**Hagenvoorde**"), a local Dutch investor, holds an 85.0% interest (in the form of preferred shares). Harvest Cable Holdings owns 77.0% (in the form of ordinary shares) of the share capital of Tai Luo Tze Co., Ltd ("**Tai Luo Tze**"), a holding company registered and incorporated in Taiwan. The remaining interests in Tai Luo Tze (in the form of preferred shares) are held by two Taiwan investors, Huan Le Online, which owns 18.0% of Tai Luo Tze, and Hollywood films & Video Co, Ltd ("**Hollywood films & Video**"), which owns 5.0% of Tai Luo Tze.

---

[1] The Taiwan investors may only sell or otherwise transfer their preferred shares if (a) agreed by the relevant Taiwan company or the other shareholders or (b) pursuant to any assignment of rights and obligations under the shareholder agreement to any person in connection with any financing, refinancing or recapitalisation by the relevant Taiwan company, its affiliates and/or subsidiaries approved by the other shareholders.

Tai Luo Tze owns 77.0% (in the form of ordinary shares) of the share capital of Tau Luen Co., Ltd ("**Tau Luen**"), also a holding company registered and incorporated in Taiwan. Huan Le Online and Hollywood films & Video also own 18.0% and 5.0% (in the form of preferred shares), respectively, of Tau Luen. Tau Luen, in turn, owns 100.0% of the share capital of Chi Yuan, the fifth TBC System Operator. This structure gives Cable TV S.A. an effective ownership interest of 8.9% in the share capital of Chi Yuan. As a result, the Trustee-Manager believes Chi Yuan should not be deemed to be "controlled" by Cable TV S.A. for purposes of the relevant Taiwan laws and therefore is not an "affiliate" of the TBC Group. (See "*Risk Factors – Risks Relating to the TBC Group's Business – Taiwan's restrictions on the ownership of system operators in one administrative area may further impact the Group's corporate structure*")

Huan Le Online and Hollywood films & Video, the local investors in the Taiwan holding companies, and Hagenvoorde, the local Dutch investor in Harvest Cable Holdings, each invested capital in return for preferred shares in their investee companies, which entitle them to preferential distributions from these companies, before the remaining free cash flow is distributed to Harvest Cable Holdings or Cable TV S.A., as the case may be. (See "*– Economic Interests and Distribution Flow*") Such preferred shares have the same voting rights as the ordinary shares.

Hagenvoorde, Huan Le Online and Hollywood films & Video have entered into shareholder agreements with the other shareholders in their investee companies, pursuant to which Hagenvoorde, Huan Le Online and Hollywood films & Video are subject to restrictions on their ability to sell or otherwise transfer their preferred shares (subject to certain limited exceptions or consent by the other shareholders) and are required to maintain their shareholdings in the relevant company at the levels described above. In addition, the directors of Chi Yuan are appointed by the Taiwan holding companies, and the Taiwan investors are restricted from acting as directors or supervisors of the Taiwan holding companies. Accordingly, the directors of Chi Yuan are in effect appointed by representatives of Harvest Cable Holdings. Pursuant to the shareholder agreements, the Taiwan holding companies have the right to redeem the preferred shares held by the Taiwan investors.

Economic Interests and Distribution Flow

While Cable TV S.A.'s effective ownership interest in the TBC System Operators held through TBC Holdings is 59.3% and in the System Operator Chi Yuan is 8.9%, Cable TV S.A. retains substantially all of the economic interest in the TBC System Operators. The local shareholders in Taiwan, who hold a collective 23.0% interest in each of four of the Taiwan holding companies, hold their interests through preferred shares which, pursuant to the relevant articles of incorporation, entitle them to receive a fixed preferential annual return on those preferred shares. Similarly, Hagenvoorde, the Dutch entity that holds 85.0% of the share capital of Harvest Cable Holdings, holds its interest through preferred shares and is entitled to receive a fixed preferential annual return on those preferred shares. In each case, the fixed returns must be paid to the holders of preferred shares before any other distributions can be made to any of the other shareholders. The payment of dividends is subject to the availability of accounting profits in a relevant financial year. This dividend restriction applies to all classes of shares including ordinary shares. The preferred shares in both the Taiwan holding companies and Harvest Cable Holdings are cumulative in nature, such that any shortfall amounts from a particular financial year in which the fixed returns were not paid (in full) will accumulate for future years. In consideration for owning preferred shares and receiving the preferential fixed returns, the local investors in Taiwan and the Netherlands have entered into the shareholder arrangements described under "*– Legal Interests*".

After payment of the fixed returns to the holders of the preferred shares, distributions of any remaining free cash are paid from the TBC System Operators through the various holding companies in the Group to the Trust through dividends on equity, interest and principal on shareholder loans and management fees. As such, while Cable TV S.A.'s effective ownership

interest in the TBC System Operators held through TBC Holdings is 59.3% and in the System Operator Chi Yuan is 8.9%, Cable TV S.A. retains substantially all of the economic interest in the TBC System Operators.

As far as possible, such remaining free cash will be paid to the Trust through dividends on equity rather than interest on shareholders loans as the former is more tax efficient.

Each of the five TBC System Operators distributes cash (post the fixed return on preferred shares) up to its respective Taiwan holding company (either Jie Guang or Tai Luo Tze (together, the "**Taiwan Holdcos**"), as follows:

- first, through dividends, to the extent that the TBC System Operator made accounting profits in the relevant year;

- second, through interest payments on shareholder loans between the TBC System Operators and the Taiwan Holdcos, with interest rates of up to 5.5%; and

- third (other than Chi Yuan, which only uses the first two mechanisms for cash distribution), through repayments of principal of the shareholder loans, to the extent that dividend and interest payments have been fully made and there is still free cash remaining at the TBC System Operator.

Separately, TBC will pay management fees directly to MMHL and MIIT pursuant to a management services agreement among these entities, in an aggregate annual amount of U.S.$7.5 million.

Each of the two Taiwan Holdcos, in turn, distributes free cash flow to its Dutch holding company, TBC Holding and Harvest Cable Holdings, respectively, as follows:

- first, through dividends from the relevant year's accounting profits (if any);

- second, through interest payments on shareholder loans between the Taiwan Holdcos and the Dutch Holdcos, with interest rates of up to 19.9%, with 13.5% interest currently being deducted for income tax; and

- third, through repayments of principal of the shareholder loans, to the extent that dividend and interest payments have been fully made and there is still free cash remaining at the Taiwan Holdcos.

Each of the Dutch Holdcos then distributes free cash flow to Cable TV S.A. as follows:

- first, through dividends from the relevant year's accounting profits (if any);

- second, through interest payments on shareholder loans between the Dutch Holdcos and Cable TV S.A., with interest rates of up to 12.1%; and

- third, through repayments of principal of each of the shareholder loans, to the extent that dividend and interest payments have been fully made and there is still cash remaining at either of the Dutch Holdcos.

Cable TV S.A., in turn, distributes free cash flow up to the Bermuda Holdcos in the form of repayments of principal of convertible loans and/or an equity return on the convertible loans.

The Bermuda Holdcos then distribute free cash flows up to the Trust in the form of dividends.

SUBSIDIARIES OF THE TRUST AFTER THE TRUST ACQUISITION

The following sets out the subsidiaries of the Trust following the Trust Acquisition.

No	Company name	Date of incorporation	Country of incorporation	Principal place of business	General nature of business	Effective Ownership interest of the Trustee-Manager[1]
1	MKOF Media Holdings Limited	8 April 2008	Bermuda	Bermuda	Investment holding company	100.0%
2	Macquarie International Infrastructure Taiwan Limited	5 July 2007	Bermuda	Bermuda	Investment holding company	100.0%
3	Cable TV S.A.	24 August 2006	Luxembourg	Luxembourg	Investment company to make investments in pay-TV businesses	100.0%
4	TBC Holdings B.V.	15 December 2005	Netherlands	Netherlands	Investment company to make investments in pay-TV businesses	100.0%
5	Harvest Cable Holdings B.V.	15 December 2005	Netherlands	Netherlands	Investment company to make investments in pay-TV businesses	15.0%[2]
6	Jie Guang Co., Ltd	11 November 2005	Taiwan	Taiwan	Top level Taiwan holding company, is an operating company which performs certain head-office functions. From 2013, it will become the TBC Group's agent for programming and bandwidth contracts	100.0%
7	Jia Guang Co., Ltd	24 November 2005	Taiwan	Taiwan	Investment holding company	77.0%
8	Wo Jun Co., Ltd	20 December 2005	Taiwan	Taiwan	Investment holding company	59.3%
9	Tai Luo Tze Co., Ltd	14 February 2006	Taiwan	Taiwan	Investment holding company	11.6%
10	Tau Luen Co., Ltd	21 February 2006	Taiwan	Taiwan	Investment holding company	8.9%
11	Taiwan Broadband Communications Co., Ltd	20 August 1999	Taiwan	Taiwan	Performs marketing and head-office functions, as well as the cable broadband business for the TBC Group	59.3%

No	Company name	Date of incorporation	Country of incorporation	Principal place of business	General nature of business	Effective Ownership interest of the Trustee-Manager[1]
12	Nan Tao Yuan Cable Television Co., Ltd.	28 November 1996	Taiwan	Taiwan	System operator which offers basic cable TV services, premium digital cable TV services and broadband connectivity services in South Taoyuan	59.3%
13	Best Cable Television Co., Ltd	5 July 1996	Taiwan	Taiwan	System operator which offers basic cable TV services, premium digital cable TV services and broadband connectivity services in Hsinchu County	59.3%
14	Chun Chien Cable TV Co., Ltd	1 July 1997	Taiwan	Taiwan	System operator which offers basic cable TV services, premium digital cable TV services and broadband connectivity services in Taichung City	59.3%
15	Shin Ho Cable Television Co., Ltd	5 February 1997	Taiwan	Taiwan	System operator which offers basic cable TV services, premium digital cable TV services and broadband connectivity services in North Miaoli	59.3%
16	Chi Yuan Cable TV Co., Ltd	21 June 1997	Taiwan	Taiwan	System operator which offers basic cable TV services, premium digital cable TV services and broadband connectivity services in South Miaoli	8.9%

Notes:

(1) Effective ownership interest, when used with respect to TBC or one of the TBC System Operators, refers to the Trust's proportionate percentage interest in TBC or such TBC System Operator, as the case may be, held indirectly through one or more of the Trust's subsidiary companies computed based on the Trust's percentage interest in any such subsidiary company multiplied by such subsidiary company's percentage interest in TBC or such TBC System Operator, as the case may be. While Cable TV S.A.'s effective ownership interest in the four TBC System Operators held through TBC Holdings is 59.3% and in the TBC System Operator Chi Yuan is 8.9%, Cable TV S.A. retains substantially all of the economic interest in the TBC System Operators. (See "*Corporate Structure of the Trust – Economic Interests and Distribution Flow*")

(2) Pursuant to a shareholder agreement between Cable TV S.A. and Hagenvoorde, Cable TV S.A. has the right, at its sole discretion at any time upon notice, to acquire all or part of the preferred shares in Harvest Cable Holdings held by Hagenvoorde against the payment of a purchase price equal to the nominal value of the preferred shares.

THE BUSINESS OF THE TRUST

Overview

Asian Pay Television is a newly constituted Registered Business Trust formed to acquire its seed asset, the TBC Group. The TBC Group is Taiwan's third-largest cable TV operator, with more than 751,000 Basic Cable TV RGUs as at 31 December 2012. The TBC Group is a leading, integrated cable operator in Taiwan that generates stable cash flows and has an attractive growth profile. The TBC Group operates exclusively in Taiwan, where it offers Basic Cable TV, Premium Digital Cable TV and Broadband services to households and businesses in five closely clustered and heavily populated franchise areas in northern and central Taiwan. In the past five years, these franchise areas (or the regions in which they are located) have exhibited, and are expected to continue to exhibit over the next five years, greater household growth and disposable income than Taiwan's national average, according to estimates by MPA. Within these franchise areas, the TBC Group holds an effective ownership interest of 59.3% in four TBC System Operators and an effective ownership interest of 8.9% in a fifth TBC System Operator. Through various shareholder loans and dividends on equity, the TBC Group receives substantially all of the economic interests in the TBC System Operators. (See "*Corporate Structure of the Trust – Economic Interests and Distribution Flow*") The TBC System Operators are the sole licensed providers of Cable TV services in their respective franchise areas.

As at 31 December 2012, the TBC Group had 751,393 Basic Cable TV RGUs, 110,324 Premium Digital Cable TV RGUs and 174,958 Broadband RGUs. The Group's ability to bundle its three core services as a package provides the Group's subscribers with a highly-compelling proposition. In addition, cross-selling the Group's services enables the Group to generate additional revenue and profit, enjoy operating efficiencies, increase customer satisfaction and reduce its subscriber churn. From 2010 to 2012, the number of the Group's Basic Cable TV RGUs grew at a CAGR of 0.9%, the number of its Premium Digital Cable TV RGUs grew at a CAGR of 40.8%, and the number of its Broadband RGUs grew at a CAGR of 6.8%. According to MPA, the TBC Group has been the fastest growing major cable TV provider in Taiwan since 2009 based on the number of Basic Cable TV RGUs.

The TBC Group provides its Cable TV and Broadband services through the TBC System Operators' HFC networks, all of which are 750 MHz capable. These HFC networks are connected through a fibre backbone and are MPEG4 and DOCSIS 3.0 enabled and as at 31 December 2012 consisted of approximately 13,928 kilometres of coaxial cable and 2,135 kilometres of fibre optic cable. The TBC Group intends to upgrade the HFC Network to 870 MHz by the end of 2014 to further increase operating spectrum for its Premium Digital Cable TV and Broadband services.

The Group generated revenues of S$298.7 million in 2010, S$304.8 million in 2011 and S$308.7 million in 2012, representing a CAGR of 1.7% from 2010 to 2012. The Group generated Asset EBITDA at its operations in Taiwan of S$185.3 million in 2010, S$194.3 million in 2011 and S$197.7 million in 2012, translating to an Asset EBITDA margin of 62.0% for 2010, 63.7% for 2011 and 64.0% for 2012. Asset EBITDA and Asset EBITDA margin are non-IFRS financial measures. For a discussion of the Group's Asset EBITDA and a reconciliation of Asset EBITDA to the Group's profit or losses, see "*Selected Financial Information and Operating Data*".

The Sponsor of the Trust is Macquarie Capital Group Limited, a company incorporated and registered in Australia. It is the holding entity for MIRA, a global infrastructure asset management group, with approximately A$97.0 billion of assets under management as at 31 December 2012. The Trustee-Manager is Macquarie APTT Management Pte. Limited, a company incorporated and registered in Singapore. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. The Trustee-Manager will acquire the TBC Group from the Sellers on the Listing Date and will manage

the Trust's business and the assets of the TBC Group, along with any other businesses or assets that the Trust may acquire in the future, with the key objective of providing Unitholders with stable and sustainable distributions, as well as long-term growth in DPU.

Competitive Strengths of the Trust and the TBC Group

The Trustee-Manager believes that the Trust and the TBC Group benefit from a number of competitive strengths underpinned by the track record of the Sponsor, the experience of the Trustee-Manager and the quality of the underlying assets.

Strengths Relating to the Sponsor

World-Leading Sponsor Group with Substantial Assets and Experience in Infrastructure Investment

The Sponsor of the Trust is Macquarie Capital Group Limited, which is the holding entity for MIRA, a global infrastructure asset management group. As at 31 December 2012, MIRA managed 98 infrastructure businesses in 23 countries worldwide, with approximately A$97.0 billion of assets under management across a broad range of infrastructure and infrastructure-like industries. MIRA has been managing infrastructure assets for more than 18 years, with approximately 400 dedicated professionals worldwide and with the specialist skill set and approach required for successful infrastructure investing. MIRA focuses on strong risk management throughout the life of its investments and has built a strong track record of investor returns. MIRA has an active approach to asset management and endeavours to minimise downside risk by focusing on reducing the risks inherent in the operations and capital structure of its assets, for example by assessing the appropriate level of leverage for each investment and seeking to eliminate operating arrangements it deems onerous, and it has adopted a regional model to locate its infrastructure professionals close to the assets they manage. In addition, the Trustee-Manager believes MIRA has a reputation as a trusted owner of assets and enjoys strong relationships with governments and regulators in the jurisdictions where it operates. The Trustee-Manager believes this is because MIRA has delivered high-quality essential services consistent with long-term public interests in these jurisdictions. MIRA also benefits from a deep understanding of and direct access to a large group of international institutional investors, which is crucial in raising funds and in matching the requirements of investors to different asset classes. While MIRA is a standalone business within the Macquarie Capital Group, it benefits from the institutional quality risk management and compliance framework of the broader Macquarie Capital Group. The Trust, through the Trustee-Manager, will be able to leverage off the origination expertise, experience and network of the Sponsor and of MIRA to provide long-term distribution growth for Unitholders.

Strengths Relating to the Trustee-Manager

Highly Experienced Trustee-Manager Team

The Trustee-Manager is a wholly-owned subsidiary of the Sponsor and part of MIRA, and its Directors and management team have extensive experience in the pay-TV and broadband industries and complementary skill sets in acquisition, asset and capital management. The Trustee-Manager is led by a strong executive management team, composed of the Chief Executive Officer, Mr. Robert Neale Thorpe, and the Chief Financial Officer, Mr. Brian McKinley, who together have more than 20 years of experience in operating infrastructure and private equity fund businesses, including international telecommunications companies. Mr. Thorpe is currently a Managing Director of MIRA and led the establishment of the Macquarie SBI Infrastructure Fund, a billion-dollar private equity fund that invests in infrastructure projects and businesses located in India. Mr. McKinley was previously the Chief Financial Officer of the Richard Chandler Corporation, a private, Singapore-based investment company, and has extensive experience in managing the financial operations of investment and financial services companies and

telecommunications companies. In addition, the Trustee-Manager has entered into the Resources Agreement with Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited ("**MIRA Singapore**"), the management company owned and operated by the Macquarie Capital Group that services Macquarie-managed funds, pursuant to which MIRA Singapore will provide the Trustee-Manager with additional services and expertise, such as investor relations, corporate finance, capital raising and restructuring and legal services. (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Present and Ongoing Interested Person Transactions – Resources Agreement*" for a more detailed description of the Resources Agreement)

In addition, Mr. Benjamin Ian Way, who has been the Chairman of the TBC Group since 2008, is also a member of the board of directors of the Trustee-Manager (the "**Board of Directors**" or the "**Board**"). Mr. Way previously served as chief executive officer of the TBC Group from 2006 to 2008. He has been instrumental to the success of the TBC Group and has made significant contributions to the business through his extensive knowledge of the media industry and his experience in the Asian pay-TV market. He contributed substantially to the re-launch of the Group's Premium Digital Cable TV service, to the introduction of bundled products and to the building of strong relationships with local and national regulators and governments. He recruited and established a strong, experienced local management team to conduct the Group's day-to-day operations and to support the executives at MIRA in executing the vision and strategy for the TBC Group. Mr. Way will continue to serve as a director of the Trustee-Manager and to provide the strategic direction and objectives of the TBC Group after the Listing. In addition, the Independent Directors, who make up the majority of the Board of Directors, have extensive experience in the infrastructure and telecommunications industries. With this extensive experience and strong support, the Trustee-Manager believes its team is well-placed to pursue and implement the TBC Group's and the Trust's growth strategy going forward.

Strengths Relating to the Trust's Business in Taiwan

Sole Provider of Cable TV Services in its Franchise Areas with Highly Attractive Demographics

The TBC Group is the sole licensed provider of cable TV services in five closely clustered franchise areas in Taiwan, namely South Taoyuan, Hsinchu County, North Miaoli, South Miaoli and Taichung City. (See "*Regulatory Environment – Material licenses held by the TBC Group*" for details of the material licenses held by the TBC Group) According to MPA, as at 31 December 2012, these franchise areas contained an aggregate of approximately 1.1 million households registered with the local governments. The TBC Group is the only cable TV service provider in these franchise areas, serving 751,393 Basic Cable TV RGUs, or approximately 67.8% of the registered households in the TBC Group's franchise areas as at 31 December 2012. The Group continues to face only limited competition from alternative pay-TV platforms such as IPTV and DTH, given its established market positioning.

The TBC Group's franchise areas include the major rail and road transport arteries of Taiwan along with Taiwan's main international airport (Taiwan Taoyuan International Airport), which is located in the same county as the Group's northern-most franchise area, South Taoyuan. The location of major transportation and infrastructure networks, the growing number of industrial parks and manufacturing facilities, and, consequently, a growing workforce seeking employment in the TBC Group's franchise areas are factors that have contributed to the Group's track record of growth and are expected to lead to higher household growth in the TBC Group's franchise areas as compared to other franchise areas in Taiwan. According to MPA, four of the TBC Group's franchise areas, together with the geographic region of Taoyuan (which contains the TBC Group's franchise area South Taoyuan), have experienced an aggregate CAGR in the number of households of 2.4% from 2007 to 2012, as compared to Taiwan's national average of 1.6% during the same period. Further, according to MPA, the average household disposable income in these areas remained consistently higher than the national average from 2007 to 2012 and experienced

a CAGR of 1.6% from 2007 to 2012 during that period, as compared to a marginal decline in CAGR of 0.2% for Taiwan's national average during the same period. Based on the TBC Group's current market position as the sole licensed provider of cable TV in its franchise areas, the Trustee-Manager believes that the Group is well positioned to capitalise on the household growth and favourable demographics of these franchise areas.

High Barriers to Entry due to Comprehensive Content Portfolio and Investments in Network and Subscriber Base

The quality and breadth of programming content are some of the most important factors in potential subscribers' selection of a pay-TV service provider. The Trustee-Manager believes that the TBC Group has developed a strong understanding of Taiwan viewers' preferences after more than 10 years of operating in its franchise areas. With this knowledge, the Group is able to purchase a broad range of attractive local, regional and international content that specifically targets Taiwan viewers and contributes to increased subscriber loyalty. In particular, the Trustee-Manager believes that the Group's ability to purchase a comprehensive content portfolio from a single content aggregator at attractive pricing differentiates the Group from IPTV, DTH and potential new cable TV service provider entrants. As at 31 December 2012, the Group broadcast over 100 Basic Cable TV channels, including all the top 20 most popular channels in Taiwan. In comparison, CHT's IPTV service, the Group's closest competitor in its five franchise areas, only broadcasts two of the top 20 most popular channels in Taiwan, according to MPA. The TBC Group also produces and broadcasts local community TV channels in each of its franchise areas, which are not available on IPTV and DTH platforms.

In addition to the breadth and depth of its content portfolio, the Trustee-Manager believes that the Group's investment in the HFC Network, and its subscriber base, differentiates the Group from its competitors and creates a high barrier for potential new market entrants in its franchise areas. The HFC Network already covers substantially all of the 1.1 million registered households in its franchise areas, a degree of coverage which would require significant time and investment to replicate. Further, the Trustee-Manager believes the Group has long-standing relationships with its subscribers and has established strong brand awareness over its history of operations, which a new entrant would substantially lack. As a result of these factors, the TBC Group has maintained its position as the leading pay-TV service provider in its franchise areas for the past 10 years, despite the entrance of IPTV and DTH operators. (See "*The Business of the Trust – Services – Basic Cable TV – Subscribers*" for the Basic Cable TV penetration rate of the TBC Group)

Superior Track Record of Product Innovation and Marketing

The TBC Group has continuously sought to use technology to develop and expand service offerings in order to address consumers' evolving communications and media preferences. The Trustee-Manager believes that the Group is a recognised leader in bringing innovative technologies and services to market in Taiwan and in offering enhancements to existing services. According to MPA, following the re-launch of Premium Digital Cable TV services on its new MPEG4 digital cable TV platform in 2009, the Group became the first cable TV operator in Taiwan to offer DVR and in 2012, became the first to offer free digital upgrades to cable TV subscribers in Taiwan. Further, in 2012, the TBC Group became the first operator in Taiwan to launch 120 Mbps Broadband services, which was the fastest broadband speed available in the residential market in Taiwan as at 31 December 2012. The Trustee-Manager believes that the Group's offering of Premium Digital Cable TV and high-speed Broadband services has enabled it to capture incremental revenue opportunities and accelerate revenue growth. The Trustee-Manager believes that the Group's ability to successfully innovate and offer cutting-edge services strengthens its customer value proposition, thereby enhancing its brand and customer loyalty.

To further market its services, the TBC Group bundles and cross-sells additional services to its existing subscriber base. In particular, the Trustee-Manager believes that the Group's bundled package of Basic Cable TV, Premium Digital Cable TV and Broadband services is a highly-compelling proposition to its subscribers delivering a rich media and communications experience. In order to facilitate cross-selling, the Group uses its integrated customer service platform, which includes two 24-hour customer service call centres, to provide a one-stop shop for all services, as well as the Group's billing and customer management information system to track customer preferences and provide bundling offers and promotions to targeted subscribers. These efforts have contributed to the TBC Group's average monthly churn rate in Basic Cable TV subscribers of 0.76%, 0.75% and 0.76% in 2010, 2011 and 2012, respectively.

Substantially Invested, Advanced HFC Network with State-of-the-Art Delivery Platform

To provide high quality Basic Cable TV, Premium Digital Cable TV and Broadband services to its subscribers, the TBC Group has made significant investments to build an extensive, two-way, advanced HFC Network with a state-of-the-art delivery platform. In 2009, the TBC Group fully upgraded its Premium Digital Cable TV delivery platform to MPEG4 digital compression technology, which allows for better video quality, greater video transmission capacity and more efficient provision of value-added features such as high definition TV ("**HDTV**") and DVR services. In addition, the HFC Network is 100.0% DOCSIS 3.0 enabled, allowing the Group to provide high-speed Broadband services, including the 120 Mbps plan.

As at 31 December 2012, the HFC Network consisted of approximately 13,928 kilometres of coaxial cable and 2,135 kilometres of fibre optic cable covering substantially all of the 1.1 million registered households in the TBC Group's franchise areas. Approximately 97.9% of the HFC Network has been upgraded to operate at 750 MHz, with 97.3% having two-way transmission capabilities. The Group plans to complete the upgrade of the HFC Network to 870 MHz by the end of 2014. The extensive coverage and advanced nature of the HFC Network, which it owns, gives the Group an inherent performance and competitive advantage over its competitors. In particular, ownership of its fibre backbone allows the TBC Group to operate independently of third party networks, providing better quality of service and operational efficiencies to the Group.

Resilient Business Model with Efficient Cost Structure

The TBC Group generates substantially all of its revenue from its Cable TV and Broadband services, using a subscription-based business model with substantially all payments made in advance, which provides a relatively steady stream of cash receipts and stable margins. The Group has been able to consistently add Basic Cable TV RGUs, grow revenue and expand Asset EBITDA margin for the past six years, and to compete effectively against alternative pay-TV platforms and deliver growth, even during economic downturns such as the recent U.S. financial crisis and Eurozone debt crisis.

The Trustee-Manager believes that the key drivers for the Group's scalable and efficient cost structure have been, and are expected to continue to be, the following:

- up-selling and cross-selling of Premium Digital Cable TV and Broadband services to Basic Cable TV subscribers;

- decline in average churn rate driven by enhanced customer experience and strong customer loyalty;

- growing Cable TV subscriber base which enables higher channel leasing fees and advertising fees;

- economies-of-scale procurement benefits such as cable TV content and set-top box and cable modem procurement;

- substantially invested HFC Network that covers almost all of the 1.1 million registered households in the TBC Group's franchise areas; and

- ability to offer additional services at limited incremental cost given headroom in network capacity.

These drivers have translated into strong historical financial performance and increased Asset EBITDA margin during the past three financial years. The Group's Asset EBITDA increased from S$185.3 million in 2010 to S$194.3 million in 2011 to S$197.7 million in 2012, an average increase of 3.3% per year. The Group's Asset EBITDA margin increased from 62.0% in 2010 to 63.7% in 2011 to 64.0% in 2012. Asset EBITDA and Asset EBITDA margin are non-IFRS measures. For a discussion on Asset EBITDA and Asset EBITDA margin and a reconciliation of Asset EBITDA to the TBC Group's profit or losses, see "*Selected Financial Information and Operating Data*".

Strong Local Team

The Trustee-Manager is supported by an experienced and locally based asset level management team in Taiwan that runs the day-to-day operations of the Trust's underlying business. This team is comprised of professionals with extensive experience in the pay-TV, broadband and finance industries. The team has a deep understanding of the Taiwan cable TV and broadband market and of the competitive, technological and regulatory factors that drive this market. The Trustee-Manager believes the team has been, and will continue to be, instrumental in the Group's financial and operational performance and in cultivating a strong and positive working relationship with the Group's regulators.

The core members of the locally based asset level management team are the chief executive officer of the TBC Group, Mr. Thomas Ee; the President of the TBC Group, Ms. Loke Kheng Tham; the Chief Operating Officer of the TBC Group, Mr. Jimmy Chen; and the Chief Financial Officer of the TBC Group, Mr. Dennis Wayne. Mr. Thomas Ee, Ms. Loke Kheng Tham, and Mr. Jimmy Chen each has more than 20 years of experience in communications and media industries. Prior to joining the TBC Group, Mr. Thomas Ee and Ms. Loke Kheng Tham were the former Head of Cable, Broadband and Fixed Line and the former Head of Content and Marketing, respectively, at a leading Singaporean quad-play operator. Mr. Jimmy Chen has held previous positions including General Manager of Chun Chien and Chief Operating Officer of Asia Pacific Telecom Group, a Taiwan telecommunications company with fixed line, 3G mobile and internet service provider businesses. Mr. Dennis Wayne has more than 20 years of experience in corporate finance and accounting and has held various corporate financial management positions, including as Finance Director of Rhone-Poulenc Rorer in Beijing.

Strategies of the Trustee-Manager

The Trustee-Manager's principal investment strategy is to seek investment opportunities to acquire controlling interests and to own, operate and maintain investment opportunities in mature, cash generative Pay-TV Businesses and Broadband Businesses, as further described in "*The Charter and Investment Mandate of the Trust*", in Taiwan, Hong Kong, Japan and Singapore that exhibit characteristics such as sustainable and stable cash flows over the long-term and a strategic competitive advantage due to high barriers to entry. The Trustee-Manager seeks to deliver returns to Unitholders through long-term investments and will not engage in speculation or trading of assets. The Trustee-Manager intends to pursue revenue growth and margin improvements as well as optimise capital structures of the businesses and assets to be held in its portfolio. (See "*The Charter and Investment Mandate of the Trust*")

The implementation of the Trustee-Manager's strategy can be broadly categorised as follows:

- *Asset Management Strategy*. The Trustee-Manager intends to enhance the returns from the Trust's existing and future portfolio in consultation with the current or prospective operator(s) of the assets.

- *Acquisition Strategy*. The Trustee-Manager may consider selectively acquiring other suitable Pay-TV Businesses and Broadband Businesses that meet its investment mandate and are accretive to the Trust as well as expanding into other franchise areas in Taiwan.

- *Capital Management Strategy*. The Trustee-Manager intends to optimise the Trust's capital structure and cost of capital.

Asset Management Strategy

The Trustee-Manager has an established asset management framework that it seeks to implement for all of its investment companies. The framework is focused on ensuring that appropriate business planning, performance reporting, governance and risk management are put in place and maintained. The Trustee-Manager aims to add value to its investments through the following:

- representation on boards and management committees;

- leading the development and review of strategy, business and financial plans;

- positioning experienced MIRA executives to assist in the management of the investments;

- aligning management compensation with the achievement of key goals;

- implementing effective performance reporting tools to monitor key indicators and to allow the identification of any performance issues on a timely basis;

- leading merger and acquisition growth initiatives;

- assisting management in considering potential procurement initiatives to reduce costs, including insurances;

- focusing on reducing occupational health and safety and other operational risks;

- assisting to maintain and enhance regulatory relationships;

- assessing additional capital investment where appropriate;

- implementing efficient capital structures at acquisition and completing subsequent refinancings to optimise returns to Unitholders; and

- introducing management teams to other industry participants, potential strategic partners and management teams of other assets owned by vehicles managed by Macquarie, in an effort to enhance performance and practices.

The Trustee-Manager, supported by an experienced and locally based asset level management team, will implement pro-active measures to enhance the returns from the TBC Group. These measures include upgrades, enhancements, refurbishments and reconfiguration of the TBC Group and its assets to enhance and maximise the Group's operational efficiency and competitiveness. The Trustee-Manager also intends to work together with the TBC Group and any

future operators in its investment portfolio to identify and implement any potential cost savings in day-to-day operations and other resource-sharing initiatives without compromising the quality of services provided.

With respect to the Trust's seed asset, the TBC Group, the Trustee-Manager aims to implement the following strategies to increase the TBC Group's revenue, profitability and cash flows:

Increase Take-Up of Premium Digital Cable TV Services

The TBC Group has embarked on a digitisation programme aimed at increasing the take-up of Premium Digital Cable TV services by its Basic Cable TV subscribers. The up-selling of Premium Digital Cable TV services is a key growth driver for the Group and provides subscribers with a better television viewing experience. The Group's Premium Digital Cable TV service offers up to 73 additional channels and a better video quality for all channels. Further, the Group's digital platform enables the Group to offer HDTV, interactive video services such as DVR, electronic programming guides and games.

In March 2012, the Group began to offer free promotional set-top boxes to selected Basic Cable TV subscribers in order to meet the Taiwan government's objective to increase cable TV digitisation throughout Taiwan and further promote up-selling of the Group's digital products. As at 31 December 2012, approximately 25.6% of the Group's Basic Cable TV subscribers had an MPEG4 digital set-top box and made up approximately 57.3% of Premium Digital Cable TV subscribers. The Group expects to achieve 55.0% digital set-top box penetration by the end of 2014. To promote the take-up of Premium Digital Cable TV services amongst the promotional set-top box base, the Group offers seven free SD channels and two HD channels. In addition, the Group actively follows up with subscribers to educate them on the usage and benefits of digital cable TV and offers them attractive up-selling digital promotions such as an attractively priced DVR service and Premium Digital Cable TV packages.

Promote Bundling of Cable TV and Broadband Services

The Group intends to leverage its existing Cable TV customer base and infrastructure to increase its Broadband subscriber base. The TBC Group's current Broadband penetration rate in its franchise areas is approximately 23.3% of Basic Cable TV RGUs as at 31 December 2012, implying headroom for growth. The Group intends to promote its Broadband services by offering a range of subscriptions with download speeds of 5 Mbps to 120 Mbps to meet the needs of its different customer segments. It also intends to continue to provide highly-compelling bundling propositions of its Basic and Premium Digital Cable TV and Broadband services along with a range of promotions such as waiving installation fees for multi-product installations and offering gifts for multi-product subscriptions such as shopping vouchers and free wireless modems. The Group will also focus on expanding its sales and distribution network and providing new value-added services and technology upgrades to incentivise subscribers to increase the services they subscribe to.

The Trustee-Manager believes that offering bundled services will not only increase revenue generated per household but also increase subscriber loyalty, thereby reducing subscriber churn and subscriber retention costs. Bundled services are also attractive for subscribers as it allows them to benefit from cost savings and a combined customer service platform.

Continue to Focus on Improving Customer Service, Thereby Driving Retention and Building Loyalty

The TBC Group's sales and customer service operations are organised to provide a "one-stop shop" for all of its services. For example, the Group has a single customer service hotline for all of its services, and its retail outlets offer all of its services to subscribers. The Group has a

long-standing relationship with its base of Cable TV subscribers, and it intends to build on and deepen its subscribers' loyalty by continuing to grow its sales force and customer service teams, as customer service is a key consideration for subscribers when they select or renew a Cable TV or Broadband service. In this regard, the Group intends to continue to maximise subscriber interactions through its Customer Life Cycle management, which sets out a complete step-by-step approach to sales and retention of subscribers from initial subscription to potential discontinuation.

The Group has two dedicated 24-hour customer call centres and seven retail outlets to service subscribers. More recently, the Group launched "same day" customer service initiatives, with a Global Positioning System vehicle tracking system for technicians to assist them in responding to customer requests more quickly. The Group also conducts extensive research and analysis of its current subscriber base to gain strategic insights as to how to better service its subscribers and increase operational efficiencies. The Group intends to continually enhance its customer service practices and its customer education and to improve its processes and automation.

Upgrade HFC Network to 870 MHz to Offer Superior Service to Subscribers

The Trustee-Manager believes that the current HFC Network is sufficiently flexible and adaptable to continue providing a high quality of service and satisfying the Group's subscribers' current and near-term service requirements, as well as potential increased subscriber demand. Nevertheless, the Group intends to continue to upgrade its network and use its industry knowledge and experience as well as customer insight to provide subscribers with cutting-edge services and value-added features. In particular, the Group plans to upgrade its network to 870 MHz by the end of 2014 to allow for additional capacity for HD channels and faster Broadband service. The Group will invest approximately S$24.0 million to implement this upgrade. The Group expects that the upgrading of the HFC Network will help to ensure that the Group's infrastructure is of a high standard and provides a strong basis for providing subscribers with additive revenue generating services in the future.

Focus on Growth of Cash Flow and Implementation of Effective Cost Management Initiatives

The Trustee-Manager believes that the TBC Group will be able to achieve continued Asset EBITDA growth and attractive Asset EBITDA margins by leveraging its existing network and subscriber base in order to enjoy organic growth and benefit from economies of scale. The Group's existing network allows it to sell additional services, such as Premium Digital Cable TV and Broadband, to subscribers without substantial investment in additional network infrastructure. Further, having a substantial subscriber base allows the Group to benefit from a better negotiating position with content suppliers and set-top box suppliers.

The TBC Group intends to continue to focus on judicious cost management to drive further operational efficiencies through improved processes and automation. The Group has begun to promote the use of electronic receipts for its subscribers, as well as online billing and payment reminder services, which reduces the Group's costs for collections and other customer communications. The Group is also developing a remote help desk for the 24-hour customer service call centres whereby customer service representatives can provide off-site customer service and thus efficiently manage unexpected peak call volumes. The Trustee-Manager believes that these and other cost management measures will help the TBC Group to continue achieving Asset EBITDA growth and attractive Asset EBITDA margins.

Acquisition Strategy

The Trustee-Manager intends to source and selectively acquire assets, in accordance with the Trustee-Manager's investment mandate, with the objective of delivering strong returns to Unitholders. This involves the consideration of certain factors, including yield accretion, potential

for future earnings and capital appreciation, and increase in portfolio diversification (both in diversification of location and geography of the current portfolio and in the prospective operators of the assets).

The Trustee-Manager's acquisition strategy will be influenced by, amongst other things, the following considerations:

- Network of contacts: the Trustee-Manager believes that the experience and the wide network of contacts of the Sponsor will provide it with access to investment opportunities in Pay-TV Businesses and Broadband Businesses.

- Rigorous financial analysis and due diligence: the Trustee-Manager intends to build robust investment cases that reflect various scenarios of asset performance taking into account economic factors, competitive influences, and demand and supply factors. The Trustee-Manager intends to leverage the Sponsor's global network of pay-TV and broadband business experts to support due diligence processes where appropriate. The Trustee-Manager intends to assess characteristics such as:

    - the stability of forecast cash flows and the key factors influencing its future revenue and cash flow generation profile;

    - the capabilities and experience of the existing asset level management team, including recent performance, expertise, culture, business planning initiatives and incentives to perform;

    - the current financial position of the infrastructure business and projections for significant items of operating and capital expenditure;

    - the current capital structure and any potential optimisation opportunities;

    - investment structure, expected yield and equity returns;

    - tax considerations;

    - any opportunities for enhanced performance to improve the cash flows or risk profile; and

    - other key investment risks.

- Exclusive transactions: The Trustee-Manager intends to benefit from the Sponsor's senior infrastructure experts with well-developed infrastructure relationship networks by sourcing potential assets via exclusive transactions instead of participating in lengthy, competitive and resource-consuming auction processes. The Sponsor has acquired a significant proportion of its assets through proprietary transactions or processes of limited competition, often initiated by the Sponsor's asset managers by direct engagement with contacts at relevant counterparties. The Trustee-Manager expects to leverage the Sponsor's team of experts and relationship networks to similarly source exclusive transactions that generally allow for additional access to due diligence information and expedient acquisition processes, both of which would benefit the Trust and its Unitholders.

- Asset level management team and local relationships: The Trustee-Manager intends to consider the capabilities and experience of the existing asset level management team, including recent performance, expertise, culture, business planning initiatives and incentives

to perform, when deciding on an acquisition opportunity. Further, the Trustee-Manager believes that the development of strong relationships with local partners, government bodies, regulators and key customers is important to the ongoing success of investments.

- Non-compete undertaking: the Sponsor has undertaken that it will not, and will procure that none of the existing or future funds managed by MIRA, nor MIRA, will compete with the Trust for relevant businesses. (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Non-Compete Undertaking*") There is currently no other pay-TV businesses in Taiwan, Hong Kong, Japan and Singapore that the Sponsor has an interest in. The Sponsor Group (being the Sponsor's controlled entities and the funds managed by the Sponsor's controlled entities) has one fund, Macquarie Korea Opportunities Fund, which currently has an investment in a pay-TV business in Korea, which does not fall within the investment mandate of the Trust.

- Right of first refusal: the Sponsor has undertaken to procure that Macquarie Capital provide the Trustee-Manager a right of first refusal over any proposed offer or sale or investment opportunity by a third party to Macquarie Capital of any relevant businesses. (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Right of First Refusal*")

- Right of first offer: the Sponsor has undertaken to procure that Macquarie Capital provide the Trustee-Manager a right of first offer over any proposed offer of sale by Macquarie Capital of its interests in a relevant business. (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking – Right of First Offer*")

With respect to the Trust's seed asset, the TBC Group, the Trustee-Manager is planning to evaluate inorganic growth opportunities while observing stringent investment criteria. The Trustee-Manager believes that a decision by the TBC Group to own and operate a network in another franchise area could yield substantial synergies including the Group's network, sales and distribution, customer service platform and procurement of content and set-top boxes. The Trustee-Manager intends to continue to evaluate the benefits and required investments for expanding into other franchise areas, focusing on growth prospects, free cash flow impact and profitability. Furthermore, according to MPA, the two largest cable TV providers in Taiwan, China Network Systems ("**CNS**") and Kbro Co. Ltd. ("**Kbro**"), which as at 31 December 2012, held 26% and 23% of Taiwan's paying cable TV market share, respectively, face more stringent growth limitations than the TBC Group as their subscriber base is nearing the one-third national cable TV subscriber cap imposed by Article 21 of the CRTA. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Anti-trust restriction*") The TBC Group is below this cap and is well positioned to acquire independent system operators with the capacity to take on an additional 911,659 Cable TV subscribers, which would represent up to 121.3% increase over its existing Basic Cable TV subscriber base.

Following the NCC's recent re-zoning of franchise areas, which permits cable TV operators in Taiwan to apply for extensions of their current franchise areas or for new licenses in other franchise areas including the TBC Group's franchise areas, the TBC Group has applied to the NCC for an expansion of one of its franchise areas. (See "*The Business of the Trust – Franchise Areas*") This application will not obligate the TBC Group to invest in or implement the expansion, and the Trustee-Manager will retain the flexibility to decide whether to proceed with the investment after acceptance by the NCC of the TBC Group's application. If the application to the NCC is approved and the Trustee-Manager decides to implement the expansion, it would provide an opportunity for the TBC Group to increase the number of homes covered by its HFC network and therefore its number of RGUs. Through the application review process, the Trustee-Manager

believes that the TBC Group will be able to gain better insight into the NCC's requirements, investment requirements and potential benefits of the expansion. Currently there are no complete details and guidelines which fully outline the requirements, timing and benefits of the expansion.

Capital Management Strategy

The Trustee-Manager aims to optimise returns on the Trust's portfolio and distributions to Unitholders while maintaining appropriate levels of financial prudence. To do so, the Trustee-Manager intends to optimise the capital structure and cost of capital of the TBC Group.

The Trustee-Manager intends to pay distributions to Unitholders out of operating cashflows and shall not borrow at the Trust level to pay out higher distributions to Unitholders out of capital. The Trustee-Manager does not intend to artificially increase distributions to Unitholders such that it would be entitled to earn a performance fee.

As part of its capital management strategy, the Trustee-Manager seeks to have in place a long-term debt facility which will generally be characterised by a principal debt amortisation profile which matches the Group's operating cashflow.

Where applicable, the Trustee-Manager intends to also adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Hedging Arrangements*")

The Trustee-Manager also aims to ensure that the TBC Group has sufficient capital to fund any future capital expenditures, including the upgrade of the HFC Network to 870 MHz by the end of 2014 as well as any future acquisition and integration of independent system operators or expansion of the Group's current franchise areas to cover currently unfranchised portions of the administrative areas where the existing franchise areas are located. The acquisition and integration of an independent system operator by the TBC Group will require the commitment of significant management and financial support to integrate networks and related IT systems, train and manage personnel and cover any losses that may be incurred following the start of operations. Further, expanding any of the TBC Group's franchise areas or applying for a license in a new franchise area will similarly require substantial capital investment to build or extend the current HFC Network and related IT systems, purchase or lease additional buildings and equipment, extend its marketing, sales and billing system and cover any other related costs. The Trustee-Manager intends to use the Group's available credit facilities, entered into by the TBC Group for such purposes, and is prepared to raise additional debt financing at the asset level, if the existing sources of funding are not sufficient.

In addition to its debt strategy, the Trustee-Manager intends to capitalise on opportunities that may arise to raise additional equity capital for the Trust through the issuance of additional Units if the Trustee-Manager has an appropriate use for such proceeds and if it is in the interest of the Unitholders.

History

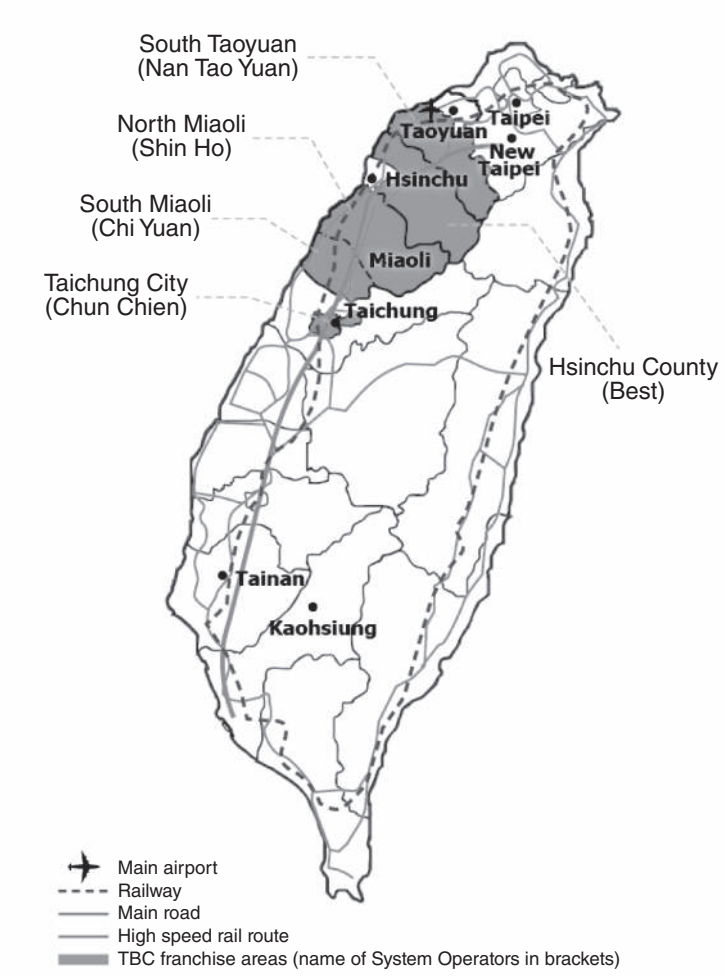
The table below sets out the key milestones for the TBC Group:

Date	Event
1999	Establishment of the TBC Group
2006	Basic Cable TV RGUs surpass 650,000
2007	Broadband RGUs surpass 100,000
2008	System operator licenses renewed by Nan Tao Yuan and Best Launch of 30 Mbps Broadband services
2009	Re-launch of Premium Digital Cable TV services with MPEG4 platform System operator licenses renewed by Shin Ho, Chi Yuan and Chun Chien Upgrade to DOCSIS 3.0-ready network First operator in Taiwan to provide DVR
2010	Broadband RGUs surpass 150,000 Premium Digital Cable TV RGUs surpass 50,000 First operator in Asia to launch remote recording of DVR via mobile short message
2011	Launch of new 50 Mbps Broadband service on DOCSIS 3.0 platform Launch of dual-tuner DVR service
2012	Basic Cable TV RGUs surpass 750,000 Premium Digital Cable TV RGUs surpass 100,000 Launch of 120 Mbps Broadband services on DOCSIS 3.0 platform Launch of free digital upgrade for Basic Cable TV RGUs with a new digital set-top box

Franchise Areas

The TBC Group operates in five franchise areas located in four counties in northern and central Taiwan and is the sole licensed provider of Cable TV services in each of these franchise areas. A franchise area is a geographic area in which a cable TV operator is licensed to operate pursuant to a cable TV license issued by the NCC. Four of the TBC Group's franchise areas are contiguous, while Taichung City, the fifth franchise area, is located in the greater Taichung district, along Taiwan's high-speed rail line, approximately 130 kilometres from Taiwan's capital, Taipei City. The proximity of the TBC Group's franchise areas has allowed the TBC Group to manage its network effectively and efficiently. Within its franchise areas, the TBC Group holds an effective ownership interest of 59.3% in four TBC System Operators, Nan Tao Yuan Cable Television Co., Ltd ("**Nan Tao Yuan**"), Best Cable Television Co., Ltd ("**Best**"), Shin Ho Cable Television Co., Ltd ("**Shin Ho**") and Chun Chien Cable TV Co., Ltd ("**Chun Chien**"), and it holds a minority effective legal equity interest of 8.9% in Chi Yuan Cable TV Co., Ltd ("**Chi Yuan**"). (See "– *TBC System Operators*")

The following map of Taiwan presents the TBC System Operators' respective franchise areas:



The TBC Group's franchise areas include the major rail and road transport arteries of Taiwan along with Taiwan's main international airport (Taiwan Taoyuan International Airport), which is located in the same county as TBC Group's northern-most franchise area, South Taoyuan. Further, Taichung City, one of the Group's five franchise areas, is Taiwan's third largest city. The location of major transportation and infrastructure networks, the growing number of industrial parks and manufacturing facilities, and consequently a growing workforce seeking employment in the TBC Group's franchise areas are driving higher household growth in the TBC Group's franchise areas as compared to other franchise areas in Taiwan. According to MPA, the TBC Group's franchise areas Taichung City, South Miaoli, North Miaoli and Hsinchu Country, together with the whole geographic region of Taoyuan, which contains the Group's South Taoyuan franchise area, experienced a CAGR in the number of households of 2.4% between 2007 and 2012, as compared to Taiwan's national average of 1.6% for the same period, and MPA expects these regions to grow a further 1.3% between 2012 and 2017, as compared to Taiwan's national CAGR of 0.7% for the same period. (See "*Industry Overview*")

Coupled with household growth is the rising disposable income in the TBC Group's franchise areas, which, according to MPA, is expected to lead to an increase in consumption expenditure, benefiting the Group's revenue stream. Compared to the nation's projected disposable income CAGR rate of 3.2% over the next five years, MPA expects disposable income in four of the TBC Group's franchise areas and the Taoyuan region to grow at an average CAGR of 3.6% over the next five years. Further, Taichung City, one of the Group's five franchise areas, has the highest disposable household income level in Taiwan. MPA further estimates that nominal GDP per capita across four of the TBC Group's franchise areas and the Taoyuan region will grow from NT$779,729 in 2012 to reach NT$1,080,020 by 2017, compared to their estimate of nominal GDP per capita at the national level of NT$596,787 in 2012 increasing to NT$740,239 by 2017. Nominal GDP per capita in the regions where the TBC Group's franchise areas are located have been consistently higher than Taiwan's national average by at least 25.0% between 2007 and 2012 and MPA expects this trend to improve in the future.

The TBC Group has applied to the NCC for an extension of one of its franchise areas. There is no clarity on what this application process or a subsequent approval by the NCC will entail in terms of requirements and timing. If the application is approved, the TBC Group will not be obligated to invest in or implement the expansion, and the Trustee-Manager will retain the flexibility to decide whether and when to proceed with the investment after acceptance by the NCC of the TBC Group's application. If the application is approved and the Trustee-Manager decides to implement the expansion, the Trustee-Manager expects to fund any capital expenditures through a revolving credit line that is part of the TBC Group's senior secured loan facility. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – Chinatrust Commercial Bank NT$26,012,000,000 Senior Secured Loan Facility*") The implementation of the potential expansion and the related capital expenditure will be gradual over the next several years. As a result, the Trustee-Manager expects that the potential expansion will not have a material impact on the Trust's distributions to Unitholders. (See "*Profit and Cashflow Forecast and Profit and Cashflow Projection*")

Services

The TBC Group offers a wide selection of cable TV programmes, in either analogue or digital format, and broadband connectivity to its subscribers in its franchise areas through its Basic Cable TV, Premium Digital Cable TV and Broadband services. While Basic Cable TV is the TBC Group's core service, the Group is promoting the adoption of Premium Digital Cable TV services by its Basic Cable TV subscribers. Digitisation has provided, and is expected to continue to provide, significant opportunities for the Group to up-sell Basic Cable TV subscribers to Premium Digital Cable TV channel packages, as well as cross-sell Broadband and other value-added services like DVR.

The following table sets out certain operating data in relation to the TBC Group's services:

	As at or for the year ended 31 December		
	2010	**2011**	**2012**
RGUs (in thousands)			
Basic Cable TV	738	749	751
Premium Digital Cable TV	56	91	110
Broadband	153	165	175
Total:	**947**	**1,004**	**1,037**
ARPU[(1)] (NT$ per month)			
Basic Cable TV	557	550	545
Premium Digital Cable TV	202	215	219
Broadband	599	597	572
Average monthly churn rate[(2)] (%)			
Basic Cable TV	0.76	0.75	0.76
Premium Digital Cable TV	6.04	2.02	1.90
Broadband	1.51	1.41	1.34

Notes:

(1) ARPU is calculated by dividing the yearly subscription revenue for each of Basic Cable TV, Premium Digital Cable TV or Broadband by the average of the number of RGUs for each service as at 1 January of the applicable financial year and the number of RGUs for that service as at 31 December of the same financial year and further dividing the result by 12.

(2) The average monthly churn rate is calculated by dividing the total number of churned RGUs for a particular service for the applicable financial year by the number of RGUs for that particular service as at 1 January of that year and further dividing the result by 12. The total number of churned RGUs for a particular service for the applicable financial year is calculated by adding together all deactivated subscriptions for that service from the billing system for the year.

Basic Cable TV

Basic Cable TV is the core service of TBC Group with over 751,000 RGUs as at 31 December 2012. As the only licensed cable TV operator in its five franchise areas, the TBC Group covers substantially all of the 1.1 million registered households in its franchise areas. The TBC Group purchases and broadcasts a wide range of attractive local and international contents that are appealing to Taiwan viewers, including all of the top 20 most popular TV channels in Taiwan. The Group's Basic Cable TV package is comprised of up to 105 TV channels including popular entertainment channels in Taiwan such as SET, CTV and ETTV and well-known international brand names such as HBO, Discovery, National Geographic, Fox Sports and CNN.

Subscribers

As at 31 December 2012, the TBC Group's Basic Cable TV subscriber base consisted of 751,393 RGUs, which represented a 67.8% penetration rate, based on the total number of registered households in the TBC Group's franchise areas. The Group's Basic Cable TV subscriber base grew at a rate of 1.4% from 2010 to 2011 and 0.4% from 2011 to 2012. The following table sets forth information relating to the TBC Group's Basic Cable TV subscriber base as at the dates indicated:

	As at 31 December		
	2010	**2011**	**2012**
Registered households	1,061,909	1,086,208	1,109,059
Basic Cable TV RGUs	738,072	748,759	751,393
Basic Cable TV penetration (% of registered households)	69.5	68.9	67.8
ARPU (NT$ per month)	557	550	545
Average monthly churn rate (%)	0.76	0.75	0.76

Substantially all of the TBC Group's Basic Cable TV RGUs are residential, although the Group also provides Basic Cable TV services to a small number of businesses such as hotels, restaurants, small offices, shops and other food and beverage outlets.

Content

The TBC Group currently offers up to 105 TV channels to Basic Cable TV subscribers, including public channels, family oriented channels and channels dedicated to infotainment, shopping, drama, news, Chinese movies, international movies, sports, music and finance. The Group broadcasts all of the top 20 most popular TV channels in Taiwan, including popular entertainment channels such as SET Taiwan, Cti Variety and ET Variety; news channels such as TVBS-News and Cti News; children's channels such as YoYo TV; and sports channels such as VL-Sports. In addition, the Group provides a wide range of international channels such as HBO, Discovery, National Geographic, Fox Sports and CNN. The table below sets out the types of Basic Cable TV channels offered to subscribers as at 25 March 2013.

Type	**Channels**
Public	Public Access Channel, Hi HD, Formosa TV, Local community TV channel[(1)], Taiwan TV, DaAi TV, China TV, Beautiful Life TV, Chinese Television System, Public TV, Good TV, Taiwan Indigenous TV, Hakka TV, Universal Culture TV, WeiXin TV, HwaZan Satellite TV, Buddha Compassion TV, Life TV and Taichung Info Channel[(2)]
Family	National Geographic, Discovery, TLC, Animal Planet, Cartoon Network, Disney Channel, MoMo Kids, YoYo TV and Animax
Infotainment	Videoland On-TV, GTV One, GTV Entertainment, Sanlih Taiwan Channel, Sanlih City Channel, Star Chinese Channel, ET Variety, Super TV, Cti Variety, Azio TV Asia, MUCH TV, Cti Entertainment, TVBS-G, Top TV, Top-2, JET TV, Videoland Max-TV, FOX Entertainment, Videoland Japanese, GoldSun TV, K-Asia, Sin Ji TV, World Satellite TV, Tien Liang TV, Taiwan Yam TV, Champion TV, Taiwan Art & Culture, NHK, Pili Puppet TV, Z Channel, GTV-K, Star World and Dolphin TV[(2)]

Type	Channels
Shopping	MoMo Shopping 1, MoMo Shopping 2, MoMo Shopping 3, ET Home Shopping 35, ET Home Shopping 48, U-Life 1, U-Life 2, U-Life 3 and ViVa
Drama	ETTV Drama, GTV Drama and Videoland Drama
News	CNN, ERA News, ETTV News, Cti News, FTV News, Sanlih E-Television News, TVBS-News, TVBS, EBC Financial News Channel and Unique Satellite TV
Chinese Movies	Star Chinese Movies, ET Movies, Videoland Movie and LS Time Movies
International Movies	HBO, ET Western Movies, AXN, Hollywood Movies, Star Movies and Cinemax
Sports	Videoland Sports Channel, FOX SPORTS and Star Sports
Music	MTV
Finance	Sanlih E-Television Business, Unique Business, Heng Seng Finance, Chinese Securities TV, Chinese Commercial, Express Finance Satellite TV, Wealth Finance and SBN Global Finance

Notes:

(1) Each TBC System Operator provides its local community TV channel to subscribers in its respective franchise area. (See "– *Suppliers*")

(2) This channel is only offered to subscribers serviced by Chun Chien, which is the TBC System Operator in Taichung City.

Since 2004, the TBC Group has sourced substantially all of its Basic Cable TV content from a single supplier, MCI. MCI is a content aggregator that procures programming from various other content providers and aggregators. The TBC Group enters into a content supply agreement with MCI every one to four years that provides the Group with the option to terminate. MCI is one of four major content aggregators in Taiwan, all of which can provide similar content but on different terms and the TBC Group has conducted pricing reviews of other such content aggregators prior to renewing the content supply agreements with MCI. In January 2011, the TBC Group renewed its content supply agreement with MCI for four years after considering price quotations from two other content aggregators providing similar content. If the TBC Group decides not to source its Basic Cable TV content from MCI, the Trustee-Manager believes that it could enter into a content supply agreement for substantially the same content with any of the other content aggregators in Taiwan.

By sourcing Basic Cable TV content from one aggregator that procures programming from content providers, the TBC Group is able to benefit from the economies of scale that the aggregator is able to achieve in acquiring content for the TBC Group and other cable TV operators in Taiwan. The TBC Group's subscriber base represents approximately 15.1% of the total paying cable TV subscriber base in Taiwan as at 31 December 2012, which makes the TBC Group an important subscriber for content aggregators, allowing it to negotiate better pricing terms with them.

In addition, the TBC Group produces and supplies its subscribers with news and related programmes produced by the TBC System Operators' local community TV channels, including Taoyuan Cable News produced by Nan Tao Yuan, Hsinchu News produced by Best, Great Miaoli News and Hakka Language News jointly produced by Shin Ho and Chi Yuan and Taichung Metropolitan News produced by Chun Chien.

Pricing and Rate Caps

Rate Caps

Basic cable TV pricing in Taiwan is regulated by the NCC and by the local governments in each administrative area. Basic Cable TV subscription fees cannot exceed the national cable TV rate cap set by the NCC, which, since 2000, has been NT$600 per month. The NCC announced a proposal on 24 April 2013 to replace the national cable TV rate cap with an alternate rate cap model where the applicable rate cap for each system operator is tied to its digital penetration rate over the next four years. This proposal is at a preliminary stage and it is uncertain as to whether or when it will be implemented or whether it will be implemented on the terms initially proposed or at all. While local governments can impose rate caps, these cannot exceed the national cable TV rate cap. During the annual review of the local government cable TV rate caps, the local governments consider a number of factors, including the national and local economy, quality of channel content and local news programming, number of subscribers, operating costs, percentage of digitisation, product innovation, quality of customer service and degree of support provided to local communities. Local government cable TV rate caps were reduced for 2013 by NT$10 to NT$15 per month in four of the TBC Group's five franchise areas. The Trustee-Manager believes annual reviews of local government cable TV rate caps take into consideration the prevailing economic conditions at the time of review rather than the economic outlook for the year in which the rates will apply. Accordingly, the Trustee-Manager believes that 2013 local government cable TV rate cap cuts were primarily driven by weaker economic conditions in Taiwan in 2012, which resulted in greater financial uncertainty, lower levels of household income growth in 2012 and political pressure to reduce the cost of living. According to MPA, despite the reductions in the local government basic cable TV rate caps in 2013, the TBC Group's current rate caps across its five franchise areas places it at the upper end of the cable TV pricing range in Taiwan.

The table below sets out the local government cable TV rate caps between 2008 and 2013 in the franchise areas in which the TBC Group operates:

Franchise Area (System Operator)	**2008 (NT$)**	**2009 (NT$)**	**2010 (NT$)**	**2011 (NT$)**	**2012 (NT$)**	**2013 (NT$)**
South Taoyuan (Nan Tao Yuan)	550	550	550	540	540	530
Hsinchu County (Best)	570	570	570	570	570	570
North Miaoli (Shin Ho)	590	590	590	580	580	570
South Miaoli (Chi Yuan)	590	590	590	580	580	570
Taichung City (Chun Chien)	590	590	590	580	580	565

Pricing

The TBC Group offers its Basic Cable TV services at subscription rates that vary marginally across the five TBC System Operators and which apply equally to all subscribers, whether they are residential or commercial subscribers. The table below sets out the average pricing scheme for the Group's Basic Cable TV services:

Basic Cable TV Subscription Fees (NT$)

Payment Frequency (in advance)	Nan Tao Yuan	Best	Shin Ho	Chi Yuan	Chun Chien
Monthly	530	570	570	570	565
Quarterly	1,560	1,710	1,695	1,695	1,695
Semi-Annually	3,060	3,420	3,330	3,330	3,390
Annually	6,000	6,840	6,540	6,540	6,780

In addition to the subscription fees, an initial installation fee of NT$1,500 is charged to the subscriber at the beginning of the subscription. The Group charges NT$500 for installation of any additional outlet within the household if done at the same time as the initial installation and NT$800 if done following the initial installation.

Additional sources of revenue

Through its Basic Cable TV services, the TBC Group derives additional revenue from channel leasing and advertising.

Channel Leasing

The TBC Group leases channels to a number of networks, including nine home shopping networks such as MoMo Shopping, ET Home Shopping and ViVa. The Group's channel leasing fees are negotiated every one to three years depending on the network and the fees are determined based on the Group's number of Basic Cable TV subscribers and the channel placement within the Basic Cable TV channel list. Given the exclusivity of the Group's Cable TV licenses in its franchise areas, the Group enjoys substantial leverage vis-à-vis the networks in negotiating the respective fees.

Advertising

The TBC System Operators produce a local community TV channel in each of their franchise areas and receive fees for broadcasting advertisements on these channels. In addition, under the Group's content supply agreement with MCI, the Group is allotted advertising slots during broadcasted programmes on approximately 20 channels, which vary from TBC System Operator to TBC System Operator. The Group can use this time to broadcast its own advertisements or advertisements placed by others, such as local businesses including property developers, restaurants and hotels, for which the Group receives a fee. The Group also engages in local event promotion and marketing as part of its advertising business.

Premium Digital Cable TV

In March 2009, the TBC Group re-launched its Premium Digital Cable TV service by providing subscribers a new digital product on its MPEG4 platform, thereby expanding breadth of content, introducing HD channels and digital ready HD set-top boxes and offering a broad range of digital value-added services such as electronic programme guides. Since the beginning of 2012, the TBC

Group has embarked on a digitisation programme aimed at increasing the adoption of Premium Digital Cable TV services by its Basic Cable TV subscribers. As at 31 December 2012, the TBC Group had 110,324 Premium Digital Cable TV RGUs, or a 14.7% penetration rate over its Basic Cable TV subscriber base. The Premium Digital Cable TV subscriber base grew from 2010 to 2011 by 63.0% (from 55,619 RGUs to 90,632 RGUs), and from 2011 to 2012 by 21.7% (from 90,632 RGUs to 110,324 RGUs). In addition, the Group's Premium Digital Cable TV service generated an ARPU of NT$219 per month in 2012, compared with NT$215 per month in 2011 and NT$202 per month in 2010.

Premium Digital Cable TV services employ MPEG4 digital compression technology, which allows over 20 television channels in standard digital format to occupy the frequency space that a single analogue cable TV channel would normally occupy. Further, digitisation provides a range of features including HDTV and interactive video and data services that significantly exceed the capabilities of analogue technology, as well as providing better protection of video signals against unauthorised access through the digital conditional access system. In addition to up to 73 channels currently offered, Premium Digital Cable TV subscribers can receive value-added services such as DVR, electronic programme guides and games. In order for subscribers to view digital programmes, a set-top box is installed in a subscriber's residence. The set-top box receives digital signals and can either (i) convert them into analogue format for subscribers who own analogue TV sets or (ii) process the signal into digital format for subscribers who own digital TV sets.

Providing subscribers with value-added services, such as DVR and HD channels, has been a key focus of the TBC Group, which, according to MPA, was the first cable TV operator in Taiwan to launch DVR with external hard disks with significant capacity. The Group's DVR push has been extremely successful, with more than 90.0% of the Group's Premium Digital Cable TV subscribers taking up the service as at 31 December 2012. Similarly, HD remains a focus area for the TBC Group, with the Group offering 19 HD channels. All of TBC's set-top boxes are MPEG4 HD capable.

With an aim to meet the Taiwan government's objective to increase cable TV digitisation and thereby aid in protecting the Group's Basic Cable TV prices, on 9 March 2012, the Group launched an initiative to provide promotional set-top boxes to Basic Cable TV subscribers. The promotional set-top box allows subscribers to get access to the Basic Cable TV channels as well as seven additional digital channels, including two HD channels. In addition, these subscribers may subscribe to additional channels provided by the Group, including 30 video and 30 music channels, as well as digital value-added services such as DVR. The Group's initiative to provide a free digital upgrade to Basic Cable TV subscribers allows such subscribers to sample for free premium digital features while incentivising them to bundle their current subscription to Basic Cable TV with Premium Digital Cable TV services. This and other initiatives are driving the Group's continued migration of subscribers from Basic Cable TV to Premium Digital Cable TV.

Additional Value-Added Services

Under Premium Digital Cable TV, the TBC Group also offers the following value-added features:

- Electronic Programme Guide – The on-screen TV guide provides the latest programme information and three days' telecast schedules.

- Image quality – Improved image quality by upgrading from standard definition ("**SD**") (480i) to HD.

- Control live TV – Subscribers are able to pause live TV at any time, rewind and fast forward, or choose to go back to the program in real time.

- Smart recording – Subscribers can record and view up to 100 to 200 SD hours of user selected video broadcast in a digital format. Smart recording also allows subscribers to record programmes instantly, record an entire series of a programme and record by time block. In addition, this feature provides subscribers a list of programmes that have been recorded for viewing at a subscriber's leisure.

- DVR Super – Subscribers can watch or record one channel while watching or recording another channel through a dual tuner set-top box at double the current recording capacity. This premium service also includes the "Picture-in-Picture" feature which allows subscribers to watch two channels at the same time within one screen.

- Remote recording – Subscribers can conveniently activate a set-top box recording via their mobile phones by sending a short message to a pre-assigned DVR number with the date, time and channel of the programme they wish to record.

Subscribers

As at 31 December 2012, the TBC Group's Premium Digital Cable TV subscriber base consisted of 110,324 RGUs, which represents a 14.7% penetration rate over the total number of Basic Cable TV RGUs. Subscribers must subscribe to Basic Cable TV in order to subscribe to Premium Digital Cable TV. The Group's Premium Digital Cable TV subscriber base grew at a rate of 63.0% from 2010 to 2011 (from 55,619 RGUs to 90,632 RGUs) and 21.7% from 2011 to 2012 (from 90,632 RGUs to 110,324 RGUs.

The following table sets forth information relating to the TBC Group's Premium Digital Cable TV subscriber base as at the dates indicated:

	As at 31 December		
	2010	**2011**	**2012**
Basic Cable TV RGUs	738,072	748,759	751,393
Premium Digital Cable TV RGUs[(1)]	55,619	90,632	110,324
Premium Digital Cable TV penetration (% of Basic Cable TV RGUs)	7.5	12.1	14.7
ARPU (NT$ per month)	202	215	219
Average monthly churn rate (%)	6.04[(2)]	2.02	1.90

Notes:

(1) Excludes customers who have received a promotional set-top box but have not otherwise subscribed to the TBC Group's Premium Digital Cable TV service, as well as DVR-only subscribers. The TBC Group launched the promotional set-top box and DVR-only initiatives in 2012.

(2) The average monthly churn rate for 2010 was significantly higher than that of 2011 and 2012 as the Group re-launched its Premium Digital Cable TV service in 2009 in connection with the upgrade to MPEG4, and during the transition phase to the upgraded service, a certain percentage of subscribers did not replace their previous subscriptions when those subscriptions expired with new subscriptions for the upgraded service, either at all or without substantial delay.

Content

The TBC Group currently provides its Premium Digital Cable TV subscribers up to 73 TV channels through one basic digital package ("**Basic Package**") and three premium packages: Hollywood Package, Rainbow Package and SonSee Package. The Group's Basic Package includes local and international channels dedicated to general entertainment, news, local sports and movies. In addition, the Group's premium packages offer its subscribers more quality, value and choice. Subscribers are able to choose one or more premium packages in addition to the Basic Package, and pay subscription rates based on the number of packages. In addition, subscribers who receive a promotional set-top box are offered a number of complimentary additional digital channels. The table below sets out the Basic Package, free digital upgrade channels and the three premium packages available to the TBC Group's subscribers through its Premium Digital Cable TV services:

Packages	**Channels**
Basic Package	Barker Channel, Star Entertainment HD, FOX Family Movies HD, FOX SPORTS PLUS, FOX HD, FOX Crime HD, FX HD, NatGeo HD, NatGeo Wild HD, NatGeo Adventure, NatGeo Music, History Channel in HD, Biography, Crime and Investigation, Channel M HD, WIN HD, MeiAh Movie HD, Videoland HD, BabyTV, Hi Play, Happy, Hot, Rainbow Channel and 30 music channels including Western Pop Songs, Western Hits, Western Love Song, 50s/60s Hits, R&B, Hip Hop, Party Music, Rock Music, Jazz Vocal, Jazz Instrument, Lounge, Traditional Japanese, Japanese Pop, J&T Station, Bossa Nova, Classical, Piano Music, Crystal Music, Light Music, Seasonal Music, Old Days Music, Chinese Pop, Chinese Love, Chinese Classical, Children's Music, Easy Listening, Birthday Songs, Wedding/Evening, Sweet Love and Pop New Release
Free channels with digital upgrade(1)	Arirang, Bloomberg, Da-Ai 2, Australia Network, Channel NewsAsia, New Tang Dynasty and CTS Education & Culture Channel
Premium Packages	
Hollywood Package	Star Movies HD, Star Chinese Movies HD, CinemaWorld HD, Universal Channel, DIVA Universal and Syfy
Rainbow Package	Rainbow E, K Channel and Rainbow Movie
SonSee Package	SonSee 1 HD, SonSee 2, SonSee 3 and SonSee 4

Note:

(1) Arirang, Bloomberg, Da-Ai 2, Australia Network, Channel NewsAsia, New Tang Dynasty, CTS Education & Culture Channel are provided to subscribers who receive the promotional set-top box. Subscribers in Chun Chien have two additional channels – GTV-K and Z Channel.

Content for the TBC Group's Premium Digital Cable TV services is sourced directly from multiple channel suppliers. The Group annually reviews the content it provides to Premium Digital Cable TV subscribers based on viewing habits, marketing and sales feedback, popularity of the channels and pricing for the content. The TBC Group's suppliers are leading international channel suppliers including Fox, Universal and local content suppliers including Mei Ah Group and Videoland.

Pricing

The Group's Premium Digital Cable TV services are not subject to any regulatory rate caps. The TBC Group provides discounts to incentivise subscribers to increase the range of services they subscribe to. For example, while the monthly listed subscription fee for a Basic Package is NT$250, a special promotional price of NT$200 per month for the Basic Package is currently available to all new subscribers who enter into subscriptions for Premium Digital Cable TV. The table below sets out the listed and promotional prices for the Basic Package, premium packages and DVR under Premium Digital Cable TV:

Packages and DVR	Listed Price (NT$/month)	Discount Price (NT$/month)
Basic Package	250	200
Basic Package + 1 premium package	500	360
Basic Package + 2 premium packages	750	490
Basic Package + 3 premium packages	1000	570
DVR(1)	80	60
DVR Super	160	120

Note:

(1) Subscription to DVR only without subscription to a Basic Package is offered at a monthly stand-alone price of NT$99.

Broadband

The TBC Group offers high-speed fixed broadband Internet access services primarily to residential subscribers through the HFC Network. The Group leverages on the significant bandwidth availability of the HFC Network across the TBC Group's franchise areas. In 2011, the Group fully upgraded its network to DOCSIS 3.0, and on 17 February 2012, it became the first broadband operator in Taiwan to launch a 120 Mbps broadband service in Taiwan, which is the highest speed for residential broadband available in the Taiwan market.

The TBC Group cross-sells its Broadband services to its Cable TV subscribers through highly-compelling bundling propositions. The TBC Group's Broadband subscribers as a proportion of its Basic Cable TV subscribers has improved significantly over the last four years, from approximately 18.0% as at 31 December 2008 to approximately 23.3% as at 31 December 2012, driven largely by the Group's successful bundling strategy. This compares favourably to the national average. According to MPA, cable broadband RGUs represent 21.9% of total cable TV subscribers (excluding illegal connections) and 18.5% of total fixed broadband subscribers in Taiwan as at 31 December 2012.

Since October 2012, Broadband subscribers no longer need to be Basic Cable TV subscribers to subscribe to Broadband services. This has allowed the TBC Group to target a new customer segment and increase its revenue generated from Broadband services. The Group's Broadband services generated an ARPU of NT$572 per month in 2012 compared to NT$599 per month in 2010 and NT$597 per month in 2011. While the TBC Group's strategy of introducing lower speed, lower priced broadband service has led to a decline in ARPU from 2010 to 2012, total revenue and RGUs for broadband have increased over time. Going forward, as the TBC Group continues to upsell higher-speed and higher-priced broadband services, the Trustee-Manager expects the ARPU to stabilise around NT$557. (See "*Profit and Cashflow Forecast and Profit and Cashflow Projection – Other Revenue – Broadband*")

In addition to Broadband services, the TBC Group offers VoIP services to its subscribers through a third party provider. The Group's VoIP service allows Broadband subscribers to place and receive telephone calls through Internet access, presenting a cost-effective replacement for mobile and traditional fixed-line telephone services. The third party provider services and bills the Group's subscribers directly for VoIP service subscription.

Subscribers

As at 31 December 2012, the TBC Group had 174,958 Broadband RGUs, which represented 23.3% of penetration of Basic Cable TV RGUs. The Group's subscriber base grew at an annual rate of 7.4% from 2010 to 2011 and 6.3% from 2011 to 2012. As at 31 December 2012, substantially all of the TBC Group's Broadband RGUs were Basic Cable TV RGUs.

The following table sets forth information relating to the TBC Group's Broadband subscriber base as at the dates indicated:

	As at 31 December		
	2010	**2011**	**2012**
Basic Cable TV RGUs	738,072	748,759	751,393
Broadband RGUs	153,269	164,625	174,958
Broadband penetration (% of Basic Cable TV RGUs)	20.8	22.0	23.3
Subscriber ARPU (NT$ per month)	599	597	572
Average monthly churn rate (%)	1.51	1.41	1.34

Pricing

The Group offers a range of subscription-based Broadband services with download speeds of 5 Mbps to 120 Mbps, priced favourably against its competitors, as well as a number of highly-compelling bundling options with Cable TV services. Since launching its high speed services, TBC has successfully up-sold a significant proportion of its new and existing Broadband subscribers to higher speed tiers. As at 31 December 2012, approximately 57.4% of its existing Broadband subscribers subscribed to the 12 Mbps speed and above, and approximately 27.6% of those subscribers subscribed to the 50 Mbps speed and above. During 2012, approximately 63.0% of all new Broadband subscribers subscribed to the 12 Mbps speed and above.

The following table sets out the competitive Broadband prices available to subscribers, with the promotion prices applying primarily to two-year residential subscription contracts:

Bandwidth (download/upload speed)	**Monthly Charge**	**Promotion Price**
	(NT$)	
5 Mbps/640Kbps	660	399
8 Mbps/640Kbps	800	699
15 Mbps/3 Mbps	1,050	799
25 Mbps/3 Mbps	1,200	809
60 Mbps/5 Mbps	1,300	859
120 Mbps/10 Mbps	1,350	1,099

TBC System Operators

The TBC Group services its subscribers through its five TBC System Operators, Nan Tao Yuan, Best, Shin Ho, Chi Yuan and Chun Chien. The TBC Group has an effective ownership interest of 59.3% in Nan Tao Yuan, Best, Shin Ho and Chun Chien and an effective ownership interest of 8.9% in Chi Yuan. The TBC Group receives substantially all of the economic interests in the five TBC System Operators through dividends on equity, interest and principal on shareholder loans and management fees. (See "*Corporate Structure of the Trust*")

Lee, Tsai & Partners, the legal adviser to the Offering, the Trustee-Manager and the Sponsor as to Taiwan law, is of the opinion that (i) the shareholding and ownership structure of the TBC Group and Cable TV S.A.'s shareholding in each of the TBC System Operators, including the distribution entitlements stipulated in the articles of incorporation of the onshore holding companies of the TBC System Operators which allow Cable TV S.A. to hold substantially all of the economic interest in the TBC System Operators, are in compliance with existing Taiwan laws and regulations; (ii) the shareholders' agreements entered into with the Taiwan investors and the distribution entitlements stipulated in the articles of incorporation of the onshore holding companies of the TBC System Operators are valid, binding and enforceable and do not result in any violation of existing Taiwan laws and regulations; and (iii) no further Taiwan regulatory prior approvals are required in relation to the shareholding structure of the TBC Group and the distribution arrangement.

Lee, Tsai & Partners, based on the information provided to them, is also of the opinion that, the risk of Shin Ho and Chi Yuan being deemed affiliated is low, for the following reasons:

(1) Hagenvoorde, which holds 85.0% of the equity interest in Harvest Cable Holdings, has the majority of the board seats and voting rights in relation to Harvest Cable Holdings;

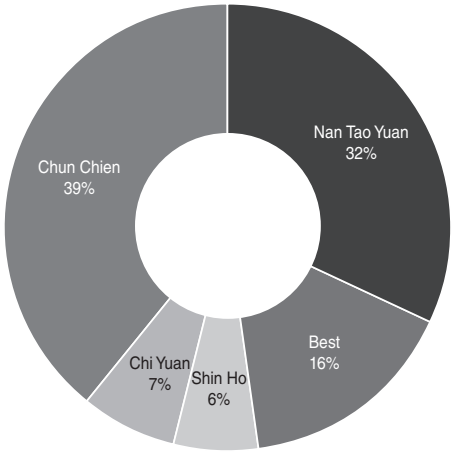
(2) Harvest Cable Holdings, as the majority shareholder of Tai Luo Tze, appointed all of the board members of Tai Luo Tze. In addition, Tai Luo Tze, as the majority shareholder of Tau Luen, appointed all of the board members of Tau Luen. Moreover, Tau Luen, as the sole shareholder of Chi Yuan, appointed all of the board members of Chi Yuan. All of the board members of Tai Luo Tze, Tau Luen and Chi Yuan are different from the board members of Shin Ho and those of Shin Ho's onshore holding companies;

(3) Cable TV S.A. holds a 15.0% minority equity interest in Harvest Cable Holdings. Except for the shareholders loan that was provided by Cable TV S.A. in September 2005 to Harvest Cable Holdings, there is no other agreement or arrangement between Cable TV S.A. and Harvest Cable Holdings which would suggest that Cable TV S.A. has control over the personnel, financial and business operations and management of Harvest Cable Holdings; and

(4) the Article 6 Criteria was introduced for a different purpose, namely to provide the standard for the consolidation of financial statements between affiliates. The Article 6 Criteria was not promulgated to regulate the Cable TV industry or to determine the application of Article 21 of the CRTA. Rather, Article 11 of the Enforcement Rules of the CRTA stipulates that for the purposes of Article 21 of the CRTA, affiliates shall be defined by the Taiwan Company Act and applicable regulations and rulings. As such, the NCC, which is responsible for reviewing all of the relevant facts and information and making its decision on the Related Party System Operators issue on a case-by-case basis pursuant to the relevant provisions of the Taiwan Company Act and applicable regulations and rulings, may not, simply based on the Article 6 Criteria, conclude that Shin Ho and Chi Yuan are affiliates, so long as evidence is provided to show that there is no controlling or subordinate relationship between Shin Ho and Chi Yuan.

The TBC System Operators are required by law to produce their own local community TV channel that provides news and related programmes such as talk shows and infotainment to the Group's subscribers. Also pursuant to applicable regulations, the TBC System Operators provide low-income households in the county with discounted subscriptions to Basic Cable TV services. Since 2008, the TBC System Operators have frequently been nominated for or received awards and accolades for their productions and community service initiatives. In particular, Taiwan's Ministry of Culture organises the Golden Visual Awards every year to promote excellence in the Cable TV industry, and the TBC System Operators have been nominated for or received a number of these awards since 2008.

The following chart shows the percentage contribution of each TBC System Operator to the total revenue of the TBC Group in 2012:



The following table shows the number of RGUs by TBC System Operator for each of the years 2010, 2011 and 2012. The number of RGUs per TBC System Operator does not equal the number of subscribers per TBC System Operator, as RGUs represent the total number of subscriptions for Basic Cable TV, Premium Digital Cable TV and Broadband (in other words, a single subscriber who subscribes to Basic Cable TV services and Broadband services represents two RGUs).

	Nan Tao Yuan	Best	Shin Ho	Chi Yuan	Chun Chien
RGUs					
2010	303,095	144,040	57,490	65,380	376,955
2011	323,372	152,253	61,314	67,381	399,696
2012	335,799	158,361	63,993	68,017	410,505

Nan Tao Yuan

Nan Tao Yuan is the second largest system operator in Taiwan by number of Basic Cable TV RGUs and, as at 31 December 2012, provided Basic Cable TV services to 238,808 RGUs, Premium Digital Cable TV services to 36,452 RGUs and Broadband services to 60,539 RGUs, contributing 31.6% of the Group's total revenue in 2012. As at 31 December 2012, Nan Tao Yuan's franchise area covers 918 square kilometres and constitutes over 75.0% of the total area in Taoyuan County. As at 31 December 2012, there were approximately 360,000 registered households and a population of over one million in the franchise area serviced by Nan Tao Yuan.

Nan Tao Yuan's local community TV channel provides relevant daily local news to its subscribers. On an annual basis, Nan Tao Yuan sponsors the Cable TV Education Award organised by Taoyuan County's Education Bureau and the Campus Oscar and Taoyuan Film Festival to promote video

production amongst students in the county. Examples of other community events in which Nan Tao Yuan was involved in 2012 include seasonal events such as the Hakka Tong Blossom Festival in LongTan and the Taoyuan County Dragon Boat Competition.

Best

As at 31 December 2012, Best provided Basic Cable TV services to 114,057 RGUs, Premium Digital Cable TV services to 16,884 RGUs and Broadband services to 27,420 RGUs, contributing 15.5% of the Group's total revenue in 2012. As at 31 December 2012, its coverage area comprises over 170,000 registered households in the following 13 districts: Chubei, Chutong, Hukou, Hsinfong, Hsinpu, Kuangshi, Cyonglin, Baoshan, Beipu, Emei, Hengshan, Jianshih, and Wufeng districts.

Best produces daily local TV news as well as other programs focusing on issues and events that are of interest to the Hsinchu County residents. In 2012, one of its productions, "Seeing the Blue Sky Again", was nominated for a Golden Visual Award for the Best Community Care Program. Best was also nominated for the Best Community Service Award in recognition of its contributions to the Hsinchu community. Examples of Best's community initiatives in 2012 include sponsorships of the Hsinchu Lantern Festival, the Hsinchu Hakka Tong Blossom Festival and the National Hakka Yimin Cultural Festival. In addition, Best also organised a TBC Best Digital Summer Camp for local students to learn more about digital services and video production in July 2012.

Shin Ho

As at 31 December 2012, Shin Ho provided Basic Cable TV to 45,867 RGUs, Premium Digital Cable TV to 7,208 RGUs and Broadband to 10,918 RGUs, contributing 6.4% of the Group's total revenue in 2012. As at 31 December 2012, its coverage area comprised over 67,000 registered households in Tou Fen, Chu Nan, San Wan, Chao Chiao and Nan Chuang in Miaoli County's northern region.

Shin Ho operates Shin Ho News, which was founded in 1994. Through this news centre, Shin Ho co-produces Great Miaoli News and Hakka Language News in collaboration with Chi Yuan. The quality of news coverage has been recognised by its peers in the industry, with Shin Ho News being awarded various accolades such as the Golden Visual Award in 2011 for the Best Variety Information Program for "The Shop of LaoTouBai". Shin Ho's involvement in the Miaoli community is also seen in its active participation in local activities. In 2012, these included sponsorship of the Chinese Shepherd Youth Care Association, the Caring Elders Charity Carnival, the Down's Syndrome Children Charity Carnival and the Teenage Buskers Music Festival. Shin Ho also hosted the Miaoli County Environmental Protection Bureau's Junior Anchor Camp in 13 July 2012.

Chi Yuan

As at 31 December 2012, Chi Yuan provided Basic Cable TV services to 57,242 RGUs, Premium Digital Cable TV services to 4,670 RGUs and Broadband services to 6,105 RGUs, contributing 7.3% of the Group's total revenue in 2012. As at 31 December 2012, Chi Yuan serves 13 villages and townships comprising over 110,000 registered households in Miaoli County's southern region.

Despite the challenges presented by South Miaoli's mountainous terrain, including Chi Yuan's inability to extend its HFC network to as many households in its franchise area as the other TBC System Operators, Chi Yuan has successfully provided Cable TV and Broadband services to subscribers throughout its franchise area for over 10 years. In addition, Chi Yuan has a local community TV channel that co-produces Great Miaoli News and Hakka Language News with Shin Ho. In 2011, Chi Yuan was nominated for a Golden Visual Award for Best Variety Information Program for its production, "Art World of Miaoli".

Chun Chien

As at 31 December 2012, Chun Chien was the largest cable system operator in Taiwan by number of Basic Cable TV RGUs, providing Basic Cable TV to 295,419 RGUs, Premium Digital Cable TV to 45,110 RGUs and Broadband to 69,976 RGUs, contributing 39.3% of the Group's total revenue in 2012. As at 31 December 2012, its coverage area comprises over 400,000 registered households in the following eight districts: East, West, South, North, Central, Situn, Beitun, and Nantun.

In recognition of its operational excellence and strength in subscriber service, Chun Chien was awarded the Best Service Innovation Award at the Golden Visual Awards in 2012. Further, Chun Chien's news centre produces the Taichung Metropolitan channel, which has received multiple nominations for the Golden TV Awards since 2008. In 2012, Chun Chien's productions were also previously nominated in three categories for the Golden Visual Awards: Best Local News Program, Best Public Forum Program and Best Community Interaction Program. Chun Chien's community contributions were also recognised in 2012 when it was one of the recipients of the Golden Visual Award for Best Community Service. In 2012, it sponsored the Memorial Services and Music Concert for 228 Peace Memorial Day and the 2012 Taichung New Year's Eve Celebrations.

Network and Technology

The TBC Group uses its network and technology to enable delivery of high quality and efficient service to its subscribers through the following assets:

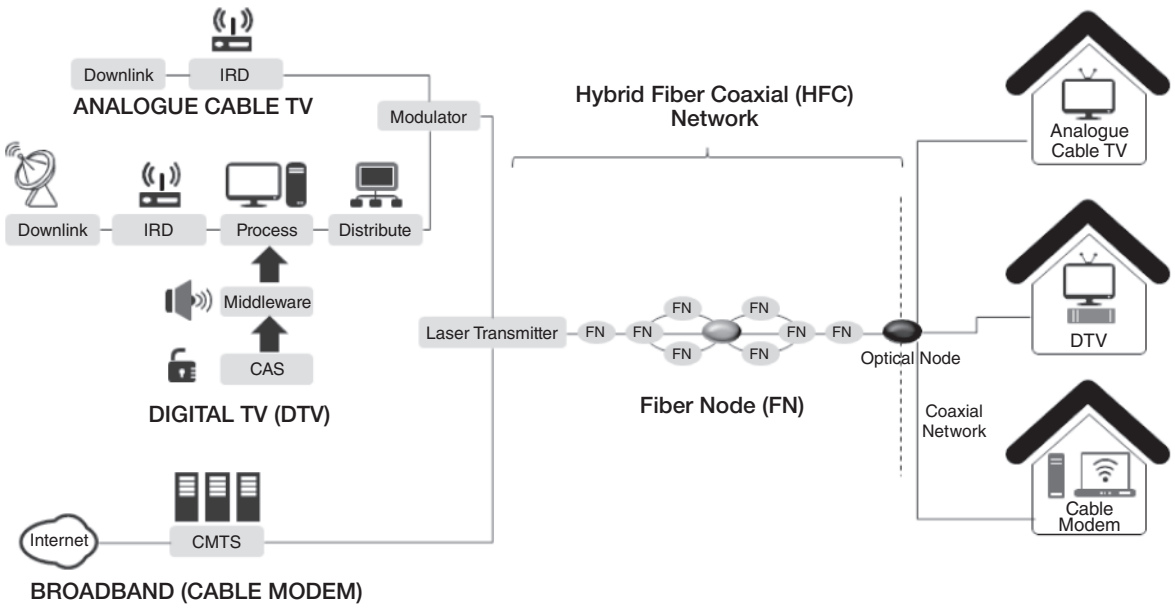
- *Cable TV and Broadband infrastructure*: Broadcasting, production and distribution infrastructure that enables the Group to produce, acquire, process and distribute the Group's Cable TV content and Broadband connectivity to its subscribers via different distribution platforms; and

- *IT infrastructure*: Back-end and operational systems that allow the Group to acquire subscribers, provide customer service throughout the customer life cycle, perform billing and collection, and manage both internal and external facing operations efficiently.

Cable TV and Broadband Infrastructure

Since the early 1990s, most cable TV operators have used HFC networks for the distribution of their multi-media services. HFC networks incorporate optical fibres and coaxial cables to create a broadband network. The broadband network, in turn, provides a wide band of frequencies for the transmission of various services over a single HFC network. The fibre optic network extends from the cable operators' master head-end, sometimes to regional head-ends, out to a neighbourhood's hub site, and finally to a fibre optic node which serves anywhere from 25 to 2,000 homes. Each fibre node can be split into quadrants for which services are transported over coaxial cables. The use of optical fibre from the head-end ensures a good signal quality, as fibre has fewer transmission losses as compared to electrical mediums. For video services (analogue and digital cable TV), the head-end includes satellite downlink to receive incoming video content from various suppliers. Similarly, broadband services are delivered using internet protocol ("**IP**") switches, routers and cable modem termination system as defined by the DOCSIS standard.

Based on the considerations of each geographical location, HFC's networks are typically constructed along the streets, via poles or underground conduits. The diagram below illustrates the end-to-end architecture of the HFC Network:



The TBC Group operates its Cable TV and Broadband services through a self-owned 750 MHz hybrid fibre coaxial backbone that connects the TBC System Operators' HFC networks. As at 31 December 2012, the HFC Network consisted of approximately 13,928 kilometres of coaxial cable and 2,135 kilometres of fibre optic cable. The HFC Network's design life ranges between eight and ten years while related equipment design life ranges between five and seven years. The TBC Group repairs, replaces and upgrades the HFC Network and the equipment during its ongoing monitoring and maintenance of the HFC Network. The TBC Group expects to complete its upgrade of the HFC Network to 870 MHz between 2013 and 2014, which will further increase operating spectrum for its Premium Digital Cable TV and Broadband services.

The table below presents the details of the HFC network of each TBC System Operator:

	Nan Tao Yuan	Best	Shin Ho	Chi Yuan	Chun Chien
Fibre optic length	514 km	577 km	178 km	478 km	388 km
Coaxial cable length	4,355 km	2,926 km	1,069 km	2,362 km	3,216 km
750 MHz HFC Network coverage of registered homes	750 MHz (98.9%)	750 MHz (99.4%)	750 MHz (100%)	750 MHz (83.9%)(1)	750 MHz (100.0%)
	550 MHz (1.1%)	550 MHz (0.6%)	550 MHz (0.0%)	550 MHz (16.1%)	550 MHz (0.0%)
Two-way capable network coverage of registered homes	Two-Way (98.0%)	Two-Way (98.0%)	Two-Way (98.4%)	Two-Way (83.3%)	Two-Way (99.9%)
	One-Way (2.0%)	One-Way (2.0%)	One-Way (1.6%)	One-Way (16.7%)	One-Way (0.1%)
Analogue Head-end	One	One	One	One	One
Digital Head-end	Remote	Remote	Remote	Remote	Main
Node density					
– By Registered Homes	1,251	658	820	980	1,589
– By Broadband RGUs	210	106	133	54	278
Registered homes	360,283	170,476	67,212	110,778	400,310

Note:

(1) The comparatively lower percentage of coverage of registered homes is due to the challenges presented by the mountainous terrain in South Miaoli.

The HFC Network is comprised of five head-ends, which are master facilities that receive TV signals for processing and distribution over the network, and the fibre backbone that connects the respective TBC System Operators' HFC networks either along mountain ranges or coastal lines as well as links two billing systems, one based at the head-end in Taoyuan County and another one at the master head-end in Taichung City; two 24-hour customer service call centres operating through Internet protocol private branch exchange ("**IP-PBX**"), which is a telephone system designed to deliver voice over a data network; and the Group's system network operating centre, which detects and reports problems in the HFC Network.

In 2009, the Group completed its digital platform upgrade from MPEG2 to MPEG4, thereby replacing all MPEG2 set-top boxes and equipment. Using an end-to-end MPEG4 system with high video compression allows network operators to significantly increase digital video capacity compared to MPEG2. This opens up extra capacity that service providers can leverage to promote extended content and services that drive revenue growth and subscriber satisfaction. Similarly, in 2011, the Group upgraded its network to DOCSIS 3.0, allowing the HFC Network to deliver higher broadband speeds. The TBC Group is committed to continuously invest in and upgrade the HFC Network to achieve full two-way capability and operate at 870 MHz by the end of 2014. This will enable transmission of more data, digital video streaming and additional interactive services over the Internet.

IT Infrastructure

The TBC Group invests in its IT infrastructure in order to ensure that it can continually improve its services to the Group's subscribers while at the same time grow its business aggressively. The Group's current IT platforms were selected for their performance, reliability and scalability.

The Group's IT systems cover the following functional areas:

- Interaction support systems: customer contact and interaction, including call centre support systems (computer telephony integration and automatic call distribution), Interactive Voice Response ("**IVR**") units, various websites and portals;

- Business support systems: order management, trouble ticketing, billing, fraud management, revenue assurance, commissioning and service level agreement management;

- Operations support systems: provisioning; network inventory; service assurance; traffic data collection and network mediation systems; network planning; workforce management; project management; and customer data systems, including data warehousing, data mining, and business reporting systems;

- IT infrastructure services: office automation, communications, intranet, internal IP networking, application and database hosting and storage; and

- Network technology: several service-specific platforms for video, Internet and related value-added service components (for example, interactive TV, voice-mail, security).

The Group's IT systems undergo ongoing enhancements to support the services and offerings the Group provides to its subscribers, to improve functionality and working processes and to introduce new technical capabilities.

Set-top Boxes and Cable Modems

The Group provides subscribers with set-top boxes that are supplied to the TBC Group by JB Amusement Co. Ltd. The Group's set-top boxes are MPEG4, Digital Video Broadcasting-Cable standard, HD and DVR enabled and two-way ready with an Ethernet port. Based on the applicable service, a set-top box may be connected to an external DVR hard disk, which stores video files recorded by DVR. The Group uses external hard disks as opposed to built-in hard disks, because it allows the Group to service it without having to dismantle the set-top box or disrupt any of the other settings subscribers have programmed in the set-top box. In addition, external hard disks are added only with a DVR subscription, hence the Group has the flexibility to only invest in hard disks when there is customer demand.

Cable modems are supplied to the TBC Group by Motorola and Hitron Technology. All cable modems and set-top boxes are provided free to subscribers, with a NT$500 deposit for each modem or external DVR hard disk, and must be returned at the time of discontinuation of services.

Competition

Cable TV

Cable TV has been the dominant TV media platform in Taiwan, mainly because of its superior content portfolio, long relationships with consumers and almost full network coverage throughout Taiwan. As the sole licensed provider of cable TV in its franchise areas, the TBC Group has been able to maintain Basic Cable TV penetration of over 67.0% of registered households in the past three years while facing no immediate cable TV competition. Nevertheless, other cable TV providers may apply for a license to provide cable TV services in the TBC Group's franchise areas thus becoming a competitor of the TBC Group. (See "*Risk Factors – Risks Relating to the TBC Group's Business – The TBC Group is subject to re-zoning of franchise areas, which may lead to increased competition in the TBC Group's franchise areas*")

Alternative TV media platforms that compete with the TBC Group's Cable TV service include IPTV, DTH, FTA TV and OTT service providers. According to MPA, CHT is currently the sole IPTV operator in Taiwan, and has the second largest subscriber base in TBC Group's franchise areas. According to MPA, CHT has not had a meaningful impact on the pay-TV industry in Taiwan due to lack of popular channels, lack of comprehensive network deployment (both in homes and out of homes), capacity limitations and network outages at times of peak usage. In particular, according to MPA, CHT only broadcasts two of the top 20 most popular channels in Taiwan. These factors may have led to a low estimated set-top box turn-on rate of 40.0% to 50.0% during peak levels, as per CHT's announcements on coverage of popular events like the Olympic Games. Further, CHT's 35.0% ownership by the Taiwan government is a hindrance as it is prohibited from owning any media assets that it could otherwise use to enhance its IPTV services.

EchoStar-backed DishHD is a DTH operator in Taiwan, which commenced operations in 2010. According to MPA, its services continue to remain nascent and marginal, with just under approximately 30,000 subscribers in Taiwan as at 31 December 2012. Key reasons for lack of penetration include the lack of local channels, with a primarily foreign channel line-up that caters mainly to expatriates, and high subscription fees and hardware costs. Similarly, the ability of FTA TV to serve as a viable substitute to cable TV in Taiwan is limited due to the lack of compelling content. It is estimated that there are approximately 300,000 FTA TV-only households in Taiwan. Moreover, because DTH and FTA TV require outside infrastructure, they will both continue to face challenges in Taiwan given the harsh weather conditions, such as strong winds and heavy rainfall during the typhoon seasons. OTT service operators, which deliver video and media online, have yet to establish a significant presence in Taiwan. According to MPA, OTT services may proliferate in the future, especially as broadband penetration increases. (See "*Industry Overview – Overview of the Taiwan Television Industry*" for further details on the alternative TV media platforms available)

Broadband

In providing Broadband services to subscribers in its franchise areas, the TBC Group mainly competes with incumbent CHT, which had over 80.0% market share in the Taiwan fixed broadband market as at 31 December 2012. The Trustee-Manager believes that the TBC Group has been able to outperform other cable operators in penetrating the broadband market, evidenced by TBC Group's approximate 23.3% market share in its franchise areas compared to approximately 21.9% market share of cable broadband providers nationally. The Group has consistently increased its Broadband market share in its franchise areas, from 20.8% as at 31 December 2010 to approximately 23.3% as at 31 December 2012. The success has been largely due to the Group's aggressive cross-selling of Broadband services with Cable TV services and its decision to match CHT's price scheme. While wireless broadband has historically not been a substitute for fixed broadband, it may become a viable threat in the future with the expected launch of LTE, marketed as 4G LTE, likely by the end of 2013. LTE is a standard for wireless communication of high-speed data for mobile phones and data terminals that increases the capacity and speed using a different radio interface together with core network improvements.

Sales and Marketing

Branding and Advertising

The TBC System Operators promote and market the Group's Cable TV and Broadband services through the integrated brand "TBC" and its logo. The Group is committed to promoting and marketing the Group's brand and services through (i) a wide range of media outlets such as national TV, regional print, radio, Internet and local outdoor media; (ii) a wide range of internal media, such as the Group's local community TV channels, website, newsletter and invoice envelopes; and (iii) sponsorship of local community events. The Group believes that taking an active part in local community activities increases brand visibility and drives product awareness.

To this end, in 2012, the Group created a mobile product exhibition on a converted truck that travelled through its franchise areas providing demonstrations of Premium Digital Cable TV services.

Distribution Network

The TBC Group markets and sells its services to subscribers to maximise its market coverage through the following range of sales channels:

- Inbound sales – The Group has dedicated inbound teams at the two 24-hour customer service call centres handling all inbound sales enquiries via the phone.

- Direct sales – The Group has a direct sales team that focuses on one-on-one sales with current and potential subscribers as well as with third party retailers. In addition, the Group's field engineers support the direct sales team by performing area audits outside of the residences, detecting households that receive cable TV signals but are not subscribed to any of the Group's services. Direct Sales personnel are then sent to these households to convert them into subscribers.

- Outbound telesales – The Group has dedicated outbound teams that focus on sales and customer retention through recontract and salvage activities. The sales team contacts all subscribers at least once a year with an up-selling proposition. The recontract team regularly targets subscribers at specific times in their subscription lifecycle where there is a higher risk for discontinuation of services. The salvage team responds to subscriber feedback or actively pursues subscribers who are considered to be "high risk" in terms of cancelling their subscriptions.

- Retail outlets – The Group has seven retail outlets that sell and market the Group's services. In addition, the Group also partners with third party retail outlets in its franchise areas, such as electrical equipment shops or telecommunications retailers, for the sale and marketing of the Group's services. These retailers receive commission fees for each subscription to the Group's services.

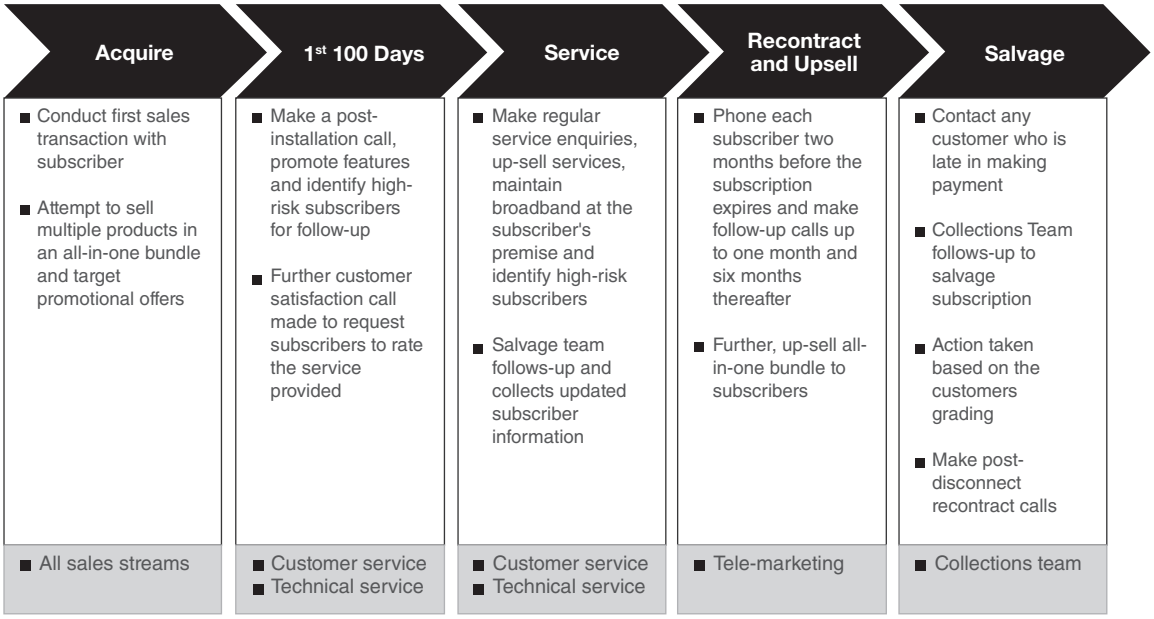
Customer Experience

The primary goal of the TBC Group's customer service team is to offer subscribers quality service while maintaining operational efficiency and cost effectiveness. The TBC Group also seeks to enhance its sources of revenue by up-selling and cross-selling its services by turning subscriber interactions into opportunities for sales and retention. The TBC Group believes that through these efforts, the Group is able to maximise resources to achieve high bundled sales rates and low churn rates. The TBC Group's average monthly churn rates over the last three years are shown below:

	As at 31 December		
	2010	**2011**	**2012**
Average monthly churn rate			
Basic Cable TV	0.76%	0.75%	0.76%
Premium Digital Cable TV	6.04%	2.02%	1.90%
Broadband	1.51%	1.41%	1.34%

Customer Life Cycle

In an effort to maximise every subscriber interaction, the TBC Group manages its subscriber relationships through the Customer Life Cycle, which sets out a complete step-by-step approach to sales and retention of subscribers, an extract of which is shown below:



The TBC Group's Customer Life Cycle is underpinned by its "Customer Insight" practice, which consists of the collection and retention of pertinent subscriber information such as transaction data, payment history, call centre interactions and responses to promotions and discounted services. This information is stored in a data warehouse and then analysed to gain strategic insights into each subscriber segment, including household analysis, profiling and segmentation of the subscriber base, subscriber risk analysis and subscriber cross-selling opportunities. These insights provide guidance in most aspects of the Group's advertising, marketing and sale strategies. Any conclusions and suggestions resulting from the analysis of the data are fed back into the data warehouse so that the Group's subscriber insights are continually refreshed and refined.

Customer Service

The Group provides customer service to its subscribers primarily through seven TBC retail outlets and two 24-hour customer service call centres. The TBC retail outlets service any type of in-person requests, including subscribing to new services, changing current subscription plans or collection of equipment. The 24-hour customer service call centres use the following features to ensure prompt quality service to its subscribers:

- IP-PBX system, which allows for calls being transferred from a busy customer service call centre to the other customer service call centre if it is has greater capacity to attend to such calls;

- deployment of an Automated Call Distribution system to distribute incoming calls in an even manner in order to ensure load balance amongst the customer service representatives;

- deployment of an IVR system as a gateway to off-load enquiries which can be provided using pre-recorded answers accurately; and

- online support via email correspondence with subscribers and "members' area" of website for services such as online bill payment and change of services.

TBC also provides installation and technical service support to subscribers. Installations are largely done by contract companies while service calls are managed by in-house field engineers. The Trustee-Manager believes that TBC is the only cable TV operator in Taiwan that has an automated workforce management system that employs a Global Positioning System tracking system installed in every field service vehicle (both contract and in-house) to optimise the dispatch of field service staff. This ensures timely service delivery at subscriber's premises and allows for efficient deployment of service personnel for urgent ad hoc requests.

The TBC Group has standard operating procedures for managing Cable TV and Broadband service outages, which require the customer service and engineering departments to perform diagnostics and fault restoration in an efficient and effective manner. To facilitate this process and monitor the health and stability of the HFC Network and the IT systems, the TBC Group's network operation centre in Taichung City continuously monitors the HFC Network's performance.

Billing and Collections

The TBC Group provides invoices for each subscriber on a monthly, quarterly, semi-annual and annual basis, depending on the period payment the subscriber has selected. In 2012, 16.6% of RGUs paid monthly or bi-monthly, 76.9% paid quarterly, 5.8% paid semi-annually and 0.7% paid annually. One paper invoice is provided for Basic Cable TV services and one for Premium Digital Cable TV and Broadband services, although the Group is promoting cost-efficient billing measures such as online payment. The Group generates and sends, or makes available, online bills to subscribers approximately 15 days prior to the start of their next usage period, with the due date being the day before the new usage period begins. Up to 15 days after the due date, the Group uses payment reminders frequently via short message services and repeat bills. If following these payment reminders, subscribers still do not make their payments, the Group's collection agents will place calls to these subscribers to follow-up on payment or retain the subscriber with various offers and promotions. Substantially all of TBC's subscribers prepay for their service. Revenue from such invoices is recognised as revenue billed in advance for the rendering of services and is disclosed as "Received Advances" in the TBC Group's financial statements [1].

Priority for follow-up calls and subsequent disconnect is based on customer grading. Grading is in three categories determined by payment history and value of the subscription. Single-product subscribers with the poorest payment history are disconnected first. Disconnect happens between 20 to 35 days after the due date for Cable TV. Broadband disconnect occurs faster, from 5 to 20 days after the due date. Subscribers who have had their service discontinued are automatically directed to an online payment page when they open their Internet browser. Upon successful online payment, service is automatically re-activated.

In order to provide maximum flexibility to subscribers, the TBC Group makes available to its subscribers various methods of paying subscription fees:

- convenience stores – Subscribers can pay over the counter at select convenience stores such as 7-Eleven located across its franchise areas;

- direct debit/credit payment – Subscribers can make one-time or automatic recurring payments via their respective bank accounts or credit cards;

- TBC retail outlets – Subscribers can pay by cash or credit card at the TBC retail outlets;

---

[1] See Note 11 of the Combined Financial Statements for the years ended 31 December 2010, 2011 and 2012 for further details.

- online payment – Subscribers can pay online at the TBC Group's website; and

- IVR payment – Subscribers can pay via a designated IVR hotline by following automatic step-by-step instructions for payment through credit card.

Intellectual Property

The Group relies on a combination of trademarks, servicemarks, copyright protection and domain name registrations to establish and protect the TBC Group's brand names and logos, marketing designs, Internet domain names and the Group's intellectual property in works eligible for copyright including broadcasts, films, sound recordings, musical works, literary works and artistic works.

Trademarks and servicemarks

Please refer to Appendix H for details of the more significant brand names and logos owned by the TBC Group.

Domain names

The TBC Group owns a number of Internet domain names including www.tbc.net.tw and 台湾宽频.tw.

Insurance

The Group maintains insurance policies with reputable insurance providers covering property damage to the TBC Group's real estate buildings and assets located within such real properties including, but not limited to, broadcasting equipment and systems, devices and accessories against casualty, natural disasters or similar events, subject to customary limits based on the relevant asset value and risk exposure. The Group, however, does not maintain insurance for the portions of the HFC Network or any supporting infrastructure or systems, devices or accessories that are located outside of its real estate buildings.

The Group also carries insurance for professional liability, public liability and directors' and officers' liability. The TBC Group conducts annual reviews on the adequacy of its insurance coverage.

Employees

As at 31 December 2012, the Group had 888 permanent and temporary employees, all of whom are employed in Taiwan. The TBC Group does not hire a significant number of temporary employees. As at the date of this document, the TBC Group does not have a labour union and none of its employees are members of any labour union. The Group considers its relations with its employees to be good.

The table below sets forth the number of permanent employees as at 31 December 2010, 2011 and 2012:

	As at 31 December		
	2010	**2011**	**2012**
Senior Managers	4	4	4
General Administrative	45	45	46
Regional Offices	17	19	22
News Centre	76	75	76
Sale and Marketing	76	84	92
Engineering	332	332	349
IT	33	36	36
Customer Service	204	203	223
Total	**787**	**798**	**848**

The TBC Group provides various forms of training opportunities to develop its employees, emphasising entrepreneurship, teamwork and discipline. The Group also promotes employee recognition by, for example, recognising outstanding performance of its employees with the CEO Award, an annual award given to those employees whom, through outstanding performance, have made a truly significant contribution to the business. Once every quarter, the TBC Group provides an open forum for its employees to provide suggestions to improve any aspect of the Group.

Further, the TBC Group's management understands that behind every dedicated employee is a supportive family. Once a year, the TBC Group organises the TBC Family Day, a day of sports activities and entertainment for the TBC Group's employees and their families.

Suppliers

The TBC Group's aggregate purchases from its top five suppliers in the past three years have accounted for approximately 65.0% of the TBC Group's costs in each year (calculated as the Group's total costs and expenses for the year, plus capital expenditures, less labour costs and commissions, government fees and taxes). Due to the fact that the cost for Basic Cable TV content makes up the largest proportion of the TBC Group's costs (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Components of the Group's Income Statement – Broadcast and Production Costs*"), the TBC Group's purchases from its content aggregator, MCI, have constituted approximately half of its costs in each of the last three years. Other than MCI, none of the TBC Group's suppliers has accounted for more than 10.0% of the Group's costs in each of the last three years. As MCI is one of four major content aggregators in Taiwan and as the other aggregators are able to provide similar programming at similar prices, the Trustee-Manager believes that the TBC Group is not dependent on MCI for its Basic Cable TV content.

Environment and Safety

The Group is committed to achieving high industry standards through continuous improvement and adoption of best practices to maintain a healthy and safe working environment.

Properties

The TBC Group either owns or leases approximately 44 buildings and plots of land, which include offices, head-ends, warehouses, retail shops and parking lots, with an aggregate area of approximately 40,681 square feet. Certain of the TBC Group's real properties are subject to a tax lien pending resolution of an ongoing tax dispute with the Taiwan tax authorities. (See "– *Legal Proceedings and Disputes – Tax Dispute*") Please refer to Appendix G for details of the material leased or owned properties. The Trustee-Manager is of the view that the tax lien does not have a material impact on the TBC Group.

Research and Development

The TBC Group does not conduct any major research or development activities.

Corporate Responsibility

The TBC Group is an active member of its community and plays an integral role in a wide range of social, cultural and environmental activities in its franchise areas. The TBC System Operators and their respective news channels are actively involved in their respective communities. (See "– *TBC System Operators*") In addition, the TBC Group provides free air time and financial support for community announcements.

Legal Proceedings and Disputes

Tax Dispute

The TBC Group has submitted formal tax re-examination applications to the Taiwan tax authorities in connection with the Taiwan tax authorities' rejection of the Group's claim for deductible expenses in its tax filings from 2006 to 2010. The Taiwan tax authorities have not yet assessed the Group's income tax filings for any periods after 2010. The Group's disputed 2006 to 2010 tax deductions were in respect of the amortisation of goodwill and of the interest expenses on the debts pushed down from certain special purpose vehicles into operating companies, arising from a series of reverse mergers, which formed part of the corporate restructuring carried out by TBC Holdings and Harvest Cable Holdings after the Macquarie Capital Group's acquisition in 2006 of the TBC Group from its previous owner.

The TBC Group's claim is that, as the reverse mergers constituted qualified acquisitions and mergers under Article 35 of the Taiwan Mergers and Acquisition Law, the amortisation of the goodwill or of related intangible assets arising from the merger should be claimed by the Group as deductible expenses for income tax filing purposes. With regard to the interest expenses, the TBC Group claims that there is documentary evidence such as bank and shareholder loans, interest payments and withholding tax statements to support the Group's deductions and that the Taiwan tax authorities' disallowance has no appropriate basis.

Originally, the TBC Group recorded most of the acquisition premium as "operating rights" with respect to the TBC System Operators. Such operating rights were subsequently reclassified as goodwill due to the NCC's clarification that the TBC System Operators' licenses were not stand-alone assets but must be linked to the TBC System Operators. However, the Taiwan tax authorities rejected the Group's reclassifications of operating rights as goodwill, claiming that the amortisation of such operating rights were not tax deductible according to a tax ruling issued by the Ministry of Finance of Taiwan. The Taiwan tax authorities further claimed that the Group had incorrectly reclassified its applicable expenses as goodwill in order for the tax deductions to be valid. According to the Taiwan tax authorities, the Group did not have a reasonable and appropriate basis for such reclassification because the purchase price allocation report provided by the Group did not properly support it, and the interest expense claimed by the Group could not

be considered business related. In addition, the Taiwan tax authorities pointed out that their current practice was to disallow amortisation of goodwill and intangible assets arising from acquisitions and mergers for income tax filing purposes.

The Taiwan tax authorities have assessed the income tax filings for 2006 to 2010. Although the 2011 and 2012 tax filing assessments have not been confirmed by the Taiwan tax authorities, the TBC Group's management has accrued the potential assessment amount for 2011 and 2012, resulting in a total provision of NT$2.91 billion (S$122.4 million)[1] in the TBC Group's financial accounts as at 31 December 2012.

The Taiwan tax authorities have placed a tax lien on certain of the TBC Group's real properties and assets, pending resolution of the tax dispute. Settlement discussions between the TBC Group and the Taiwan tax authorities are ongoing.

[1] Based on exchange rate of S$1.00 = NT$23.7912 as at 31 December 2012.

THE CHARTER AND INVESTMENT MANDATE OF THE TRUST

The Trust is a Registered Business Trust to be listed on the SGX-ST. The Trust's first transaction will be the Trust Acquisition, pursuant to the Share Purchase Agreement.

In addition to the Trust Acquisition, the Trust will seek investment opportunities to acquire controlling interests and to own, operate and maintain mature, cash generative Businesses (as defined below) in Taiwan, Hong Kong, Japan and Singapore that exhibit the following characteristics:

- sustainable and stable cash flows over the long-term;
- a strategic competitive advantage due to high barriers to entry;
- a dominant market position;
- an experienced and capable operational management team to support the Trustee-Manager; and
- a resilient and growing EBITDA profile.

The Trust will seek to deliver returns to Unitholders through long-term investments and will not engage in speculation or trading of assets. The Trust may conduct its investments directly or through existing investee companies. The Trust will pursue revenue growth and margin improvements as well as optimise financing structures.

Businesses means:

(i) Pay-TV Businesses and Broadband Businesses located in Taiwan, Hong Kong, Japan and Singapore;

(ii) investing, directly or indirectly, in Pay-TV Businesses and Broadband Businesses (including without limitation investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association that carries on or invests, directly or indirectly, in Pay-TV Businesses and Broadband Businesses), selling, leasing or otherwise disposing of Pay-TV Businesses and Broadband Businesses or exploring any opportunities for any of 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 paragraphs (i) and (ii) of this definition.

INDUSTRY OVERVIEW

The Trustee-Manager commissioned MPA as the Independent Industry Consultant to prepare a report on the pay-TV and broadband industries in Taiwan for the purpose of inclusion in this document. While the Trustee-Manager believes that the information and data are reliable, the Trustee-Manager cannot ensure the accuracy of the information or data, and the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters and any of their affiliates or advisers have not independently verified this information or data. You should not assume that the information and data contained in this section is accurate as at any date other than the date of this document, except as otherwise indicated. This section contains forward-looking statements, which necessarily involve risks, uncertainties and assumptions. Forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon by any prospective Unitholder as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Due to various risks and uncertainties, actual events, circumstances and results are difficult or impossible to predict and may differ materially from these forward-looking statements. There can be no assurance that any particular forward-looking statement will be realised and you should not place any undue reliance on these forward-looking statements. You should also be aware that since the date of this document, there may have been changes in the pay-TV and broadband industries and the various sectors therein which could affect the accuracy or completeness of the information in this section.

All the information and data presented in this section, including the analysis of the pay-TV market, has been provided by MPA. MPA has advised that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, MPA has advised that:

(i) Certain information in MPA's database is derived from estimates or subjective judgments;

(ii) The information in the databases of other data collection agencies may differ from the information in MPA's database; and

(iii) While MPA has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.

MPA's methodologies for collection of information and data are proprietary, and therefore the information discussed in this section may differ from that of other sources.

MPA has been informed by the Sponsor of the following:

(1) Asian Pay Television Trust ("**APTT**") is a business trust constituted under the laws of the Republic of Singapore to be listed on the SGX-ST;

(2) APTT will have an investment mandate to seek investment opportunities to acquire controlling interests and to own, operate and maintain mature, cash generative pay-TV businesses and broadband businesses located in Taiwan, Hong Kong, Japan and Singapore; and

(3) Macquarie APTT Management Pte. Limited (the "**Trustee-Manager**"), as the trustee-manager of APTT, will acquire MKOF Media Holdings Limited and Macquarie International Infrastructure Taiwan Limited, which hold, in aggregate, the entire interests in Cable TV S.A. (the holding company of the TBC Group).

Following the completion of the acquisition by the Trustee-Manager, APTT will be the first listed business trust in Asia focused on pay-TV businesses.

1. KEY HIGHLIGHTS

Taiwan's pay-TV industry (comprising Cable TV, IPTV and DTH) and broadband industry are expected to have a growth-oriented future with the Cable TV sector continuing to dominate pay-TV consumption and revenue generation. Key highlights include:

- **Economic growth.** Stronger manufacturing and export sectors combined with an increasing trend of population relocation from rural areas into more developed cities are expected to drive economic prospects. MPA expects Taiwan's real GDP to grow at a CAGR of 4.6% between 2012 and 2017. This is expected, in turn, to help boost household growth and disposable incomes.

- **Robust macro-economic dynamics in the TBC Group's franchise areas.** Household growth and disposable income growth are stronger in the regions where the TBC Group's five franchise areas are located than those of the national average due to strong transportation infrastructure and a growing number of industrial parks and manufacturing facilities in these areas. MPA projections indicate that population, the number of households and disposable incomes in the regions where the TBC Group's five franchise areas are located are expected to grow at a CAGR of 0.5%, 1.3% and 3.6%, respectively, between 2012 and 2017 versus a national average of 0.1%, 0.7% and 3.2%, respectively, between 2012 and 2017. In Exhibit 2, available government data does not break down Taoyuan County, which is comprised of both North and South Taoyuan, but the TBC Group's five franchise areas include South Taoyuan only.

- **Pay-TV industry growth driven by cable TV.** Pay-TV subscription revenues in Taiwan are projected to grow at a CAGR of 2.7% between 2012 and 2017, driven by: (1) positive macro-economic dynamics contributing to growth in the number of households and steady growth in basic cable TV RGUs, and (2) significant growth in premium digital cable TV RGUs and premium digital cable TV ARPUs. MPA believes that digital cable TV connections growth as well as premium digital cable TV RGU growth will be driven by aggressive digitisation initiatives, including operators distributing free set-top boxes in order to meet a Taiwan government target of 50% digital penetration by 2015. MPA expects premium digital cable TV ARPUs to grow as various premium services including HD channels, Video-On-Demand ("**VOD**") and DVR are sold to subscribers. MPA projects cable TV to continue to drive the pay-TV industry and account for 88.6% of the pay-TV industry's revenues in 2017. The lack of highly popular content will likely ensure that IPTV remains much smaller in size, with only 10.5% of the pay-TV industry's revenues by 2017, while DTH is projected to be marginal with just 0.9% of the pay-TV industry's revenues by 2017.

- **Steady fixed broadband growth with cable share increasing**. The prospects for fixed broadband are encouraging; MPA projects fixed broadband household penetration to climb steadily from 72.1% in 2012 to 80.5% in 2017, driven by a stronger economy and consistently growing consumer demand for high broadband speeds. In addition, aggressive bundling of high-speed broadband with digital cable TV services by cable operators, as well as the rollout of higher-speed services by incumbent telecommunications carrier CHT, are likely to increase consumer adoption of high-speed broadband. Cable TV operators' share of broadband subscribers will also increase as operator investments in next-generation systems (such as DOCSIS 3.0) enable more competitive speeds. Cable broadband has increased its share of the fixed broadband market versus other fixed technologies such as xDSL and FTTx from 10.6% in 2007 to 18.5% in 2012. MPA expects cable broadband's share of the

market to reach 19.8% by 2017. In addition, MPA expects cable broadband RGUs as a percentage of basic cable TV RGUs (excluding illegal connections) to grow from 21.9% in 2012 to 25.8% by 2017.

2. MACRO-ECONOMIC TRENDS AND DEMOGRAPHICS

2.1 In Taiwan

Taiwan's economy experienced growth in the past five years with real GDP growing at a CAGR of 2.9% between 2007 and 2012, from NT$12,976 billion in 2007 to NT$14,976 billion in 2012. Such real GDP growth is in line with other key Asian economies during that same period, including Singapore (5.4%), Malaysia (4.3%) and South Korea (3.4%). Taiwan's real GDP growth rate also exceeded that of the United States (0.6%) and the Eurozone (0.5%) during the same period. Taiwan's growth in the last five years has been driven by: (1) exports, particularly electronics; (2) a stimulus package introduced between 2008 and 2009 to boost domestic demand; and (3) increasing domestic demand from private consumption and retail as cross-strait relations with the PRC improved tourism.

Because exports represent approximately 70.0% of GDP, Taiwan's economy was impacted by the global downturn during 2011 and 2012 as evidenced by a deceleration of real GDP growth from 4.0% in 2011 to 1.3% in 2012. Nonetheless, during the third quarter of 2012, Taiwan's economy started to stabilise with real GDP expanding by 3.9% quarter-on-quarter after declining 0.1% during the prior quarter, and increasing by 1.0% year-on-year. Key drivers for the recovery include: (1) a gradual renewal in exports growth, attributable largely to the growth of electronic exports; (2) robust private consumption, buoyed by tourism growth (largely due to Chinese tourists), which in turn, has helped boost domestic retail and services; (3) higher industrial production; and (4) greater fixed investment.

MPA expects Taiwan's economy to continue recovering and exhibiting strong growth from 2013 to 2017. Real GDP is projected by MPA to grow at a CAGR of 4.6% between 2012 and 2017, exceeding the CAGR for Hong Kong (4.2%), Singapore (3.4%), South Korea (3.2%), the United States (0.2%) and Japan (0.9%) over the same period. Key drivers for Taiwan include further strengthening of the manufacturing and export sectors, supported by China's projected real GDP CAGR of 8.5% between 2012 and 2017, as well as an increasing trend of population relocation from rural areas into more developed cities as people capitalise on improving employment opportunities.

These macro-economic trends will help boost the growth in the number of households and disposable incomes. Taiwan's key macro-economic metrics such as population, the number of households and disposable household incomes are projected by MPA to increase at a CAGR of 0.1%, 0.7% and 3.2%, respectively, between 2012 and 2017 (see *Exhibit 1)*. Taiwan's age demographics also remain favourable, with 36.6% of its population below the age of 30 and 69.4% below the age of 50 in 2012, while 80.3% are below 60 years old. This relatively young population is technologically savvy with a growing appetite for content, data and applications. This is a major factor driving pay-TV and broadband consumption with a focus on convergence as pay-TV and broadband distribution platforms acquire and grow to provide multiple services across a single network. As a result, MPA projects continued growth in (1) basic cable TV RGUs, (2) premium digital cable TV RGUs, (3) consumer expenditure on both basic cable TV and premium digital cable TV and (4) broadband RGUs and related consumer expenditure.

2.2 In the TBC Group's Franchise Areas

The TBC Group operates in five franchise areas, namely South Taoyuan, Hsinchu, North Miaoli, South Miaoli and Taichung. In this report, MPA has aggregated macro-economic and demographic indicators for three administrative areas (Taoyuan (comprising both North and South Taoyuan), Hsinchu and Miaoli) in which four of the TBC Group's franchise areas are located and for Taichung City, where the TBC Group's fifth franchise area is located. Consequently, the historical and projected macro-economic and demographic indicators included in this report for these three administrative areas and Taichung City will differ from what the corresponding indicators for the TBC Group's five franchise areas would be were such data available, with the discrepancies being attributable to the inclusion of North Taoyuan. MPA does not believe the inclusion of North Taoyuan impacts MPA's projections regarding the key macro-economic and demographic trends that will affect the TBC Group's franchise areas, as MPA expects North Taoyuan to experience similar macro-economic and demographic trends as South Taoyuan.

In aggregate, the TBC Group's five franchise areas had an estimated 1.1 million households in 2012. Macro-economic trends are especially favourable in the regions where the TBC Group's five franchise areas are located. For instance, household growth in these areas has trended higher in aggregate than the national average, with a 2.4% average CAGR increase registered between 2007 and 2012, compared to 1.6% nationally. Similarly, disposable household incomes in the regions where the TBC Group's franchise areas are located have grown at an average CAGR of 1.6% between 2007 and 2012, compared to a marginal reduction nationally over the same period.

The comparatively more favourable macro-economic performance in the regions where the TBC Group's franchise areas are located is driven by the existence of strong transportation infrastructure (including highways, a high-speed railway network and proximity to an international airport), as well as a growing number of industrial parks and manufacturing facilities. MPA expects that population, the number of households and disposable incomes in these regions where the TBC Group's franchise areas are located will grow at a CAGR of 0.5%, 1.3% and 3.6%, respectively, between 2012 and 2017. Furthermore, nominal GDP per capita in the regions where the TBC Group's franchise areas are located has been consistently higher than Taiwan's national average by approximately 25.0% or more between 2007 and 2012, with the trend expected to improve to approximately 30.0% or more between 2012 and 2017. These factors will help to support the growth of basic cable TV, premium digital cable TV and broadband services in the TBC Group's franchise areas.

Exhibit 1: Taiwan Economic Trends

		Actual						Projected			
Taiwan		2007	2008	2009	2010	2011	2012	2013	2014	% CAGR '07-12	% CAGR '12-17
Population	(units)	22,958,360	23,037,031	23,119,772	23,162,123	23,224,912	23,289,912	23,340,912	23,377,912	0.29%	0.10%
Households	(units)	7,512,449	7,655,772	7,805,834	7,937,024	8,057,761	8,137,456	8,209,000	8,283,000	1.61%	0.70%
Average Disposable Household Income	(NT$)	923,874	913,687	887,605	889,353	907,988	915,252	936,303	962,519	-0.19%	3.20%
Real GDP Growth	(%)	5.98%	0.73%	-1.81%	10.72%	4.03%	1.31%	3.86%	4.47%	2.91%	4.56%
Nominal GDP	(NT$ bil.)	12,910	12,620	12,481	13,614	13,745	13,985	14,750	15,428	1.61%	5.34%
Nominal GDP/Capita	(NT$)	562,345	547,820	539,845	587,779	591,822	596,787	623,826	646,677	1.20%	4.40%
Average Consumption Expenditure	(NT$)	716,094	705,413	705,680	702,292	729,010	737,029	751,032	769,057	0.58%	2.60%
Inflation	(%)	1.80%	3.50%	-0.90%	1.00%	1.40%	2.50%	2.00%	2.00%	6.79%	n/a
Unemployment	(%)	3.90%	4.10%	5.90%	5.20%	4.40%	4.50%	4.30%	4.20%	2.90%	n/a

Note: The terminology "households" when referenced in the context of Taiwan refers to "registered households", i.e. households that are registered with the local governments. Unless otherwise stated, penetration rates are measured as a percentage of registered households.

Sources: MPA (projections on population, households and average consumption expenditure), Taiwan's Department of Statistics, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan), Average Household Income and Consumption By Province, 2007-2011 (historical data (2007-2011) on population, households and average consumption expenditure), International Monetary Fund, World Economic Outlook Database, October 2012 (historical data and projections on real GDP growth, nominal GDP, nominal GDP/Capita, inflation, and unemployment). None of Taiwan's Department of Statistics or International Monetary Fund has provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Exhibit 2: Select Economic Trends in the Regions Where TBC Group's Franchise Areas are Located

		Actual					Projected			% CAGR	% CAGR
Taiwan		**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**'07-12**	**'12-17**
Population	(units)	4,046,850	4,088,484	4,125,043	4,158,342	4,181,783	4,210,757	4,235,740	4,256,248	0.80%	0.45%
Households	(units)	1,277,193	1,307,907	1,341,189	1,383,000	1,404,924	1,436,191	1,461,474	1,483,585	2.37%	1.34%
Average Disposable Household Income	(NT$)	928,881	923,690	891,661	925,991	986,488	1,007,150	1,035,611	1,069,752	1.60%	3.60%
Average Consumption Expenditure	(NT$)	715,650	733,014	735,992	751,125	807,124	826,085	848,533	875,767	2.90%	3.40%
Nominal GDP	(NT$ mil.)	2,835,398	2,901,298	2,815,004	3,059,683	3,209,071	3,283,250	3,517,240	3,807,269	2.98%	7.21%
Nominal GDP/Capita	(NT$)	700,643	709,627	682,418	735,794	767,393	779,729	830,372	894,513	2.16%	6.73%

Note: The figures in Exhibit 2 include all of Taoyuan County, which is comprised of both North and South Taoyuan. The TBC Group only operates in South Taoyuan. North Taoyuan has approximately 300,000 households as of 31 December 2012, which accounts for the difference between the TBC Group's 1.1 million households and the 1.4 million households as of 31 December 2012 in this Exhibit.

Source: MPA (all projections), Taiwan's Department of Statistics, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan), Average Household Income and Consumption By Province, 2007-2011 (historical data (2007-2011) on population, households, average disposable household income, nominal GDP, nominal GDP/capita, average consumption expenditure, inflation, and unemployment). Taiwan's Department of Statistics has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

3. OVERVIEW OF THE TAIWAN TELEVISION INDUSTRY

Taiwan's television industry consists of two components: (1) FTA TV and (2) pay-TV, comprising cable TV (which includes both basic cable TV and premium digital cable TV), IPTV and DTH. The television industry is the largest among Taiwan's various media sectors. Taiwan's media sectors (TV, radio, online, print and outdoor media) generated approximately NT$82 billion in subscription and advertising revenues in aggregate in 2012, of which MPA estimates that the TV industry accounted for approximately NT$51

billion, or 62.2%. FTA TV generated approximately NT$3 billion of advertising revenue in 2012 (and by its nature, generated no subscription revenues). The remaining NT$48 billion in revenues came from the pay-TV industry with cable TV contributing more than 95.0%, with approximately NT$46 billion in revenues (NT$32 billion in subscription and NT$14 billion in advertising). While advertising revenue decreased slightly in 2012 due largely to Taiwan's weaker macro-economic performance, Taiwan's economic performance started to improve in the second half of 2012 and MPA projects that it will continue to improve through 2013. Consequently, MPA forecasts that pay-TV advertising revenue will grow by 1.4% in 2013, when compared to 2012.

3.1 FTA TV

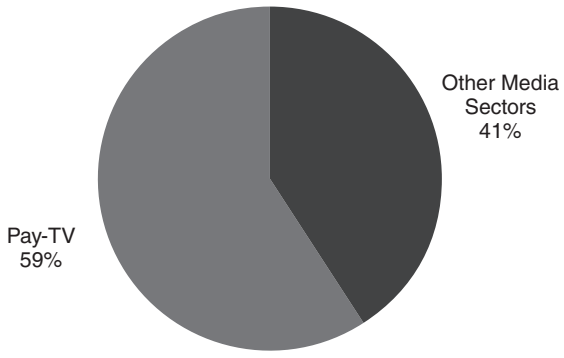
Taiwan's FTA TV sector comprises 20 TV channels, including nine must-carry channels that are also carried on basic cable TV networks. Independent industry estimates indicate that approximately 300,000 FTA TV-only households exist in Taiwan, though neither the NCC nor FTA broadcasters have conducted surveys to determine their exact number. Most of these households have very low incomes and reside in geographies that limit penetration by cable. Taiwan's FTA TV services have only 20.0% of total TV viewership, compared to 80.0% for cable, due to cable TV's larger line-up of highly popular channels that are often unavailable on competing platforms, better transmission quality and government-mandated retail rate caps. Consequently, advertising revenues of FTA networks have displayed marginal growth, and are expected to grow at a CAGR of 1.7% between 2012-2017, compared to expected pay-TV advertising revenue growth at a CAGR of 3.5% over the same period. Under a government mandate, networks have transitioned from providing analogue services to digital services, with the nationwide analogue switch-off process completed in 2012. Even after the digital television transition, however, FTA broadcasts are often susceptible to signal interruption during poor weather (e.g. typhoons) with antennae often damaged and picture quality affected.

3.2 Pay-TV

Within the television industry, pay-TV is the largest segment, contributing approximately NT$48 billion in aggregate subscription and advertising revenues in 2012, which represented approximately 94.0% of all television industry subscription and advertising revenues and approximately 59.0% of all media industry subscription and advertising revenues for 2012. Pay-TV subscription revenues totalled approximately NT$34 billion in 2012, of which cable TV subscription revenues amounted to NT$32 billion, or 93.5% of total pay-TV subscription revenues in 2012.

Exhibit 3: Pay-TV is Taiwan's Top Contributor to Media Sector Revenues

Pay-TV's Share of Total Media Revenues in 2012 (NT$ billion)



Source: MPA

Pay-TV advertising, which consists almost entirely of cable TV advertising revenue, amounted to approximately NT$14.3 billion in 2012 with approximately 79.0% accruing to cable TV channel providers while cable television system operators retained the remaining 21.0%.

Exhibit 4: Taiwan's Pay-TV Industry, Key Projections and Forecasts

		Actual					Projected			% CAGR	% CAGR
Taiwan		**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**'07-12**	**'12-17**
TV Homes	**000**	**6,953**	**7,106**	**7,240**	**7,404**	**7,532**	**7,599**	**7,683**	**7,758**	**1.79%**	**0.80%**
TV Penetration	(%)	92.60%	92.80%	92.80%	93.30%	93.50%	93.40%	93.60%	93.70%	0.17%	0.13%
Pay-TV Connections	**000**	**6,260**	**6,645**	**6,772**	**6,949**	**7,159**	**7,222**	**7,328**	**7,488**	**2.90%**	**1.60%**
Total Basic Cable TV Connections	000	5,848	5,949	6,083	6,112	6,076	5,976	5,938	5,958	0.43%	0.30%
Basic Cable TV RGUs (excluding illegal market)	000	4,686	4,885	4,990	5,084	5,062	4,974	4,951	5,003	1.20%	0.87%
Illegal Cable TV Connections	000	1,162	1,064	1,093	1,028	1,014	1,002	987	955	-2.92%	-2.70%
Digital Cable TV Connections[(1)]	000	55	70	122	336	480	905	1,550	2,180	75.09%	32.80%
Premium Digital Cable TV RGUs	000	55	70	122	336	480	705	809	914	66.56%	15.16%
IPTV RGUs	000	394	676	667	814	1,058	1,218	1,360	1,497	25.32%	7.10%
DTH RGUs	000	18	20	22	23	25	28	30	33	9.24%	7.40%
Pay-TV Subscription Revenue	(NT$ mil.)	29,413	30,693	31,858	32,949	33,371	33,773	33,896	34,736	2.80%	2.70%
Pay-TV Advertising Revenue	(NT$ mil.)	13,426	12,945	11,936	13,623	14,765	14,308	14,514	15,163	1.28%	3.50%
Channel Leasing	(NT$ mil.)	2,018	2,554	2,762	2,820	3,144	3,469	3,750	4,150	11.44%	7.50%
Pay-TV ARPU	**(NT$)**	**497**	**479**	**472**	**473**	**461**	**455**	**450**	**450**	**-1.74%**	**0.50%**

Source: MPA

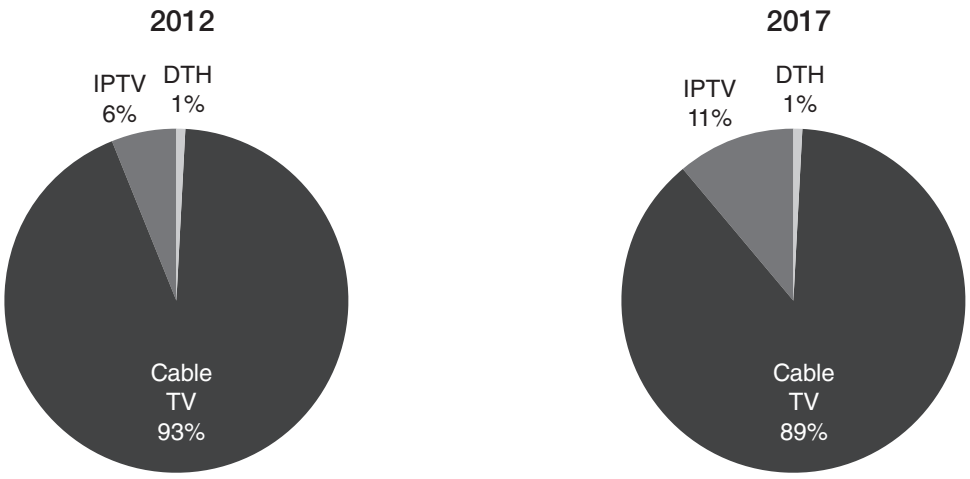
Note:

(1) Refers to those subscribers with digital set-top boxes, regardless of whether they subscribe to basic cable TV service or premium digital cable TV service.

MPA projections indicate that pay-TV subscription revenues will grow at a CAGR of 2.7% between 2012 and 2017, driven by: (1) positive macro-economic dynamics contributing to growth in the number of households and steady growth in basic cable TV RGUs, and (2) significant growth in premium digital cable TV RGUs and premium digital cable TV ARPU. Although the number of basic cable TV RGUs decreased slightly in 2011 and 2012 and is projected to further decrease in 2013, MPA believes that these decreases are due to transient factors, including unfavourable macro-economic conditions in 2011 and 2012 and China Network Systems, the largest cable TV operator, holding back strategic investments to improve services and retain customers due to its focus on the completion of its sale to the Want Want Group. Taiwan has adopted a simulcast model for digitisation,

in which a subscriber gets the full analogue lineup plus a digital service with a few free digital-only channels. This gives cable TV operators the opportunity to upsell subscribers to higher digital tiers to earn more revenues. Furthermore, cable TV operators (including the TBC Group) are in the process of upgrading their HFC networks to 870 MHz in order to increase channel and service capacity, which will enable continued product innovation and better service quality. The growth of premium digital cable TV will be supported by increased availability of premium channels, local HD content, DVR services, Subscription Video-on-Demand ("**SVOD**") and VOD.

Exhibit 5: Cable TV Will Continue To Lead Subscription Revenue Share



Cable TV will continue to drive the pay-TV industry in Taiwan. Despite growth in CHT's Multimedia-on-Demand ("**MOD**"), Taiwan's sole IPTV service, its positioning as a low-ARPU service and lack of key content will ensure that IPTV remains much smaller in terms of market share in comparison with cable TV. Moreover, CHT's current overall network footprint and capacity will require significant investment in order to provide both IPTV that is truly competitive with existing basic cable TV services and high-speed broadband services. MPA expects that, by 2017, IPTV's contribution to pay-TV industry subscription revenues to have increased to 10.5% from 6.0% as of 31 December 2012, with DTH at 0.9% and cable dominant with a 88.6% market share.

Exhibit 6: Taiwan Pay-TV Industry ARPU Trends, 2007-2014

		Actual					Projected			% CAGR	% CAGR
Taiwan		**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**'07-12**	**'12-17**
Blended Cable TV ARPU/Month[(1)]	(NT$)	523	518	518	524	521	524	524	529	0.05%	1.02%
Basic Cable TV	(NT$)	523	517	515	516	507	502	495	494	-0.82%	-0.39%
Premium digital cable TV	(NT$)	–	99	170	171	178	188	192	204	17.39%	4.00%
DTH	(NT$)	582	586	589	595	612	612	605	639	1.01%	4.40%
IPTV	(NT$)	120	124	124	127	130	148	159	168	4.28%	6.30%

Notes:

(1) Blended Cable TV ARPU refers to average monthly total cable TV (basic cable TV and premium digital cable TV) subscription revenue per subscriber.

(2) Historical CAGR for premium digital cable TV ARPU is for the period between 2008 and 2012.

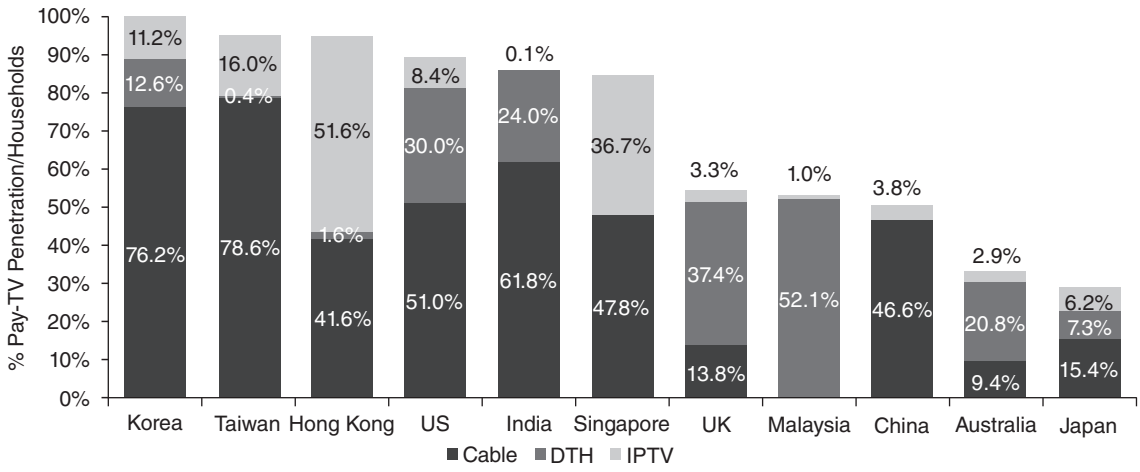
Source: MPA

3.2.1 Cable Television

3.2.1.1 Overview

Cable TV was introduced in the late 1960s as a means to improve reception in regions where FTA TV signals were not readily available. Following the passage of the CRTA in 1993, cable TV rapidly emerged as the main driver of Taiwan's TV industry, with cable TV accounting for approximately 80.0% of TV audience share, which is defined as the proportion of TV viewers watching a particular channel at any given time. The high percentage of cable TV audience share is in large part due to the appeal of the basic cable TV offering, which consists of mass-market-oriented content focused on entertainment, news and movie genres that are unavailable on the FTA platform. Taiwan remains one of the global leaders in terms of pay-TV penetration rates, with approximately 78.6% cable TV penetration (including illegal cable TV connections) and 95.0% pay-TV penetration (including customers taking multiple TV services and illegal cable TV connections). By 2017, MPA expects pay-TV penetration levels to improve further to approximately 98.8% (with cable TV at approximately 76.6%) as a result of both improved economic conditions and the conversion of FTA users to pay-TV.

Exhibit 7: Pay-TV Penetration, 2012



Source: MPA

Taiwan's cable TV sector today consists of two key products: (1) basic cable TV services, with 6.0 million connections (including illegal connections) and a 78.6% penetration rate as of 31 December 2012, and (2) premium digital cable TV services, with 705,000 RGUs and a 14.2% penetration rate (of basic cable TV RGUs) as of 31 December 2012. This gives Taiwan one of the highest cable TV penetration rates in the Asia Pacific region and one of the highest in the world (see *Exhibit 7*). As of 31 December 2012, Taiwan's Cable TV sector had five cable MSOs, which in aggregate had approximately 81.2% of Taiwan's total Cable TV RGUs in 2011 (excluding illegal customers). Digital cable TV services are provided through encrypted channels via a set-top box and operate under a simulcast model, which means that analogue cable TV subscribers also receive a basic digital cable TV service with a few free digital-only channels. This enables them to upgrade at additional cost to premium tiers of digital channels in SD and HD format, or DVR and VOD services by paying additional fees. The overall cable TV service, including basic cable TV and premium digital cable TV, consists of approximately 150 TV channels on average across the various cable systems operators, including HD channels. In addition, the various cable systems operators also offer DVR and VOD/SVOD services. Illegal cable TV

connections have been a persistent problem in Taiwan, but MPA sees the illegal market declining significantly as digitisation increases, with signals encrypted more effectively, and enhanced ability of cable operators to curtail piracy.

Basic cable TV services are subject to a national price cap of NT$600 as stipulated in 2000 by the GIO, the regulatory predecessor of the NCC, which has remained unchanged since then. Price caps for basic cable TV services are also set within each franchise area by the respective local governments. The annual rate revisions can be incremental, or can be reduced depending on the decisions of the NCC and the local government. These decisions can also be affected by factors such as: (1) prevailing economic conditions, (2) the quality of channel content, particularly the provision of local news programming, (3) the proportion of the network already digitised and related product innovation, and (4) regular dialogue with the local government and the NCC. Currently, MPA estimates the weighted average local government cable TV rate cap across the TBC Group's franchise areas at NT$560 compared to the national weighted average rate of NT$530. This places TBC Group at the top end of cable TV pricing range in Taiwan. Premium digital cable TV services are not subject to a price cap.

Compared to the other pay-TV platforms, cable TV commands significant levels of operating leverage due to various factors, including:

- **Robust island-wide infrastructure**, with cable TV networks capable of reaching 7.6 million households, of which 5.98 million are already subscribers (including illegal connections). Many cable TV networks have been upgraded to 750 MHz, providing a foundation for greater capacity to fuel the growth of premium digital cable TV, anchored by HD content and broadband services. Most cable operators (including the TBC Group) are also in the process of upgrading their networks to 870 MHz in order to increase channel and service capacity, which will enable continued product innovation and better service quality.

- **Unique and attractive content** that is largely unavailable on competing platforms such as IPTV, DTH and FTA TV. Popular contents in Taiwan are mostly local, non-FTA channels and cable TV retains preferred access to approximately 40 channels offered by content providers such as Sanlih E-Television, Television Broadcasts Satellite (TVBS), Gala Television, Star (of News Corp), Eastern Broadcasting (EBC), Sony Pictures TV and Discovery Networks Asia. As of 31 December 2012, these content providers provided more than 80% of the top 40 TV channels in Taiwan as measured by ratings. Further, viewership is distributed evenly across multiple channels. The absence of killer content allows content costs to be manageable and reduces the risk of losing subscribers from changes in content offering.

- **Affordable services**, with basic cable TV subscription rates capped by regulators. Taiwan's basic cable TV ARPU as a percentage of nominal GDP per capita as of 31 December 2012 was at least 40.0% lower than that of mature markets like the United States, United Kingdom, Australia and Japan.

- **The rapid growth of premium digital cable TV services** to 705,000 RGUs as of 31 December 2012 from 55,000 RGUs as of 31 December 2007, driven by product innovation, high-quality premium channels, HD local and international content, DVR services and VOD/SVOD.

- **The adoption of MPEG4 compression technology**, which frees up more channel capacity due to more efficient use of bandwidth and results in a better overall quality of service for users.

- **Investments in market-leading broadband digital technology** (e.g. DOCSIS 3.0) that enables cable TV operators to offer competitive broadband speeds and pricing against CHT, the incumbent broadband service provider in Taiwan.

Total cable TV sector revenues, including subscription and advertising fees generated by both cable TV operators and program providers, is projected to grow at a CAGR of 2.1% from NT$48 billion in 2012 to reach NT$54 billion by 2017. MPA expects the main growth driver to be the expansion of digital pay-TV services with a 15.2% CAGR in premium digital cable TV RGUs between 2012 and 2017, followed by a 0.9% CAGR for basic cable TV RGUs between 2012 and 2017. Despite a decrease in basic cable TV ARPUs for the industry due to rate cuts in some franchise areas, overall cable TV ARPUs will continue to increase at a 1.0% CAGR from 2012 to 2017, driven by increasing penetration of premium digital cable TV services, which MPA anticipates will be attributable to the successful up-selling of premium digital cable TV tiers and bundled services combining broadband and premium digital cable TV services.

MPA believes that premium digital cable TV penetration in Taiwan is fairly underdeveloped relative to the United States, Korea, Singapore and Hong Kong and therefore offers a significant upside opportunity for Taiwan's cable TV industry. MPA has observed that premium digital cable TV is emerging as a strong contributor to cable TV industry value as cable TV operators accelerate the deployment of lower-cost set-top boxes (including the rollout of free digital set-top boxes by the TBC Group and CNS). Major MSOs are also undertaking aggressive up-selling of various HD channel packs, digital cable TV tiers and value-added services such as DVR and VOD/SVOD. MPA forecasts indicate that total premium digital cable TV RGUs will grow at a CAGR of 15.2% between 2012 and 2017. Premium digital cable TV ARPUs averaged NT$188 per month as of 31 December 2012, having grown 5.6% year-on-year. MPA expects that by 2017, premium digital cable TV ARPUs are expected to reach NT$229 at a CAGR of 4.0%. MPA expects key drivers of this growth to include:

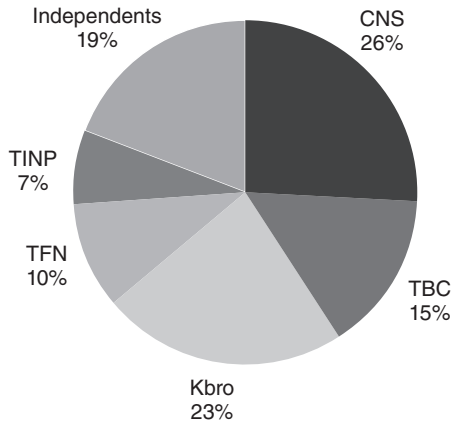
- **Digitisation, content and up-selling.** Attractive content in HD formats across thematic and mass genres packaged and upsold across programming tiers, helping the cable TV industry drive both volume and value. The TBC Group in particular leads in the practice of up-selling across its key programming tiers, helping to drive premium digital cable TV ARPUs up to NT$219 as of 31 December 2012, compared to its competitors CNS (NT$130) and Kbro (NT$149). The TBC Group also has higher digital set-top box penetration rates, with 25.6% of its cable TV subscriber base having a digital set-top box, compared to CNS (15.5%) and Kbro (19.4%). The first phase of digitisation came with the launch of HD and premium channels, driven by regional and international brands (e.g. A+E, Discovery, Fox and HBO). The second phase included popular HD local content from Eastern Broadcasting, Videoland and Win. MPA expects that the third phase is likely to involve more local content in news, entertainment and sports.

- **Personalised, interactive and value-added services** with the focus on DVR and VOD in particular. The TBC Group leads the industry in this respect with over 90.0% DVR penetration of its premium digital cable TV RGU base. Taiwan's cable TV operators continue to use DVR services as both service differentiators and ARPU-accretive products, with DVR RGUs reaching approximately 162,000 in 2012. The launch of dual-tuner set-top boxes will likely boost the growth in DVR, interactive TV, SVOD and VOD services. Additional sources of digital revenue in the future potentially include: (1) multiple set-top boxes, as operators, including the TBC Group, capitalise on relatively high levels of multiple TV sets (~2.5 TV sets per household) found within homes, and (2) targeted advertising through premium digital cable TV services, for example, via electronic programming guides and VOD/SVOD.

- **Bundling.** Competitively priced bundles with premium digital cable TV, broadband and VoIP are a critical part of a cable TV operator's appeal to consumers. Across Taiwan's entire basic cable TV RGU base, approximately 20.0% of RGUs also subscribe to broadband services. This ratio is expected to grow to 30.0% over the next five years, driven by aggressive bundling, attractive pricing and continued product innovation. Bundling is also an essential strategy to reduce churn and maintain customer loyalty. Subscribers are less likely to give up their pay-TV or broadband subscriptions when one service is tied to the other and both are offered at a competitive price.

3.2.1.2 Key Cable TV Operators

Exhibit 8: Market Share of Taiwan Cable TV Operators in 2012



Note: Market share analysis based on estimated 2012 basic cable TV RGUs excluding illegal cable connections.

Source: MPA

The cable TV market consists of five cable multiple system operators (each an "**MSO**") and several independent operators. The key MSOs include:

- **CNS**, the leading cable TV MSO in Taiwan with approximately 1.29 million basic cable TV RGUs and approximately 200,000 digital cable TV connections as of 31 December 2012. In a bid to further boost digitisation, CNS has also been distributing free digital set-top boxes. In 2010, CNS' parent, MBK Partners, signed an agreement with a consortium led by the Chinese conglomerate Want Want group to sell the majority of CNS in a transaction valuing CNS at U.S.$2.4 billion. The deal has yet to receive regulatory approval despite a long review process. In August 2012, the NCC provided the Want Want group with a list of conditions for regulatory approval. Due to delays in the sale's execution, much-needed digitisation and network upgrades slowed down at CNS in 2011 and 2012. CNS has stated that it aims to completely upgrade to an 870 MHz HFC network in 2013.

- **Kbro**, which as of 31 December 2012, had approximately 1.2 million basic cable TV RGUs and approximately 230,000 digital cable TV connections. During 2012, Kbro saw a decrease of 49,000 basic cable TV RGUs in its franchise areas and ended the year with approximately 1.2 million RGUs. Its digital cable TV connections grew by 45,000 to reach approximately 230,000 connections. Kbro's network upgrade process commenced two years ago, and as of 31 December 2012, 99.0% of its HFC network were to have been upgraded to 870 MHz with the remainder located in rural or low-priority areas. Kbro's digital cable TV connections growth has been considerably slower than its competitors as it does not distribute free digital set-top

boxes. HD services are a core focus area for Kbro, which offers up to 30 HD channels in its lineup, one of the largest in Taiwan. Kbro also has a joint venture content company, Win TV, with two major broadcasting companies Sanlih and Formosa TV.

- **The TBC Group**, which had approximately 751,000 basic cable TV RGUs and approximately 193,000 digital cable TV connections as of 31 December 2012, and was the fastest growing MSO in Taiwan between 2009 and 2012, with its basic cable TV RGUs growing from 725,000 to 751,000, a CAGR of 1.2%. The TBC Group operates in five franchise areas located in four counties in northern Taiwan and is the sole provider of cable TV in each of these franchise areas. The TBC Group leads the cable TV industry with respect to product innovation. For example, the TBC Group was the first cable TV operator in Taiwan to offer free digital set-top boxes to analogue cable TV subscribers to promote digitisation. DVR and HD remain key focus areas for the TBC Group, with more than 90.0% of its premium digital cable TV RGUs signed up for the DVR service. The TBC Group was also the first operator in Taiwan to launch DVRs (including those that supported external hard disks). The high storage capacity (typically 320 GB) external hard disks are provided to RGUs at an additional monthly fee of NT$60 (for digital cable TV connections) or NT$99 (for basic cable TV-only RGUs). HD content is also a focus area for the TBC Group, with the operator offering 19 HD channels. The TBC Group has also included two HD channels for its basic cable TV subscribers who receive free digital set-top boxes, to improve the appeal of HD content in subscribers' homes. Furthermore, all of the TBC Group's set-top boxes support HD content.

3.2.2 IPTV

CHT is the incumbent telecommunications carrier in Taiwan and the sole provider of IPTV services. CHT is the largest fixed broadband operator with over 80.0% market share in the fixed broadband business. CHT was privatised in August 2005 when the Ministry of Transportation and Communications of Taiwan reduced its ownership of CHT to below 50.0% (the Ministry of Transportation and Communications of Taiwan still owns 35.0%).

MOD, CHT's IPTV service, has been available since 2004 and had approximately 1.2 million RGUs as of 31 December 2012. MOD's ARPU is low at NT$148 per month (versus approximately NT$520 for basic cable TV and approximately NT$524 for blended cable TV). In recent years, MPA has estimated that the set-top box turn-on rate of CHT's IPTV users was at 40.0 to 50.0% at peak levels, based on CHT's announcements regarding viewership of popular events like the 2012 Olympic Games. This relatively low set-top box turn-on rate has grown due to CHT's publicity and its strategy of bundling IPTV with its broadband services. Nonetheless, CHT's 35.0% ownership by the Taiwan government is a hindrance to further growth as, pursuant to Article 19 of the CRTA, CHT is prohibited from owning any media assets, which it could otherwise use to enhance its IPTV service. In addition, NCC guidelines stipulate that CHT cannot itself broadcast content over its network but must act as an IPTV 'open platform' for other content providers and lease capacity to third party players in order for them to sell their channels directly to end consumers.

CHT offers a total of 120 niche TV channels (including 68 HD channels) across its various packages, including English entertainment channels, local FTA channels, and community and religious channels. But CHT lacks the popular local content that draws the bulk of TV viewership, including channels from Sanlih E-Television, Television Broadcasts Satellite (TVBS), Gala Television, Eastern Broadcasting (EBC), News Corp's Star and Videoland Television Network. In addition, key content and channel providers typically derive 60.0%

to 70.0% of their total revenues from advertising, which requires carriage on basic cable TV in order to reach the widest possible audience. As a result, these key content and channel providers have less incentive to provide their content over IPTV.

Exhibit 9: Availability of Popular Pay-TV Channels in Taiwan On Different Platforms

Top 20 Channels in Taiwan	Cable	CHT's MOD	DishHD
Sanlih Taiwan Channel	√	X	X
Sanlih City Channel	√	X	X
TVBS-News	√	X	X
ETTV News	√	X	X
Formosa TV	√	√	X
Star Chinese Movies	√	X	X
Videoland Drama	√	X	X
Star Chinese Channel	√	X	X
Cti News	√	X	X
ET Movies	√	X	X
Sanlih E-Television News	√	X	X
ET Variety	√	X	X
Taiwan TV	√	√	X
Cti Variety	√	X	X
GTV Entertainment	√	X	X
YOYO TV	√	X	X
ET Western Movies	√	X	X
Videoland Sports	√	X	X
ERA News	√	X	X
GTV Drama	√	X	X

Note: The top 20 TV channels in Taiwan are defined based on the average ratings for these channels during 2012.

Source: MPA

CHT has invested in network upgrades progressively from ADSL to ADSL2+, enabling up to 24 Mbps broadband speeds (see Section 4). However, its fibre-based ("**FTTx**") deployments are only in select areas and are delivered to nodes, while last-mile delivery into subscribers' premises continue to be over VDSL2 using the existing copper network. Because of this, CHT classifies VDSL2 under FTTx, although the service only provides VDSL2 broadband speed. Hence, CHT's FTTx network is not comparable to fibre to the home ("**FTTH**") deployments as in the case of Singapore or South Korea and lacks the ability to offer IPTV in some areas of Taiwan.

In addition to being unable to match cable TV's content offerings, MPA believes the nature of CHT's network presents three additional challenges that are likely to prevent CHT's IPTV service from becoming a comparable substitute for basic cable TV:

- **Multiple lines.** Most MOD customers will likely require multiple xDSL broadband lines and two or more set-top boxes, with additional in-home wiring cost to connect xDSL modems to IPTV set-top boxes. This is because the phone outlets using existing copper phone lines that the xDSL modems need to plug into are often located away from customers' TV sets. IPTV operators in other markets have encountered similar problems. For example, in Singapore, SingTel uses existing power lines via HomePlug devices, which permit the transmission of digital data signals over existing in-home electrical circuits, for connections between its modems and IPTV set-top boxes.

- **More set-top boxes will curtail broadband speeds.** With an average of 2.5 TV sets per home in Taiwan, an increasing number of MOD set-top boxes per home will also utilise more network capacity on the existing copper lines into homes. This will adversely impact CHT's ability to deliver the higher speed broadband services (especially 100 Mbps and higher products) that form a core part of CHT's broadband business. To provide higher network capacity for both broadband and IPTV usage, CHT's overall network capacity would require a significant upgrade in order to meet total network loading demands. This is an issue that SingTel's MioTV IPTV offering in Singapore has suffered from as well, and been fined for. In Taiwan, CHT has also suffered from similar load-related outages in the past when usage levels increased beyond its normal operating levels, most notably during its broadcast of the 2008 Olympic Games in Beijing. In contrast, however, cable TV operators can easily accommodate simultaneous premium digital cable TV service and high speed broadband service delivery over their existing 750 MHz HFC networks.

- **Costs and investment.** CHT is facing strong competition in the mobile market segment as the business continues to evolve with significant investments in 4G/LTE likely after 2013 based on plans currently being reviewed by the Taiwan government, as well as with higher customer acquisition and retention costs following greater adoption of costly smartphones. Furthermore, as a listed company in Taiwan, CHT faces investor pressure to sustain its dividend policies. These factors impose considerable capital constraints on CHT and limit its ability to invest in upgrades to its fixed-line network. Additionally, it is questionable if the incremental costs to CHT of upgrading its network to provide adequate service to both its IPTV and broadband subscribers, as well as the costs of acquiring more content, can be justified by the additional NT$500 per month of revenue that CHT could potentially charge its IPTV RGUs for a service that is comparable to the existing basic cable TV services available in Taiwan.

3.2.3 DTH

Taiwan's climate is not suited for DTH services, given the frequent typhoons that can damage receiver dishes and DTH's susceptibility to rain fade during monsoons. In addition, due to the high level of cable penetration and a robust island-wide cable network infrastructure that reaches approximately 7.6 million households out of approximately 8.1 million households nationwide, DTH faces significant barriers to growth. DTH's lack of a two-way return path (i.e. it is solely a one-way transmission technology) also means it is unable to bundle broadband and digital TV and makes DTH less competitive than cable TV and IPTV.

In Taiwan, DTH services are operated solely by DishHD, which launched in 2010. Its services remain marginal, with just under 30,000 RGUs estimated as of 31 December 2012. Key reasons for the low penetration include: (1) lack of local linear channels, with a primarily foreign channel lineup catering mainly to expatriates, and (2) high subscription fees and hardware costs, with a one-off NT$11,700 charge for the set-top box, plus an average recurring monthly fee of NT$585 to NT$730 for only 35 TV channels.

3.2.4 OTT

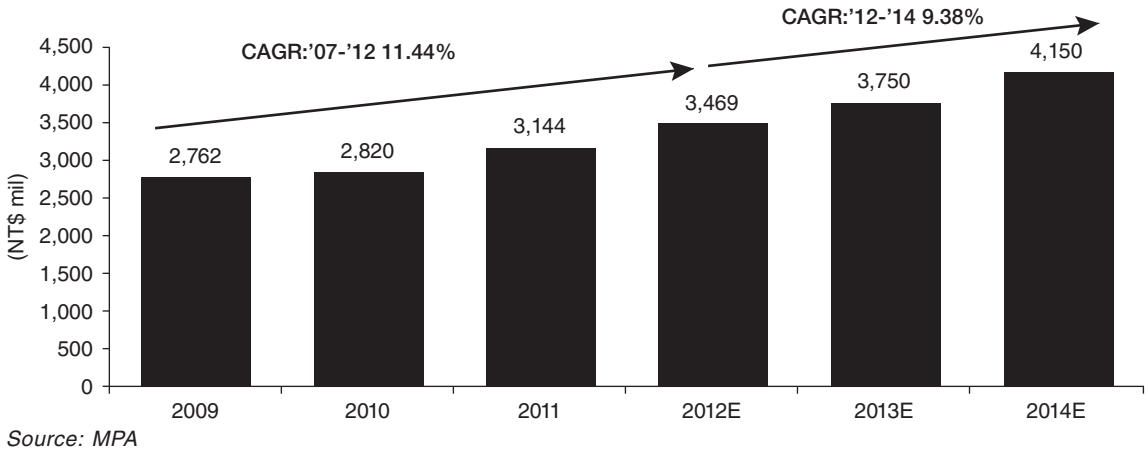
OTT online media services have yet to establish a significant presence in Taiwan. These services could grow as high-speed broadband penetration increases. In the future, MPA expects Taiwan's pay-TV operators to launch OTT services in partnership with local and international content providers. These partnerships would have existing last-mile relationships with subscribers and possess the necessary technological infrastructure and capital to launch OTT services. Such services could be similar to services being rolled out by cable and telecommunications operators in countries such as the United States, Singapore, Japan, Korea and Hong Kong that allow subscribers subscribing to traditional pay-TV services to extend their access to pay-TV content across multiple platforms, including tablets, personal computers and smartphones.

3.3 Channel leasing revenues

The channel leasing business generated revenues of approximately NT$3.5 billion in 2012 for Taiwan's cable TV operators, and grew by 11.4% CAGR from 2007 to 2012. Growth in channel leasing revenues has been driven by the increase in home shopping networks and channels and increased competition for limited number of attractive channel slots. Adding more channels to basic cable TV services is challenging due to capacity limitations. However, channel groups that do aim for carriage on basic cable TV can in some instances secure it by paying carriage fees to cable TV operators.

MPA believes that basic cable TV distribution will remain vital for channel providers and home shopping companies and expects total channel leasing revenues to grow at a CAGR of 7.5% between 2012 and 2017. This forecast reflects an underlying dynamic amongst the two largest cable operators in the market – CNS and Kbro, who have been receiving a premium for distribution of home shopping channels and other key channels. Recently, the rates for home shopping channels are becoming standardised, and MPA believes that the TBC Group will likely be able to benefit from this trend and exhibit stronger than average growth in the next few years.

Exhibit 10: Pay-TV Channel Leasing Revenue, Taiwan 2009-2014



Source: MPA

3.4 Advertising revenues

Taiwan's media industry generated net advertising revenue of NT$48 billion in 2012, according to data calculated by MPA after including rate card discounts and excluding agency commissions. Net advertising revenue as of 31 December 2012 decreased by 2.7% year-on-year, attributable to macro-economic headwinds, including weaker economic growth and reduced levels of domestic consumption and investment. However, MPA expects the Taiwan economy to stabilise from 2013 to 2017, and as a result, MPA expects the media industry's total advertising net revenue to register a CAGR of 3.0% from 2012 to 2017, when it will be approximately NT$55 billion, ensuring that Taiwan remains among the Asia Pacific region's top seven markets in terms of advertising revenues.

With about 95.0% penetration of pay-TV services within TV households (homes with television sets installed), pay-TV, led by cable TV in particular, continues to account for a large share (approximately 30.0%) of the media industry's advertising revenues as of 31 December 2012, followed by FTA television with approximately 6.9% share. In Taiwan, cable TV's significant advertising revenues reflect its reach and scale, which makes it a preferred platform for advertisers. Cable TV retained approximately 80.0% of the total TV audience in 2012, driven by its broadcast of the top news, entertainment, variety, movies, kids and factual channels in Chinese and English, which are largely unavailable on other platforms. These are owned by major broadcast groups such as Sanlih E-Television, Eastern Broadcasting, Television Broadcasts Satellite (TVBS), Gala Television, Videoland Television Network, News Corp's Star, Discovery Networks Asia, Time Warner and Sony Pictures TV.

Cable TV's market share of advertising revenue in 2012 amounted to approximately NT$14.3 billion, approximately 79.0% or NT$11 billion of which was attributable to cable TV channels and 21.0% or NT$3 billion attributable to cable TV operators.

Exhibit 11: Advertising Market Share

Taiwan	Actual						Projected			
Advertising Share (%)	2007	2008	2009	2010	2011	2012	2013	2014	% CAGR '07-12	% CAGR '12-17
TV	37.00%	36.50%	36.20%	37.00%	37.20%	36.90%	37.00%	36.90%	0.00%	0.11%
FTA	8.50%	8.00%	7.70%	7.40%	7.10%	6.90%	6.90%	6.80%	-4.09%	-1.19%
Pay-TV	28.50%	28.50%	28.50%	29.60%	30.10%	30.00%	30.10%	30.10%	1.03%	0.46%

Source: MPA

4. OVERVIEW OF THE TAIWAN BROADBAND SECTOR

Taiwan's broadband market is developing at a steady pace although speed and penetration lag behind those of Hong Kong, Singapore, South Korea and Japan. Taiwan's population broadband penetration rate reached 37.6% in 2012, representing 8.8 million broadband RGUs. MPA projects that by 2017, Taiwan's broadband RGUs are expected to have a CAGR of 7.0% from 2012 to 2017 driven largely by growing consumer demand for data and wireless broadband. Fixed broadband accounts for the majority of RGUs as of 31 December 2012, however, with cable, ADSL and FTTx in aggregate representing 66.9% of total broadband RGUs in 2012.

CHT continues to dominate the broadband market, with over 80.0% RGU share amidst intense competition in the mobile segment. Broadband is a key driver of CHT's profits and helps the government-owned company to generate stable annual dividends. CHT is expected to maintain stable pricing and avoid price wars as it competes with cable

operators. CHT has steadily invested in network upgrades from ADSL to ADSL2+, enabling up to 24 Mbps broadband speeds. However, its FTTx deployments are limited to select areas of Taiwan and are delivered to nodes rather than homes, and last-mile delivery into subscribers' premises is done over VDSL2 using the existing copper network. Because of this, CHT classifies VDSL2 under FTTx although the service is limited to VDSL2 speed, which is slower than the speed provided by true fiber to the home. As of 31 December 2012, more than 70.0% of CHT's FTTx subscriber base were at download speeds of 8 Mbps or marginally higher, with less than 30.0% at 50 Mbps.

Exhibit 12: Taiwan Broadband Market Trends, 2007-2017

		Actual				Projected					
Taiwan		2007	2008	2009	2010	2011	2012	2013	2014	% CAGR '07-12	% CAGR '12-17
Total Fixed Broadband Internet RGUs	000	4,755	4,960	4,924	5,246	5,440	5,866	6,071	6,331	4.29%	2.90%
% Fixed BB/Household Penetration	%	63	65	63	66	68	72	74	76		
Cable RGUs	000	503	649	810	928	1,014	1,088	1,156	1,215	16.68%	4.30%
ADSL RGUs	000	3,715	3,241	2,582	2,360	2,125	1,929	1,705	1,511	-12.28%	-10.50%
FTTx RGUs	000	537	1,070	1,532	1,958	2,302	2,849	3,210	3,605	39.62%	8.70%
Wireless	000	–	–	481	831	1,909	2,901	3,776	4,502	82.03%	13.80%
Total Broadband (incl. wireless) Subs	000	4,755	4,960	5,405	6,077	7,349	8,767	9,847	10,833	13.02%	7.00%
% Total BB/Population Penetration	%	21	22	23	26	32	38	42	46		

Note: FTTx in the Taiwan context refers to fibre to the curb, with the last mile as copper. More than 70% of FTTx subscribers receive broadband services with download speeds of 8 Mbps or higher; less than 30% of FTTx subscribers are receiving services with download speeds of 50 Mbps or higher. Cable broadband services offered by the TBC Group provide subscribers maximum speeds of up to 120 Mbps. Historical CAGR for wireless broadband is for the period between 2009 and 2012.

Source: MPA

The fixed broadband market in Taiwan had 5.9 million RGUs as of 31 December 2012, equivalent to 72.1% household penetration. Encouragingly, network upgrades by cable TV and telecommunications operators and the rollout of next-generation broadband systems (i.e. DOCSIS 3.0) are allowing the industry to maintain pace with consumer demand. Such demand includes higher speed requirements as consumers adopt more applications online, set up more home networking installations and consume more media-rich content online. This trend combined with the move towards convergence allows cable TV operators to capitalise on opportunities in Taiwan as they aggressively bundle cable TV and broadband services with competitive pricing and attractive speeds. Over the last five years, the cable broadband industry has increased its share of the fixed broadband market from less than 10.6% in 2007 to 18.5% in 2012, and is expected by MPA to reach 19.8% by 2017, with RGUs growing at a robust 4.3% CAGR from 2012 to 2017. In addition, cable broadband RGUs as a percentage of basic cable TV RGUs (excluding illegal connections) is expected to grow from 21.9% as of 31 December 2012 to 25.8% by 2017.

In line with trends seen in other Asian markets, broadband RGU growth in Taiwan continues be one of the fastest for wireless broadband (3G, and 4G going forward) on account of the rapid proliferation of both wireless networks and compatible devices like smartphones, tablets and 3G dongles. Taiwan's wireless broadband users are expected to grow from 2.9 million in 2012 to 5.5 million in 2017 – a CAGR of 13.8% versus a 2.9% CAGR for fixed-line broadband, which includes cable, xDSL and FTTx. MPA does not expect wireless broadband to act as a substitute for fixed broadband in the future.

Wireless networks in Taiwan continue to suffer from congestion, and upgrading to 4G is unlikely to solve the problem. Industry statistics indicate that in 2012, approximately 14.0% of wireless broadband users accounted for 67.0% of network capacity. As a result, some mobile broadband providers are planning to cap mobile Internet data plans in order to spread speeds more efficiently along networks, and prevent the maximisation of capacity/speeds by only certain users.

The prospects for fixed broadband are encouraging as fixed broadband household penetration is projected to climb from 72.1% to 80.5% between 2012 and 2017, driven by a number of key trends, including:

- **Network capacity and next-generation systems will support higher speeds.** In the past five years, Taiwan's broadband sector has experienced a steady increase in cable network capacity (most networks have been upgraded to 750 MHz). In the future, MPA expects to see a wider transition to higher network capacity of 870 MHz and a wider rollout of next-generation broadband cable access systems (i.e. DOCSIS 3.0), which will support download speeds of up to 120 Mbps (the TBC Group is the only cable operator providing such download speeds in Taiwan at present). Another key driver will come from CHT's gradual upgrade of its network to FTTx (supporting 20-50 Mbps), which will improve its market share in broadband.

- **Product bundling.** The growth of fixed broadband penetration will also be driven by bundling strategies adopted by cable MSOs, combining a wide range of HD and premium digital cable TV channels, VOD and DVR with broadband services across all speeds.

- **Peering costs.** Local sites in traditional Mandarin have been and continue to be popular in Taiwan, helping to drive broadband traffic. The majority of these sites are, however, hosted by CHT's network. Therefore, other carriers have to pay fairly significant IP peering costs. These costs are also far greater than international peering costs incurred by carriers. The NCC has recognised this issue and has proposed to make local peering free, in a bid to incentivise carriers to promote bringing high-speed broadband into the home. These potential costs savings will likely be significant aids towards meeting the Taiwan government's digitisation objectives, helping boost speeds and in turn allowing cable TV operators to better compete with CHT in accelerating the growth of fixed broadband RGUs.

Incumbent telecommunications operator CHT's broadband ARPU has trended downwards since 2010, on account of price competition between cable and other telecommunications broadband operators. CHT has twice dropped its broadband prices in the last 18 to 24 months, with cable operators responding accordingly to maintain their market share. MPA expects broadband ARPUs to continue to decline in the future, at a-2.8% CAGR from 2012 to 2017.

ARPU declines in both cable broadband and FTTx networks are expected to be slower than the national average for broadband ARPU, with the drop in ARPUs offset by bundling strategies adopted by cable operators, as well as through up-selling low-speed RGUs to higher speeds at higher prices. Together, these strategies are likely to limit the decline in cable broadband ARPU to a CAGR of-0.3% from 2012 to 2017.

Exhibit 13: Taiwan Broadband ARPU Trends, 2007-2014

Taiwan		Actual					Projected			% CAGR '07-12	% CAGR '12-17
		2007	2008	2009	2010	2011	2012	2013	2014		
Total Broadband	(NT$)	765	752	735	716	684	648	618	596	-3.27%	-2.80%
Cable Broadband	(NT$)	511	512	534	536	533	528	526	524	0.66%	-0.30%
xDSL Broadband	(NT$)	794	785	770	757	738	708	664	617	-2.27%	-4.10%
FTTx Broadband	(NT$)	791	782	779	777	757	738	714	696	-1.38%	-2.00%
Wireless Broadband	(NT$)	0	0	688	639	589	555	537	525	-6.91%	-2.50%

Note: Historical CAGR for wireless broadband is for the period between 2009 and 2012.

Source: MPA

Key Cable Broadband Players

Taiwan's cable operators are set to improve broadband penetration as they bundle and market double-play (cable TV and broadband) services more effectively. By 2017, 25.8% of Taiwan's total basic cable TV RGUs (excluding illegal connections) are projected to also subscribe to broadband services, versus 21.9% in 2012. The three major cable broadband MSOs – CNS, Kbro and the TBC Group – have a higher ratio of cable broadband RGUs to basic cable TV RGUs because of their success in network upgrades, marketing and operational execution. The blended average ratio of broadband RGUs to basic cable TV RGUs for these three operators was approximately 24.0% as of 31 December 2012.

- **Kbro** has the highest number of broadband RGUs. As of 31 December 2012, Kbro had approximately 300,000 broadband RGUs, with growth largely due to network quality and lower pricing versus CHT's FTTx products.

- **CNS** has lost its lead as the fastest growing cable broadband operator due to delays in upgrading its network. However, it is expected to complete upgrading its network to 870 MHz by the first quarter of 2013. As of 31 December 2012, CNS had approximately 285,000 broadband RGUs.

- **The TBC Group** had approximately 175,000 broadband RGUs as of 31 December 2012, adding approximately 10,300 RGUs during the year. The company's broadband RGUs as a proportion of basic cable TV RGUs has improved significantly from 18.0% in 2008 to 23.3% as of 31 December 2012, driven largely by an aggressive bundling strategy. The TBC Group's broadband RGU growth and improving broadband ARPUs have been driven by its attractive broadband bundles that include premium digital cable TV and dual-tuner DVRs, and its effectiveness in marketing and promotions. The TBC Group's main focus is to acquire new bundled subscribers and potentially standalone broadband RGUs in the future and to upsell these subscribers to higher-speed packages to drive broadband ARPU higher. Approximately 80.0% of the TBC Group's net new broadband RGUs buy packages offering download speeds of 8 Mbps or higher.

5. RISKS, CHALLENGES AND OPPORTUNITIES FOR THE CABLE TV AND BROADBAND INDUSTRIES

The cable TV and broadband industries have a number of risks and challenges:

- **Economic environment:** Macro-economic headwinds pose a threat to Taiwan's cable TV and broadband industries. Taiwan's export-oriented economy has been significantly impacted by the recent slowdown in the United States and Europe. Domestic consumption spending accounts for approximately 80.0% of all household disposable income in Taiwan. This has a positive correlation with the demand for media and communications services. The projected GDP growth rate of 3.9% in 2013 is expected to have a positive impact on the cable TV and broadband industries, but any adverse economic conditions may be detrimental.

- **Regulatory environment:** Taiwan's regulatory environment poses challenges to the cable TV industry. These include the digitisation scheme devised by the NCC. This scheme encourages operators to digitise 50.0% of their networks by 2015. If not met, this could result in operators facing basic cable TV rate cuts at either the national or local levels. Furthermore, basic cable TV rate cuts and the introduction of local-level price caps on premium digital cable TV services are also potential threats. Cable TV operators such as the TBC Group and CNS have responded by rolling out free digital set-top boxes to mitigate this risk, which has been well received by the NCC. The local government rate caps for 2013 were reduced in some regions across Taiwan. Future rate reductions are expected to be minimal, however, given Taiwan's projected economic recovery beginning in 2013.

- **Competition:** Increased competition from CHT's MOD IPTV service is a possibility, especially as CHT continues to increase its SD and HD channel lineups. However, attracting popular content will depend on whether CHT can offer content providers a reach comparable to cable TV. In addition, CHT has upgraded a large proportion of its legacy ADSL network to the much faster VDSL technology, which could support up to 100 Mbps broadband services. Competition is also set to increase on account of the new re-zoning regulations passed by the NCC. Although cable TV operators face regulatory restrictions and conditions in rolling out new HFC networks, larger, well-funded MSOs could possibly move into potentially lucrative regions with higher than average household growth or per-capita GDP.

- **OTT:** OTT online media services are likely to grow, especially as broadband penetration increases. However, these new services are likely to be launched by pay-TV operators and content providers as these groups have significant last-mile relationships with subscribers, strong technological infrastructure and the required capital. Such services are likely to be anchored to authenticated services, which enable existing pay-TV subscribers to also access their subscriptions online, that are being rolled out by cable and telecommunications operators in the United States and mature Asian markets to allow subscribers access to pay-TV content from multiple devices.

There also exist significant opportunities for the TBC Group in particular to grow its cable TV and broadband businesses. These include:

- **Basic cable TV growth.** As of 31 December 2012, the TBC Group had a basic cable TV penetration rate of approximately 67.8% across its franchise areas. Supported by a stronger macro-economic environment in the future and continued macro-economic outperformance in its franchise areas, MPA believes the TBC Group has scope to increase its basic cable TV penetration rate over the next five years to

between 80.0% and 85.0%, especially considering that cable TV MSOs in Korea and the PRC have been able to achieve approximately 85.0% to 90.0% basic cable TV penetration rates between 2000 and 2009.

- **Digitisation.** The TBC Group and the Taiwan cable TV industry have started to aggressively increase the deployment of digital set-top boxes into consumer homes. In addition, the TBC Group and other cable TV operators are expected to continue to up-sell subscribers various HD channel packs, premium tiers and value-added services such as DVR and VOD, further driving growth of premium digital cable TV services. MPA forecasts indicate that total premium digital cable TV RGUs will grow at a CAGR of 15.2% between 2012 and 2017, to reach more than 1.4 million RGUs in 2017. By 2017, premium digital cable TV ARPU is expected to reach NT$229, representing a CAGR of 4.0% from 2012. The launch of dual-tuner set-top boxes, such as the one offered by the TBC Group, will boost the growth from DVR, interactive TV, SVOD and VOD. Multiple set-top boxes and targeted advertising through premium digital cable TV services may also provide additional sources of digital revenue in the future.

- **Product bundling.** Competitively priced bundles that include premium digital cable TV, broadband and telephony are a critical part of a cable TV operator's appeal to consumers. Across Taiwan's entire cable TV RGU base, approximately 21.9% of RGUs subscribe to broadband services. This ratio is projected to grow to 25.8% over the next five years, driven by bundling, attractive pricing, and continued product innovation. At the same time, product bundling will also help drive yields and ARPUs as subscribers are up-sold to premium HD program tiers and higher-speed broadband packages.

- **Broadband.** By 2017, 25.8% of Taiwan's total cable TV RGU base (excluding illegal connections) will be broadband RGUs versus 21.9% today. The TBC Group has a good track record in using marketing and promotions to drive broadband subscriber growth and yields by acquiring subscribers through bundling of services, and potentially standalone broadband RGUs in the future, and to up-sell higher-speed broadband packages to subscribers. Approximately 80.0% of the TBC Group's new broadband RGUs subscribe to broadband services offering download speeds of 8 Mbps or higher.

- **Consolidation.** Proposed re-zoning laws and mandatory digitisation of cable networks present opportunities for larger, well-organised and well-funded MSOs to consolidate. Smaller cable TV system operators in Taiwan have had limited success selling premium digital cable TV and broadband services and carrying out network upgrades. Being capital-intensive, mandatory network digitisation could pressure smaller operators to either partner with larger MSOs, or to exit the industry entirely. It should also be noted that the two largest MSOs in Taiwan – Kbro and CNS – could face anti-trust limitations and regulatory impediments in their ability to grow their RGU base or add or expand their franchise areas via acquisitions or by taking advantage of the new re-zoning laws, creating opportunities for smaller MSOs such as the TBC Group.

- **Vertical integration.** Digitisation of networks and increased market consolidation also present opportunities for MSOs to vertically integrate and enter the content business. Although key content and top-tier local channels are owned and operated by external broadcasters, cable TV operators may have the opportunity to either acquire or partner extensively with channel providers. This has occurred in other markets and increases cable TV operators' ability to differentiate their TV products in a highly homogenous business.

Historically, both Kbro (formerly EMC) and CNS were vertically integrated with large channel groups such as Eastern Broadcasting (EBC) and Videoland Television Network through common shareholders. Recent merger and acquisition activity has changed this, leaving cable MSO shareholders to focus primarily on driving the value of distribution assets. In the future, MPA expects the local cable channel market to consolidate, and potentially acquire popular channel groups. This remains the trend in key cable markets globally, such as the US (Comcast and NBCU), Japan (J:COM and JTV) and South Korea (CJ).

6. TAIWAN REGULATORY ISSUES

Current Regulatory Issues Affecting Cable TV and Broadband Industry

- **Re-zoning of franchise areas:** The re-zoning of franchise areas by the NCC could enable larger, well-funded MSOs to move into more potentially lucrative regions. Combined with Taiwan's digitisation mandate, this also presents opportunities for larger MSOs to consolidate smaller operators that have limited capacity to digitise their networks. The new zoning measures may also impede major MSOs such as Kbro and CNS from further expansion, creating opportunities for smaller players such as the TBC Group.

- **Cable TV rate cap regulation:** The basic cable TV rate reductions announced for 2013 are tied to the economic downturn in Taiwan. Similarly, previous basic cable TV rate reductions, most notably in 2011, were also tied to the economic slowdown in Taiwan after 2008, which adversely impacted consumer confidence. Key indicators in the economy have begun to improve in the second half of 2012, and a sustained economic recovery is expected in 2013. MPA therefore expects to see consistent economic growth from 2014. This will help reduce the probability of basic cable TV rate cap reductions from 2014. MPA therefore expects basic cable TV ARPU to remain relatively stable at-0.4% CAGR between 2012 and 2017.

- **Government and foreign ownership regulations for cable TV system operators and IPTV operators:** Article 19 of the Cable Radio and Television Act prevents the government and political parties, foundations established with their endowments and those commissioned by them, from directly or indirectly investing in cable radio and/or television systems. CHT being a government-invested company is prevented from investing in or owning content that it could otherwise leverage to enrich its IPTV platform. This limits its capability to package and offer content that could better compete with cable competitors and drive subscriber uptake.

For and on behalf of
Media Partners Asia Ltd.

Vivek Couto
Executive Director
2 May 2013

REGULATORY ENVIRONMENT

The following provides a brief overview of the current laws and regulations in relation to the cable TV system operators in Taiwan.

Current laws and regulations in relation to the cable TV system operators in Taiwan

In Taiwan, the primary laws and regulations that govern the cable TV system operators are those under the CRTA, the TA and the Fair Trade Act. Prior to 2006, the Directorate General of Telecommunications under the Ministry of Transportation and Communications of Taiwan and the GIO were the primary government authorities in charge of regulating the telecommunications and broadcasting industry in Taiwan. With the passage of the National Communications Commission Organisation Act in 2005, the NCC was established in 2006 as the central competent authority responsible for regulating the communications sector to ensure effective competition in the market, to safeguard public interest and to promote the development of communications services. In other words, prior to the establishment of the NCC, the GIO was the central competent authority responsible for promoting and overseeing broadcasting industries as well as international publicity affairs. Since the establishment of the NCC in 2006 to take on the role of media overseer, including regulating content of broadcasting, the GIO became responsible for promoting the development of the media industry, including supporting and rewarding the film, broadcast, television and pop music industries. As part of the Taiwan government's streamline plan, on 20 May 2012, the GIO ceased its operations with its functions and duties in relation to supporting, rewarding and promoting the film, broadcast, television and pop music industries under the GIO, including issuance of the Radio/Television Program Supplier Permits, shifted to the Ministry of Culture of Taiwan, Executive Yuan and the international publicity affairs shifted to the Ministry of Foreign Affairs of Taiwan.

System operators who are aggrieved by an adverse administrative sanction of the NCC may file a petition against such administrative sanction with the Executive Yuan and then, if necessary, file for an administrative lawsuit at the administrative court for remedies if the petition is denied.

The requirements for cable TV system operators under the CRTA, the TA and relevant laws

Licensing requirements of system operators

A franchise area in Taiwan is a geographic area that a cable TV operator is licensed to operate in pursuant to a cable TV license issued by the NCC. On 27 July 2012, the NCC publicly announced the re-zoning and adjustment of franchise areas, reducing the number of franchise areas from 51 to 22, corresponding to Taiwan's 22 administrative areas.

(I) Cable Radio and/or Television System Operating Licenses

The operations of a system operator in Taiwan are primarily governed by the CRTA. A system operator is required to obtain a Cable Radio and/or Television System Operating License ("**Cable License**") from the NCC before offering its services in its franchise area. A Cable License allows it to transmit images and sound through cable networks for direct viewing and listening by the public. The term of the Cable License is nine years and a system operator may apply for a renewal of its Cable License for another nine years by filing a renewal application along with a business plan with the NCC within six months following the eighth anniversary of the date of its Cable License issuance.

(II) Type I Telecommunications Enterprise Franchise License

Under the TA, telecommunications enterprises are classified into Type I telecommunications enterprises and Type II telecommunications enterprises. A Type I telecommunications enterprise refers to an enterprise that installs telecommunications line facilities and equipment to provide telecommunications services. A Type II telecommunications enterprise refers to a telecommunications enterprise engaging in businesses other than those conducted by Type I telecommunications enterprises.

A system operator is required to obtain a special license from the NCC pursuant to the TA to engage in domestic circuit leasing, which is subject to the territorial limitations specified in the license. A system operator holding this license would be considered a Type I telecommunications enterprise and can provide domestic cable circuit leasing services to third parties through its fixed telecommunications network and related equipment within its licensed franchise area. The Type I Telecommunications Enterprise Franchise License is valid for a period of 15 years and may be renewed in accordance with relevant regulations set forth by the NCC. Each TBC System Operator holds a Type I operator license which allows them to lease their respective HFC networks and related equipment to TBC.

(III) Type II Telecommunications Enterprise Operation License

A system operator is required to obtain a Type II Telecommunications Enterprise Operation License from the NCC pursuant to the TA and relevant regulations to engage in Type II telecommunications services such as internet access services. According to Article 11 of the Administrative Regulations on Type II Telecommunications Business, Type II Telecommunications Enterprise Operation Licenses issued prior to 15 November 2005 are valid for a term of 10 years from the effective date. Type II Telecommunications Enterprise Operation Licenses issued after 15 November 2005 are effective for a term of three years. An application to renew the Type II Telecommunications Enterprise Operation License must be filed with the NCC two months before its expiration.

(IV) Radio/Television Program Suppliers Permit

Pursuant to the Radio and Television Act of Taiwan, a company is required to obtain the Radio/Television Program Suppliers Permit from the GIO (prior to 20 May 2012) or the Ministry of Culture of Taiwan (on or after 20 May 2012) to engage in planning, producing or distributing radio and/or television programs or to broadcast advertisements.

Regulation of Foreign Investments in Taiwan

The IC is the primary regulatory body responsible for regulating foreign investments in Taiwan. Under the Statute for Investment by Foreign Nationals, foreign nationals making investments within Taiwan (eg. in Taiwan onshore entities) are required to submit an investment application, together with its investment plans and relevant documents, to the IC for approval. If the foreign investor intends to divest its investment, the transferor and the transferee shall jointly apply to the IC for approval of the divestment.

Pursuant to Article 23 of the CRTA, the NCC, as the central competent body responsible for regulating the communications sector, may reject applications by foreign investors planning to make investment in cable radio and/or television business in Taiwan if it deems that the foreign investment would have an adverse impact on national security, public order, or social morals or violate the foreign investment restrictions set out in "*– The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Foreign ownership restriction*". However, there is no provision under the CRTA specifically setting forth the procedures or measures for the enforcement of Article 23 of the CRTA.

In practice, if the foreign investment is to be made in the cable TV systems industry, the IC will seek the comments and advice of the NCC in connection with its review of the foreign investment and/or divestment application concerning the cable TV systems industry, subjecting the entire transaction to the NCC's review. In other words, the NCC currently exercises its power under Article 23 of the CRTA mainly through its receiving the foreign investment and/or divestment case transferred from the IC, and would respond to the IC with its comments or advice thereon.

Foreign ownership restriction

According to Paragraph 2 of Article 19 of the CRTA and Article 12 of the Enforcement Rule of the CRTA, (a) the total direct and indirect foreign investment in a cable TV system operator shall be less than 60% of its total outstanding shares; and (b) the total shares directly held by foreign shareholders shall be less than 20% of the outstanding shares. The indirect foreign investment in a system operator is calculated by multiplying the shareholding percentage of the domestic corporate shareholder in the system operator with the foreign shareholding percentage in the said domestic shareholder. In addition, for foreign investors, only foreign corporate investors are allowed to directly own the shares of the system operator.

A system operator which violates the foreign ownership restriction set forth under the CRTA may be imposed with a fine in an amount of not less than NT$100,000 but not more than NT$1,000,000, and be notified to make rectification within a specified time limit. The fine may be imposed consecutively for failure to make rectification. Where the violation is serious, the system operator's Cable License may be revoked. The revocation of a system operator's Cable License for violation of the foreign ownership restriction set forth under the CRTA would not result in the termination of the Cable Licenses of any affiliated system operators that are not involved in such violation.

Furthermore, if the system operator is issued a Type I Telecommunications Enterprise Franchise License by the NCC, foreign ownership restrictions set forth under the TA on Type I enterprises will also apply to the system operator, which provide that the total shares of a Type I enterprise directly held by foreign investors shall not exceed 49 per cent. of the total issued and outstanding shares of that Type I enterprise, while the direct and indirect foreign ownership combined in a Type I enterprise shall not exceed 60 per cent. of the total issued and outstanding shares of that Type I enterprise.

A Type I enterprise that violates the foreign ownership restriction set forth under the TA may be notified to make rectification with a specified time limit, and be imposed with a fine in an amount of not less than NT$500,000 but not more than NT$2,500,000 for failure to make rectification within the specified time limit. If such Type I enterprise still fails to rectify after further notification to make rectification within a specified time limit, its Type I Telecommunications Enterprise Franchise License will be revoked. The revocation of a Type I enterprise's Type I Telecommunications Enterprise Franchise License for violation of the foreign ownership restriction set forth under the TA would not result in the termination of such licenses of any affiliated Type I enterprise that are not involved in such violation.

PRC investment restrictions

Under the Measures Governing Investment Permit for the People of Mainland China Area, a PRC individual or corporate entity ("**PRC Persons**") can only invest in certain business sectors in Taiwan allowed by the IC. As at the date of this document, the cable TV industry is not on the list of sectors in which PRC Persons may invest in Taiwan (the "**PRC Investment Restrictions**"). For the purposes of the PRC Investment Restrictions, a corporate entity registered outside the PRC would be considered a PRC corporate entity if 30.0% or more of its equity interest or its actual control is directly or indirectly held by a PRC individual or entity/organisation/institution. Individuals and corporate entities from the Hong Kong or Macau Special Administrative Regions

are not subject to the PRC Investment Restrictions, except, in relation to a corporate entity, where 30.0% of its equity interest or its actual control is directly or indirectly held by a PRC individual or entity/organisation/institution.

Any person who makes an investment in violation of the PRC Investment Restrictions may be imposed with a fine of not less than NT$120,000 but not more than NT$600,000, and its shareholder rights may be suspended and, in addition thereto, an order that the investment shall be ceased or withdrawn within a specified time limit may be imposed. The fine may be imposed consecutively for failure to make rectification within the specified time limit.

Taiwan government/political party ownership restrictions

Under Article 19 and Article 20 of the CRTA, the Taiwan government and political entities, as well as those foundations, associations and institutions established with their endowments or commissioned by these entities ("**Restricted Entities**"), shall not directly or indirectly invest in a cable TV system operator. In addition, a Taiwan political party worker, political appointee and elected public official ("**Restricted Persons**") may not directly or indirectly invest in a cable TV system operator and the aggregate shareholdings held by spouses and relatives of Restricted Persons shall not exceed one per cent. of the total outstanding shares of a cable TV system operator. The foregoing restrictions in this paragraph are collectively referred to as the "**Taiwan Government Ownership Restrictions**".

A system operator which violates the Taiwan Government Ownership Restrictions may be imposed with a fine in an amount of not less than NT$100,000 but not more than NT$1,000,000, and be notified to make rectification within a specified time limit. The fine may be imposed consecutively for failure to make rectification. Where the violation is serious, the system operator's Cable License may be revoked. The revocation of a system operator's Cable License for violation of the a Taiwan Government Ownership Restrictions would not result in the termination of the Cable Licenses of any affiliated system operators that are not involved in such violation.

Anti-trust restriction

Article 21 of the CRTA places restrictions on system operators, their affiliates and their directly or indirectly controlled system operators ("**Related Party System Operators**") as to the number of subscribers, the number of system operators in one administrative district (being a municipality or county/city) and the number of system operators in the entire nation collectively held by them.

(I) Restriction on the Number of Subscribers

Pursuant to sub-paragraph 1 of paragraph 1 of Article 21 of the CRTA, the total number of subscribers collectively served by Related Party System Operators shall not exceed one-third of the total number of subscribers in the entire nation.

(II) Restriction on the Number of System Operators at the Administrative District Level

Pursuant to sub-paragraph 2 of paragraph 1 of Article 21 of the CRTA, the number of system operators that are deemed Related Party System Operators shall not exceed one-half of the total number of system operators in an administrative district; however, this limitation shall not apply to an administrative district where there is only one system operator.

(III) Restriction on the Number of System Operators at the National Level

Pursuant to sub-paragraph 3 of paragraph 1 of Article 21 of the CRTA, the number of system operators that are deemed Related Party System Operators shall not exceed one-third of the total number of system operators in the entire nation.

When examining whether two companies will be deemed to be Related Party System Operators, the definition of "affiliate enterprises" under the Taiwan Company Act and the relevant regulations, rulings and government practices need be taken into consideration. Under Article 369-1 of the Taiwan Company Act, two companies are "affiliate" companies of each other if they have a relationship in which either: (a) one controls the other, or (b) one-third or more of the total voting shares or common stock of each company is held by the other. In this context, "control" is defined as a situation where (i) one company holds a majority of the outstanding voting shares or the capital stock of another company or (ii) one company has control, either directly or indirectly, over the management of the personnel, financial or business operation of another company. Two companies may also be considered affiliates under certain Taiwan government regulations or rulings, based on the fact-specific substantive relationship. For example, pursuant to the Article 6 Criteria, two companies would be considered as affiliates where one company finances one-third or more of another company's assets. The Ministry of Economic Affairs of Taiwan has stated in its ruling that, when determining whether two non-public-offering companies should be considered as affiliates, the Article 6 Criteria should be considered.

NCC, as the competent authority in charge of the cable TV industry and the interpretation and application of CRTA, is responsible for reviewing all of the relevant facts and information and making its decision on the Related Party System Operators issue on a case-by-case basis pursuant to the relevant provisions of the Taiwan Company Act, applicable regulations and rulings, which is in line with the requirement of Article 11 of the Enforcement Rules of the CRTA.

A system operator which violates the anti-trust restrictions may be imposed with a fine in an amount of not less than NT$100,000 but not more than NT$1,000,000, and be notified to make rectification within a specified time limit. The fine may be imposed consecutively for failure to make rectification. Where the violation is serious, the system operator's Cable License may be revoked. The revocation of a system operator's Cable License for violation of the anti-trust restrictions would not result in the termination of the Cable Licenses of any affiliated system operators that are not involved in such violation.

Effect of anti-trust restriction on the TBC Group

If the NCC deems Shin Ho and Chi Yuan to be affiliates and therefore in violation of Article 21 of the CRTA, the NCC may require the TBC Group to rectify the situation such as by divesting its interest in Chi Yuan. Existing cable television system operators may apply to the NCC to expand their business operations into the franchise area of another cable television system operator. In order for Shin Ho to expand into its franchise area, it will need to submit its business plan for the expansion in the application to the NCC.

As such, Shin Ho may apply to the NCC to expand its business operations to the franchise area currently served by Chi Yuan. In the event that Shin Ho applies and obtains approval from the NCC, the operations of Shin Ho and Chi Yuan will be merged to form a single system operator in the Miaoli administrative area. Any application by Shin Ho to expand its business operations to the franchise area of Chi Yuan will likely involve a commitment to provide digital broadcasting services in the combined franchise areas of Shin Ho and Chi Yuan and additional capital expenditure to connect their operations. This commitment to provide digital broadcasting services is in line with the current policies of the NCC to promote the digitalisation of cable TV services. On this basis, if Shin Ho commits to provide the abovementioned services and comply with the guidelines provided by the NCC, the application process is expected to be mainly procedural. In terms of the

estimated timeframe, there are no specific guidelines or rules which indicate the time period that the NCC should respond with the approvals, but the Trustee-Manager estimates the entire application process should take approximately six to twelve months.

Change of directors, supervisors and managers of system operators

Article 26 of the CRTA requires prior approval from the NCC in the event where there is a change of directors, supervisors or managers of a cable TV system operator.

The requirements for the directors, supervisors and managers of a cable television system operator under the CRTA include (1) at least two-thirds of the directors and two-thirds of the supervisors of a cable television system operator shall be citizens of Taiwan; (2) the chairman of the board of directors of a cable television system operator shall be a citizen of Taiwan; (3) Taiwan government, political parties, political party workers, and elected public officials may not be directors, supervisors, or managerial officers of a cable television system operator; and (4) the directors, supervisors and managers of a cable television system operator may not have certain negative qualifications specified under Article 30 of the Taiwan Company Act.

Public offering company

The FSC and the NCC require that a system operator remain as a public offering company subject to disclosure requirements set forth under the Securities and Exchange Act of Taiwan and related regulations, including the rules governing preparation of financial reports and public disclosure of audited financial reports.

Requirements under the Fair Trade Act

The FTC is the central competent authority responsible for formulating competition policy, laws, regulations, and investigating and handling various activities impeding competition. The Fair Trade Act is the primary legislation regulating monopolies, mergers, concerted actions, and other restraints on competition or unfair trade practices. With regard to the cable TV industry, the FTC has published the FTC Policy Statements on the Cable Television and Related Industry to explain how the FTC views and evaluates the various competition practices in the industry. The system operators are subject to the rules under the Fair Trade Act and relevant competition policy promulgated by the FTC.

Under Article 6 of the Fair Trade Act, the term "merger" refers to a circumstance:

(a) where an enterprise and another enterprise are merged into one;

(b) where an enterprise holds or acquires the shares or capital contributions of another enterprise to an extent of more than one-third of the total voting shares or total capital of such other enterprise;

(c) where an enterprise is assigned by or leases from another enterprise the whole or the major part of the business or properties of such other enterprise;

(d) where an enterprise operates jointly with another enterprise on a regular basis or is entrusted by another enterprise to operate the latter's business; or

(e) where an enterprise directly or indirectly controls the business operation or the appointment or discharge of personnel of another enterprise.

The Fair Trade Act further requires that, if a merger meets one of the following thresholds, the filing for pre-merger notification with the FTC would be required:

(a) as a result of the merger, the enterprise(s) will have one-third of the market share;

(b) one of the enterprises in the merger has one-fourth of the market share; or

(c) sales for the preceding fiscal year of the two enterprises in the merger exceed the threshold amounts publicly announced by the competent authorities.

In determining whether the market share thresholds are met, according to Article 4 of the Enforcement Rules to the Fair Trade Act, the production, sales, inventory, and import/export value (volume) data for an enterprise and the particular market shall be taken into account. As to the sales amount, the threshold is met if an enterprise in a merger is a non-financial enterprise that has sales exceeding NT$10 billion in the preceding fiscal year, and the enterprise it merges with has sales exceeding NT$1 billion in the preceding fiscal year. The FTC, in its Policy Statements on Cable Television and Related Industry, indicates that the market share of any single cable TV system operator should be calculated based on the percentage of the number of its subscribers to the total number of viewing households within its franchise area. In other words, each franchise area of cable TV system operator is considered to be an independent market.

The Fair Trade Act not only governs onshore mergers, but also mergers of foreign enterprises outside of the territorial domain of Taiwan if the aforementioned thresholds are met.

Macquarie Group had sought and obtained FTC approval in 2006 for its acquisition of Jie Guang and Tai Luo Tze from Carlyle. In 2011, as part of the rights issue undertaken by Cable TV S.A., FTC provided an approval stating that if there is no change of control of the TBC Group from the then existing structure, FTC pre-approval would not be required. In this regard, given that the Trustee-Manager for the Trust will continue to be a wholly-owned subsidiary of Macquarie Group Limited, it may be argued that the Trust Acquisition would not result in a change of control of the TBC Group. However, given that the Trustee-Manager is a newly incorporated entity that was not in existence when FTC granted the above approval in 2011 and will hold shares in the Bermuda Holdcos on trust for Unitholders, for the avoidance of doubt, Macquarie Capital Group Limited, the Sponsor of the Trust, submitted an application to the FTC on 22 February 2013 for the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager and obtained clearance from the FTC on 14 March 2013.

If the control of the TBC Group were to change, the TBC Group would be required to seek approval for such change from the FTC.

With respect to “control”, the relevant definition in the Taiwan Company Act should be taken into consideration. In this regard, “control” is defined as a situation where (i) one company holds a majority of the outstanding voting shares or the capital stock of another company or (ii) one company has control, either directly or indirectly, over the management of the personnel, financial or business operation of another company.

Summary of Key Regulatory Requirements and their application to the Trust Group

We set out below a summary of the key regulatory requirements and their application to the Trust Group.

Level the transaction takes place	NCC	IC	FTC
Cable TV S.A.	NCC, as the central competent authority responsible for regulating the communications sector, may reject applications by foreign investors planning to make investment in cable radio and/or television business in Taiwan if it deems that the foreign investment would have an adverse impact on national security, public order, or social morals or violate the foreign investment restriction set forth under Paragraph 2 of Article 19 of the CRTA. However, there is no provision under the CRTA specifically setting forth the procedures or measures for the enforcement of Article 23 of the CRTA. The current practice is that the IC will seek the comments and advice of the NCC in connection with its review of the foreign investment and/or divestment application concerning the cable TV systems industry. Accordingly, under the current practice of the NCC, no prior approval of the NCC would be required for the change in offshore shareholding structure, unless the application is referred to NCC by the IC. In addition, in connection with its review of any merger application, the FTC may seek comments and advice from the NCC.	The IC is the primary regulatory body responsible for regulating foreign investments in Taiwan. Under the Statute for Investment by Foreign Nationals, foreign nationals making investments within Taiwan (eg. shares in Taiwan onshore entities) are required to submit an investment application, together with its investment plans and relevant documents, to the IC for approval. If the foreign investor intends to divest its investment, the transferor and the transferee shall jointly apply to the IC for approval of the divestment. Based on the IC's approval letter dated 21 April 2006, for any change in the shareholding structure of Cable TV S.A., post event notification in the annual report to the IC within two months after the end of every fiscal year would be required i.e. an after the fact filing for record purposes.	FTC approval will be needed if as a result of the merger: 1) the enterprise(s) will have one-third of the market share; 2) one of the enterprises participating in the merger has one-fourth of the market share; or 3) sales for the preceding fiscal year of the two enterprises participating in the merger exceed the threshold amounts publicly announced by the competent authorities. Under the current practice of FTC, each franchise area of cable TV system operation is considered an independent market and, as a result, any merger transaction involving the TBC System Operators would meet the above-said thresholds, which would trigger the pre-merger notification. Macquarie Group had sought and obtained FTC approval in 2006 for its acquisition of Jie Guang and Tai Luo Tze from Carlyle. In 2011, as part of the rights issue undertaken by Cable TV S.A., the FTC provided an approval stating that if there is no change of control of the TBC Group from the then existing structure, FTC pre approval would not be required. In this regard, given that the Trustee Manager will continue to be a wholly-owned subsidiary of Macquarie Group Limited it may be argued that the Trust Acquisition would not result in a change of control of the TBC Group. However, given that the Trustee-Manager is a newly incorporated entity that was not in existence when FTC granted the above approval in 2011 and will hold shares in the Bermuda Holdcos on trust for Unitholders, for the avoidance of doubt, Macquarie Capital Group Limited, the Sponsor, submitted an application to the FTC on 22 February 2013 for the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager and obtained clearance from the FTC on 14 March 2013. If the control of the TBC Group were to change, the TBC Group would be required to seek approval for such change from the FTC. With respect to "control", the relevant definition in the Taiwan Company Act should be taken into consideration. In this regard, "control" is defined as a situation where (i) one company holds a majority of the oustanding voting shares or the capital stock of another company or (ii) one company has control, either directly or indirectly, over the management of the personnel, financial or business operation of another company.
TBC Holdings		Based on the IC's approval letter dated 21 April 2006, for any change in the shareholding structure of TBC Holdings, post event notification in the annual report to the IC within two months after the end of every fiscal year would be required i.e. an after the fact filing for record purposes.	
TBC onshore	Any change in the investment in the onshore TBC entities by TBC Holdings and/or Harvest Cable Holdings B.V. would require IC pre-approval. IC will seek the comments and advice of the NCC.	Any change in the investment in the onshore TBC entities by TBC Holdings and/or Harvest Cable Holdings B.V. would require IC pre-approval.	
Trustee-Manager	A change in the Trustee-Manager will require NCC approval only if the new Trustee-Manager is deemed to be a Restricted Entity or Restricted Person. Further, if the new trustee-manager changes the directors, supervisors or managers of any of the TBC System Operators, the NCC would have to approve such a change. In addition, in connection with its review of any merger application, the FTC may seek comments and advice from the NCC.	A change in the Trustee-Manager will require IC approval only if the new trustee-manager is deemed to be a PRC Person.	FTC approval will be required if the control or ownership of the Trustee-Manager were to change and hence the control of the TBC Group changed, as it would be considered a merger. A change in the Trustee-Manager will also constitute a merger. In each case, a pre-merger notification with, and approval by, the FTC will be required. In connection with its review of any merger application, the FTC may seek comments and advice from the NCC.

Lee, Tsai & Partners is of the opinion that the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager will not require prior approval from the IC or NCC. Based on the IC's approval letter dated 21 April 2006, a change in the shareholding structure of the Dutch Holdcos (including the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager) would only require a post-event notification within two months after the end of each fiscal year, unless the change involves investment by certain restricted persons. Pursuant to the CRTA, the NCC shall disapprove an application for operating cable TV business in the event where such an application

involves a violation of the foreign ownership restrictions, the Taiwan Government Ownership Restrictions or the anti-trust restrictions, set forth under the CRTA. (See "*– The requirements for cable TV system operators under the CRTA, the TA and relevant laws*")

Based on the above, Lee, Tsai & Partners has advised that the sale of the Bermuda Holdcos from the Sellers to the Trustee-Manager (which holds shares in the Bermuda Holdcos on trust for Unitholders), would not require prior approvals from the IC and NCC nor would it, subject to the disclosure made in "*Risk Factors – Risks relating to the TBC Group's Business – Taiwan's restrictions on the ownership of system operators in one administrative area may further impact the Group's Corporate Structure*" render the Trust to be in violation of any foreign ownership restrictions, or the anti-trust restrictions, set forth under the CRTA.

Recent Developments

Re-zoning of Franchise Areas

Pursuant to the current Article 32 of the CRTA, the demarcation and adjustment of the franchise areas for the supply of cable TV services shall be announced by the central regulatory agency, being the NCC, after consultations with the special municipal or county/city government on the following matters: a) administrative districts; b) natural and geographical environments; c) population distribution; and d) economic effect. As such, the NCC is given the authorisation to demarcate/re-demarcate the franchise areas for cable TV system operators by public announcement without first amending the existing CRTA.

Prior to 27 July 2012, Taiwan was divided into 51 franchise areas. In each franchise area, one or more Cable Licenses may be issued. Each Cable License entitles a system operator to operate in one franchise area in Taiwan. On 27 July 2012, the NCC, pursuant to Article 32 of the CRTA and the resolution adopted in its 494th Committee Meeting, promulgated the announcement of the demarcation and adjustment of the franchise areas for the supply of cable TV services, reducing the number of franchise areas from 51 to 22, corresponding to Taiwan's administrative areas. In addition, the NCC, among other things, indicated in the announcement that, following the effective date of the announcement, it would start accepting applications from new entrants for the operation of system operator services and from existing licensed system operators wishing to expand their franchise areas based on the newly-defined franchise areas. Under the announcement, all new entrants or existing system operators proposing to expand their operation franchise areas are required to provide only digital broadcasting services in the new franchise area.

Proposal to Replace National Cable TV Rate Caps

On 24 April 2013, the NCC announced a preliminary proposal to replace the national cable TV rate cap with an alternate rate cap model where the applicable rate cap for each system operator is tied to its digital penetration rate over the next four years. The proposal is only a draft proposal which is at a very initial stage and would need to go through a public hearing process and possibly consultations with Executive Yuan and Legislative Yuan. Hence the likelihood of this draft proposal changing or not going ahead in its current form is high.

The preliminary proposal is outlined below:

Year	Maximum monthly charge rate (NT$)	Condition
2014	Maintained at 600 currently	Digitisation proportion (digital cable TV users as a percentage of all subscribers for a system operator) in the third quarter of 2013 rises by at least 4.5 percentage points from the fourth quarter of 2012
	Reduction by 10-15 from 600	Digitisation proportion in the third quarter of 2013 rises by below 4.5 percentage points from the fourth quarter of 2012
2015	600	Digitisation proportion in the third quarter of 2014 reaches at least 45%
	450	Digitisation proportion in the third quarter of 2014 is below 45%
2016	600	Digitisation proportion in the third quarter of 2015 reaches at least 75%
	450	Digitisation proportion is below 45% in the third quarter of 2014 but rises to at least 75% in the third quarter of 2015
	350	Digitisation proportion in the third quarter of 2015 is below 75%

Source: Compiled by Digitimes, 25 April 2013. Digitimes has not provided their consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The preliminary proposal by the NCC further provides that from 2017, various rate caps will apply as follows:

- The NCC proposes that the over 100 TV channels currently offered to basic cable TV subscribers be split into four packages A, B, C and D.

- Package A is a mandatory, basic package (comprising a total of 11 free-to-air television and system operator's self-packaged channels) which will be subject to a rate cap of NT$200 per month.

- Each of packages B, C and D is proposed to be priced at between NT$100 to NT$130 per month subject to a rate cap of NT$130 for each individual package.

- In addition to package A, a consumer can select any combination of packages B, C and/or D.

- If a consumer buys all three add-on packages B, C and D, the total price is proposed to be capped at NT$300 per month. In other words, packages A, B, C and D are proposed to be subject to a total rate cap of NT$500 per month (which is only NT$100 lower than the current rate cap of NT$600 per month).

No price regulation has been proposed for Premium Digital Cable TV.

Material licenses held by the TBC Group

Each of the TBC System Operators currently holds Cable Licenses issued by the NCC for offering cable TV services in their respective franchise areas. Each license is issued and renewed for a period of nine years upon renewal. Outlined below is the validity period of the respective Cable Licenses:

Name	Validity Period
Nan Tao Yuan Cable Television Co., Ltd	3 February 2008 to 2 February 2017
Best Cable Television Co., Ltd	9 April 2008 to 8 April 2017
Shin Ho Cable Television Co., Ltd	4 September 2009 to 3 September 2018
Chun Chien Cable TV Co., Ltd	16 February 2009 to 15 February 2018
Chi Yuan Cable TV Co., Ltd	4 August 2009 to 3 August 2018

For conducting domestic land cable circuit leasing business, each of the TBC System Operators also holds a Type I Fixed Network Telecommunications Business license. Each license is issued and renewed for a period of 15 years upon renewal. Outlined below is the validity period of the respective licenses:

Name	Validity Period
Nan Tao Yuan Cable Television Co., Ltd	5 September 2003 to 4 September 2018
Best Cable Television Co., Ltd	25 February 2004 to 24 February 2019
Shin Ho Cable Television Co., Ltd	20 August 2004 to 19 August 2019
Chun Chien Cable TV Co., Ltd	21 May 2003 to 20 May 2018
Chi Yuan Cable TV Co., Ltd	12 January 2005 to 11 January 2020

In addition to the above, some of the TBC System Operators also hold Radio/Television Program Supplier Permits. For telecommunications services, TBC has obtained a license for "internet access services" within the territory of Taiwan. This service is classified as a Type II "general services" under the TA and the validity period of such license is from 25 April 2011 to 24 April 2014. The Trustee-Manager intends to renew such license. Moreover, Wo Jun holds a Satellite Programming Service Provider License, which is effective from 13 April 2009 to 12 April 2015. Each of the license holders will need to renew its licenses with the competent central regulatory authority before their respective expiration dates. There is no guarantee that the license holders will be able to renew their existing licenses or renew their licenses under the terms that are the same or equivalent to those that currently apply. However, the above mentioned TBC System Operators renewed their respective Cable Licenses in 1999 and 2000 for nine years. The TBC Group most recently renewed their Cable Licenses in 2008 and 2009 for an additional nine years. Such renewals are not subject to any terms and conditions.

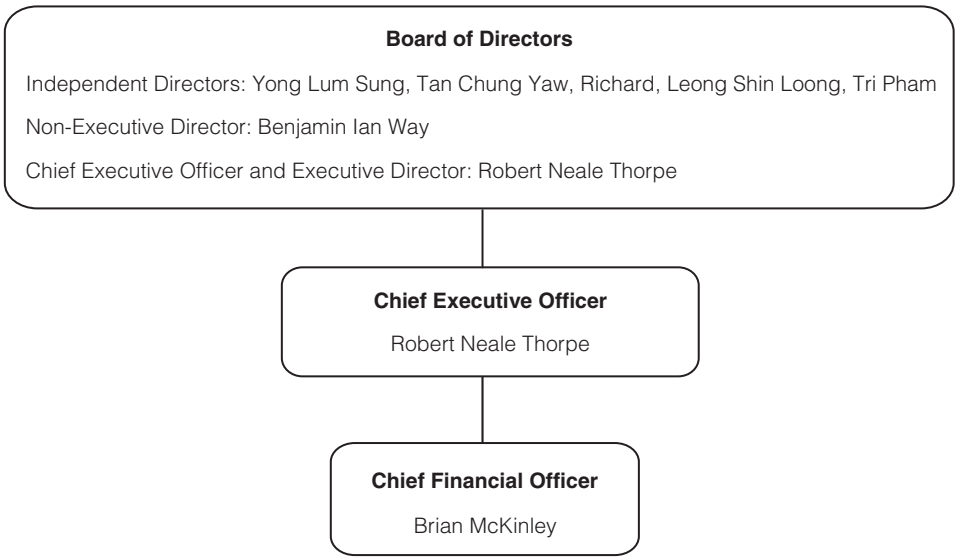
The Trustee-Manager believes that the Trust has all requisite licenses for its business operations and is in compliance with the relevant restrictions imposed by such licenses.

THE TRUSTEE-MANAGER

THE TRUSTEE-MANAGER OF THE TRUST

The Trustee-Manager, Macquarie APTT Management Pte. Limited, was incorporated in Singapore under the Singapore Companies Act on 17 April 2013. It has an issued and paid-up capital of S$500,000. Its registered office and principal place of business is located at 10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983, and its telephone and facsimile numbers are +65 6601 0888 and +65 6601 0653, respectively. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor.

Management Reporting Structure of the Trustee-Manager



Board of Directors

The Board of Directors is entrusted with the responsibility for the overall management of the Trustee-Manager, and has six members. The following table provides certain information regarding the Directors:

Name	Age	Address	Position	Date of Appointment as Director
Yong Lum Sung	63	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Independent Director and Chairman	29 April 2013
Tan Chung Yaw, Richard	49	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Independent Director	29 April 2013
Leong Shin Loong	58	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Independent Director	29 April 2013
Tri Pham	47	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Independent Director	29 April 2013
Benjamin Ian Way	39	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Non-Executive Director	17 April 2013
Robert Neale Thorpe	37	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Chief Executive Officer and Executive Director	17 April 2013

None of the Independent Directors sits on the board of any of the subsidiaries of the Trust.

Experience and Expertise of the Board of Directors

Certain information concerning the business and working experience of the Directors is set out below:

Yong Lum Sung is an Independent Director and Chairman of the Board. Mr. Yong was formerly the Chief Operating Officer of StarHub Ltd from 2003 to 2006, where he was responsible for the day to day business operations and for the Consumer Markets, Business Markets, Mobile Services, Network & Wholesale Services and Operations & Support divisions. Since 2007 he has served as a board member of several companies. Mr. Yong holds a Master of Engineering from the University of Singapore and a Certified Diploma in Accounting and Finance from the Chartered Association of Certified Accountants, United Kingdom. He also attended the Advanced Management Program at Harvard Business School.

Tan Chung Yaw, Richard is an Independent Director. He has since 2011 been the Chairman and an Independent Director of Polaris Ltd., and is also the Chairman of the audit committee and remuneration committee and a member of the nominating committee of Polaris Ltd. Mr. Tan has also since 2008 held the post of Deputy Chief Executive Officer of PT Smartfren, and is responsible for products and strategy. In 2008, Mr. Tan held the post of Director of Commerce at PT Telekommunikasi, Indonesia ("**Telkomsel**") where he was responsible for sales and marketing. From 2001 to 2007, Mr. Tan was Vice President (Wholesale) at SingTel Ltd., where he was responsible for the wholesale of voice and data products. Mr. Tan holds a Bachelor of Science in Electrical Engineering (Honours) and Master of Science in Electrical Engineering from the National University of Singapore.

Leong Shin Loong is an Independent Director. He is currently Chief Executive Officer of Berca Global Access. From 1997 to 2011, Mr. Leong was a Vice President at Singapore Telecommunications. From 2002 to 2004 and 2008 to 2011, he was seconded to Telkomsel where he was Director of Commerce responsible for sales and marketing. From 2005 to 2006, he was seconded to AIS, Thailand where he was Executive Vice Chairman responsible for investment monitoring. Mr. Leong holds a Bachelor of Science in Electrical and Electronic Engineering from Northwestern University and a Master of Engineering (Computer and Systems Engineering) from Rensselaer Polytechnic Institute.

Tri Pham is an Independent Director. Mr. Pham is currently a principal at Just-In-Tim Consulting, a consulting firm which he founded. Previous positions held by Mr. Pham include Managing Director of The Hongkong and Shanghai Banking Corporation from 2008 to 2011, where he was head of Telecommunications, Media and Technology ("**TMT**"), Asia Pacific, Executive Director of ABN AMRO Bank from 2004 to 2008, where he was Co-Head of TMT, Asia Pacific and Director at Merrill Lynch International from 1994 to 2003, where he was head of South East Asia TMT. Mr. Pham holds a Bachelor of Science in Electrical Engineering and Master of Science from The Johns Hopkins University and a Master of Business Administration from The Wharton School, University of Pennsylvania.

Benjamin Ian Way is a Non-Executive Director. He is currently a Senior Managing Director of the Macquarie Funds Group and is responsible for the Macquarie Funds Group's private equity fund business in Greater China and Korea. Previous roles held by Mr. Way include Managing Director and Chief Executive Officer of the TBC Group from 2006 to 2008, Executive General Manager of Fairfax Media (Sydney) from 2004 to 2006 and Management Consultant at Bain and Company (Singapore, Beijing and Sydney offices) from 1998 to 2004. Mr. Way is also currently a director of the Australian-New Zealand Chamber of Commerce Taiwan, a member of the National Executive Council of the Australian-Taiwan Business Council Limited, the representative of Macquarie Korea Opportunities Management Ltd at CASBAA Limited, a Chapter Member of the Young Presidents Organisation and Treasurer and Director of the Australian Chamber of Commerce, Beijing. Mr. Way holds a Bachelor of Arts and Bachelor of Laws from Macquarie University Australia.

Robert Neale Thorpe is an Executive Director and will be the Chief Executive Officer of the Trustee-Manager from the Listing Date. He is also currently a Managing Director of MIRA but with effect from the Listing Date, he will cease to hold any other executive position in the Macquarie Capital Group, although he will continue to be a non-executive director, and an investment committee member, of certain Macquarie Capital Group entities (namely Macquarie SBI Infrastructure Fund and Philippines Investment Alliance for Infrastructure Fund). Previous positions in MIRA held by Mr. Thorpe also include Chief Operating Officer and Chief Financial Officer (Sydney) from 2003 to 2007, Senior Finance Manager (New York) from 2001 to 2003 and Finance Manager (Sydney) of Macquarie Specialised Asset Management from 1999 to 2001. Mr. Thorpe holds a Bachelor of Commerce from University of New South Wales, and has been a member of the Institute of Chartered Accountants, Australia since 1999.

Listed Company Experience

Mr. Tan Chung Yaw, Richard has served as a director of a public-listed company in Singapore. Mr. Yong Lum Sung has served as a director of a public-listed company in Thailand. The Directors have been briefed on the roles and responsibilities of a director of the trustee-manager of a publicly-listed business trust prior to the Listing.

Family Relationship

None of the Directors is related to one another or to any of the Executive Officers or to any substantial shareholder of the Trustee-Manager or any person expected to become a Substantial Unitholder as at the Listing Date.

Independence of the Independent Directors

The Board will adhere to requirements of the BTA with regard to the independence of the Independent Directors. Under the Business Trusts Regulations 2005, an independent director is either:

(a) a person who is considered to be independent from management and business relationships with the trustee-manager as well as independent from a substantial shareholder of the trustee-manager pursuant to definitions used in the Business Trusts Regulations 2005; or

(b) a person whom, notwithstanding that he has the relationships described above, the board of directors of the trustee-manager is satisfied that his independent judgement and ability to act with regard to the interests of all the unitholders of a Registered Business Trust as a whole will not be interfered with, despite such relationships.

List of Present and Past Principal Directorships of Directors

A list of the present and past principal directorships of each Director over the last five years preceding the Latest Practicable Date is set out in Appendix F, "*List of Present and Past Principal Directorships of Directors and Executive Officers*".

Key Roles of the Board of Directors

The Board is responsible for the overall direction and management of the Trustee-Manager and the formulation of the policies and procedures to be applied by it in the performance of its duties as trustee-manager of the Trust.

The Board consists of six Directors. The audit committee of the Trustee-Manager (the "**Audit Committee**") is made up of Mr. Yong Lum Sung, Mr. Tri Pham and Mr. Tan Chung Yaw, Richard. Mr. Tri Pham has been appointed as Chairman of the Audit Committee.

The Board will meet to review the key activities and business strategies of the Trustee-Manager. The Board intends to meet regularly, at least once every three months, to deliberate on the strategic policies of the Trust, approve the budgets and review the performance of the Trust. The Board will also review the Trust's key financial risk areas. The outcome of these reviews will be disclosed in the Trust's annual report or, where the findings are material, immediately announced via SGXNET.

Each Director has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of the Trust.

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

Changes to regulations and accounting standards will be monitored closely by the members of the Audit Committee. (See "*Corporate Governance – Corporate Governance of the Trustee-Manager – Audit Committee*") To keep pace with regulatory changes, where these changes have an important bearing on the Trustee-Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving the relevant professionals.

Management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Four of the six Directors, which constitute the majority of the Board, are non-executive Directors and are independent of management. This enables management to benefit from the external, diverse and objective perspective of these directors, on issues that are brought before the Board. It also enables the Board to interact and work with management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain effective checks and balances. The Chairman of the Board is Mr. Yong Lum Sung while the Chief Executive Officer is Mr. Robert Neale Thorpe.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and management work together with integrity and competency, and that the Board engages management in constructive debate on strategy, business operations, enterprise risk and other plans while the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate. As at the date of this document, the Company Secretary is Lee Wai Sum, an associate member of the Singapore Association of The Institute of Chartered Secretaries & Administrators.

Executive Officers

The Trustee-Manager is led by an executive management team which comprises the Chief Executive Officer and the Chief Financial Officer. The following table provides certain information regarding the Executive Officers.

Name	Age	Address	Position
Robert Neale Thorpe	37	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Chief Executive Officer and Executive Director

Name	Age	Address	Position
Brian McKinley	42	10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983	Chief Financial Officer

Experience and Expertise of the Executive Officers

Information on the working experience of the Executive Officers is set out below:

Robert Neale Thorpe is an Executive Director and will be the Chief Executive Officer of the Trustee-Manager from the Listing Date. (See "*The Trustee-Manager – The Trustee-Manager of the Trust – Board of Directors – Experience and Expertise of the Board of Directors – Robert Neale Thorpe*")

Brian McKinley is the Chief Financial Officer of the Trustee-Manager. He is also currently an Associate Director of MIRA Finance but with effect from the Listing Date, he will cease to hold any other executive position in the Macquarie Capital Group. From 2011 to 2012, Mr. McKinley was Chief Financial Officer of Richard Chandler Corporation, where he provided overall financial leadership and had oversight of the IT department. From 2009 to 2011, he was Chief Financial Officer of the Banking and Financial Services Group, North America of Macquarie Group Limited and from 2006 to 2009, he was Head of Finance of Macquarie Capital Funds Canada. In both roles, he provided overall financial leadership to the respective divisions. From 2004 to 2006, he was a Controller at Tarion Warranty Corporation where he had overall responsibility for all financial budgeting, reporting, forecasting, collections, accounts payable, payroll and benefits. From 2000 to 2004, he was Director of Finance & Administration, Treasurer at Atreus Systems Corp, where he had overall responsibility for directing the company's finance operations, legal, human resources, information systems and administrative support functions. Mr. McKinley holds a Bachelor of Commerce (High Honours) from Carleton University and is a Chartered Accountant of the Institute of Chartered Accountants of Ontario.

Family Relationship

None of the Executive Officers is related to one another or to any of the Directors or to any substantial shareholder of the Trustee-Manager or any persons expected to become a Substantial Unitholder as at the Listing Date.

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past principal directorships of each Executive Officer over the last five years preceding the Latest Practicable Date is set out in Appendix F, "*List of Present and Past Principal Directorships of Directors and Executive Officers*".

Key Roles of the Executive Officers

The Chief Executive Officer will work with the Board to determine the strategy for the Trust. He is responsible for implementing the strategic direction for the Trust and will work with the Chief Financial Officer to manage and guide the members of the asset level management team in the day-to-day operations of the Trust in order to meet the stated strategic and operational objectives of the Trust. He is also responsible for consulting with and reviewing recommendations and reports from the asset level management team, before presenting his recommendations to the Board.

The Chief Financial Officer will work with the Chief Executive Officer to identify, evaluate and execute strategic plans for the Trust in accordance with the Trustee-Manager's stated investment mandate. In particular, he will provide financial perspective on innovation and profitable growth, leverage this perspective to improve risk-awareness, strategic decision-making and performance management integration, and translate the expectations of the capital markets into internal business imperatives. The Chief Financial Officer will be responsible for applying the appropriate capital management strategy and overseeing the implementation of the Trust's short-term and medium-term business plans and financial condition.

The support services relating to finance and accounts being provided by MIRA Singapore to the Trustee-Manager will report to the Chief Financial Officer, while all other support services being provided by MIRA Singapore to the Trustee-Manager will report to the Chief Executive Officer.

The Chief Financial Officer is the most senior corporate officer in charge of finance functions at the Trustee-Manager. A qualified and experienced team of finance and accounting professionals and support staff reports to him. In considering the suitability of the Chief Financial Officer for his role with regard to his finance portfolio, the Audit Committee considered a number of factors, including the qualifications and experience of the Chief Financial Officer, in particular his recent positions as Chief Financial Officer of Richard Chandler Corporation, a private, Singapore-based investment company, and his role in MIRA Finance in Singapore and in North America where he managed the financial operations of listed funds and entities, as well as the reporting structure and the team who reports to him. The Audit Committee has opined that, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the Audit Committee members to cause them to believe that the person appointed as the Chief Financial Officer does not have the competence, character and integrity expected of a chief financial officer of a listed issuer.

Mr. McKinley has confirmed that he is adequately familiar with the business operations, accounting systems and policies of the Trust Group despite only assuming the role of Chief Financial Officer of the Trustee-Manager on 30 April 2013.

Remuneration of the Directors and Executive Officers

The compensation paid or estimated to be paid by the Trustee-Manager or subsidiaries of the Trust for services rendered by the Directors and Executive Officers to the Trustee-Manager, the Trust and the related corporations and entities of the Trust, on an individual basis in remuneration bands, for each of the financial years ended 31 December 2011 and 31 December 2012 and the financial year ending 31 December 2013 is as follows:

	Remuneration for FY 2011[(1),(2)]	Remuneration for FY 2012[(1),(2)]	Estimated Remuneration for FY 2013[(1),(2)]
Directors			
Yong Lum Sung	Nil	Nil	A
Benjamin Ian Way	Nil	Nil	Nil
Robert Neale Thorpe	Nil	Nil	Nil
Tan Chung Yaw, Richard	Nil	Nil	A
Leong Shin Loong	Nil	Nil	A
Tri Pham	Nil	Nil	A
Executive Officers			
Robert Neale Thorpe	Nil	Nil	B
Brian McKinley	Nil	Nil	B

Notes:

(1) Compensation includes any benefits in kind and any deferred compensation accrued for the relevant financial year and payable at a later date. The estimated amount of compensation payable in the financial year ending 31 December 2013 excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

(2) "A" refers to remuneration below the equivalent of S$250,000. "B" refers to remuneration between the equivalent of S$250,000 and S$500,000.

All remuneration and compensation payable to the Independent Directors, the Chief Executive Officer and the Chief Financial Officer in respect of services rendered to the Trustee-Manager are and will be paid by the Trustee-Manager and not reimbursed out of the Trust Property. The remuneration and compensation payable to the members of the asset level management team will be paid by the relevant operating subsidiary of the Trust. (See also "*The Trustee-Manager – Service Fees to be Recovered from Trust Property*")

The Trust Group has not set aside or accrued any amounts to provide for pension, retirement or similar benefits.

No compensation is payable to any Director or Executive Officer in the form of options in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement under the service contracts.

Employees

The Trustee-Manager has no employees although the TBC Group had 888 permanent and temporary employees, all of whom are employed in Taiwan, as at 31 December 2012. (See "*The Business of the Trust – Employees*") The Chief Executive Officer and the Chief Financial Officer are to be seconded to the Trustee-Manager on a dedicated basis by MIRA Singapore pursuant to the Resources Agreement.

The Trustee-Manager has entered into the Resources Agreement pursuant to which MIRA Singapore will provide the Chief Executive Officer and the Chief Financial Officer (who shall be reputable, have established track records in managing similar businesses as the business of the Trust for at least five years, and have appropriate qualifications, experience and expertise) and other staff and services, including company secretarial services, legal services, compliance and compliance review services, risk assessment and management services, asset management services, finance and accounting services and investor relations services, as well as communications services, tax and tax structuring services, office accommodation for the Seconded Personnel, IT systems and IT systems support services, telecommunications services, human resource services and finance and accounts support to the Trustee-Manager to enable the Trustee-Manager to perform its duties as trustee-manager of the Trust.

The Resources Agreement is consistent with the global practice of MIRA and such secondment arrangements are typical of a large financial services group. The Trustee-Manager is of the view that such secondment arrangement is beneficial for the Trustee-Manager as it allows the Trustee-Manager access to the wider pool of high calibre candidates available to MIRA. As an established and reputable global infrastructure asset management group, MIRA is able to attract quality infrastructure professionals worldwide with the specialist skill set and approach required for successful infrastructure investing. The Trust, through the Trustee-Manager, would therefore be able to leverage off the experience and resources of MIRA through the Resources Agreement. See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Present and Ongoing Interested Person Transactions – Resources Agreement*" for further details of the Resources Agreement.

As at the Latest Practicable Date, all of the employees of the Trust Group are not unionised. All personnel made available to the Trustee-Manager pursuant to the Resources Agreement will not be unionised.

Service Agreements

The Chief Executive Officer and Chief Financial Officer are employed by affiliates of Macquarie Group Limited under employment agreements, which stipulate remuneration terms, entitlement to leave and other benefits consistent with the Macquarie Capital Group's prevailing policies. The Chief Executive Officer and Chief Financial Officer are bound by confidentiality obligations and are required to observe restrictions on soliciting clients or employees. The notice period for termination of their employment is four weeks, given either by them or the employer. Their employment may also be terminated by payment in lieu of notice as well as for cause, without notice.

None of the Directors has entered, or proposes to enter, into service agreements with the Trustee-Manager or any subsidiary or subsidiary entity of the Trust which provides for benefits upon termination of employment.

Pre-Listing LTIP and Post-Listing LTIP

The seed asset of the Trust, the TBC Group, has an existing long-term incentive plan (the "**Pre-Listing LTIP**") for senior management that will be terminated upon Listing. Under the Pre-Listing LTIP, senior management of the TBC Group were allocated notional shares upon achieving prescribed performance targets, which will vest at the earlier of 31 December 2013 or the Listing Date. (See Note 11 to the Combined Financial Statements for the years ended 31 December 2010, 2011 and 2012 set out in Appendix C for further details of the Pre-Listing LTIP)

Following the termination of the Pre-Listing LTIP, the TBC Group will adopt a new long-term incentive plan (the "**Post-Listing LTIP**") for its senior management pursuant to which senior management will be granted notional units of the Trust upon achieving prescribed performance targets. These notional units will vest in tranches over a prescribed period of time initially commencing three years after the grant of the notional units. Upon vesting of such notional units under the Post-Listing LTIP, the TBC Group's senior management will receive a cash payment equal to the number of vested notional units multiplied by the then-prevailing market price of the Units. No Units will be delivered under the Post-Listing LTIP.

Constituent Documents of the Trustee-Manager

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

The power of a Director to vote on a proposal, arrangement or contract in which he is interested

The Director must, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors. A Director shall not vote in respect of any transaction, contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is disbarred from voting.

The borrowing powers exercisable by the Trustee-Manager (acting in its capacity as trustee-manager of the Trust) and how such borrowing powers may be varied

Pursuant to the Memorandum of Association of the Trustee-Manager, the Trustee-Manager has all full rights, powers and privileges necessary to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Singapore Companies Act, the BTA and any other written law, in this case, the business of acting as trustee-manager of the Trust.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of the Trust unless the power of borrowing is conferred upon it by the Trust Deed. The Trust Deed empowers the Trustee-Manager to, whenever it considers it desirable in the interests of Unitholders to do so or for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the Trust Deed or with any investment of the Trust or for the purpose of financing the conduct, carrying on or furtherance of any Authorised Businesses (as defined therein) undertaken by the Trust or for the purpose of financing or facilitating any distributions to Unitholders or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Businesses undertaken by the Trust or any investment of the Trust, or for the purpose of financing or facilitating any distributions to Unitholders, borrow or raise monies (upon such terms and conditions as it thinks fit. This includes, without limitation, in particular, by charging, mortgaging or creating security over all or any of the investments, assets or rights of the Trust or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of the Trust and entering into swap derivative transactions for the management of foreign exchange and/or interest rate risks and as otherwise permitted under the Trust Deed. This is provided that (a) the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) would render its liability to extend beyond it being limited to the Trust Property and (b) the Trustee-Manager shall not be under any obligation to take any action or enter into any transaction if such action or transaction would cause the Trustee-Manager to be in breach of its duties or obligations under the Trust Deed or under any law or regulation). The Trustee-Manager may secure the repayment of such monies and interest costs and other charges and expenses in such manner and upon such terms and conditions as the Trustee-Manager may think fit and provide such priority, subordination or sharing of any liabilities owing to the Trust in such manner and upon such terms and conditions as the Trustee-Manager may think fit.

Any variation of the borrowing powers as contained in the Trust Deed would require the approval of the Unitholders by way of an Extraordinary Resolution held at a Unitholders' general meeting convened in accordance with the Trust Deed and such other regulatory approvals as may be required to vary the terms of the Trust Deed. The Trust Deed does not limit the amount of borrowings that may be raised by the Trustee-Manager.

The retirement or non-retirement of a Director under an age limit requirement

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a Director shall retire.

The number of Units, if any, required for the qualification of a Director

A Director is not required to hold any Units to qualify as a Director.

Retirement of Directors

The appointment of the Directors will continue until such time as they resign, are required to vacate their office as directors, or are removed by way of an ordinary resolution of the shareholder(s) of the Trustee-Manager, in each case, in accordance with the Articles of Association of the Trustee-Manager.

ROLES AND RESPONSIBILITIES OF THE TRUSTEE-MANAGER

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

The successful management of the Trust and its investments requires a unique and specialised set of capabilities, which the Trustee-Manager shall be able to provide the Trust. In order to consistently deliver positive investment performance, the Trustee-Manager will provide active, expert asset management, manage local political and various stakeholder relationships, deliver effective investment sourcing capabilities and financial expertise. Further, the Trustee-Manager has extensive experience in making investments in Pay-TV and Broadband businesses, from acquisition through to realisation. The Trustee-Manager will set the overall strategic direction of the Trust and its underlying investments.

Specifically, the role of the Trustee-Manager will include the following:

(a) **Sourcing, screening and executing potential investment opportunities in accordance with the Trust's stated investment mandate.** Consistent with the investment mandate of the Trust, the Trustee-Manager will identify and evaluate investment opportunities in each of Taiwan, Hong Kong, Japan and Singapore, and will consider the acquisition of suitable Pay-TV businesses and Broadband businesses. The Trustee-Manager will have a well-defined process when evaluating potential investment opportunities and will be responsible for coordinating the due diligence process, working out the funding requirements and transaction structure to make the acquisition, the financial impact on the Unitholders and whether it will be accretive to projected distributions, as well as negotiating various transaction documents for the investment. With respect to the TBC Group, the Trustee-Manager will be responsible for evaluating the possible expansion into other franchise areas in Taiwan to the extent that such transactions are accretive for the Unitholders. (See "*The Business of the Trust – Strategies of the Trustee-Manager – Acquisition Strategy*")

(b) **Active Asset Management through deep operating expertise.** The Trustee-Manager will undertake active management of the Trust's assets to enhance the performance of the portfolio and will focus on ensuring that appropriate business planning, performance reporting, governance and risk management are put in place and maintained. The Trustee-Manager will recruit the local asset level management teams and provide appropriate training such that they operate and act in accordance with the framework, policies, and guidelines of the Macquarie Capital Group, which are benchmarked against global best practices. (See "*The Business of the Trust – Strategies of the Trustee-Manager – Asset Management Strategy*")

(c) **Capital Management.** The Trustee-Manager will also be responsible for optimising the Trust's capital structure, the cost of capital and undertaking capital and risk management strategies in order to maintain a strong balance sheet for the Trust, with an aim towards managing the distribution flows and ensuring that the Trust is able to pay out the maximum possible distributions out of operating cashflows to Unitholders. (See "*The Business of the Trust – Strategies of the Trustee-Manager – Capital Management Strategy*")

(d) **Management of various stakeholder relationships and compliance with Singapore regulations.** The Trustee-Manager will be responsible for liaising with regulators in Singapore, such as, the MAS, the SGX-ST, the IRAS and the Ministry of Finance for the purposes of fulfilling the Trust's tax filing requirements, quarterly financial reporting requirements (including the consolidation of financial statements at the Trust level) and other necessary statutory filings.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a Registered Business Trust ("**Due Care**") to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of the Trust.

Furthermore, the Trustee-Manager will prepare business plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of the Trust's investments.

The Trustee-Manager, in exercising its powers and carrying out its duties as the trustee-manager of the Trust, is required to:

- treat Unitholders who hold Units in the same class fairly and equally;

- ensure that all payments out of the Trust Property of the Trust are made in accordance with the BTA and the Trust Deed;

- report to the Authority any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 ("**SF BT Regulations**") by any other person that:

  - relates to the Trust; and

  - has had, has or is likely to have, a material adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;

- ensure that the Trust Property of the Trust is properly accounted for; and

- ensure that the Trust Property of the Trust is kept distinct from the property held in its own capacity.

The Board will meet regularly to review the Trust's business activities and strategies pursuant to its then prevailing investment mandate. Such regular review is aimed at ensuring adherence to the Trust Deed and compliance with any applicable legislation, regulations and guidelines.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of the Trust in accordance with the BTA and the Trust Deed;

- act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all the Unitholders as a whole and its own interests;

- not make improper use of any information acquired by virtue of its position as the trustee-manager of the Trust to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders; and

- hold the Trust Property of the Trust on trust for all Unitholders as a whole in accordance with the terms of the Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it:

- is liable to all Unitholders as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all Unitholders as a whole as a result of the contravention; and

- shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of the Trust, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of the Trust, to have recourse to the Trust Property of the Trust or any part thereof save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing the Trust and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, and shall not be liable for all acts and omissions of such persons provided that the Trustee-Manager exercised Due Care in selecting as well as monitoring such persons to the extent provided for in the Trust Deed.

FEES PAYABLE TO THE TRUSTEE-MANAGER

The fees payable to the Trustee-Manager in respect of its services to the Trust are set out below. The Trustee-Manager may direct that all or a portion of any fees payable to the Trustee-Manager be paid directly to any third parties.

Management Fees

The Trustee-Manager is entitled under the Trust Deed to the Base Fee and a Performance Fee.

The Base Fee is payable semi-annually in arrear for every six months ending on 30 June and 31 December of each year provided that the first Base Fee shall be in respect of the period from the Listing Date to 30 June 2013 and shall be calculated based on the number of days in such period.

The amount of the Base Fee is subject to an upward adjustment whenever the Trust makes an acquisition that can be classified as a major transaction based on the tests set out in Chapter 10 of the Listing Manual. This upward adjustment shall be based on a cost recovery basis, subject to a maximum increase equivalent to the percentage increase in the total assets of the Trust as a result of the acquisition. Whether an adjustment is to be made, and if so, the actual adjustment shall be subject to the approval of the Independent Directors and the maximum increase as described above.

The amount of the Base Fee is also subject to a downward adjustment whenever the Trust makes a disposal that can be classified as a major transaction based on the tests set out in Chapter 10 of the Listing Manual. This downward adjustment shall be based on a cost recovery basis, subject to a maximum decrease equivalent to the percentage decrease in the total assets of the Trust as a result of the disposal. Whether an adjustment is to be made, and, if so, the actual adjustment to be made, shall be subject to the approval of the Independent Directors and the maximum decrease as described above.

The Base Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property.

Payment of the Base Fee, whether in the form of cash and/or Units, shall be made out of the Trust Property within 30 days of the last day of every six months (or such other period as may be determined by the Trustee-Manager at its discretion) in arrear.

The Trustee-Manager has elected to receive 100.0% of the Base Fee in cash for Forecast Year 2013 and Projection Year 2014.

The Trustee-Manager is entitled to receive a Performance Fee in relation to Projection Year 2014 calculated as follows when the actual DPU of the Trust exceeds the Base DPU:

- a fee of 3.0% of the first 25.0% of excess DPU as compared to the Base DPU;
- an additional fee of 6.0% of the next 25.0% of excess DPU as compared to the Base DPU (that is, excess DPU above 25.0% and up to 50.0% of the Base DPU);
- a further fee of 12.0% of the next 25.0% of excess DPU as compared to the Base DPU (that is, excess DPU above 50.0% and up to 75.0% of the Base DPU); and
- an additional further fee of 18.0% of any excess DPU above 75.0% of the Base DPU.

In the event that the actual DPU is less than the Base DPU, such deficit shall be brought forward to the subsequent period(s) and shall be set-off from any excess DPU before any Performance Fee can be paid.

The Trustee-Manager is entitled to receive a Performance Fee in relation to any year following Projection Year 2014 as follows when the actual DPU of the Trust exceeds the CPI Adjusted Base DPU:

- a fee of 3.0% of the first 25.0% of excess DPU as compared to the CPI Adjusted Base DPU;
- an additional fee of 6.0% of the next 25.0% of excess DPU as compared to the CPI Adjusted Base DPU (that is, excess DPU above 25.0% and up to 50.0% of the CPI Adjusted Base DPU);
- a further fee of 12.0% of the next 25.0% of excess DPU as compared to the CPI Adjusted Base DPU (that is, excess DPU above 50.0% and up to 75.0% of the CPI Adjusted Base DPU); and
- an additional further fee of 18.0% of any excess DPU above 75.0% of the CPI Adjusted Base DPU.

In the event that the actual DPU is less than the CPI Adjusted Base DPU, such deficit shall be brought forward to the subsequent period(s) and shall be set-off from any excess DPU before any Performance Fee can be paid.

Where:

"**DPU**" means distribution per Unit.

"**Base DPU**" means FY2014 forecast DPU.

"**CPI Adjusted Base DPU**" means the Base DPU after adjusting upwards for the cumulative percentage increase in the Taiwan Consumer Price Index (as shown in the National Statistics of Republic of China (Taiwan) website (www.eng.stat.gov.tw) as at 31 December of the financial year to which the Base Fee relates and compared to 31 December of the previous financial year) in each successive financial year from 2014 until the financial year in respect of which the Performance Fee is to be paid.

The Performance Fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property. For avoidance of doubt, the Performance Fee shall not be payable on any distribution derived from the disposal and/or sale of assets from the Pay-TV Businesses and Broadband Businesses.

The Trustee-Manager has elected to receive 100.0% of any Performance Fee in cash for Projection Year 2014.

Payment of the Performance Fee, whether in the form of cash and/or Units, shall be made out of the Trust Property within 30 days of the last day of every financial year (or such other period as may be determined by the Trustee-Manager at its discretion) in arrear.

Any increase in the rates set out above or any change in the formula for calculation of the Management Fees must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Acquisition Fee and Divestment Fee

The Trustee-Manager is entitled to an Acquisition Fee and Divestment Fee.

The Acquisition Fee will be:

- where the Sponsor has direct or indirect interests of more than 50.0% in any investments acquired directly or indirectly by the Trust, 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of the investments (pro-rated if applicable to the proportion of the Trust's interest in the investments acquired); and

- in all other cases, 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investments acquired directly or indirectly by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the investments acquired).

No Acquisition Fee is payable in connection with the Trust Acquisition.

The Divestment Fee is calculated at the rate of 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investments sold or divested directly or indirectly by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the investments sold or divested).

Where:

"**Enterprise Value**" = Equity + Net Debt

"**Equity**" is the consideration paid or received for assets, investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association, including the consideration paid or offered under any proposals relating to any options over such units, securities, partnership interests or other form of economic participation.

"**Net Debt**" is the value of any debt including finance lease obligations, unfunded superannuation and minority interests, and net of cash held on the balance sheet of the investment as at the time of acquisition or divestment.

In the case of an acquisition or divestment of an equity share or interest of less than 100.0%, the above definition of Enterprise Value will be applied proportionately to both Equity and Net Debt as defined above.

The Acquisition Fee and the Divestment Fee are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property.

The Acquisition Fee and the Divestment Fee are calculated based on the Enterprise Value of any investments acquired or divested directly or indirectly by the Trust and exclude any fees or expenses incurred in connection with the acquisition or divestment. Any payment to third party agents or brokers in connection with the acquisition or divestment of any investment for the Trust shall be paid by the Trustee-Manager to such persons out of the Trust Property or the assets of the relevant special purpose vehicle, and not out of the Acquisition Fee or Divestment Fee received or to be received by the Trustee-Manager.

Any increase in the rates set out above or any change in the formula for calculation of the Acquisition Fee or the Divestment Fee must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

For so long as the Trust is listed on the SGX-ST, the Trustee-Manager will make an announcement on SGXNET of any issue of Units in payment of its fees.

Termination Fee

If the Trustee-Manager is removed as trustee-manager of the Trust by an Extraordinary Resolution within five years from the Listing Date, the Trustee-Manager is entitled under the Trust Deed to a Termination Fee, in an amount equal to one year's Base Fee based on the Base Fee in effect on the effective date of its removal as Trustee-Manager and without any further adjustment, save that where the termination takes effect on or after the fourth anniversary of the Listing Date, the amount of the Termination Fee shall be calculated based on (i) the number of days from the effective date of the termination to the fifth anniversary of the Listing Date divided by the number of days in the year multiplied by (ii) one year's Base Fee.

The Termination Fee will not be payable if the Trustee-Manager's services are terminated for fraud, wilful misconduct or gross negligence.

Payment of the Termination Fee shall be in cash and shall be made out of the Trust Property on the effective date of the Trustee-Manager's removal as trustee-manager.

SERVICE FEES TO BE RECOVERED FROM TRUST PROPERTY

The Trust Deed provides that there shall be paid out of the Trust Property, by way of direct payment or reimbursement of the Trustee-Manager, all amounts payable by the Trustee-Manager to MIRA Singapore pursuant to the Resources Agreement in respect of the provision of Resource Services (as defined herein), other than the fees payable in respect of Primary Resource Services and Seconded Personnel which shall be borne by the Trustee-Manager out of its own account.

RETIREMENT OR REMOVAL OF THE TRUSTEE-MANAGER

Under the BTA, the Trustee-Manager may be removed as trustee-manager of the Trust, by the Unitholders only by an Extraordinary Resolution (with no Unitholder being disenfranchised), or it may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with the procedures that the MAS may prescribe. Any purported change of the trustee-manager of a Registered Business Trust is ineffective unless it is made in accordance with the BTA.

The Trustee-Manager will remain the trustee-manager of the Trust until another person is appointed by:

(i) the Unitholders to be the trustee-manager of the Trust; or

(ii) by the court under Section 21(1) of the BTA to be the temporary trustee-manager of the Trust,

and such appointment shall be effective from the date stated in the resolution of the Unitholders or court order as the effective date of the appointment of the replacement trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, on an application by the MAS or the Trustee-Manager or a Unitholder, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of the Trust for a period of three months if the court is satisfied that the appointment is in the interest of the Unitholders.

The temporary trustee-manager of the Trust is required, within such time and in accordance with such requirements as may be prescribed by MAS, to take steps to enable the Unitholders to appoint another person as the trustee-manager (not being a temporary trustee-manager) of the Trust.

ANNUAL REPORTS

An annual report will be issued by the Trustee-Manager to Unitholders within four months from the end of each accounting period of the Trust and at least 14 days before the annual general meeting of the Unitholders (which must be held within four months from the end of the financial year), containing, among other things, the following key items:

(i) details of all material transactions in respect of the Trust entered into for the relevant accounting period;

(ii) a general description of each investment owned by the Trust;

(iii) an operational and financial review of the Trust;

(iv) the amount of Distributable Free Cash Flows held pending distribution to Unitholders;

(v) the amount of fees paid to the Trustee-Manager (including any Units issued in part or full payment thereof, and the issue price of such Units);

(vi) details of amounts outstanding under any financing arrangements;

(vii) the highest and lowest prices at which the Units were traded on the SGX-ST during the relevant accounting period;

(viii) the volume of trade in the Units during the relevant accounting period;

(ix) the aggregate value of all transactions entered into by the Trustee-Manager, for and on behalf of the Trust, with an "interested person" (as defined in the Listing Manual); and

(x) details of the Trust's exposure to derivatives.

The Board is also required under Section 86 of the BTA to make a written statement, in accordance with a Board resolution and signed by not less than two Directors on behalf of the Board, certifying that:

(i) 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;

(ii) interested person transactions are not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction; and

(iii) the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders as a whole.

Such statement must be attached to the profit and loss accounts of the Trust.

The Trust's first accounting period will be from 16 May 2013, being the date of its registration as a business trust with the Authority, to 31 December 2013. The first annual report of the Trust will cover the period from the date of its registration as a business trust with the Authority to 31 December 2013.

The Trust will also issue quarterly reports in accordance with the requirements of the Listing Manual. These quarterly reports will contain, among other things, (i) the financial statements of the Trust for the relevant quarter, (ii) the earnings per Unit (calculated in accordance with the requirements of the SGX-ST) and (iii) a review of the performance of the Trust that contains significant factors affecting turnover, costs, and earnings of the Trust for the financial period reported on, and any material factors that affected the cashflow, working capital, assets or liabilities of the Trust during the financial period reported on.

THE SPONSOR

Overview

The Sponsor is Macquarie Capital Group Limited, a company incorporated in Australia and which is the holding entity for MIRA, a global infrastructure asset management group, with approximately A$97.0 billion of assets under management as at 31 December 2012. MIRA is a sub-division of Macquarie Funds Group, a funds management business and full-service asset manager, which offers a range of capabilities and products including infrastructure and real asset management, securities investment management and fund and equity-based solutions.

MIRA has more than 18 years of infrastructure management experience, including experience in realising assets. It has extensive infrastructure networks, in particular in Europe and North America, and has a client base of over 400 global institutional investors as at 31 December 2012, including pension funds, insurance companies and sovereign wealth funds. MIRA also has experience in managing and operating significant politically-exposed essential infrastructure assets.

Strengths and Strategies

MIRA's strengths and strategies are as follows:

- active approach to infrastructure asset management with the aim of minimising downside risk by focusing on de-risking operations and capital structure;

- draw upon institutional expertise in tackling new acquisition and asset management scenarios in order to drive value for investors;

- maintain a large team of dedicated infrastructure specialists globally, including a large number of senior individuals who joined MIRA following extensive experience in director-level leadership positions in operating infrastructure businesses;

- maintain dedicated specialist support functions in-house, such as dedicated legal, tax, finance and compliance teams with significant experience in structuring and establishing infrastructure funds in a range of jurisdictions, in order to reduce reliance on less experienced external advisers;

- regional model based on local expertise, as effective management of infrastructure assets requires significant local expertise and experience to understand the particular political, regulatory and operational contexts in which MIRA operates;

- sharing of best practice globally, to ensure best practice from one region is used to benefit assets in other regions;

- build and leverage on comprehensive network of infrastructure relationships with a range of infrastructure market participants (including debt providers, financial and technical due diligence advisers and infrastructure corporates);

- build and leverage on expertise in catering for the requirements of a broad range of global investors, in order to develop products and offerings which match the requirements and preferences of such investors; and

- operate as a standalone business within the Macquarie Capital Group, with its own independent profit and loss and separate alignment framework, while benefiting from the institutional quality risk management and compliance framework of the broader group.

CORPORATE GOVERNANCE

The regime under the BTA stipulates requirements and obligations in respect of corporate governance. For example, the Business Trusts Regulations 2005 sets out the requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of directors of a trustee-manager. The following is a summary of the material provisions of the BTA insofar as they relate to the Board.

COMPOSITION OF THE BOARD

The Board of the Trustee-Manager must consist of [1]:

- 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].

Independence of Directors[3]

Independence from management and business relationships

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of the Trust) a Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; or
- business relationships with the Trustee-Manager or with any of its related corporations; or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgement with regard to the interests of all the Unitholders as a whole.

Independence from management relationships

A Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;

---

1 Section 14(2) of the BTA provides that contravention of the provision on board composition is an offence and renders the Trustee-Manager liable on conviction to a fine not exceeding S$100,000 and in the case of a continuing offence, to a further fine not exceeding S$10,000 for every day or part thereof during which the offence continues after conviction.

2 Where a single substantial shareholder has an interest in 50.0% or more of the voting shares in the Trustee-Manager, this requirement shall not apply to the Trustee-Manager in respect of the independence of its directors from that substantial shareholder.

3 Regulations 3 and 4 of the Business Trusts Regulations 2005.

- any member of his immediate family:

    - o is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the board of directors of the Trustee-Manager or the subsidiary, as the case may be; or

    - o has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or

- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

Independence from business relationships

A Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of the Trust) at any time during the current or immediately preceding financial year of the Trustee-Manager; or

- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

Independence from substantial shareholder

A Director is considered to be independent from a substantial shareholder of the Trustee-Manager if he is not a substantial shareholder of the Trustee-Manager or is not connected to that substantial shareholder of the Trustee-Manager.

The Director is connected to the substantial shareholder if:

- in the case where the substantial shareholder is an individual, the Director is:

    - o a member of the immediate family of the substantial shareholder;

    - o a partner of a firm of which the substantial shareholder is also a partner; or

    - o accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder; or

- in the case where the substantial shareholder is a corporation, the Director is:

    - o employed by the substantial shareholder;

    - o employed by a subsidiary or an associated company of the substantial shareholder;

- a director of the substantial shareholder;
- an executive director of a subsidiary or an associated company of the substantial shareholder;
- a non-executive director of a subsidiary or an associated company of the substantial shareholder, where the subsidiary or associated company is not the Trustee-Manager;
- a partner of a firm of which the substantial shareholder is also a partner; or
- accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

CORPORATE GOVERNANCE OF THE TRUSTEE-MANAGER

The following outlines the main corporate governance practices of the Trustee-Manager.

Board of Directors

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The Trustee-Manager is also responsible for the strategic business direction and risk management of the Trust. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The Trustee-Manager will operate in accordance with the policies and procedures of the Macquarie Capital Group.

The Board consists of six members, four of whom are Independent Directors for the purposes of the BTA.

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

- the Chairman of the Board should be a non-executive Director; and
- the Board should consist of Directors with a broad range of commercial experience including expertise in the pay-TV and broadband industries.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

The Board will meet quarterly or more often if necessary and will review the financial performance of the Trustee-Manager and the Trust against a previously approved budget. The Board will also review the business risks of the Trust, examine liability management and will act upon any comments from the auditor of the Trust.

Audit Committee

The Audit Committee is required to be composed of three or more members:

- all of whom are independent of management and business relationships with the Trustee-Manager; and

- at least a majority of whom, including the Chairman of the Audit Committee, are independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager [1].

The members of the Audit Committee are Mr. Yong Lum Sung, Mr. Tri Pham and Mr. Tan Chung Yaw, Richard. Mr. Tri Pham has been appointed as the Chairman of the Audit Committee.

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

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

  (a) the audit plan of the Trust;

  (b) the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager;

  (c) the auditor's audit report for the Trust; and

  (d) the auditor's management letter and management's response.

(ii) to review:

  (a) the assistance given by the officers of the Trustee-Manager to the auditor of the Trust;

  (b) the scope and results of the internal audit procedures of the Trustee-Manager;

  (c) the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed;

  (d) the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property;

  (e) interested person transactions for potential conflicts of interest;

  (f) risk management policies and guidelines and monitor compliance therewith; and

  (g) the balance sheet and profit and loss account of the Trustee-Manager and the balance sheet, profit and loss account and cashflow statement of the Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;

(iii) to review significant reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

---

[1] Section 15(4) of the BTA provides that contravention of the aforesaid requirements is an offence and renders the trustee-manager liable on conviction to a fine not exceeding S$100,000 and in the case of a continuing offence, to a further fine not exceeding S$10,000 for every day or part thereof during which the offence continues after conviction.

(iv) to report to the Board:

(a) any inadequacies, deficiencies or matters of concern of which the Audit Committee becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (i), (ii) and (iii); and

(b) any breach of the BTA or any breach of the provisions of the Trust Deed, of which the Audit Committee becomes aware or that it suspects;

(v) to report to the MAS if the Audit Committee is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (iv);

(vi) to nominate a person or persons as auditor of the Trust, notwithstanding anything contained in the Trust Deed;

(vii) to approve and review all hedging policies and instruments to be implemented by the Trust, if any;

(viii) to monitor the implementation of outstanding internal control recommendations highlighted by the auditors in the course of their audit of the financial statements of the Trust, the Trustee-Manager and their subsidiaries taken as a whole; and

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

The Board is of the opinion, having made all reasonable enquiries and to the best of its knowledge and belief, and the Audit Committee concurs, having evaluated the sufficiency of the Trust Group's internal controls systems, that the internal controls are adequate to address the financial, operational and compliance risks of the Trust Group.

Nominating Committee

The charter of the nominating committee of the Trustee-Manager (the "**Nominating Committee**") provides that the Nominating Committee shall comprise non-executive directors, a majority of whom shall be independent. The members of the Nominating Committee are Mr. Tri Pham, Mr. Tan Chung Yaw, Richard and Mr. Leong Shin Loong. Mr. Leong Shin Loong has been appointed as Chairman of the Nominating Committee. The Nominating Committee's responsibilities include, but are not limited to, the following:

- reviewing the composition of the Board annually to ensure an appropriate balance of expertise, skills, attributes and abilities among the directors;

- establishing procedures for and making recommendations to the Board on all board nominations and re-nominations;

- recommending to the Board on relevant matters relating to the review of board succession plans for Directors, the development of a process for evaluating the performance of the Board, its board committees and Directors, the review of training and professional development programmes for the Board, and the appointment and re-appointment of Directors;

- reviewing and determining annually if a Director is independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager; and

- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria which allow for comparison with industry peers and address how the Board has enhanced long-term unitholder value. The Nominating Committee will also carry out a performance evaluation process for assessing the effectiveness of the Board as a whole and for assessing the contribution by the Chairman of the Board and of each individual Director to the effectiveness of the Board and decide whether or not a Director is able to and has been adequately carrying out his duties as a Director. The Chairman of the Nominating Committee will act on the results of the performance evaluation of the Board, and selections of members of the Board, in consultation with the Nominating Committee. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the matter in which he has an interest in.

Remuneration Committee

The charter of the remuneration committee of the Trustee-Manager (the "**Remuneration Committee**") provides that the Remuneration Committee shall comprise non-executive directors, a majority of whom shall be independent.

The members of the Remuneration Committee are Mr. Tan Chung Yaw, Richard, Mr. Yong Lum Sung and Mr. Leong Shin Loong. Mr. Tan Chung Yaw, Richard has been appointed as Chairman of the Remuneration Committee. The Remuneration Committee's responsibilities include, but are not limited to, the following:

- reviewing and recommending to the Board, in consultation with the Chairman of the Board, a comprehensive remuneration policy, and general framework and guidelines for remuneration of the Directors;

- within the terms of the agreed policy, recommending to the Board, the total individual remuneration packages for each of the Directors;

- reviewing the Trustee-Manager's obligations arising in the event of termination of the Directors' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to be fair and avoid rewarding poor performance and to recognise the duty to mitigate loss;

- approving performance targets for assessing the performance of each of the Directors and recommending such targets as well as employee specific remuneration packages for each Director for endorsement by the Board; and

- administering and reviewing all unit incentive plans (if any), including those pertaining to Directors (if any) in accordance with the rules of such unit.

The Remuneration Committee also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate the Directors and to align the interests of management with the Trustee-Manager and Unitholders. If a member of the Remuneration Committee has an interest in a matter being reviewed or considered by the Remuneration Committee, he will abstain from voting on that matter.

Dealings in Units

Under the SFA, each Director and the Chief Executive Officer is required to give notice in writing to the Trustee-Manager of, among other things, particulars of his interest in Units or of changes in the number of Units which he has an interest, within two Business Days after the date on which the Director or Chief Executive Officer became a director or chief executive officer of the Trustee-Manager or the date on which he acquires an interest in the Units or he becomes aware of the occurrence of the event giving rise to changes in the number of Units in which he has an interest.

All dealings in Units by Directors and the Chief Executive Officer will be announced via SGXNET, with the announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com.

The Directors and employees of the Trustee-Manager are, as a matter of internal policy, prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of the Trust's annual results and two weeks before the public announcement of the Trust's quarterly results, and expiring on the date of announcement of the relevant results; and

- at any time while in possession of price sensitive information.

Where the Trustee-Manager has been notified by a Director or Chief Executive Officer pursuant to the unitholding disclosure requirements of the SFA as set out above, the Trustee-Manager will announce such information on SGXNET as soon as practicable and in any case no later than the end of the Business Day following the day on which the Trustee-Manager received the notice.

In addition, the SFA requires the Trustee-Manager to announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day following the day on which it acquires or, as the case may be, disposes of any Units.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

INTERESTED PERSON TRANSACTIONS

In general, a transaction between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of the Trust) or any of the subsidiaries or subsidiary entities of the Trust or (if certain conditions set out in the definition of "entity at risk" in the SF BT Regulations are satisfied) any of the associated companies or associated entities of the Trust and together referred to as the "**Trust EAR Group**"); and

- any of the interested persons of the Trust (in this case (i) the Trustee-Manager (acting in its own capacity), (ii) a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of the Trust), (iii) an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of the Trust), (iv) a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, (v) a controlling unitholder of the Trust or (vi) an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling unitholder),

would constitute an interested person transaction.

Certain terms such as "**associate**", "**associated company**", **"control**", "**controlling shareholder**", "**interested person**" and "**interested person transaction**" used in this section have the meanings as provided in the Listing Manual and the SF BT Regulations, unless the context specifically requires the application of the definitions in one or the other, as the case may be.

See *"Glossary of General Terms"* for the meanings of "**associated entity**", "**controlling unitholder**", "**related corporation**", "**related entity**", "**subsidiary**" and "**subsidiary entity**".

The Sponsor will not be a controlling unitholder as it will subscribe for 43,103,999 Units, comprising 3.0% of the Units, on the Listing Date. (See "*Information Concerning the Units*") However, as the Trustee-Manager is an indirect wholly-owned subsidiary of the Sponsor, the Sponsor is a related corporation of the Trustee-Manager and hence an interested person. As such, a transaction between (i) any member of the Trust EAR Group and (ii) the Sponsor and/or any of its associates (together the "**Sponsor Group**") would constitute an interested person transaction that may be subject to Chapter 9 of the Listing Manual as well as the BTA and such other guidelines relating to interested person transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

Details of each transaction between a member of the Sponsor Group and a member of the Trust EAR Group (as if the Trust Acquisition had been completed) during the three most recent completed financial years and up to the Latest Practicable Date, and which the Trustee-Manager considers material in the context of the Offering are described below. The amounts shown in this section have been rounded to the nearest thousand, unless the exact amount is used.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

Present and Ongoing Interested Person Transactions

Interested Person Transactions in Connection with the Setting up of the Trust and the Offering

A number of present and ongoing transactions with certain interested persons were entered into in connection with the establishment of the Trust. These interested person transactions are as follows:

(I) Share Purchase Agreement

Please see *"Trust Acquisition – Share Purchase Agreement"* for a description of the terms of the Share Purchase Agreement.

The Directors (including the Independent Directors) believe that the Share Purchase Agreement, including the amounts payable under it, has been entered into on arm's length commercial terms and is not prejudicial to the interests of the Trust and the Unitholders.

(II) Trust Deed

Please see "*The Constitution of the Trust*" for a description of the terms of the Trust Deed. No amounts were paid to the Trustee-Manager pursuant to the Trust Deed from the date of the Trust Deed to the Latest Practicable Date.

The Directors (including the Independent Directors) believe that the Trust Deed, including the fees and charges payable under it, has been entered into on arm's length commercial terms and is not prejudicial to the interests of the Trust and the Unitholders.

(III) Deed of Undertaking

Please see "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest – Deed of Undertaking*" for a description of, and the views of the Directors (including the Independent Directors) on, the terms of the Deed of Undertaking.

The Directors (including the Independent Directors) believe that the Deed of Undertaking has been entered into on arm's length commercial terms and is not prejudicial to the interests of the Trust and the Unitholders.

(IV) Sponsor Subscription Agreement

Please see "*Information Concerning the Units – Subscription of Units by the Sponsor*" for a description of the terms of the Sponsor Subscription Agreement.

The Directors (including the Independent Directors) believe that the Sponsor Subscription Agreement has been entered into on arm's length commercial terms and is not prejudicial to the interests of the Trust and the Unitholders.

(V) Resources Agreement

The Trustee-Manager has entered into a resources agreement dated 30 April 2013 with MIRA Singapore (the "**Resources Agreement**") pursuant to which MIRA Singapore will provide the Chief Executive Officer and the Chief Financial Officer (together, the "**Seconded Personnel**") (who shall be reputable, have established track records in managing similar businesses as the business of the Trust for at least five years, and have appropriate qualifications, experience and expertise), and other staff and services, including company secretarial services, legal services, compliance and compliance review services, risk assessment and management services, asset management services, finance and

accounting services and investor relations services (together, the "**Primary Resource Services**"), as well as communications services, tax and tax structuring services, office accommodation for the Seconded Personnel, IT systems and IT systems support services, telecommunications services, human resource services, finance and accounts support and corporate services (together, the "**Ancillary Services**") to the Trustee-Manager to enable the Trustee-Manager to perform its duties as trustee-manager of the Trust. The Ancillary Services are expected to largely be outsourced to external parties.

The Resources Agreement provides that if the Seconded Personnel cause the Trust to breach a material law, regulation, license condition, contractual arrangement or other obligation, the Trust may request MIRA Singapore to provide replacements for the relevant Seconded Personnel. In the absence of gross negligence, fraud, wilful misconduct or dishonesty on the part of MIRA Singapore, MIRA Singapore will not be liable to the Trustee-Manager for any action taken or omitted by its staff in carrying out the functions of the Seconded Personnel or providing the Resource Services nor shall it be liable for any action taken or omitted by it in good faith in connection with the agreement. MIRA Singapore's liability for any gross negligence, fraud, wilful misconduct or dishonesty is limited to any liability to the Trustee-Manager in its personal capacity, and does not extend to liability to the Trustee-Manager in its capacity as trust manager of the Trust or their respective assets.

The Resources Agreement also provides that the Trustee-Manager agrees to pay and reimburse to MIRA Singapore reasonable costs incurred by MIRA Singapore in connection with responding to any enquiry into the Trustee-Manager's affairs to the extent such enquiry is related to the Resources Agreement or MIRA Singapore's role under the Resources Agreement by a regulatory authority.

The Board is involved in the annual review of performance of the Seconded Personnel, being the Chief Executive Officer and the Chief Financial Officer, and also the review of the additional resources provided by MIRA. To the extent that the Board has concerns with either, the Resources Agreement facilitates the discussion of these with MIRA with the objective of satisfactorily addressing such concerns. In relation to the review of performance of the Seconded Personnel, the Resources Agreement provides for the first of such discussions (if any) to take place 24 months after the Listing Date.

The service fees payable to MIRA Singapore for each year will be equal to MIRA Singapore's net costs for the relevant year in connection with the provision of the Resource Services to the Trustee-Manager, including the base remuneration and profit share/bonus payments and other non-cash remuneration of the Chief Executive Officer, the Chief Financial Officer and other staff and employee related costs (including occupancy and IT costs), plus a 15 per cent. mark up on such costs (other than the profit share/bonus payments and other non-cash remuneration of relevant staff).

The service fee will be payable semi-annually in arrear for the six months ending 30 June and 31 December, provided that the first service fee will be paid in respect of the period from the Listing Date to December 2013.

MIRA Singapore shall provide the Trustee-Manager with semi-annual invoices based on the portion of annual costs estimated for the relevant six-month period as included in the Trustee-Manager's agreed budget for the relevant year (or as otherwise agreed between MIRA Singapore and the Trustee-Manager), plus a 15 per cent. mark up on such costs (other than the profit share/bonus payments and other non-cash remuneration of relevant staff), and the Trustee-Manager will be required to pay MIRA Singapore within 30 days of receipt of a semi-annual invoice. By the 90th day following the end of the last semi-annual period of the year, MIRA Singapore will provide the Trustee-Manager with a final invoice for the financial year using actual cost data. The annual invoice will be for an amount equal to the

fees, as finally determined using actual cost data for the year, reduced by the sum of the amounts charged and paid for the prior six-month period. To the extent that the sum of the semi-annual invoice amounts charged by MIRA Singapore and paid for the prior six-month period is in excess of its fees as finally determined, MIRA Singapore will remit the overpayment to the Trustee-Manager within 30 days from the date of the annual invoice or, if acceptable to the Trustee-Manager, otherwise credit the Trustee-Manager's account.

The fees payable in respect of Primary Resource Services and Seconded Personnel shall be borne by the Trustee-Manager out of its own account. All other amounts payable by the Trustee-Manager to MIRA Singapore pursuant to the Resources Agreement shall be paid out of the Trust Property and will be subject to Rules 905 and 906 of the Listing Manual. (See "*The Trustee-Manager – Service Fees to be Recovered from Trust Property*")

The Resources Agreement shall continue until terminated in accordance with the terms of the Resources Agreement.

If (i) MIRA Singapore and/or a related body corporate are no longer controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager or (ii) the Trustee-Manager retires or is removed as trustee-manager of the Trust, the Resources Agreement will terminate immediately. (See "*The Trustee-Manager – Retirement or Removal of the Trustee-Manager*")

The Trustee-Manager may also terminate the Resources Agreement immediately by giving written notice to MIRA Singapore if:

(a) MIRA Singapore is in breach of a material obligation under the Resources Agreement and such breach cannot be remedied or, if it can be remedied, is not remedied within the prescribed time;

(b) MIRA Singapore goes into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the Trustee-Manager) or becomes unable to pay its debts when due or commits an act of bankruptcy under the laws of its place of incorporation or if a receiver is appointed with respect to any of the assets of MIRA Singapore by its creditor; or

(c) MIRA Singapore acts in a manner which is fraudulent, grossly negligent, criminal or constitutes wilful breach of law by MIRA Singapore or its related body corporate.

MIRA Singapore may also terminate the Resources Agreement immediately by giving written notice to the Trustee-Manager if:

(a) the Trustee-Manager fails to pay any amount properly payable and invoiced after being given requisite notice to remedy such failure; or

(b) the Trustee-Manager goes into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by MIRA Singapore) or becomes unable to pay its debts when due or commits an act of bankruptcy under the laws of its place of incorporation or if a receiver is appointed with respect to any of the assets of the Trustee-Manager by its creditor.

In order to comply with the relevant transfer pricing regulations in the jurisdictions in which the Macquarie Capital Group operates, MIRA Singapore is required to charge a mark up (currently 15%) on the cost of providing the Seconded Personnel and the Resource Services (other than the profit share/bonus payments and other non-cash remuneration of relevant staff). The mark up (currently 15%) is in accordance with the Macquarie Capital Group's global transfer pricing methodology.

The Directors (including the Independent Directors) believe that the Resources Agreement, including the amounts payable under it, has been entered into on arm's length commercial terms and is not prejudicial to the interests of the Trust and the Unitholders.

Save as disclosed in this document, no member of the Trust EAR Group has entered into any other transactions with (i) the Sponsor or (ii) any interested person of the Trustee-Manager in connection with the setting up of the Trust.

As the transactions contemplated by the Share Purchase Agreement, the Deed of Undertaking and the Resources Agreement are intended to take effect only on or after the Listing Date, as at the date of this document, no amount has been paid or received in connection with these agreements.

Exempted Agreements

Each of the agreements and transactions described under "– *Present and Ongoing Interested Person Transactions*" above (other than the Resources Agreement) is deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged or other terms of the agreements mentioned above that will adversely affect the Trust.

The review procedures under "– *Future Interested Person Transactions"* will apply to any changes to the rates and/or bases of the fees charged or other terms of the agreements described under "– *Present and Ongoing Interested Person Transactions*" above that will adversely affect the Trust.

Please see "– *Future Interested Person Transactions"* for further details of the review procedures.

Except as mentioned above, any changes to the rates and/or bases of the fees charged or other terms of the agreements mentioned above that will adversely affect the Trust will be subject to Rules 905 and 906 of the Listing Manual.

Past Interested Person Transactions

(I) Management Services Agreement

Pursuant to a management services agreement (the "**Management Services Agreement**") dated 16 July 2007 and renewed on 16 July 2012 made between TBC, MRL and MMHL (together with MRL, the "**Management Services Providers**") in relation to the provision of certain management services (the "**Management Services**") to TBC, an amount of U.S.$7.5 million per annum was payable by TBC to MRL and MMHL in the proportion of 47.5% and 52.5%, respectively. There is currently no intention to change the annual fee of U.S.$7.5 million payable under the Management Services Agreement post-Listing. However, pursuant to the Corporate Reorganisation, MIIT has replaced MRL in relation to the Management Services Agreement and, as MIIT and MMHL will be part of the Trust Group following the Trust Acquisition, the Management Services Agreement will cease to be an interested person transaction. For FY2010, FY2011 and FY2012, a total amount of U.S.$27.5 million was paid by TBC to the Management Services Providers. For 1 January 2013 to the Latest Practicable Date, U.S.$2.5 million was paid by TBC to the Management Services Providers.

The Management Services Agreement provides for the provision of the following Management Services:

(a) recommendation and management of the appointment of officers and staff to fill roles of responsibility within TBC;

(b) provision of advice in relation to the implementation of an integrated and robust financial reporting structure;

(c) provision of advice on strategy, growth opportunities and potential efficiencies relating to key market and business issues of TBC;

(d) identification, evaluation and recommendation of potential acquisitions and investments for TBC and identification, evaluation and recommendation of potential sale of investment and assets by TBC;

(e) provision of assistance with management discussions with regulators, key customers, key suppliers and other industry participants in relation to TBC;

(f) provision of assistance with establishment and management of a corporate governance regime;

(g) provision of advice in relation to the establishment of employee communication protocols with the aim of ensuring employees' key issues of concern are appropriately dealt with;

(h) making recommendations in relation to insurance of the assets of TBC together with other insurances against other risks, including directors and officers insurance;

(i) provision of assistance with the formation of an appropriate investor relations strategy and assistance with material stakeholder discussions; and

(j) provision of assistance with strategy related business issues arising in connection with the Acquisition (as defined in the Management Services Agreement) and assistance with other business issues as appropriate and as agreed between the Management Services Providers and TBC from time to time.

The Management Services Agreement was put in place to facilitate cash distributions by the TBC Group to MRL (subsequently replaced by MIIT and both of which are wholly-owned by MIIF) and MMHL (which is wholly-owned by MKOF), particularly in circumstances where cash distributions cannot be paid out in the form of dividends (for example, by reason of the companies within the TBC Group having cash that cannot be paid out in the form of dividends because of insufficient accounting profit), and this arrangement will be retained post-Listing when MIIT and MMHL are acquired by the Trustee-Manager and form part of the Trust Group following the Trust Acquisition. The Management Services Agreement was not put into place to circumvent any legal or tax restrictions to which the TBC Group is subject and does not cause the TBC Group to be in breach of any legal or tax restrictions to which the TBC Group is subject.

Post-Listing, there will be no duplication of services to be provided by MIIT and MMHL under the Management Services Agreement and those to be provided by the Trustee-Manager under the Trust Deed as all of these services will be provided by the Trustee-Manager. MIIT and MMHL each do not have any employees and only have two directors, namely, a Bermuda resident to satisfy Bermuda law requirements and Mr. Robert Neale Thorpe and Mr. Benjamin Ian Way, respectively, both of whom are directors of the Trustee-Manager. As both MIIF and MMHL will on Listing be part of the Trust Group, amounts paid to MIIT and MMHL pursuant to the Management Services Agreement are not interested person transactions. None of the fees payable under the Management Services Agreement will be paid to Mr. Robert Neale Thorpe or Mr. Benjamin Ian Way nor will they be applied towards any reimbursement for the services of Mr. Robert Neale Thorpe or Mr. Benjamin Ian Way in respect of their directorship in MIIT and MMHL, respectively. The fees payable under the Management Services Agreement are not payable to the Trustee-Manager for its own account.

The Directors (including the Independent Directors) have noted the historical arrangement and believe that the Management Services Agreement, including the amounts payable under it, has been entered into on arm's length commercial basis.

(II) TBC Group management salary reimbursement

Prior to 1 April 2011, the salaries and cash bonuses of the senior management of the TBC Group were reimbursed by Macquarie International Limited pursuant to the reimbursement agreement (the "**Reimbursement Agreement**") dated 10 May 2006 between Macquarie International Limited and Jie Guang. Pursuant to the Reimbursement Agreement, an amount of U.S.$1.6 million and U.S.$1.4 million was paid to the TBC Group in FY2010 and FY2011, respectively. As of the Latest Practicable Date, no amount was outstanding under the Reimbursement Agreement. The Reimbursement Agreement was terminated on 1 July 2011.

Cable TV S.A. and TBC Holdings were also party to a shareholders' agreement (the "**Shareholders' Agreement**") dated 16 July 2007 (amended and restated on 11 June 2008) with MMHL, MMBL, Macquarie Media Management Limited, MRL and Asia Cable (together, the "**Shareholders**") pursuant to which Macquarie Media Management Limited was appointed as an asset adviser and manager to Cable TV S.A., Jie Guang and the various companies held through Cable TV S.A. The Shareholders' Agreement also provided for the reimbursement to Macquarie Group Limited group of salaries and bonuses of the senior management of TBC Group by the Shareholders in proportion to their respective shareholdings. As of the Latest Practicable Date, no amount was outstanding under the Shareholders' Agreement. The Shareholders' Agreement will be terminated on the Listing Date.

The Directors (including the Independent Directors) have noted the historical arrangement and believe that the appointment of Macquarie Capital (Singapore) Pte. Limited, including the advisory fee paid to it, has been entered into on arm's length commercial basis.

(III) Financial advisory fee relating to refinancing of debt facilities of the TBC Group and Cable TV S.A.

In June 2010, Macquarie Capital (Singapore) Pte. Limited was engaged by the board of directors of Cable TV S.A. to act as financial advisor in relation to the refinancing of the then existing debt facilities of Cable TV S.A., TBC Holdings and the TBC Group's onshore entities. An amount of U.S.$7.4 million, being approximately 0.8 per cent. of the total debt financed of approximately U.S.$900.2 million, was paid by TBC Holdings to Macquarie Capital (Singapore) Pte. Limited as a financial advisory fee.

The Directors (including the Independent Directors) have noted the historical arrangement and believe that the appointment of Macquarie Capital (Singapore) Pte. Limited, including the advisory fee paid to it, has been entered into on arm's length commercial basis.

(IV) Participation in subordinated loan to TBC Holdings

Pursuant to a Subordinated Loan Agreement (the "**Subordinated Loan Agreement**") dated 23 June 2010 made between TBC Holdings and third party financial institutions, Macquarie Capital Group Limited agreed to participate in the subordinated loan (the "**Subordinated Loan**") in an amount of U.S.$45.0 million at an interest rate of 8.25 per cent. above LIBOR. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – U.S.$135.0 million Subordinated Syndicated Loan Facility*") The Subordinated Loan was for the purpose of refinancing all amounts outstanding under the Mezzanine Facility and financing the fees, costs and expenses (including taxes, break fee funding costs and hedging settlement payments and costs) in connection with the refinancing of the Mezzanine Facility. The tenure of the

Subordinated Loan is 7.5 years. The terms of the Subordinated Loan Agreement, including the interest amounts payable under it, were negotiated between TBC Holdings and a group of third party financial institutions who were mandated as lead arrangers and who also conducted the syndication process pursuant to which Macquarie Capital Group Limited agreed to participate in the Subordinated Loan.

Pursuant to the Subordinated Loan Agreement, an amount of U.S.$2.0 million, U.S.$3.9 million and U.S.$4.0 million in interest was paid by TBC Holdings to Macquarie Capital Group Limited in each of FY2010, FY2011 and FY2012, respectively, and an amount of U.S.$1.0 million in interest was paid by TBC Holdings to Macquarie Capital Group Limited in respect of the period commencing on 1 January 2013 and ending on the Latest Practicable Date. The largest amount outstanding under the Subordinated Loan for each of FY2010, FY2011, FY2012 and as at the Latest Practicable Date is U.S.$45.0 million.

The proceeds from the Offering will be used to repay in full the indebtedness outstanding under the Subordinated Loan and the costs associated with the termination of the related cross currency interest rate swap and Macquarie Capital Group Limited will receive U.S.$45 million. (See "*Use of Proceeds – Use of Proceeds*")

The Directors (including the Independent Directors) have noted the historical arrangement and believe that the Subordinated Loan Agreement, including the interest amounts payable under it, has been entered into on arm's length commercial basis.

(V) Financial advisory fee relating to restructuring of debt of the TBC Group

In June 2011, Macquarie Capital (Singapore) Pte. Limited was engaged by Cable TV S.A. to assist the company in relation to the restructuring of the onshore senior debt of the TBC Group. An amount of U.S.$1.25 million was paid by Cable TV S.A. to Macquarie Capital (Singapore) Pte. Limited. Prior to the engagement, an independent financial adviser was appointed to review the terms of engagement and fee payable to Macquarie Capital (Singapore) Pte. Limited, and was of the opinion that the arrangements and the proposed fees in the engagement produce an outcome which would likely be negotiated if the parties were dealing at arm's length, and that the arrangements and the proposed fees in the engagement are reasonable for engagements of the nature contemplated.

The Directors (including the Independent Directors) have noted the historical arrangement and believe that the appointment of Macquarie Capital (Singapore) Pte. Limited, including the fees paid to it, has been entered into on arm's length commercial basis.

(VI) Financial advisory fee relating to the arrangement of debt facilities associated with the Offering

Macquarie Capital (Singapore) Pte. Limited is acting as financial advisor to the TBC Group in relation to arrangement of debt facilities associated with the Offering and refinancing of the Senior Facility and the Subordinated Facility. Cable TV S.A. will pay to Macquarie Capital (Singapore) Pte. Limited a financial advisory fee equal to 0.5 per cent. of the total amount of the debt raised, which will be payable upon first drawdown of the debt facilities associated with the Offering.

The Directors (including the Independent Directors) have noted the historical arrangement and believe that the appointment of Macquarie Capital (Singapore) Pte. Limited, including the fees paid to it, has been entered into on arm's length commercial basis.

(VII) Provision of shareholder loan by MIIF to MIIT

On 14 March 2011, MIIF provided a shareholder loan to MIIT for the amount of NT$882,084,482.0 (S$36,898,346.1). MIIT used the proceeds from the loan to acquire, along with MRL, the remaining 20.0% in the share capital of Cable TV S.A. owned by Asia Cable, along with a convertible loan, a shareholder loan and loan notes from Asia Cable, which Asia Cable had made to Cable TV S.A. MIIF (via MRL and MIIT) also subscribed for additional shares, shareholder loans, convertible loans and loan notes issued by Cable TV S.A. The loan does not bear any interest and is payable on demand. The largest amount outstanding under the loan for each of FY2011, FY2012 and as at the Latest Practicable Date is NT$882,084,482.0 (S$36,898,346.1). The loan has been repaid in full and there is no residual outstanding liability for the Trust Group. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – Borrowings from Related Parties – MIIF Shareholder Loans*" and "*Trust Acquisition – The Corporate Reorganisation*")

As the loan did not bear any interest, it was not on arm's length commercial terms but the Directors (including the Independent Directors) have noted the historical arrangement and believe it was not prejudicial to the interests of the Trust and its minority Unitholders.

(VIII) Provision of loan by MMHL to MMBL

On 24 June 2011, MMHL provided a loan to MMBL for the amount of U.S.$70,501,702.0. The loan arose in connection with the transfer of convertible loans issued by Cable TV S.A. from MMHL to MMBL. The loan does not bear any interest and is payable on 30 June 2020. The largest amount outstanding under the loan for each of FY2011, FY2012 and as at the Latest Practicable Date is U.S.$70,501,702.0. The loan has been repaid in full pursuant to the Corporate Reorganisation and there is no residual outstanding liability for the Trust Group. (See "*Trust Acquisition – The Corporate Reorganisation*")

As the loan did not bear any interest, it was not on arm's length commercial terms but the Directors (including the Independent Directors) have noted the historical arrangement and believe it was not prejudicial to the interests of the Trust and its minority Unitholders.

(IX) Provision of loan by MRL to MIIT

In October 2008, MRL provided the MRL Interco Loan to MIIT for the amount of U.S.$17,580,369.0. On 24 June 2011, the MRL Interco Loan to MIIT increased by the amount of U.S.$63,787,254.0. The MRL Interco Loan arose in connection with the transfer of convertible loans issued by Cable TV S.A. from MRL to MIIT. The MRL Interco Loan does not bear any interest and is payable on 30 June 2020. The largest amount outstanding under the loan was U.S$17,580,369.0 for FY2010, U.S.$81,367,623.0 for FY2011, U.S.$73,661,741.0 for FY2012 and as at the Latest Practicable Date is U.S.$40,445,049.0. The loan has been repaid in full pursuant to the Corporate Reorganisation and there is no residual outstanding liability for the Trust Group. (See "*Trust Acquisition – The Corporate Reorganisation*")

As the loan did not bear any interest, it was not on arm's length commercial terms but the Directors (including the Independent Directors) have noted the historical arrangement and believe it was not prejudicial to the interests of the Trust and its minority Unitholders.

(X) Provision of interest-free shareholder loan by MRL to Cable TV S.A.

Pursuant to a shareholder loan agreement dated 28 April 2006 (as amended and novated from time to time), MRL provided the MRL IFL to Cable TV S.A. for the amount of U.S.$2,541,262.0. The proceeds of the loan were used to acquire participations in TBC Holdings and Harvest Cable Holdings. In 2011, MIIF (via MRL and MIIT) acquired an

additional 20.0% interest in Cable TV S.A. from Asia Cable. This resulted in the MRL IFL increasing from U.S.$2,541,262.0 to U.S.$5,082,523.0. Further, MIIF (via MRL) participated in the rights issue of Cable TV S.A., increasing its 40.0% interest to 47.5%. This resulted in the MRL IFL increasing to U.S.$6,897,710.0. The proceeds from the rights issue were injected as equity into TBC Holdings, which in turn made an additional shareholder loan to its subsidiaries in Taiwan to prepay a portion of the Senior Facility and restructure the principal repayments of the Senior Facility. The MRL IFL does not bear any interest and is payable on 31 December 2017. The largest amount outstanding under the MRL IFL for FY2010 was U.S.$2,541,262.0 and for each of FY2011, FY2012 and as at the Latest Practicable Date is U.S.$6,897,710.0. The MRL IFL has been novated to MIIT, which will be part of the Trust Group following the Trust Acquisition, pursuant to the Corporate Reorganisation and the MRL IFL has ceased to be an interested person transaction. (See "*Trust Acquisition – The Corporate Reorganisation*")

As the MRL IFL did not bear any interest, it was not on arm's length commercial terms but the Directors (including the Independent Directors) have noted the historical arrangement and believe it was not prejudicial to the interests of the Trust and its minority Unitholders.

(XI) Loan Notes

Pursuant to a loan notes instrument dated 28 April 2006 (as amended from time to time), MRL acquired loan notes issued by Cable TV S.A. and in 2011, MIIF (via MRL) acquired additional loan notes from Asia Cable and participated in the rights issue of Cable TV S.A. and subscribed for additional loan notes. The proceeds of the loan notes were used to acquire participations in TBC Holdings and Harvest Cable Holdings. The proceeds from the rights issue were injected as equity into TBC Holdings, which in turn made an additional shareholder loan to its subsidiaries in Taiwan to prepay a portion of the Senior Facility and restructure the principal repayments of the Senior Facility. The loan notes bear interest at a fixed rate of 12.0469% per annum and are repayable on demand. The largest amount outstanding to MRL under the loan notes for FY2010 and FY2011 was U.S.$23,500,567.0 and U.S.$63,787,254.0 respectively. Cable TV S.A. repaid the outstanding loan notes to MRL in 2011 (of which the redemption proceeds were then reinvested in convertible loans).

The Directors (including the Independent Directors) have noted the historical arrangement and believe that the acquisition of the loan notes has been entered into on arm's length commercial basis.

(XII) Convertible Loans

Pursuant to an agreement dated 28 April 2006 (as amended and novated from time to time), MMBL acquired U.S.$52,741,108.0 of convertible loans issued by Cable TV S.A. In June 2011, Cable TV S.A. repaid the MMHL loan notes of U.S.$70,501,702.0 to MMHL. MMHL then reinvested the redemption proceeds into convertible loans issued by Cable TV S.A. of U.S.$70,501,702.0 and then transferred this convertible loan to MMBL, increasing the total convertible loan amount at MMBL from U.S.$52,741,108.0 to U.S.$123,242,811.0.The convertible loans are interest-free and repayable on 31 December 2017 or on such other date or dates as agreed between Cable TV S.A. and the lender. The convertible loans provide for an equity-like indemnity payment to be made by Cable TV S.A. to the lender in an amount equal to 52.5% of the net income received by Cable TV S.A. from its underlying subsidiaries. The largest amount outstanding under the convertible loans was U.S.$52,741,108.0 for FY2010, U.S.$123,242,811.0 for FY2011, U.S.$114,708,847.0 for FY2012 and U.S.$71,915,245.0 as at the Latest Practicable Date. The convertible loans were transferred to MMHL, which will be part of the Trust Group following the Trust Acquisition, pursuant to the Corporate Reorganisation and the convertible loans have ceased to be an interested person transaction. (See "*Trust Acquisition – The Corporate Reorganisation*")

As the convertible loans did not bear any interest, they were not on arm's length commercial terms but the Directors (including the Independent Directors) have noted the historical arrangement and believe it was not prejudicial to the interests of the Trust and its minority Unitholders.

(XIII) The Corporate Reorganisation

Please see "*Trust Acquisition – The Corporate Reorganisation*" for a description of the terms of the Corporate Reorganisation.

The Directors (including the Independent Directors) believe that the Corporate Reorganisation has been entered into on arm's length commercial terms and is not prejudicial to the interests of the Trust and the Unitholders.

Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual requires an issuer to, *inter alia*, disclose or otherwise seek unitholders' approval for interested person transactions based on the value of these transactions, measured against the issuer's latest audited consolidated net tangible assets value (the "**NTA value**").

The audited consolidated NTA value of the Pay-TV Businesses and Broadband Businesses of the TBC Group as of 31 December 2012 is negative S$1,412.0 million. The Trust's audited consolidated NTA value is likely to continue to be negative following the Offering.

The primary reason for the negative NTA value is that the majority of assets for the TBC Group's business is derived from its Cable TV licenses which is an intangible asset. The TBC Group also relies on bank borrowings for its working capital, capital expenditures and other costs and expenses.

The SGX-ST has allowed the Trust to calculate the materiality of its interested person transactions under Chapter 9 of the Listing Manual based on the market capitalisation (the "**Market Capitalisation**") of the Trust (in S$) as of the Listing Date and subsequently as of the end of the financial year for the period from the Listing Date until such time as the audited consolidated NTA is positive.

Market Capitalisation shall be calculated as follows: (i) for the current financial year, by multiplying the Offering Price by the number of Units in issue on the Listing Date; and (ii) for each subsequent financial year, by multiplying the volume weighted average price of the Units for the five consecutive trading days immediately prior to and including the last trading day of the immediately prior financial year by the number of Units in issue on such last trading day.

In the event that the Trust records sustained positive consolidated NTA for at least two consecutive financial years in the future, the Trustee-Manager will consult with the SGX-ST on the appropriate measure for the calculation of materiality of its interested person transactions.

Future Interested Person Transactions

The Trust is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all interested person transactions. Depending on the materiality of the transaction, the Trust may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (pursuant to Rule 906 of the Listing Manual). Section 86 of the BTA further requires (a) the Board to make a written statement in accordance with a resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, among other things, the relevant interested person transaction is not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction, and (b) the Chief Executive

Officer to, in his personal capacity, make a written statement certifying that he is not aware of any violation of duties of the Trustee-Manager that would have a material adverse effect on the business of the Trust and or the interests of all the Unitholders as a whole. These statements must be annexed to the profit and loss accounts of the Trust in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to the Trust's profit and loss accounts, a statement of policies and practices in relation to management and governance of the Trust containing such information as prescribed by Regulation 20 of the Business Trusts Regulations 2005 including, among other things, a description of measures put in place by the Trustee-Manager to review interested person transactions in relation to the Trust.

The Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as the BTA and such other guidelines relating to interested person transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed interested person transaction that is prima facie governed by both sets of rules. Where matters concerning the Trust relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of the Trust with an "interested person" as defined under the Listing Manual and/or the BTA, the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

The Trustee-Manager will incorporate into its internal audit plan a review of all interested person transactions entered into by the Trust EAR Group during the financial year. Further, the Audit Committee shall review at least quarterly in each financial year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with.

The review will include the examination of the nature of the transaction and its supporting documents or such other data that the Audit Committee deems necessary. If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

The Trustee-Manager will maintain a register to record all interested person transactions which are entered into by the Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

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

The following procedures will be undertaken:

- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the Market Capitalisation will be subject to review by the Audit Committee at regular intervals;

- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the Market Capitalisation will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms; and

- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the Market Capitalisation will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Board which may, as it deems fit, request advice on the transaction from independent sources or advisers. Furthermore, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

As a general rule, the Trustee-Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria. This may entail obtaining (where practicable) review of the transaction by an independent third party appointed by the Audit Committee. All such transactions, other than any with a value of less than S$100,000, are subject to the review and prior approval of the Audit Committee.

In addition, pursuant to the provisions of the Listing Manual, transactions, other than any with a value of less than S$100,000 which shall be disregarded (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year), equal to or exceeding 5.0% of the value of the Trust's net tangible assets based on the latest audited consolidated accounts have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

In the event that a transaction requires the approval of the Unitholders:

- additional information may be required for the preparation of the circular to Unitholders for which an independent financial adviser may be appointed for an opinion; and

- Unitholders' approval must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Save for the transactions described under "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions*" and "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Present and Ongoing Interested Person Transactions – Exempted Agreements*", the Trustee-Manager will comply with Rule 905 of the Listing Manual by announcing any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of the Trust's net tangible assets based on the latest audited consolidated accounts.

The aggregate value of all interested person transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the Trust's annual report for the relevant financial year.

POTENTIAL CONFLICTS OF INTEREST

The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. There may be potential conflicts of interest between the Trust, the Trustee-Manager and the Sponsor. The subsidiaries of the Sponsor that have operations that may potentially conflict with the Trust belong to two business divisions, namely the funds management business operated by MIRA, as well as the investment banking business operated by Macquarie Capital.

Following the Trust Acquisition, the Trust will hold the Pay-TV Businesses and Broadband Businesses. The Sponsor will, immediately after the completion of the Offering, hold 43,103,999 Units constituting 3.0% of the total number of Units expected to be in issue then (assuming that the Over-Allotment Option is not exercised).

The Trustee-Manager has instituted the following procedures to deal with conflicts of interest issues:

- All resolutions in writing of the Directors in relation to matters concerning the Trust must be approved by a majority of the Directors, including at least one Independent Director.

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

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

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of the Trust as its trustee-manager.

The potential conflicts of interest which may arise from the interests of the Sponsor Group in any entity carrying on the same business and/or dealing in similar products as the Trust are summarised below.

Although the Trustee-Manager is a wholly-owned subsidiary of the Sponsor, the Board composition comprises six Directors, of which four are independent. The Sponsor and the Trustee-Manager will seek to mitigate and manage potential conflicts of interest through clear articulation of the Trust's investment mandate as set out in "*The Charter and Investment Mandate of the Trust*". The Sponsor also has clearly documented conflicts of interest protocols which will continue for so long as the Trustee-Manager is a member of the Sponsor Group.

While the Sponsor will not be a controlling Unitholder, the Trustee-Manager is a wholly-owned subsidiary of the Sponsor and in order to manage any potential competition and perceived conflicts of interest that may arise between the Sponsor and the Trust in relation to any interests in pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore, the Sponsor has entered into a deed of undertaking dated 30 April 2013 (the "Deed of Undertaking") with the Trustee-Manager.

Deed of Undertaking

For the purposes of the Deed of Undertaking:

"**Relevant Businesses**" means Pay-TV Businesses and Broadband Businesses located in Taiwan, Hong Kong, Japan and Singapore.

"**Pay-TV Business**" means the controlling interest in businesses which provide HFC cable TV services, DTH services and IPTV services.

"**Broadband Business**" means the controlling interest in businesses which provide broadband internet access services and other broadband services including VoIP services.

The key provisions of the Deed of Undertaking are described below. These provisions take effect from the Listing Date.

Non-Compete Undertaking

The Sponsor has undertaken undertake that it shall not, and shall procure that none of the existing or future funds managed by MIRA, nor MIRA, will compete with the Trust for Relevant Businesses.

Right of First Refusal ("**ROFR**")

The Sponsor has undertaken to procure that Macquarie Capital gives the Trustee-Manager a written notice (the "**ROFR Notice**") of any proposed offer of sale or investment opportunity by a third party (the "**Third Party Seller**") to Macquarie Capital of any Relevant Business (the "**Proposed Acquisition**"). Such ROFR Notice shall include sufficient details of the Proposed Acquisition for the Trustee-Manager to evaluate the Proposed Acquisition.

Where the Third Party Seller specifically prohibits Macquarie Capital from offering the Relevant Business to the Trustee-Manager for legal or other strategic considerations, the ROFR shall not apply and Macquarie Capital shall be free to pursue the opportunity with the Third Party Seller.

Upon receipt of a ROFR Notice, the Trustee-Manager shall be responsible for exploring the opportunity to acquire or invest in the Relevant Business with the Third Party Seller.

The Trustee-Manager shall submit a non-binding offer or indication of interest (in the form of an offer letter with a clear price and conditions for acceptance being proposed to the Third Party Seller) for the Proposed Acquisition (the "**First ROFR Offer**") to the Third Party Seller, with a copy to Macquarie Capital, within 30 days of receipt of the ROFR Notice or by such date which may be prescribed by the Third Party Seller to the Trustee-Manager. If the Trustee-Manager fails to do so, the ROFR shall be deemed to have expired and Macquarie Capital shall be free to pursue the opportunity with the Third Party Seller.

If upon submission of the First ROFR Offer, the Trustee-Manager does not receive confirmation of an acceptance or an invitation to negotiate further from the Third Party Seller within 21 days of submitting the First ROFR Offer or by such later date as may be agreed by the Trustee-Manager with the Third Party Seller and Macquarie Capital has confirmed this with the Trustee-Manager, the ROFR shall be deemed to have expired and Macquarie Capital shall be free to pursue the opportunity with the Third Party Seller.

If the Trustee-Manager receives a confirmation of acceptance of the First ROFR Offer from the Third Party Seller or the Third Party Seller seeks to proceed with further negotiations with the Trustee-Manager, the Trustee-Manager shall enter into a binding definitive agreement for the purchase of the Relevant Business ("**Definitive Agreement**") within 120 days (the "**Commitment Period**") from the date of acceptance of the First ROFR Offer.

If the Third Party Seller or the Trustee-Manager seeks an extension of the Commitment Period, the Commitment Period may be extended on one or more occasions by mutual consent between the Trustee-Manager and the Third Party Seller (such extended period(s) being the "**Extended Commitment Period(s)**"). The Trustee-Manager and the Third Party Seller shall within five days of agreeing to each such extension, notify Macquarie Capital of the Extended Commitment Period(s). During the Extended Commitment Period(s), the Trustee-Manager shall notify Macquarie Capital within five days if (i) negotiations on the opportunity have been terminated unilaterally by either the Trustee-Manager or the Third Party Seller (and in the latter case, the

Trustee-Manager has been notified by the Third Party Seller) or by mutual agreement by both parties, or (ii) the Trustee-Manager has entered into a Definitive Agreement with the Third Party Seller.

If the Trustee-Manager has not entered into a Definitive Agreement with the Third Party Seller within the Commitment Period or, as the case may be, the Extended Commitment Period(s), and Macquarie Capital has confirmed this with the Trustee-Manager, the ROFR shall be deemed to have expired and Macquarie Capital shall be free to pursue the opportunity with the Third Party Seller.

If the ROFR in respect of a Relevant Business is waived by the Trustee-Manager or deemed to have expired and Macquarie Capital does not enter into a Definitive Agreement with the Third Party Seller in respect of the Relevant Business within 12 months from the date of waiver or expiration (the "**Sponsor ROFR Option Period**"), the Trustee-Manager's ROFR in respect of that Relevant Business shall be fully reinstated and Macquarie Capital shall provide the ROFR Notice to the Trustee-Manager within seven days of the expiration of the Sponsor ROFR Option Period.

Right of First Offer (**"ROFO**")

The Sponsor has undertaken to procure that Macquarie Capital gives the Trustee-Manager a written notice (the "**ROFO Notice**") of any proposed offer of sale by Macquarie Capital of its interests in a Relevant Business (the "**Proposed Disposal**"). Such ROFO Notice shall include sufficient details of the Proposed Disposal for the Trustee-Manager to evaluate the Proposed Disposal.

The Trustee-Manager shall submit a non-binding offer or indication of interest (in the form of an offer letter with a clear price and conditions for acceptance being proposed to Macquarie Capital) for the Proposed Disposal (the "**First ROFO Offer**") to Macquarie Capital, within 30 days of receipt of the ROFO Notice. If the Trustee-Manager fails to do so or the First ROFO Offer is rejected by Macquarie Capital, the ROFO shall be deemed to have expired and Macquarie Capital shall be free to pursue offering the opportunity to third parties, provided that where the First ROFO Offer is rejected by Macquarie Capital, Macquarie Capital may not divest the Relevant Business on price, terms and conditions which are less favourable to Macquarie Capital than those offered by the Trustee-Manager under the First ROFO Offer.

If the ROFO in respect of a Relevant Business is waived by the Trustee-Manager or deemed to have expired and Macquarie Capital does not enter into a Definitive Agreement with a third party in respect of the Relevant Business within 12 months from the date of waiver or the First ROFO Offer or (where the Trustee-Manager does not submit a First ROFO Offer within 30 days of receipt of the ROFO Notice) the date the ROFO is deemed to have expired (the "**Sponsor ROFO Option Period**"), the Trustee-Manager's ROFO in respect of that Relevant Business shall be fully reinstated and Macquarie Capital shall provide the ROFO Notice to the Trustee-Manager within seven days of the expiration of the Sponsor ROFO Option Period.

The ROFR and the ROFO shall not apply to non-controlling interests made by Macquarie Capital in a principal capacity or as part of a consortium and other non-controlling investments proposed to be acquired or made by Macquarie Capital which, in each case, are associated with the investment banking activities carried out in the ordinary course of business by Macquarie Capital. For this purpose, "non-controlling interest" means investment opportunities which entail an equity interest of 50.0% or less and it is not obvious that the Trustee-Manager would be able to have control over all of the following matters:

(a) distribution policy of the business;

(b) mergers, acquisitions, spin-offs and divestments involving the business;

(c) approving the strategic and annual business plan of the business;

(d) any increase in the share capital of the business, such as through a rights issue or other issue of shares, preference shares or other securities;

(e) capital expenditure of the business;

(f) appointment or dismissal of key management such as the chief executive officer and the chief financial officer of the business;

(g) capital structure and funding options of the business, such as through various debt, equity or hybrid instruments; and

(h) restructuring of the business.

Termination Events

The Sponsor is entitled to terminate the Deed of Undertaking (including in respect of the Non-Compete Undertaking, the ROFR and the ROFO) by written notice to the Trustee-Manager if any of the following events occur:

(a) the Sponsor and/or any of its subsidiaries (as defined in the Singapore Companies Act) ceases to be a controlling shareholder (as defined in the Listing Manual) of the Trustee-Manager;

(b) the Trustee-Manager ceases to be the trustee-manager of the Trust (whether by resignation, termination, removal or otherwise); or

(c) the Trust ceases to be listed on the Main Board of the SGX-ST.

THE CONSTITUTION OF THE TRUST

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Recipients of this document and all prospective investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of the Trust (Registration Number 2013005). The Trust Deed is available for inspection at the registered office of the Trustee-Manager at 10 Marina Boulevard, #17-01 Tower 2 Marina Bay Financial Centre, Singapore 018983.

Certain terms of the Trust Deed, and certain rights and obligations of the Trustee-Manager and the Unitholders under the Trust Deed have been prescribed by the BTA. The BTA is a complex document and not all the provisions of the BTA that may affect your rights as a Unitholder are embodied in the Trust Deed. Prospective investors should refer to the BTA itself to confirm specific information or for a detailed understanding of the business trust regulatory framework in Singapore.

BACKGROUND OF THE TRUST

The Trust was constituted as a business trust on 30 April 2013 by a declaration of trust by Macquarie APTT Management Pte. Limited, as Trustee-Manager of the Trust, under the trust deed dated 30 April 2013 (the "**Trust Deed**"). The Trustee-Manager is a wholly-owned subsidiary of the Sponsor.

UNIT ISSUE MANDATE

As at the date of this document, Mr. Brian McKinley is the sole Unitholder. Mr. Brian McKinley has approved, and investors by subscribing for the Units pursuant to or in connection with the Offering, the Cornerstone Units, the Sponsor Units or the Consideration Units, are (A) deemed to have approved the issuance of the Units pursuant to or in connection with the Offering and issuance of the Cornerstone Units, the Sponsor Units, the Consideration Units and the Additional Units, under Section 36 of the BTA and (B) deemed to have given the authority (the "**Unit Issue Mandate**") to the Trustee-Manager, pursuant to Section 36 of the BTA, to:

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

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

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

(b) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while the Unit Issue Mandate is in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued),

provided that:

(A) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued according to Instruments made or granted pursuant to the Unit Issue Mandate) must not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata

basis to Unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) will be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering, after adjusting for Additional Units arising from the exercise of the Over-Allotment Option and for any subsequent bonus issue, consolidation or subdivision of Units;

(C) in exercising the Unit Issue Mandate, the Trustee-Manager must comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);

(D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate will continue in force until (i) the conclusion of the first annual general meeting of the Trust or (ii) the date by which the first annual general meeting of the Trust is required by applicable regulations to be held, whichever is earlier;

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

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

The Trust's first accounting period will be from 16 May 2013, being the date of its registration as a business trust with the Authority, to 31 December 2013. Accordingly, the Trust will hold its first annual general meeting by 30 April 2014, which is within four months from the end of the first accounting period. The Unit Issue Mandate will be in force until that date.

THE UNITS ARE PRIMARILY NOT REDEEMABLE

It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager, though it is provided in the Trust Deed that the Trustee-Manager may repurchase Units in accordance with the relevant laws, regulations and guidelines.

THE TRUST DEED

The Trust is a Registered Business Trust constituted by the Trust Deed and is principally regulated by the SFA and the BTA.

The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed and such supplemental deeds contain

covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Trustee-Manager and Unitholders under the Trust Deed.

Operational Structure

The Trust is established to carry on the business of owning, developing and/or operating Pay-TV and Broadband assets.

The Trust Deed currently provides that "**Authorised Businesses**" of the Trust means:

(a) Pay-TV Businesses and Broadband Businesses located in Taiwan, Hong Kong, Japan and Singapore;

(b) investing, directly or indirectly, in Pay-TV Businesses and Broadband Businesses (including without limitation investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association that carries on or invests, directly or indirectly, in Pay-TV Businesses and Broadband Businesses), selling, leasing or otherwise disposing of Pay-TV Businesses and Broadband Businesses or exploring any opportunities for any of the foregoing purposes; and

(c) any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in paragraphs (i) and (ii) of this definition.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee-Manager.

Each Unit represents an undivided interest in the Trust. A Unitholder has no equitable or proprietary interest in the Trust Property of the Trust and is not entitled to the transfer to it of the Trust Property (or any part thereof) or any interest in the Trust Property (or any part thereof) of the Trust. A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the Trust Property of the Trust (or any part thereof), and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction, and each Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the Trust Property of the Trust or any part thereof or lodge any notice affecting the Trust Property of the Trust (or any part thereof), or require that any part of the Trust Property of the Trust be transferred to such Unitholder.

For so long as the Trust is listed on the SGX-ST, the Trustee-Manager shall appoint CDP as the unit depository for the Trust in respect of all scripless Units in accordance with the requirements imposed by CDP in relation to the trading of units in business trusts on the SGX-ST which are applicable to the Trust. All Units issued will be represented by entries in the register of Unitholders kept by the Trustee-Manager or the agent appointed by the Trustee-Manager in the name of CDP as the registered holder of such Units which are deposited with CDP and, as the case may be, in the name of Unitholders (other than CDP) whose Units are not deposited with CDP. The Trustee-Manager or the agent appointed by the Trustee-Manager shall issue to CDP and each Unitholder (other than CDP) not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note will constitute a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or BTA on who may purchase (or subscribe for) Units and to own Units except as set out in "*The Constitution of the Trust – The Trust Deed – Limitation on right to own Units – PRC Investment Restrictions, Taiwan Government Ownership Restrictions and Fair Trade Requirements*" and in the case of a rights issue or preferential offering where the Trustee-Manager has the right under the Trust Deed to elect not to extend an offer of Units under a rights issue or preferential offering to Unitholders whose addresses are outside Singapore.

Changes in Unitholders' equity

The Trustee-Manager may at any time, on prior written notice (such notice period to be determined by the Trustee-Manager in its absolute discretion) to each Unitholder or, when the Units of the Trust are listed on the SGX-ST and are represented by entries in the register of Unitholders in the name of CDP and the Unitholders (other than CDP), by the Trustee-Manager delivering such notice in writing to CDP for onward delivery to the Unitholders, determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Unitholders shall be bound accordingly.

The register of Unitholders shall be altered accordingly to reflect the new number of Units held by each Unitholder as a result of such sub-division or consolidation. The Trustee-Manager shall cause CDP to alter the depository register maintained by CDP (the "**Depository Register**") accordingly, in respect of each relevant Unitholder's Securities Account with CDP to reflect the new number of Units held by such Unitholder as a result of such sub-division or consolidation.

Rights, preferences and restrictions attaching to each class of Units

Without prejudice to any special right previously conferred on the Unitholders of any existing Units or class of Units but subject to the relevant laws, regulations and guidelines and the Trust Deed, any Units may be issued by the Trustee-Manager with such preferred rights in the payment of distributions or in a winding up, or deferred or other special rights, as the Trustee-Manager may determine, provided that for the avoidance of doubt, the Trustee-Manager does not have the right to issue Units of the same class with different rights.

The Trustee-Manager shall not allot or issue any Units conferring upon a Unitholder any preferred rights in priority to the Units in issue on the date of the constitution of the Trust unless the rights attached to Units with such preferred rights with respect to the following matters are set out in the Trust Deed or have been otherwise approved by the Unitholders by an Extraordinary Resolution:

(i) repayment of capital;

(ii) participation in surplus assets and profits;

(iii) cumulative or non-cumulative distributions;

(iv) voting; and

(v) priority of payment of capital and distributions in relation to other Units or other classes of Units.

For the avoidance of doubt, the detailed terms of such Units are not required to be set out in the Trust Deed and may be set out in the aforesaid Extraordinary Resolution. See "– *Issue of Units*" regarding the approval from Unitholders for the issuance of Units.

If at any time, different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class.

Currently, there is only one class of Units and every Unit carries the same voting rights. Under the BTA, only the persons registered in the statutory register maintained by the Trustee-Manager are recognised as registered holders of the Units in issue. For so long as the Trust is listed on the SGX-ST, the Trustee-Manager shall appoint CDP as the unit depository for the Trust in respect of all scripless units in accordance with the requirements imposed by CDP in relation to the trading of units in business trusts on the SGX-ST which are applicable to the Trust.

Under the Trust Deed, each Unitholder named in the Depository Register maintained by CDP in respect of scripless units shall for such period as the Units are entered against his or her name in the Depository Register, be deemed to be the owner in respect of the number of Units entered against such Unitholder's name in the Depository Register and would be entitled to attend and vote at general meetings of Unitholders. The Trustee-Manager shall be entitled to rely on any and all such information in the Depository Register.

The entries in the Depository Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Unitholder named in the Depository Register and, in the event of any discrepancy between the entries in the Depository Register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the Depository Register shall prevail unless such Unitholder proves to the satisfaction of the Trustee-Manager and CDP that the Depository Register is incorrect.

Distributions

Subject to the relevant laws, regulations and guidelines and the Trust Deed, the Trustee-Manager may make regular distributions to Unitholders of such amounts to be payable out of the Trust Property of the Trust on such distribution dates as the Trustee-Manager may think fit. All distributions are paid pro rata among Unitholders in proportion to the number of fully-paid up Units held by the relevant Unitholder, unless the rights attached to an issue of any Unit provide otherwise.

In the case where any Unit is not fully paid up, the distribution declared shall be allocated and paid in such proportions as provided for in the terms of issue of such partially paid up Units, and failing such provision, in such proportions as the Trustee-Manager may think fit.

Unitholders on such record dates determined by the Trustee-Manager will be entitled to receive such distribution declared by the Trustee-Manager in respect of such given period.

The Trustee-Manager shall, from time to time, make payments to any Unitholder claiming any Unclaimed Moneys (as defined herein). For the avoidance of doubt, no interest shall be payable to a Unitholder on such Unclaimed Moneys.

Subject to the winding-up provisions of the Trust Deed, the Trustee-Manager may, at its absolute discretion and if practicable, cause such sums which represent Unclaimed Moneys which remain unclaimed for six years after the date on which such Unclaimed Moneys are due to be paid, to be:

(a) paid into the courts of Singapore after deducting from such sums all fees, costs and expenses incurred in relation to such payment into the courts of Singapore provided that if the said moneys are insufficient to meet the payment of all such fees, costs and expenses, the Trustee-Manager may at its absolute discretion choose not to pay such moneys into the courts of Singapore and instead apply such moneys to form part of the Trust Property of the Trust; or

(b) forfeited and the Trustee-Manager may, at any time thereafter at its absolute discretion and if practicable, annul any such forfeiture and pay the moneys so forfeited to the Unitholder entitled thereto prior to the forfeiture. For the avoidance of doubt, the moneys so forfeited shall revert to the Trust and form part of the Trust Property of the Trust; and the relevant Unitholder shall not have any right or claim in respect of such moneys against the Trust or the Trustee-Manager if a period of six years has elapsed from the date such moneys are first payable.

Voting Rights

A Unitholder is entitled to attend, speak and vote at any general meeting of the Unitholders in person or by proxy and a Unitholder may appoint not more than two proxies to attend and vote at the same general meeting provided that in the case of a Unitholder who is named in the Depository Register, the Trustee-Manager shall be entitled and bound to reject any instrument of proxy lodged if his or her name does not appear on the Depository Register as at 48 hours before the time of the relevant general meeting as certified by CDP to the Trust. Except as otherwise provided in the Trust Deed, not less than two Unitholders must be present in person or by proxy to constitute a quorum at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded in accordance with the Trust Deed. Under the Trust Deed, on a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit which he or she holds or represents.

Variation of rights of respective classes of Units

If at any time different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not the Trust is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class. To every such separate meeting of Unitholders of that class, the provisions of the Trust Deed relating to general meetings of the Unitholders shall apply *mutatis mutandis*, provided that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney at least one-third of the issued Units of the class and that any Unitholder of that class present in person or by proxy or by attorney may demand a poll.

The rights conferred upon the Unitholders of any class of Units issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Units of that class or by the Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Units ranking equally therewith.

The Trust Deed does not impose more stringent conditions for variation of rights of various classes of Units than those required by the BTA.

Issue of Units

The Trustee-Manager may issue Units, subject to the provisions of the Listing Manual (so long as the Trust is listed on the SGX-ST), the Trust Deed, the BTA and any other relevant laws, regulations and guidelines.

In particular, the issuance of Units will be subject to Section 36 of the BTA, which requires the approval by a majority of the number of votes of Unitholders who, being entitled to do so, vote in person or by proxy present at a general meeting of Unitholders.

If in connection with an issue of a Unit, any requisite payment of the issue price for such Unit has not been received by the Trustee-Manager before the seventh Business Day after the Unit was agreed to be issued (or such other date as the Trustee-Manager may decide), the Trustee-Manager may cancel its agreement to issue such Unit, and such Unit will be deemed never to have been issued or agreed to be issued. In such an event, the Trustee-Manager shall be entitled (under the Trust Deed) to charge the investor (and retain the same for its own account) a cancellation fee of such amount as the Trustee-Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

(a) receive distributions attributable to the Units held;

(b) receive audited accounts and the annual reports of the Trust; and

(c) participate in the winding up or liquidation of the Trust by receiving a share of all net cash proceeds derived from the realisation of the Trust Property of the Trust, less any liabilities, in accordance with their proportionate interests in the Trust.

No Unitholder has a right to require that the Trust Property (or part thereof) of the Trust be transferred to him or her.

Further, Unitholders cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

(a) the Trust ceasing to comply with applicable laws and regulations; or

(b) the interference in the exercise of any discretion expressly conferred on the Trustee-Manager by the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee-Manager in the event that the Trust Property is insufficient for the purposes of indemnifying the Trustee-Manager.

Under the Trust Deed, every Unit carries the same voting rights.

Limitation on right to own Units – Units Issued to Persons Outside Singapore

The BTA and the Trust Deed do not impose any limitations on the right of non-resident or foreign Unitholders to hold or exercise voting rights attached to the Units.

In relation to any rights issue, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue to those Unitholders whose addresses are outside Singapore. In such an event, the rights or entitlements to the Units of such Unitholders will be offered for sale by the Trustee-Manager as the nominee and authorised agent of each such relevant Unitholder in such manner and at such price as the Trustee-Manager may determine. Where necessary, the Trustee-Manager has the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant Unitholders whose rights and entitlements have been thus sold, provided that where such proceeds payable to any Unitholder is less than S$10.00, the Trustee-Manager may retain such proceeds as part of the Trust Property of the Trust.

Limitation on right to own Units – PRC Investment Restrictions, Taiwan Government Ownership Restrictions and Fair Trade Requirements

The Measures Governing Investment Permit for the People of Mainland China Area provide for the PRC Investment Restrictions. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – PRC investment restrictions*")

The CRTA provides for the Taiwan Government Ownership Restrictions. (See "*Regulatory Environment – The requirements for cable TV system operators under the CRTA, the TA and relevant laws – Taiwan government/political party ownership restrictions*")

The Fair Trade Act provides for the Fair Trade Requirements. (See "*Information Concerning the Units – PRC Investment Restrictions, Taiwan Government Ownership Restrictions and Fair Trade Requirements*" and "*Regulatory Environment – Requirements under the Fair Trade Act*")

The Trust Deed provides that the Trustee-Manager may, in the case of a breach of the PRC Investment Restrictions and/or the Taiwan Government Ownership Restrictions and/or where a corporate entity which provides cable television services in Taiwan (as determined by the Trustee-Manager in its sole discretion) holds or acquires more than one-third of the total issued Units, take all steps and do all things as they may in their absolute discretion deem necessary to ensure that the restrictions thereunder are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Unitholders to dispose of their Units and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), the power to arrange for the sale of the Units. Pending such sale, the Trustee-Manager has the power to suspend the voting rights of such Units and/or to restrict the transfer of such Units. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.

Amendments to the Trust Deed

The Trustee-Manager shall be entitled, by deed supplemental to the Trust Deed and with the prior approval of the relevant authorities, to modify, alter or add to the provisions of the Trust Deed in such a manner and to such an extent as it may consider expedient for any purpose, subject to the provisions of the BTA.

The BTA currently provides that the trust deed of a Registered Business Trust may be amended by a resolution passed by the unitholders of that trust holding in the aggregate not less than 75.0% of the voting rights of all the unitholders of that trust who, being entitled to do so, vote in person or by proxy present at a general meeting of which not less than 21 days' written notice specifying the intention to propose the resolution as a special resolution has been duly given.

Circumstances under which the Trustee-Manager may be indemnified out of the Trust Property of the Trust

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the Trustee-Manager, to have recourse to the Trust Property or any part thereof, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager failed to exercise Due Care.

Circumstances under which the Trustee-Manager may exclude liability in relation to carrying out of its duties with respect to the Trust

Subject to the duties and obligations of the Trustee-Manager under the Trust Deed, the Trustee-Manager is not liable for any act or omission in relation to the Trust save where there is, on the part of the Trustee-Manager, fraud, wilful default or breach of trust or where the Trustee-Manager fails to exercise Due Care.

In the absence of fraud, wilful default or breach of trust by the Trustee-Manager or a failure on the part of the Trustee-Manager to exercise Due Care, the Trustee-Manager is not liable to the Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Appointment, Removal, Resignation or Retirement of the Trustee-Manager

The Trust Deed provides that appointment, removal, resignation and retirement of the Trustee-Manager shall only be in accordance with applicable laws, regulations and guidelines. (See "*The Trustee-Manager – Retirement or Removal of the Trustee-Manager*")

Changes in the fees and charges payable to the Trustee-Manager

Any increase in the rates or any change in the formula for calculation of the fees payable to the Trustee-Manager must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Winding-up

The duration of the trust constituted by the Trust Deed is of indefinite duration and the Trust may be wound up in accordance with the BTA, which provides that notwithstanding the time, circumstances or event specified in the Trust Deed, the winding up of the Trust would still be subject to approval by way of an Extraordinary Resolution duly passed by the Unitholders.

There is no provision in the Trust Deed which provides that the Trust shall be wound up at a specified time, in specified circumstances or on the happening of a specified event.

Substantial Unitholding

Under the SFA, Substantial Unitholders are required to notify the Trustee-Manager of (i) their interest in voting Units within two Business Days after they become aware that they are Substantial Unitholders, (ii) any subsequent change in the percentage level of such holdings (rounded down to the next whole number) within two Business Days after they become aware of such changes, or (iii) their ceasing to hold such number of Units to which is attached not less than five per cent. of the total votes attached to all the voting Units issued for the time being, within two Business Days after becoming aware of such information.

Failure to comply with such notification requirement is an offence under the SFA and will render a Substantial Unitholder liable to a fine on conviction.

Where the Trustee-Manager has been notified by a Substantial Unitholder pursuant to the unitholding disclosure requirements of the SFA as set out above, the Trustee-Manager will announce such information on SGXNET as soon as practicable and in any case no later than the end of the Business Day following the day on which the Trustee-Manager received the notice.

TAXATION

The following summary of certain Singapore tax consequences of the subscription, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to subscribe for, own or dispose of the Units and does not purport to apply to all investors, some of whom may be subject to special rules either in Singapore or in the tax jurisdiction where they are resident. Recipient of this document and all prospective investors should consult their own tax advisors concerning the application of Singapore income tax law to their particular situations as well as any consequences of the subscription, ownership and disposition of the Units arising under the laws of any other taxing jurisdiction.

SINGAPORE TAX IMPLICATIONS

Taxation of the Trust

The Trust is a trust registered with the MAS under the BTA. The Trust is liable to Singapore income tax on:

(a) income accruing in or derived from Singapore (i.e. Singapore sourced income); and

(b) unless otherwise exempt, income derived from outside Singapore which is received or deemed to have been received in Singapore (i.e. foreign sourced income).

Dividends from the Bermuda Holdcos

Foreign sourced dividends received by the Trust would only be subject to Singapore income tax when received in Singapore or deemed received in Singapore, subject to certain exemptions. Tax exemption under Section 13(8) of the Income Tax Act in respect of foreign sourced dividends received by the Trust from the Bermuda Holdcos is not available as Bermuda does not have a headline tax rate of at least 15.0% and such dividends (or income out of which such dividends are paid) are not taxable in Bermuda.

Subject to meeting certain stipulated conditions and reporting obligations, the Trust has obtained an exemption under Section 13(12) of the Income Tax Act on dividend income received by the Trust from the Bermuda Holdcos after its listing on the SGX-ST.

Specifically, the Trust will be exempt from tax on dividends from the Bermuda Holdcos that originate from dividends and interest paid out of underlying profits from substantive cable broadband business activities carried out in Taiwan.

However, where either:

(a) the conditions or reporting obligations imposed under the exemption are not met;

(b) the dividends received by the Trust do not fall within the scenario and sources described in the exemption application;

(c) there are changes in the structure, entities or circumstances that fall outside the scope of the exemption granted; or

(d) there is a change in the tax legislation governing such tax exemptions,

then the dividends received by the Trust from the Bermuda Holdcos will, if received in Singapore, be subject to tax in Singapore at the prevailing corporate tax rate, which is currently 17.0%.

Gains on disposal of shares in the Bermuda Holdcos

There is no capital gains tax in Singapore. Gains derived by the Trust from the disposal of its shares in the Bermuda Holdcos will not be subject to Singapore income tax unless the gains are considered income of a trade or business. If the shares in the Bermuda Holdcos were acquired with the intention or for the purpose of making a profit by sale and not with the intention of holding for long-term investment purposes, any gains derived from the sale of the shares would be regarded as revenue in nature and hence, subject to Singapore income tax at the prevailing corporate tax rate, which is currently at 17.0%.

Under Section 13Z of the Income Tax Act, gains derived by the company from the disposal of ordinary shares, during the period between 1 June 2012 and 31 May 2017 (both dates inclusive), are not taxable if, immediately prior to the date of the disposal, the divesting company held at least 20.0% of the ordinary share capital of the investee company for a continuous period of at least 24 months.

The Inland Revenue Authority of Singapore has clarified in its circular dated 30 May 2012 titled "Income Tax: Certainty of Non-taxation of Companies' Gains on Disposal of Equity Investments" that the above rule will also apply to a Registered Business Trust divesting ordinary shares in an investee company. In this regard, gains derived by the Trust from the disposal of shares in the Bermuda Holdcos will not be liable to Singapore income tax if the above conditions are met.

Taxation of Unitholders

Distributions from the Trust

Pursuant to Section 13(1)(zg) of the Income Tax Act, distributions by the Trust are tax-exempt and are therefore not subject to Singapore income tax in the hands of the Unitholders. The distributions are also not subject to Singapore withholding tax. The tax exemption is given to all the Unitholders, regardless of their nationality, corporate identity or tax residence status. The Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager.

Gains on Disposal of Units

Singapore does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to tax in Singapore. However, such gains may be considered income in nature and subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gain may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the Unitholder had no intention to hold the Units as long-term investments.

In the event that the Units are held as trading assets, corporate Unitholders who adopt Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") for accounting purposes may be required to recognise gains or losses on the Units in the profit and loss account in accordance with FRS 39. If so, the gains or losses recognised will be taxed or allowed as a deduction even though they are recognised. Unitholders who may be subject to this tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences that may apply to their individual circumstances.

Goods and Services Tax

The sale of the Units by a GST-registered investor who belongs in Singapore through the SGX-ST or to another person belonging in Singapore is an exempt supply that is not subject to GST. Any GST, directly or indirectly, incurred by the investor in respect of this exempt supply is not recoverable and will become an additional cost to the investor.

Where the Units are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at a zero rate. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business is claimable as an input tax credit from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the Units will be subject to GST, currently at the rate of 7.0%. Similar services rendered to an investor belonging outside Singapore are generally subject to GST at the zero rate.

Stamp Duty

Stamp duty will not be imposed on transfers of Units or on the transfer of any property for the purpose of effectuating the appointment of a new trustee-manager for the Trust.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The discussion in this document is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal tax, state or local penalties, and was written to support the promotion or marketing of the offering. Each taxpayer should seek advice based on such person's particular circumstances from an independent tax adviser.

The following summary is a general discussion of certain U.S. federal income tax considerations to U.S. Holders (as defined below) of acquiring, holding and disposing of Units. The following summary applies only to U.S. Holders that purchase Units in the Placement who will hold Units as capital assets for U.S. federal income tax purposes (generally, assets held for investment). The discussion also does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax or the Medicare tax on net investment income). This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances or to U.S. Holders subject to special rules, such as investors that own (directly or by attribution) 10 per cent. or more of the Units, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, investors liable for the alternative minimum tax, certain U.S. expatriates, individual retirement accounts and other tax-deferred accounts, partnerships or other pass-through entities for U.S. federal income tax purposes, tax-exempt organizations, dealers in securities or currencies, securities traders that elect mark-to-market tax accounting, investors that will hold the Units as part of constructive sales, straddles, hedging, integrated or conversion transactions for U.S. federal income tax purposes or investors whose "functional currency" is not the U.S. dollar.

The Trust does not expect to be classified as a "passive foreign investment company" (a "**PFIC**", see "– *Passive Foreign Investment Company*" below for a discussion of the PFIC rules). Except as otherwise indicated, the following discussion assumes the Trust is not a PFIC.

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations thereunder, published rulings of the U.S. Internal Revenue Service (the "**IRS**") and judicial and administrative interpretations thereof each as available on the date of this document. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly retroactively. No ruling

will be sought from the IRS with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion.

For purposes of the following summary, a "**U.S. Holder**" is a beneficial owner of Units that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organised in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over its administration and (b) one or more United States persons (as defined in the Code) have the authority to control all of the substantial decisions of such trust.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds Units, the U.S. federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. A partnership considering an investment in Units, and partners in such partnership, should consult their own tax advisers about the consequences of the investment.

Prospective purchasers of Units should consult their own tax advisers with respect to the U.S. federal, state, local and non-U.S. tax consequences to them in their particular circumstances of acquiring, holding, and disposing of, Units.

Distributions by the Trust

The gross amount of any distribution by the Trust with respect to Units will generally be taxable to a U.S. Holder as foreign source ordinary dividend income. Distributions paid by the Trust will not be eligible for the dividends received deduction allowed to corporations or the lower rates applicable to certain dividends paid to non-corporate recipients.

U.S. Holders should consult their own tax advisers about how to account for payments that are not made in U.S. dollars.

Proceeds from the Sale, Exchange or Retirement of the Units

A U.S. Holder will generally recognise U.S. source capital gain or loss equal to the difference, if any, between the U.S. dollar amount realised on the sale, exchange or retirement and the U.S. Holder's tax basis in the Units (generally their cost in U.S. dollars). Any gain or loss generally will be long-term capital gain or loss if the Units have been held for more than a year. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their advisers about how to account for sale or other disposition proceeds that are not paid in U.S. dollars.

Passive Foreign Investment Company

The Trust does not expect to be classified as a PFIC. A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50% of the average value of its gross assets is attributable to assets that produce "passive income" or are held for the production of "passive income". Passive income for this purpose generally includes dividends, interest, royalties, rents, and gains from commodities and securities transactions. Whether the Trust is a PFIC for any taxable year is based on its income and assets for such year determined under the PFIC rules. Therefore, it is possible that the Trust could become a PFIC in the current or any future year due to its asset or income composition, as well

as that of its subsidiaries, on the relevant testing dates. If the Trust is classified as a PFIC at any time that a U.S. Holder holds its Units, the U.S. Holder may be subject to materially adverse U.S. federal income tax consequences compared to an investment in a company that is not considered a PFIC, including being subject to greater amounts of U.S. tax and being subject to additional U.S. tax form filing requirements.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with distributions on the Units and the proceeds from the sale or other disposition of the Units unless a U.S. Holder establishes that it is exempt from the information reporting rules. A U.S. Holder may be subject to backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisers regarding any tax reporting or filing requirements they may have a as a result of acquiring, owning, or disposing of the Units. For example, U.S. Holders that subscribe for units for a total price in excess of U.S.$100,000 (or the equivalent in foreign currency) may be required to file additional U.S. tax forms as a result of their acquisition of Units. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

PLAN OF DISTRIBUTION

The Trustee-Manager is making an offering of up to 936,164,086 Units at the Offering Price representing approximately up to 65.2% of the total number of Units in issue after the Offering (assuming the Over-Allotment Option is not exercised) for subscription at the Offering Price under the Placement and the Public Offer.

Up to 866,164,086 Units will be offered under the Placement. 70,000,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Joint Underwriters (in consultation with the Trustee-Manager).

Placement

The Trustee-Manager, the Sponsor and the Joint Bookrunners and Joint Underwriters have entered into an international purchase agreement dated 16 May 2013 (the "**International Purchase Agreement**") in connection with the Placement. Under the Placement, the Trustee-Manager intends to offer up to 866,164,086 Units by way of an international placement through the Joint Bookrunners and Joint Underwriters to investors, including institutional and other investors in Singapore. Pursuant to and subject to the terms and conditions set forth in the International Purchase Agreement, the Trustee-Manager is expected to effect for the account of the Trust the issue of, and the Joint Bookrunners and Joint Underwriters are expected to on a several basis (a) subscribe for, or procure subscribers for, up to 866,164,086 Units (excluding the Over-Allotment Option) at the Offering Price, in the amounts set forth opposite their respective names below; and (b) subscribe and pay for, or procure the subscription and payment of, any Cornerstone Units which the Cornerstone Investors may fail to subscribe for or pay for at the Offering Price, in the amounts set forth opposite their respective names below.

Joint Bookrunners and Joint Underwriters	Number of Units	Cornerstone Units
Macquarie Capital Securities (Singapore) Pte. Limited	401,900,136	212,294,808
J.P. Morgan (S.E.A.) Limited	286,700,312	151,443,064
CIMB Securities (Singapore) Pte. Ltd.	98,742,706	52,158,638
DBS Bank Ltd.	78,820,932	41,635,404

Concurrently with but separate from the Offering, up to 525,866,849 Consideration Units will be payable to MIIF on the Listing Date in part settlement of the consideration payable to MIIF for the Trust Acquisition. The Consideration Units will in turn be distributed by MIIF to shareholders of MIIF who have not elected to receive cash. The number of Consideration Units will be determined after the shareholders of MIIF have completed their election, and the number of Units to be offered in the Placement will be reduced by such number of Consideration Units.

Investors subscribing for Units in the Placement will do so based on a maximum number of Units allocated to them on or shortly after the date of this document, which may be reduced by the Joint Bookrunners and Joint Underwriters in their sole discretion, to adjust for (1) any reduction in the number of Units offered under the Placement based on the number of Consideration Units and (2) any re-allocation between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Joint Underwriters (in consultation with the Trustee-Manager), subject to any applicable laws. The Joint Bookrunners and Joint Underwriters will notify each investor in the Placement of the final number of Units allocated to them after the number of Consideration Units has been determined, which is expected to be as soon as practicable after completion of the

election by the shareholders of MIIF to receive their distribution of the consideration of the Trust Acquisition payable to MIIF in cash instead of Consideration Units on 23 May 2013. (See "*Trust Acquisition – Share Purchase Agreement*")

Each investor subscribing for Units in the Placement will be deemed to have acknowledged and agreed to purchase such final number of Units allocated to them as described above which may be less than the maximum number of Units allocated to them on or shortly after the date of this document, such final number to be determined by the Joint Bookrunners and Joint Underwriters in their sole discretion as aforesaid.

Public Offer

The Trustee-Manager, the Sponsor and the Joint Bookrunners and Joint Underwriters have entered into an offer agreement dated 16 May 2013 (the "**Singapore Offer Agreement**" and together with the International Purchase Agreement, the "**Underwriting Agreements**") in connection with the Public Offer. The Public Offer is open to members of the public in Singapore. Subject to the terms and conditions set forth in the Singapore Offer Agreement, the Trustee-Manager is expecting to effect for the account of the Trust the issue of, and the Singapore Underwriters are expected to subscribe for, or provide subscribers for, 70,000,000 Units, in the amounts set forth opposite their respective names below.

Joint Bookrunners and Joint Underwriters	Number of Units
Macquarie Capital Securities (Singapore) Pte. Limited	32,480,000
J.P. Morgan (S.E.A.) Limited	23,170,000
CIMB Securities (Singapore) Pte. Ltd.	7,980,000
DBS Bank Ltd.	6,370,000

The Trustee-Manager will pay the Joint Bookrunners and Joint Underwriters, as compensation for their services in connection with the Offering and the issue of the Cornerstone Units, out of the gross proceeds of the Offering and the issue of the Cornerstone Units, the Underwriting, Selling and Management Commission amounting to 2.75% of the total gross proceeds from the issue of Units pursuant to the Placement (as reduced by the number of Consideration Units issued, if any), the issue of Units pursuant to the Public Offer and the issue of the Cornerstone Units. In relation to the number of Consideration Units issued, if any, the Trustee-Manager will pay the Joint Bookrunners and Joint Underwriters an amount equal to:

(a) 1.75% of the product of the Offering Price and the number of Consideration Units issued up to (and including) 13% of the aggregate number of Units issued by the Trustee-Manager on the Listing Date (assuming the Over-Allotment Option is not exercised); and

(b) 2.75% of the product of the Offering Price and the number of Consideration Units issued in excess of 13% of the aggregate number of Units issued by the Trustee-Manager on the Listing Date (assuming the Over-Allotment Option is not exercised).

In the event the Over-Allotment Option is exercised, the Trustee-Manager will pay the Joint Bookrunners and Joint Underwriters 2.75% of the total gross proceeds from the sale of Additional Units pursuant to the exercise of the Over-Allotment Option.

For the avoidance of doubt, no Underwriting, Selling and Management Commission is payable in connection with the Sponsor Units.

Purchasers of the Units, other than those in the Public Offer, will be required to pay to the Joint Bookrunners and Joint Underwriters a brokerage fee of 1.0% of the Offering Price, stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, at the time of settlement.

The Offering Price was determined, following a book-building process, by agreement between the Joint Bookrunners and Joint Underwriters and the Trustee-Manager. Among the factors that were considered in determining the Offering Price were the level of investor demand for the Units and the prevailing market conditions in the securities markets.

The closing of the Public Offer is conditional upon the conditions to the Placement set out in the International Purchase Agreement being satisfied and vice versa. The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated in the International Purchase Agreement and the Singapore Offer Agreement, including, among others, the fulfilment or waiver by the SGX-ST of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The Singapore Offer Agreement will terminate in the event that the International Purchase Agreement is terminated.

The Trustee-Manager has agreed in the Singapore Offer Agreement and the International Purchase Agreement to indemnify Macquarie Capital (Singapore) Pte. Limited, Macquarie Capital Securities (Singapore) Pte. Limited, and J. P. Morgan (S.E.A.) Limited (in respect of the Underwriting Agreements, the "**Representatives**") and the Joint Bookrunners and Joint Underwriters against certain liabilities. The Sponsor has also agreed in the Singapore Offer Agreement and the International Purchase Agreement to indemnify the Representatives and the Joint Bookrunners and Joint Underwriters against certain liabilities. The Singapore Offer Agreement and the International Purchase Agreement each contains a contribution clause which provides that where the respective indemnification is unavailable to a Representative or a Joint Bookrunner and Joint Underwriter or is insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the Trustee-Manager or the Sponsor, as the case may be, shall contribute to the amount paid or payable by such Representative or Joint Bookrunner and Joint Underwriter as a result of any losses, claims, damages or liabilities (a) in such proportion as is appropriate to reflect the relative benefits received by the Sponsor and the Trustee-Manager on the one hand and the Representatives and the Joint Bookrunners and Joint Underwriters on the other from the the Public Offer or the Placement, as the case may be, or (b) if the allocation provided by (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in (a) above, but also the relative fault of the Sponsor and the Trustee-Manager on the one hand and the Representatives and the Joint Bookrunners and Joint Underwriters on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Sponsor and the Trustee-Manager on the one hand and the Representatives and the Joint Bookrunners and Joint Underwriters on the other hand shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Trustee-Manager from the subscriptions for the Public Offer or the Placement, as the case may be, and the total fees and commissions received by the Joint Bookrunners and Joint Underwriters in connection therewith, as provided in the Singapore Offer Agreement and in the International Purchase Agreement, bear to the aggregate offering price of the Units offered in the Public Offer and in the Placement, respectively. The relative fault of the Sponsor and the Trustee-Manager on the one hand and the Representatives and the Joint Bookrunners and Joint Underwriters and Representatives on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Sponsor or the Trustee-Manager, or by the Representatives and the Joint Bookrunners and Joint Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Representative or Joint Bookrunner and Joint

Underwriter is required to contribute any amount in excess of the amount by which the total fees and commissions received by such Representative or Joint Bookrunner and Joint Underwriter with respect to the offering of the Units under the Singapore Offer Agreement or the International Purchase Agreement, as the case may be, exceeds the amount of any damages that such Representative or Joint Bookrunner and Joint Underwriter has otherwise been required to pay under the Singapore Offer Agreement or the International Purchase Agreement, respectively, by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The Joint Bookrunners and Joint Underwriters are offering the Units or undertaking their obligations thereunder on the terms and conditions of the International Purchase Agreement and the Singapore Offer Agreement, subject to certain conditions precedent including the receipt by them of officer's certificates from the Trustee-Manager, legal opinions and comfort letters and on the basis of certain representations, warranties and covenants of the Trustee-Manager and the Sponsor.

The International Purchase Agreement and the Singapore Offer Agreement may be terminated by the Joint Bookrunners and Joint Underwriters at any time prior to the issue and delivery of the Units, upon the occurrence of certain events including, among other things, certain force majeure events pursuant to the terms of the International Purchase Agreement and the Singapore Offer Agreement, respectively.

The Joint Bookrunners and Joint Underwriters may make sub-underwriting arrangements in respect of their obligations under the International Purchase Agreement and the Singapore Offer Agreement, upon such terms and conditions as they deem fit.

The Units may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Joint Underwriters (in consultation with the Trustee-Manager), subject to any applicable laws.

OTHER RELATIONSHIPS

Macquarie Capital (Singapore) Pte. Limited, one of the Joint Issue Managers, and Macquarie Capital Securities (Singapore) Pte. Limited, one of the Joint Bookrunners and Joint Underwriters, are indirect wholly-owned subsidiaries of the Sponsor. The Trustee-Manager is also an indirect wholly-owned subsidiary of the Sponsor. In addition, Macquarie Capital Group Limited was part of a syndicate of lenders that provided the Subordinated Facility, which will be repaid in full with the proceeds from the Offering and Macquarie Capital Group Limited will receive U.S.$45 million. (See "*Use of Proceeds*")

CIMB Bank Berhad, Singapore Branch was appointed by the board of directors of MIIF as an independent financial adviser to assist the board of directors of MIIF with a strategic review to consider a range of alternatives focused on generating value for shareholders of MIIF.

DBS Bank (Taiwan) Ltd., an affiliate of DBS Bank Ltd., is part of the syndicate of lenders providing the New Debt Facilities to the TBC Group.

The Joint Bookrunners and Joint Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Joint Bookrunners and Joint Underwriters and their respective affiliates have, from time to time,

performed and may in the future perform, various financial advisory and investment banking services for the Trust, the Trustee-Manager and the Sponsor and their respective affiliates for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Joint Bookrunners and Joint Underwriters and their respective affiliates (or any of them) may make, issue or hold a broad array of investments and enter into secondary market transactions or actively trade debt and equity securities (including but not limited to equity derivatives, warrants and other structured instruments) and financial instruments (including bank loans) for their own account and for the account of their customers, and after the Offering such investment and securities activities may involve securities (including but not limited to Units) and/or instruments of the Trust, the Sponsor or their respective affiliates. Such transactions would be carried out as bilateral trades with selected counterparties (including but not limited to Cornerstone Investors) separately from any sale or issue of the Units to which this document relates, which might require the Joint Bookrunners and Joint Underwriters to take long or short positions in the Units. The Joint Bookrunners and Joint Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Subject to compliance with the personal investment policies of the Macquarie Capital Group and of Macquarie Bank Limited and its subsidiaries, employees of the Macquarie Capital Group and of Macquarie Bank Limited and its subsidiaries are not prohibited from participating in the Public Offer on the same terms as members of the public in Singapore.

OVER-ALLOTMENT AND STABILISATION

We have granted the Joint Bookrunners and Joint Underwriters the Over-Allotment Option exercisable by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in consultation with the Representatives, in full or in part, on one or more occasions, to subscribe for up to an aggregate of 71,840,000 Additional Units at the Offering Price representing not more than 5.0% of the total number of Units in issue immediately following the Offering, solely to cover the over-allotment of Units (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 71,840,000 Units representing not more than 5.0% of the total number of Units in issue immediately following the Offering, to undertake stabilising actions. The Additional Units represent not more than 7.7% of the total number of Units in the Offering.

The Joint Bookrunners and Joint Underwriters are expected to purchase the Units in respect of which the Over-Allotment Option has been exercised in the same proportion as described in the table under *"– Placement*" above. The full exercise of the Over-Allotment Option will increase the total number of Units in issue to 1,508,640,000 Units.

In connection with the Over-Allotment Option, the Stabilising Manager (a) has entered into a unit lending agreement with the Sponsor (the "**Unit Lender**", and the agreement entered into by the Unit Lender,, the "**Unit Lending Agreement**") pursuant to which the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may borrow up to 43,103,999 Units representing not more than 3.0% of the total number of Units in issue immediately following the Offering from the Sponsor and (b) will enter into certain delayed or deferred settlement arrangements with one or more investor(s) in the Placement pursuant to which the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may delay or defer settlement of up to 28,736,001 Units representing not more than 2% of the total number of Units in issue

immediately following the Offering. Under the Unit Lending Agreement, the Stabilising Manager has undertaken to re-deliver to the Unit Lender Units of an identical type, description and amount to the Units borrowed.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, in consultation with the Representatives, over-allot or otherwise effect transactions that stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 71,840,000 Units, representing not more than 5.0% of the total number of Units in issue immediately following the Offering, to undertake stabilising actions. Any profit after expenses derived, or any loss sustained, as a consequence of the Over-Allotment Option or stabilising activities shall be for the account of the Joint Bookrunners and Joint Underwriters.

None of the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Stabilising Manager makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Trustee-Manager, the Sponsor, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Stabilising Manager makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager, not later than 12 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Units in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

Units Are Not Being Registered Under the U.S. Securities Act

The Joint Bookrunners and Joint Underwriters, directly or through their affiliates, propose to offer the Units for resale in transactions not requiring registration under the U.S. Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Joint Bookrunners and Joint Underwriters will not offer or sell the Units except:

- within the United States in reliance on Rule 144A to persons they reasonably believe to be QIBs; or

- to non-U.S. persons outside the United States in offshore transactions (as defined in Regulation S).

Units may not be offered, transferred or resold within the United States except under an exemption from the registration requirements of the U.S. Securities Act or under a registration statement declared effective under the U.S. Securities Act and in accordance with the restrictions under "*Transfer Restrictions*".

LOCK-UP ARRANGEMENTS

Sponsor

The Sponsor has agreed with the Joint Bookrunners and Joint Underwriters that it will not, without the prior written consent of the Joint Bookrunners and Joint Underwriters (such consent not to be unreasonably withheld or delayed), directly or indirectly, conditionally or unconditionally, offer, sell, contract to sell, grant any warrant, option or right to purchase, grant security over, lend, encumber or otherwise dispose of any or all of its direct and indirect interest in any Units (or securities convertible into or exchangeable for any such Units or part thereof or which carry rights to subscribe for or purchase any such Units) (the "**Sponsor Lock-up Units**"), enter into any swap, hedge or other derivative transaction with a similar economic effect to the foregoing; deposit any or all of its interest in the Sponsor Lock-up Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above during the period commencing from the Listing Date until the date falling 180 days thereafter (both dates inclusive) (the "**Sponsor Lock-up Period**") in respect of 100.0% of its direct and indirect interest in the Sponsor Lock-up Units.

The above restriction will not apply to:

(a) the transfer of the Sponsor Lock-up Units between wholly-owned subsidiaries of the Sponsor, whether direct or indirect, provided that the transferor procures that each such transferee subsidiary gives a similar undertaking for the remainder of the Sponsor Lock-up Period;

(b) the creation of a charge or pledge over the Sponsor Lock-up Units or other security or encumbrance over the Sponsor Lock-up Units, provided that such charge, pledge, security or encumbrance can only be enforced after the end of the Sponsor Lock-up Period; and

(c) the transfer of Units pursuant to the Unit Lending Agreement, provided that these restrictions will apply to the Units returned to the Sponsor pursuant to the Unit Lending Agreement.

The Trustee-Manager

Subject to the exceptions described below, the Trustee-Manager has agreed with the Joint Bookrunners and Joint Underwriters that during the period from the date of the International Purchase Agreement until the date which is 180 days from the Listing Date (the "**Lock-up Period**"), it will not without the prior written consent of the Joint Bookrunners and Joint Underwriters (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Units or any securities convertible into or exercisable or exchangeable for Units or file any registration statement or offer information statement with respect to any of the foregoing, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Units, whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of Units or such other securities, in cash or otherwise.

The restrictions described in the preceding paragraph do not apply to the issuance of Units to be offered under the Offering, the Cornerstone Units, the Sponsor Units, the Consideration Units and the Units which may be issued to the Trustee-Manager in payment of any fees payable to the Trustee-Manager under the Trust Deed.

SGX-ST LISTING

The Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, the Trust, the Trustee-Manager or the Units. It is expected that the Units will commence trading on the SGX-ST on a "ready" basis on or about 29 May 2013.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price.

DISTRIBUTION AND SELLING RESTRICTIONS

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this document or any other offering or publicity material relating to the Trust or the Units in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this document nor any other offering material, circular, form of application or advertisement in connection with the Units may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations of any such country or jurisdiction.

Australia

The Trust is not registered as a Managed Investment Scheme in Australia. The provision of this document to any person does not constitute an offer of the Units to that person or an invitation to that person to apply for the Units. Any such offer or invitation will only be extended to a person in Australia if that person is a wholesale client for the purposes of section 761G of the Corporations Act 2001 (Cwlth) ("**Corporations Act**"). This document has not been and will not be distributed or passed on directly or indirectly, to any other class of persons in Australia. No offer has been or will be made to any person in Australia other than an offer by an affiliate of such Joint Bookrunner and Joint Underwriter that holds an Australian financial services license (an "**Australian Intermediary**") under an arrangement between the Trustee-Manager and each Australian Intermediary in accordance with section 911A(2)(b) of the Corporations Act/Corporations Regulation 7.6.01(1)(n). This document is issued by the Trustee-Manager. The Trustee-Manager is not licensed in Australia to provide financial product advice in relation to the Units. An investor in the Units will not have cooling off rights.

This document is not a disclosure document under Chapter 6D.2 of the Corporations Act, or a product disclosure statement under Part 7.9 of the Corporations Act. It is not required to, and does not contain all of the information which would be required in a disclosure document or a product disclosure statement. It has not, and will not be, lodged with the Australian Securities and Investments Commission or ASX Limited or any other Australian regulatory body or agency.

Any person to whom the Units are issued or sold must not, within 12 months from the date of issue of the Units, offer, transfer, assign those Units to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act.

Canada

The Units have not been offered, sold or distributed and will not be offered, sold or distributed, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. This document, or any other offering material in connection with any offering of the Units, has not been distributed or delivered and will not be distributed or delivered in Canada other than in compliance with applicable securities laws.

The distribution of the Units in Canada is being made only on a private placement basis exempt from the requirement that the Trust prepares and files a prospectus with the applicable securities regulatory authorities. The Trust is not a reporting issuer in any province or territory in Canada and its securities are not listed on any stock exchange in Canada and there is currently no public market for the Units in Canada. The Trust currently has no intention of becoming a reporting issuer in Canada, filing a prospectus with any securities regulatory authority in Canada to qualify the resale of the Units to the public, or listing its securities on any stock exchange in Canada. Accordingly, to be made in accordance with securities laws, any resale of the Units in Canada must be made under available statutory exemptions from registration and prospectus requirements or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Canadian purchasers are advised to seek legal advice prior to any resale of the Units.

Dubai International Financial Centre ("DIFC")

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). The DFSA has no responsibility for reviewing or verifying any prospectus or other documents in connection with Exempt Offers. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. The Units to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units. If you do not understand the contents of this document you should consult an authorised financial adviser. This document is intended for distribution only to persons who meet the criteria for being classified as Professional Clients set out in Rule 2.3.2 of the DFSA Conduct of Business Module; it must not be delivered to any other person and no other person should act or rely upon this document. This document is for the exclusive use of the persons to whom it is addressed and in connection with the subject matter contained herein.

This document is not to be relied upon by, or distributed to, any person who is a Retail Client for the purposes of Rule 2.3.5 of the Conduct of Business Module of the DFSA Rulebook.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any Units which are the subject of the Offering contemplated by this document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Units may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are qualified investors as defined under the Prospectus Directive;

(b) by the Trustee-Manager to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or

legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Bookrunners and Joint Underwriters for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Units shall result in a requirement for the Trustee-Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Units to be offered so as to enable an investor to decide to purchase or subscribe for any Units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

This document has not been approved by the Securities and Futures Commission in Hong Kong. Accordingly:

(a) the Units may not be offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) no person has issued or had in his possession for the purposes of issue, and will issue or have in his possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Units, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made under that Ordinance.

Japan

The Units offered outside of Japan have not been and will not be registered under the Financial Investments and Exchange Law of Japan (the "**FIEL**") and the Investment Trust and Investment Corporation Law of Japan (the "**ITICL**"). Accordingly, the Units will not, directly or indirectly, be offered or sold in Japan or to, or for the account of or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the account of or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and the ITICL and other relevant laws and regulations of Japan.

Malaysia

No approval from the Securities Commission of Malaysia ("**SC**") has been applied for or will be obtained for the offer or invitation in respect of the Offering under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the SC in connection with the Offering in Malaysia. Accordingly, this document or any amendment or supplement hereto or any other offering document in relation to the Trust may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Units and no person may offer for subscription or purchase any of the Units directly or indirectly to anyone in Malaysia.

The Netherlands

The Units are not, will not and may not be, directly or indirectly, offered in The Netherlands (and this document shall not be circulated in the Netherlands) except to qualified investors (*gekwalificeerde beleggers*) within the meaning of Section 1:1 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the "**AFS**"), as amended from time to time.

A "qualified investor" within the meaning of the AFS is (1) a "professional client" as defined in the AFS, unless it has requested to be treated as a retail client in accordance with section I of Annex II to Directive 2004/39/EC and Article 28, paragraph 3, opening lines and subparagraph (b) of Directive 2006/73/EC; (2) a person which has requested to be treated as a professional client in accordance with sections I and 2 of Annex II to Directive 2004/39/EC; or (3) an eligible counterparty as defined in the AFS, unless it has requested to be treated as a retail client in accordance with Article 28, paragraph 3, opening lines and subparagraph (a) of Directive 2006/73/EC.

A "professional client" as defined in the AFS is (a) a bank; (b) a management company of an investment institution; (c) a management company of a pension fund or of a comparable legal entity or partnership; (d) an investment institution; (e) an investment firm; (f) a national or regional government body, or government body administering the public debt; (g) a central bank; (h) a financial institution; (i) an international or supranational institution governed by public law or comparable international institution; (j) a market maker; (k) an institution whose main activity is investing in financial instruments, implementing securitisation programmes or other financial transactions; (l) a pension fund or comparable legal entity or partnership; (m) a person or company trading for its own account in commodities and derivatives on commodities; (n) a local firm as defined in the AFS; (o) a legal entity or partnership that satisfies at least two of the following three criteria: (i) a balance sheet total of €20,000,000 or more; (ii) net turnover of €40,000,000 or more; (iii) equity capital of €2,000,000 or more; or (p) an insurer.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Units described herein. The Units may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Units constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the Units may be publicly distributed or otherwise made publicly available in Switzerland.

The Units may only be offered, sold or advertised, and this document as well as any other offering or marketing material relating to the Units, may only be distributed in or from Switzerland by way of private placement to qualified investors within the meaning of the Swiss Federal Act on Collective Investment Schemes.

Neither this document nor any other offering or marketing material relating to the offering, nor the Trustee-Manager, the Trust nor the Units have been or will be filed with or approved by any Swiss regulatory authority. The Trustee-Manager, the Trust and the Units are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Market Supervisory Authority FINMA and investors in the Units will not benefit from protection or supervision by such authority.

Taiwan

The Units have not been and will not be registered with the FSC pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the FSC. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Units in Taiwan.

Investors should note that the Trust Deed provides that the Trustee-Manager may, in the case of a breach of the Taiwan Government Ownership Restrictions, take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the restrictions thereunder are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Unitholders to dispose of their Units and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), the power to arrange for the sale of the Units. Pending such sale, the Trustee-Manager has the power to suspend the voting rights of such Units and/or to restrict the transfer of such Units. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document and the information contained herein does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates ("**UAE**") and accordingly should not be construed as such. The Units are only being made available to a limited number of sophisticated investors in the UAE who are willing and able to conduct an independent investigation of the risks involved in an investment in such Units, upon their specific request. The Units have not been approved or licensed or registered with the UAE Central Bank, the UAE Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE and no transaction will be concluded in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

United Kingdom

The Units in the Trust are units in a collective investment scheme as defined in the Financial Services and Markets Act 2000 ("**FSMA**") of the United Kingdom ("**UK**"). The Trust has not been authorised, or otherwise recognised or approved by the UK Financial Services Authority ("**FSA**") and, as an unregulated collective investment scheme, accordingly cannot be marketed in the UK to the general public. The Units are not being offered or sold to any person in the UK, except in circumstances which will not result in an offer of securities to the public in the UK within the meaning of Part VI of the FSMA.

The issue or distribution of this document in the UK, (a) if made by a person who is not an authorised person under FSMA, is being made only to, or directed only at, persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**FPO**") and who meet the requirements thereunder); or (ii) are high net worth companies (and certain other entities) falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO and who meet the requirements thereunder (all such persons together being referred to as "**FPO persons**"); and (b) if made by a person who is an authorised person under FSMA, is being made only to, or directed only at (i) persons who have professional experience in participating in unregulated collective investment schemes, or (ii) high net worth companies (and certain other entities) falling within Article 22 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended, the "**CIS Order**"); who meet the requirements thereunder; or (iii) persons to whom it may otherwise lawfully be distributed under the CIS Order or Section 4.12.1(4) of the FSA's Conduct of Business Sourcebook (all such persons together being referred to as "**PCIS persons**" and, together with the FPO persons, the "**relevant persons**").

The distribution, issue, deliverance or transmission of this document to any person in the UK other than a relevant person is unauthorised and may contravene FSMA. This document and any other marketing materials relating to the Units in the Trust is directed at relevant persons only and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Potential investors in the UK are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in the Trust and that compensation will not be available under the UK Financial Services Compensation Scheme.

If the recipient of this document is in any doubt about the investment to which this document relates, they should consult a person authorised under FSMA who specialises in advising on investments of the kind to which this document relates.

United States

The Units have not been and will not be registered under the U.S. Securities Act and may only be offered and sold within the United States in reliance on Rule 144A under the U.S. Securities Act to persons who are QIBs, or to non-U.S. persons outside the United States in offshore transactions (as defined in Regulation S) in compliance with Regulation S. A description of the transfer restrictions applicable to the Units is set forth in "*Transfer Restrictions*".

PRC

Under the Measures Governing Investment Permit for the People of Mainland China Area, a PRC Person can only invest in certain business sectors in Taiwan allowed by the IC. As at the date of this document, the cable TV industry is not on the list of sectors in which PRC Persons may invest in Taiwan. Accordingly, the Units may not be offered or sold and will not be offered or sold in the PRC.

Investors should note that the Trust Deed provides that the Trustee-Manager may, in the case of a breach of the PRC Investment Restrictions, take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the restrictions thereunder are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Unitholders to dispose of their Units and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), the power to arrange for the sale of the Units. Pending such sale, the Trustee-

Manager has the power to suspend the voting rights of such Units and/or to restrict the transfer of such Units. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.

General

Subscribers of Units under the Offering may be required to pay stamp taxes and/or other charges in accordance with the laws and practice of the country of purchase in addition to the Units on the cover of this document.

No action has been or will be taken in any jurisdiction that would permit a public offer of the Units being offered outside of Singapore as described herein, or the possession, circulation or distribution of this document or any other material relating to the Trust or the Units, in any jurisdiction where action for the purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Units may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Units offered in the Offering will be made through the facilities of CDP (scripless system) on or about 29 May 2013 subject to any delayed or deferred settlement arrangements made in connection with the over-allotment and stabilisation arrangements as discussed in "– *Over-Allotment and Stabilisation*".

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of the Units in the Offering are advised to consult their legal counsel prior to making any offer, resale, pledge or other transfer of such Units. Terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein.

OFFERING IN THE UNITED STATES

If you purchase the Units in the United States in reliance on Rule 144A, by accepting delivery of this document, you will be deemed to have represented and agreed that:

1. you (a) are a QIB, (b) are aware and each beneficial owner of the Units has been advised that the seller of the Units may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A, (c) are purchasing such Units for your own account or for the account of a QIB with respect to which you invest on a discretionary basis, and (d) are not an affiliate of the Trustee-Manager or the Trust or otherwise acting on their behalf;

2. you understand that the Units are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, and have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, resold, pledged or otherwise transferred except (a)(i) to a person whom you reasonably believe is a QIB purchasing for its own account or for the account of a QIB, in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in an offshore transaction in accordance with Regulation S, or (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if available, and (b) in each case in accordance with all applicable laws of any state of the United States and any other jurisdiction;

3. you understand that the Units sold within the United States (to the extent they are in certificated form), unless the Trustee-Manager determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

4. "THE UNITS REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**") OR UNDER ANY U.S. STATE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION."

OFFERING OUTSIDE THE UNITED STATES

Each person who purchases Units in the Offering outside the United States, and each subsequent purchaser of those Units in resales prior to the expiration of the period ending 40 days after the completion of the Offering, by accepting delivery of this document, will be deemed to have acknowledged, represented to and agreed with the Trustee-Manager and the Joint Bookrunners and Joint Underwriters as follows:

1. The purchaser (a) is not a U.S. person, (b) is located outside the United States (within the meaning of Regulation S), and (c) is not an affiliate of the Trustee-Manager or the Trust or otherwise acting on their behalf.

2. The purchaser is acquiring Units in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

3. The purchaser understands that such Units have not been and will not be registered under the U.S. Securities Act, and that, prior to the expiration of the period ending 40 days after the completion of the Offering, the Units may not be offered, resold, pledged or transferred except (a)(1) to a person who it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or (2) outside the United States in an offshore transaction in accordance with Regulation S, and (b) in each case in accordance with all applicable laws of any state or other jurisdiction of the United States.

CLEARANCE AND SETTLEMENT

INTRODUCTION

The Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Persons holding Units in a Securities Account with CDP may withdraw the number of Units they own from the book-entry settlement system in the form of confirmation notes. Such confirmation notes will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with the Trust Deed. A fee of S$10.00 for each withdrawal of 1,000 Units or less and a fee of S$25.00 for each withdrawal of more than 1,000 Units will be payable to CDP upon withdrawing the Units from the book-entry settlement system and obtaining confirmation notes. In addition, a fee of S$2.00 or such other amount as the directors may decide will be payable to CDP for each confirmation notes issued and such stamp duty as may be payable. Persons holding confirmation notes who wish to trade on the SGX-ST must deposit with CDP their confirmation notes together with the duly executed and stamped (if required) instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Units deposited before they can effect the desired trades. A fee of S$2.00, subject to GST at the prevailing rate (which is currently 7.0%), is payable upon the deposit of each instrument of transfer with CDP. The above fee may be subject to such changes as may be in accordance with CDP's prevailing policies or the tax policies that may be in force in Singapore.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

CLEARING FEE

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction. The clearing fee, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date and payment for the securities is generally settled on the following day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

EXPERTS

MPA, the Independent Industry Consultant, was responsible for preparing the section of this document entitled "*Industry Overview*".

KPMG Services Pte. Ltd., the Independent Singapore Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix D of this document.

KPMG Corporate Finance Pte. Ltd., the Independent Valuer, was responsible for preparing the Independent Valuation Summary Report found in Appendix E of this document.

Lee, Tsai & Partners, the legal adviser to the Offering, the Trustee-Manager and the Sponsor as to Taiwan Law, was responsible for the statements in the section "*Risk Factors – Risks Relating to the TBC Group's Business – The TBC Group is subject to foreign ownership restrictions and it may face regulatory sanctions or lose control of its subsidiary system operators if the foreign ownership limitations change or are breached*", "*Risk Factors – Risks Relating to the TBC Group's Business – Taiwan's restrictions on the ownership of system operators in one administrative area may further impact the Group's corporate structure*", "*Regulatory Environment*", "*The Business of the Trust – TBC System Operators*" and "*Trust Acquisition – Share Purchase Agreement*" attributed to them.

The Independent Industry Consultant, the Independent Singapore Tax Adviser, the Independent Valuer and Lee, Tsai & Partners have each given and have not withdrawn their written consents to the issue of this document with the inclusion herein of their names and their respective write-ups and reports in the form and context in which they respectively appear in this document, and to act in such capacity in relation to this document. The above-mentioned write-ups and reports were prepared for the purpose of incorporation in this document.

None of the experts named in this document:

- is employed on a contingent basis by the Trustee-Manager or any member of the Trust Group;

- has a material interest, whether direct or indirect, in the Units or the shares or equity interests of any member of the Trust Group; or

- has a material economic interest, whether direct or indirect, in the Trust, including an interest in the success of the Offering.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Trustee-Manager and the Sponsor as to Singapore law by Allen & Gledhill LLP and as to U.S. federal securities law by Clifford Chance Pte. Ltd., and for the Joint Bookrunners and Joint Underwriters as to Singapore law by WongPartnership LLP and as to U.S. federal securities law by Latham & Watkins LLP.

None of Allen & Gledhill LLP, Clifford Chance Pte. Ltd., WongPartnership LLP and Latham & Watkins LLP makes, or purports to make, any statement in this document and none of them is aware of any statement in this document that purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this document.

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT

Deloitte & Touche LLP, the Independent Auditor and Reporting Accountant, Public Accountants and Certified Public Accountants for the purpose of complying with the SFA only, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of:

- its name and all references thereto;

- its report dated 16 May 2013 titled "Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its Subsidiaries for the Financial Year ended 31 December 2012";

- its report dated 16 May 2013 titled "Reporting Accountant's Report on the Profit and Cashflow Forecast and Profit and Cashflow Projection of Asian Pay Television Trust and its Subsidiaries for the Financial Years Ending 31 December 2013 and 31 December 2014"; and

- its report dated 16 May 2013 titled "Independent Auditor's Report and the Combined Financial Statements of the Pay-TV Business and Broadband Business for the Financial Years Ended 31 December 2010, 2011 and 2012"

in the form and context in which they are respectively included in this document and to act in such capacity in relation to this document. The above-mentioned reports were prepared for the purpose of incorporation in this document.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS

1. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this document and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this document constitutes full and true disclosure of all material facts about the Offering, the Trust, the Trustee-Manager and subsidiaries of the Trust, and the Directors are not aware of any facts the omission of which would make any statement in this document misleading. The Directors are satisfied that the profit and cashflow forecast and profit and cashflow projection contained in "*Profit and Cashflow Forecast and Profit and Cashflow Projection*" have been stated after due and careful enquiry. Where information in this document has been extracted from published or otherwise publicly available sources, or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this document in its proper form and context.

MATERIAL BACKGROUND INFORMATION

2. Save as disclosed below, none of the directors, key executives or controlling shareholder of the Trustee-Manager, or the controlling unitholder, was or is involved in any of the following events:

   (a) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a Registered Business Trust, that Registered Business Trust, on the ground of insolvency;

   (c) any unsatisfied judgement against him;

   (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) at any time during the last 10 years, judgement having been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or Registered Business Trust;

(h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a Registered Business Trust), or from taking part directly or indirectly in the management of any entity or Registered Business Trust;

(i) any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any Registered Business Trust which has been investigated for a breach of any law or regulatory requirement governing Registered Business Trusts in Singapore or elsewhere; or

(iv) any entity or Registered Business Trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or Registered Business Trust; or

(k) having been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

One of our Independent Directors, Mr. Leong Shin Loong, was seconded to Telkomsel as Director of Commerce from 2008 to 2011. In 2012, Telkomsel was declared bankrupt by the Jakarta Commercial Court following a debt dispute with a distributor. Upon appeal, the Supreme Court of Indonesia overturned the bankruptcy ruling. Further, since 2011, Telkomsel has been the subject of police investigation in relation to allegations of cellular-phone credit theft. To date, no action has been taken against Telkomsel. Mr. Leong was not involved in the investigation. Mr. Leong is no longer an executive or director of Telkomsel.

One of our Independent Directors, Mr. Yong Lum Sung, is a director and member of the executive committee of Thaicom Public Company Limited ("**Thaicom**"). Thaicom had received insurance proceeds as a result of the damage of a satellite, which was placed in an escrow account outside Thailand and subsequently utilised. Under the Thai Budgetary Procedure Act of 1959 (the "**BPA**"), all money received by government agencies shall be delivered to the Thai Ministry of Finance. The Thai Ministry of Information and Communication Technology ("**MICT**") is a co-beneficiary of the insurance proceeds under the insurance policy. By depositing the insurance proceeds in an escrow account outside Thailand, Thaicom may not be acting in compliance with the BPA. MICT has informed Thaicom that it is required to return the proceeds to MICT. Thaicom has responded that it has complied with the terms and conditions of the relevant agreement with MICT and every action taken by Thaicom received prior authorisation of MICT. The matter is pending with MICT.

The deposit of the insurance proceeds in the escrow account and utilisation of the insurance proceeds took place prior to Mr. Yong joining the board of directors of Thaicom and Mr. Yong was not concerned with the management or conduct of the affairs of Thaicom at the time the insurance proceeds were deposited in the escrow account and utilised.

LITIGATION

3. Save as disclosed in "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*", none of the members of the Trust Group is engaged in any legal or arbitration proceedings including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this document with the Authority, a material effect on the financial position or the profitability of the Trust Group.

EXCHANGE CONTROLS

4. As at the date of this document, save as disclosed in "*Exchange Rate Information and Exchange Controls – Exchange Controls*", there is no governmental law, decree or regulatory requirement or any other requirement which may affect the repatriation of capital and the remittance of profits by or to the Trustee-Manager.

MATERIAL CONTRACTS

5. The material contracts entered into by the Trust Group within the two years preceding the date of lodgement of this document (not being contracts entered into in the ordinary course of the business of the Trust Group), are as follows:

   (a) the Trust Deed (See "*The Constitution of the Trust*");

   (b) the Share Purchase Agreement (See "*Trust Acquisition*");

   (c) the Deed of Undertaking (See "*Interested Person Transactions and Potential Conflicts of Interest – Potential Conflicts of Interest*");

   (d) the Information Undertaking (See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities – Events of Default and Review Event*");

   (e) the Resources Agreement (See "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Present and Ongoing Interested Person Transactions – Resources Agreement*");

   (f) the Sponsor Subscription Agreement (See "*Information Concerning the Units – Subscription of Units by the Sponsor*"); and

   (g) the Cornerstone Subscription Agreements (See "*Information Concerning the Units – Information on the Cornerstone Investors*").

DOCUMENTS FOR INSPECTION

6. Copies of the following documents are available for inspection at the registered office of the Trustee-Manager at 10 Marina Boulevard, #17-01 Tower 2, Marina Bay Financial Centre, Singapore 018983, for a period of six months from the date of registration by the Authority of this document:

   (a) the Trust Deed (which will be available for inspection for so long as the Trust is in existence and listed on the SGX-ST);

   (b) the other material contracts referred to in paragraph 5 above;

   (c) the Depository Services Terms and Conditions;

   (d) the Reporting Accountant's Report on Examination of the Unaudited Pro Forma Financial Statements of Asian Pay Television Trust and its Subsidiaries for the Financial Year ended 31 December 2012 as set out in Appendix A of this document;

   (e) the Reporting Accountant's Report on the Profit and Cashflow Forecast and Profit and Cashflow Projection of Asian Pay Television Trust and its Subsidiaries for the Financial Years Ending 31 December 2013 and 31 December 2014 as set out in Appendix B of this document;

   (f) the Independent Auditor's Report and the Combined Financial Statements of the Pay-TV Business and Broadband Business for the Financial Years Ended December 31, 2010, 2011 and 2012 as set out in Appendix C of this document;

   (g) the Independent Taxation Report as set out in Appendix D of this document;

   (h) the Independent Valuation Summary Report as set out in Appendix E of this document and the full Valuation Report;

   (i) the report of the Independent Industry Consultant;

   (j) the audited financial statements of the subsidiaries of the Trust for the financial years ended 31 December 2010, 2011 and 2012; and

   (k) the written consents of the Joint Issue Managers, the Joint Underwriters, the Independent Auditor and Reporting Accountant, the Independent Singapore Tax Adviser, the Independent Valuer, the Independent Industry Consultant and Lee, Tsai & Partners. (See "*Independent Auditor and Reporting Accountant*", "*Experts*" and "*– Consent of the Joint Issue Managers and the Joint Underwriters*")

MISCELLANEOUS

7. The financial year end of the Trust is 31 December 2013. The annual audited financial statements of the Trust will be prepared and sent to Unitholders within three months of the financial year end.

8. While the Trust is listed on the SGX-ST, investors may check the SGX-ST website http://www.sgx.com, for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers, such as *The Straits Times, The Business Times and Lianhe Zaobao*, for the price range within which Units were traded on the SGX-ST on the preceding day.

9. Save as disclosed in this document, unless otherwise permitted under the Listing Manual, neither the Trustee-Manager nor any of its associates will be entitled to receive any part of any brokerage charged to the Trust, or any part of any fees, allowances or benefits received on purchases charged to the Trust.

10. There have been no public takeover offers by third-parties in respect of the Units or by the Trustee-Manager in respect of the shares of a corporation or the units of another business trust, that have occurred between 30 April 2013, being the date of constitution of the Trust, and up to the Latest Practicable Date.

11. No expert is interested, directly or indirectly, in promotion of, or in any assets that have, within the two years preceding the date of this document, been acquired by or disposed of or leased to the Trust or are proposed to be acquired by or disposed of or leased to the Trust.

12. Mr. Benjamin Ian Way, a Non-Executive Director, was nominated by the Sponsor. Save for the foregoing, there is no arrangement or understanding with a substantial shareholder of the Trustee-Manager, Substantial Unitholder, customer or supplier of the Trustee-Manager or other person, pursuant to which any Director or any Executive Officer was selected as a Director or Executive Officer.

13. There is no known arrangement the operation of which may, at a subsequent date, result in a change of control of the Trust or the Trustee-Manager.

14. The principal banker of the Trustee-Manager is:

    Macquarie Bank Limited, Singapore Branch
    10 Marina Boulevard, #17-01
    Tower 2, Marina Bay Financial Centre
    Singapore 018983

15. The Trustee-Manager has appointed Deloitte & Touche LLP as Independent Auditor and Reporting Accountant of the Trust in accordance with the requirements of the BTA.

16. The Independent Valuation Summary Report of the Independent Valuer is set out in Appendix E of this document.

17. Except as disclosed in "*Unaudited Pro Forma Financial Information*", "*The Business of the Trust*" and elsewhere in this document, no event has occurred since 31 December 2012 and up to the Latest Practicable Date that may have a material effect on the financial position and results of the Trust Group.

18. Dilution is the difference between the Offering Price per Unit and the net asset value per Unit, as at the latest balance sheet date after adjusting for the effects of the Offering, and any disposal or acquisition which occurred between the latest balance sheet date and the date of the registration of this Prospectus by the Authority on the net asset value per Unit. Dilution cannot be computed in the case of the Trust, as the net asset value of the Trust is approximately equivalent to the value of the net proceeds from the Offering.

TREND INFORMATION AND PROFIT FORECAST

19. Save as disclosed in "*Risk Factors*", "*Capitalisation and Indebtedness*", "*Profit and Cashflow Forecast and Profit and Cashflow Projection*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*The Business of the Trust*" of this document, the financial condition and operations of the Trust is not likely to be affected by any of the following:

    (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Trust's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or any insignificant economic changes that materially affect the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that the Trust reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.

20. Due to the nature of the business of the Trust, an order book is not maintained.

WAIVERS FROM THE SGX-ST

21. The Trustee-Manager has obtained the following waivers of the Listing Manual from the SGX-ST to facilitate its business:

    (a) Rule 404(3)(a) and 404(3)(c) which require the Trust to (a) limit its investments in companies which are related to the investment fund's substantial shareholders, investment managers or management companies, to a maximum of 10.0% of gross assets; and (c) restrict investments in unlisted securities to 30.0% of gross assets;

    (b) Rule 404(5) which requires the management company (or if there is no management company, the sponsor or trustee) to be reputable and to have an established track record in managing investments. Generally, the management company (sponsor or trustee) must have been in operation for at least five years;

    (c) Rule 407(4) which requires the submission of the financial track record of the investment manager, the investment adviser and persons employed by them in the listing application;

    (d) Rule 409(3) which requires the annual accounts of the investment fund for each of the last three financial years to be submitted with the application. In the event the investment fund is unable to provide the annual accounts for each of the last three financial years, it is expected to provide profit estimates, forecasts and/or projections;

    (e) Rule 748(1) which requires an investment fund to announce via SGXNET its net tangible assets per share or per unit at the end of each week, subject to disclosure of the information set out under "Annual Reports" of the prospectus; and

    (f) Rule 748(3) which requires an investment fund to disclose certain information in its annual report, subject to disclosure of the information set out under "Annual Reports" of the prospectus.

CONSENT OF THE JOINT ISSUE MANAGERS AND THE JOINT UNDERWRITERS

22. Each of Macquarie Capital (Singapore) Pte. Limited and J.P. Morgan (S.E.A.) Limited, named as a Joint Issue Manager, has given and has not withdrawn its written consent to the issue of this document with the inclusion hereof of its name and all references thereto in the form and context in which it appears in this document and to act in such capacity in relation to this document.

23. Each of Macquarie Capital Securities (Singapore) Pte. Limited, J.P. Morgan (S.E.A.) Limited, CIMB Securities (Singapore) Pte. Ltd. and DBS Bank Ltd., named as a Joint Underwriter, has given and has not withdrawn its written consent to the issue of this document with the inclusion hereof of its name and all references thereto in the form and context in which it appears in this document and to act in such capacity in relation to this document.

CHANGES IN ISSUED SHARE CAPITAL

24. The Trust is a Registered Business Trust. On 30 April 2013, one Unit was issued to the Initial Subscriber upon the constitution of the Trust. The issue price of this Unit was S$1.00. No other Units have been issued.

    Except as disclosed below, there were no changes in the issued and paid up share capital of the subsidiaries of the Trust within the three years preceding the Latest Practicable Date.

Best Cable Television Co. Ltd.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
9 January 2013	61,366,616 shares issued	NT$10.00	Conversion of shareholder loan into equity	NT$1,206,089,660.00

Chi Yuan Cable TV Co., Ltd.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
9 January 2013	59,494, 233 shares issued	NT$10.00	Conversion of shareholder loan into equity	NT$821,259,270.00

Chun Chien Cable TV Co. Ltd.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
9 January 2013	181,250,847 shares issued	NT$10.00	Conversion of shareholder loan into equity	NT$2,581,283,930.00

Jia Guang Co., Ltd

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
1 October 2012	1,421,000 shares issued	NT$10.00	Issuance of new special shares	NT$75,992,600.00
1 October 2012	1,421,000 shares reduced	NT$10.00	Redemption of previously issued special shares	NT$61,782,600.00
9 January 2013	697,234 shares issued	NT$10.00	Issuance of new special shares	NT$68,754,940.00
9 January 2013	2,334,218 shares issued	NT$1,750.00	Conversion of shareholder loans into equity	NT$92,097,120.00

Nan Tao Yuan Cable Television Co., Ltd.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
9 January 2013	135,203,972 shares issued	NT$10.00	Conversion of shareholder loan into equity	NT$2,137,979,340.00

Shin Ho Cable Television Co., Ltd.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
9 January 2013	30,666,708 shares issued	NT$10.00	Conversion of shareholder loan into equity	NT$515,861,360.00

Tai Luo Tze Co., Ltd

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
1 October 2012	161,000 shares issued	NT$10.00	Issuance of new special shares	NT$8,610,000.00
1 October 2012	161,000 shares reduced	NT$10.00	Redemption of previously issued special shares	NT$7,000,000.00

Taiwan Broadband Communications Co., Ltd

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
13 August 2010	10,000,000 shares issued	NT$10.00	Reinvestment of surplus in share capital	NT$612,953,970.00

Tau Luen Co., Ltd.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
1 October 2012	161,000 shares issued	NT$10.00	Issuance of new special shares	NT$7,000,000.00
1 October 2012	161,000 shares reduced	NT$10.00	Redemption of previously issued special shares	NT$5,390,000.00
9 January 2013	101,549 shares issued	NT$10.00	Issuance of new special shares	NT$8,015,490.00
9 January 2013	339,967 shares issued	NT$1,750.00	Conversion of shareholder loans into equity	NT$11,415,160.00

Wo Jun Co., Ltd

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
1 October 2012	1,403,000 shares issued	NT$10.00	Issuance of new special shares	NT$75,030,000.00
1 October 2012	1,403,000 shares reduced	NT$10.00	Redemption of previously issued special shares	NT$61,000,000.00
9 January 2013	697,234 shares issued	NT$10.00	Issuance of new special shares	NT$67,972,340.00
9 January 2013	2,334,218 shares issued	NT$1,750.00	Conversion of shareholder loans into equity	NT$91,314,520.00

TBC Holdings B.V.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
27 June 2011	77,118,086	€1.00	Increase in capital	€131,657,164.00
24 August 2012	Reduction of share capital by decreasing the nominal value of the ordinary shares	N.A.	Reduction of capital	€50,029,722.32

Cable TV S.A.

Date	No. of Shares Issued/Reduced	Price Per Share	Purpose of Issue/Reduction	Resultant Issued Share Capital
27 June 2011	2,857	U.S.$2.00 and a share premium of U.S. $28,692.572	In connection with a restructuring exercise	U.S.$45,714.00

GLOSSARY

GLOSSARY OF TECHNICAL TERMS

"**3G**"	:	Third-generation mobile telecommunications supporting voice and data
"**4G**"	:	Fourth generation mobile telecommunications supporting voice and data that can offer more than ten times faster data rates than 3G
"**ADSL**"	:	Asymmetric digital subscriber line. A technology used to transmit data over copper telephone lines
"**ADSL2+**"	:	A next generation of asymmetric digital subscriber line technology, allowing for faster data transmission
"**ARPU**"	:	Average monthly revenue per user, the average amount paid by a subscriber for a service each month
"**Basic Cable TV**"	:	The standard entry-level subscription basic cable television service provided by the TBC Group to subscribers
"**Basic Package**"	:	Basic digital package, the lowest tier package offered by the TBC Group in a digital subscription
"**Broadband**"	:	Technology that enables wired or wireless transmission of data
"**Cable TV**"	:	Pay-TV platform where content is transmitted over a network of coaxial cables owned by the operator
"**CAGR**"	:	Compound annual growth rate
"**CMTS**"	:	Cable Modem Termination System, equipment in cable system operator's head-end that provides high-speed data services
"**DTH**"	:	Direct-to-home, typically a satellite-based digital pay-TV service where subscribers need to install a set-top box and satellite dish at home
"**DOCSIS 3.0**"	:	Data over cable service interface specification, which enables cable operators to provide high-speed data transmission
"**DVR**"	:	Digital video recorder, a set-top box that can also record the TV programs transmitted through it
"**FTA**"	:	Free-to-air, which are TV and radio signals transmitted for anyone to receive freely
"**FTA TV**"	:	Free-to-Air television broadcast
"**FTTH**"	:	Fibre to the home, a high-speed broadband service connected via optical fibre from the service provider to the customer premises

"**FTTx**"	:	Fibre to the x, where x is the delivery point of any fibre-based broadband service
"**HD**"	:	High definition, a video standard with greater resolution than standard definition (SD)
"**HDTV**"	:	High definition television, TV sets/transmissions that support HD video display
"**HFC**"	:	Hybrid fibre coaxial, a combination of optical fibre and coaxial cables
"**HFC Network**"	:	A network that transmits signals over HFC
"**IP**"	:	Internet protocol, the principal technology standard for transmitting data over the Internet
"**IP-PBX**"	:	Internet protocol private branch exchange, business telephone system that delivers voice or video over a data network
"**IPTV**"	:	Internet protocol television, TV services delivered over a broadband network
"**IVR**"	:	Interactive voice response, technology that allows human-computer interaction via speech recognition
"**IVRS**"	:	Interactive voice response system, a system that adopts IVR technology
"**LTE**"	:	Long-term evolution, a 4G technology
"**Mbps**"	:	Megabits per second, a unit for measuring data transfer
"**MHz**"	:	Mega Hertz, a unit for measuring frequency
"**MOD**"	:	Multimedia-on-demand, CHT's pay-TV service over IPTV
"**MPEG2**"	:	A widely used standard for compressing digital video signals for transmission
"**MPEG4**"	:	A more efficient video compression standard than MPEG2
"**MSOs**"	:	Multi-system operators, cable TV operators that provide services to multiple cable TV networks
"**NOC**"	:	Network operating centre, a location from which a network is operated
"**OTT services**"	:	Over-the-top services, typically pay-TV content delivered over and in addition to a broadband subscription
"**PABX**"	:	Older term for PBX, used interchangeably
"**PPA Report**"	:	Purchase price allocation report
"**Premium Digital Cable TV**"	:	Premium digital cable television, the highest tiers offered by a digital TV service

"**RGU**"	:	Revenue generating unit, another term for subscriptions
"**SD**"	:	Standard definition, basic video resolution for TV
"**Set-top box**"	:	A converter box installed at a subscriber's residence that decrypts digital signals for viewers to watch television
"**SVOD**"	:	Subscription video-on-demand service, which gives subscribers access to an entire suite of content for a set monthly fee
"**TBC System Operator**"	:	A system operator owned by the TBC Group, being Nan Tao Yuan, Best, Shin Ho, Chi Yuan and Chun Chien
"**TV**"	:	Television
"**VDSL2**"	:	Very-high-speed digital subscriber line 2, harnesses existing copper wires used for telephone communication to deliver Internet speeds faster than ADSL2+ and VDSL
"**VOD**"	:	Video-on-demand, video content made available on demand for a fee
"**VoIP**"	:	Voice-over-internet-protocol, telephony over the broadband network
"**xDSL**"	:	Any group of technologies that use the copper wires of a local telephone network to provide internet access

GLOSSARY OF GENERAL TERMS

% or "**per cent.**"	:	Per centum or percentage
"**€**"	:	The single currency introduced on 1 January 1999 at the start of the third stage of European Economic and Monetary Union, pursuant to the treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam
"**A$**" or "**Australian dollars and cents**"	:	Australian dollars and cents, the lawful currency of Australia
"**Acquisition Amount**"	:	The aggregate consideration for the Trust Acquisition payable to the Sellers
"**Acquisition Fee**"	:	The acquisition fee payable to the Trustee-Manager
"**Additional Units**"	:	The 71,840,000 Units to be issued to the Joint Bookrunners and Joint Underwriters pursuant to the exercise of the Over-Allotment Option
"**Adjusted Distributable Free Cash Flows**"	:	Distributable free cash flows excluding changes in related parties receivables and related parties payables
"**Adjusted EBITDA**"	:	EBITDA before management fee expenses, offshore holding company expenses (which include salaries for some members of the TBC Group management (for 2010 and 2011 only) pursuant to the Reimbursement Agreement, audit fees, legal and accounting and tax fees, and general administration costs) and other operating income (loss)
"**Adjusted Net Income**"	:	Has the meaning ascribed to it in "*Selected Financial Information and Operating Data – Non-IFRS Financial Measures*"
"**Application Forms**"	:	The printed application forms to be used for the purpose of the Offering and which form part of this document
"**Application List**"	:	The list of applicants subscribing for Units that are the subject of the Public Offer
"**Article 6 Criteria**"	:	Article 6 of the Criteria Governing Preparation of Affiliation Reports Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, promulgated by the FSC for the purpose of requiring public offering companies to consolidate the financial statements of their affiliate companies
"**Asia Cable**"	:	Asia Cable S.a.r.l.
"**Asian Pay-TV Business**"	:	As used in the historical financial statements, has the meaning ascribed to it in Appendix C "*Independent Auditors Report and the Combined Financial Statements of the Pay-TV Business and Broadband Business for the Financial Years ended 31 December 2010, 2011 and 2012*"

"**Asset EBITDA**"	:	Asset EBITDA is a non-IFRS financial measure and represents EBITDA plus the onshore component of the Pre-Listing LTIP expenses (for 2010, 2011 and 2012 only), management fee expenses, offshore holding company expenses (which include the Pre-Listing LTIP expenses at Cable TV S.A. (for 2010, 2011 and 2012 only), salaries for some members of management (for 2010 and 2011 only) pursuant to a reimbursement agreement, audit, legal, accounting and tax fees and general administration costs), Trust expenses, Trustee-Manager fees and other operating income (loss), less bank charges (including bank service fees for subscription fee collection and bank handling charges for money remittance or transfers)
"**Associate**"	:	Has the meaning ascribed to it in the Listing Manual
"**Associated company**"	:	Has the meaning ascribed to it in the BTA
"**Associated entity**"	:	Has the meaning ascribed to it in the SF BT Regulations
"**Audit Committee**"	:	The audit committee of the Trustee-Manager
"**Authorised Businesses**"	:	Has the meaning ascribed to it in the Trust Deed
"**Base DPU**"	:	FY2014 forecast DPU
"**Base Fee**"	:	The base fee payable to the Trustee-Manager
"**Bermuda Holdcos**"	:	MMHL and MIIT
"**Best**"	:	Best Cable Television Co., Ltd
"**Bloomberg**"	:	Bloomberg L.P.
"**Board**" or "**Board of Directors**"	:	The board of Directors of the Trustee-Manager
"**Broadband Businesses**"	:	Controlling interests in businesses which provide broadband internet access services and other broadband services including VoIP services
"**BTA**"	:	Business Trusts Act, Chapter 31A of Singapore
"**Business Day**"	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
"**Cable License**"	:	Cable Radio and/or Television System Operating License granted by the NCC
"**Cable TV Share and IFL Transfer**"	:	The transfer by MRL of shares in Cable TV S.A. and the MRL IFL to MIIT, as described in "*Trust Acquisition – The Corporate Reorganisation*"
"**CDP**"	:	The Central Depository (Pte) Limited
"**Chi Yuan**"	:	Chi Yuan Cable TV Co., Ltd

"**Chief Executive Officer**"	:	The chief executive officer of the Trustee-Manager
"**Chief Financial Officer**"	:	The chief financial officer of the Trustee-Manager
"**CHT**"	:	Chunghwa Telecom
"**Chun Chien**"	:	Chun Chien Cable TV Co., Ltd
"**CNS**"	:	China Network Systems
"**Consideration Units**"	:	Up to 525,866,849 Units payable to MIIF in part settlement of the consideration payable to MIIF for the Trust Acquisition
"**Controlling shareholder**"	:	Has the meaning ascribed to it in the SF BT Regulations
"**Controlling unitholder**"	:	Has the meaning ascribed to it in the SF BT Regulations
"**Convertible Loans Transfer**"	:	The transfer by MMBL of convertible loans to MMHL, as described in "*Trust Acquisition – The Corporate Reorganisation*"
"**Cornerstone Investors**"	:	Investors who have subscribed for Cornerstone Units, the details of which are set out in "*Information Concerning the Units – Information on the Cornerstone Investors*"
"**Cornerstone Subscription Agreements**"	:	The agreements dated 30 April 2013 entered into between the Trustee-Manager and the Cornerstone Investors relating to the subscription for the Cornerstone Units
"**Cornerstone Units**"	:	The 457,531,914 Units issued to the Cornerstone Investors pursuant to the Cornerstone Subscription Agreements
"**Corporate Reorganisation**"	:	The corporate reorganisation as described in "*Trust Acquisition – The Corporate Reorganisation*"
"**CPI Adjusted Base DPU**"	:	The Base DPU after adjusting upwards for the cumulative percentage increase in the Taiwan Consumer Price Index (as shown in the National Statistics of Republic of China (Taiwan) website (www.eng.stat.gov.tw) as at 31 December of the financial year to which the Base Fee relates and compared to 31 December of the previous financial year) in each successive financial year from 2014 until the financial year in respect of which the Performance Fee is to be paid
"**CRTA**"	:	Cable Radio and Television Act of Taiwan
"**Depository Services Terms and Conditions**"	:	CDP's depository services terms and conditions relating to the deposit of Units in CDP
"**Director**"	:	A director of the Trustee-Manager
"**Distributable Free Cash Flows**"	:	Has the meaning ascribed to it in "*Distributions – Distribution Policy*"
"**Divestment Fee**"	:	The divestment fee payable to the Trustee-Manager
"**DPU**"	:	Distribution per Unit

"**Due Care**"	:	The degree of care and diligence required of a trustee-manager of a Registered Business Trust under the BTA
"**Dutch Holdcos**"	:	TBC Holdings and Harvest Cable Holdings
"**EBITDA**"	:	Earnings before (i) interest and other financial costs, (ii) taxation, and (iii) depreciation and amortisation
"**Equity Issue Expenses**"	:	Costs and expenses payable in connection with the Offering and the application for listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering (but not including the Underwriting, Selling and Management Commission)
"**Executive Officers**"	:	The executive officers of the Trustee-Manager
"**Extraordinary Resolution**"	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
"**Fair Trade Act**"	:	Fair Trade Act of Taiwan
"**Financial Year**" or "**FY**"	:	Financial year ended or, as the case may be, ending 31 December
"**Forecast Year 2013**"	:	1 January 2013 to 31 December 2013
"**FRS 39**"	:	Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement
"**FSC**"	:	Financial Supervisory Commission of Taiwan
"**FTC**"	:	Fair Trade Commission of Taiwan
"**GDP**"	:	Gross domestic product
"**GIO**"	:	Government Information Office of Taiwan
"**GST**"	:	Goods and services tax
"**Hagenvoorde**"	:	Hagenvoorde Beheer B.V.
"**Harvest Cable Holdings**"	:	Harvest Cable Holdings B.V.
"**Hollywood films & Video**"	:	Hollywood films & Video Co, Ltd
"**Huan Le Online**"	:	Huan Le Online Co., Ltd.
"**IC**"	:	Investment Commission of the Ministry of Economic Affairs of Taiwan
"**IFRS**"	:	International Financial Reporting Standards, as issued by the International Accounting Standards Board

"**Income Tax Act**"	:	The Income Tax Act, Chapter 134 of Singapore
"**Independent Auditor**"	:	Deloitte & Touche LLP
"**Independent Directors**"	:	Those directors of the Trustee-Manager who are independent for the purposes of the BTA
"**Independent Industry Consultant**" or "**MPA**"	:	Media Partners Asia Ltd.
"**Independent Tax Advisor**"	:	KPMG Services Pte. Ltd.
"**Independent Valuer**"	:	KPMG Corporate Finance Pte. Ltd.
"**Information Undertaking**"	:	Has the meaning ascribed to it in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities – Events of Default and Review Event*"
"**Initial Subscriber**"	:	Mr. Brian McKinley, the initial subscriber of one Unit upon the constitution of the Trust
"**Instructions Booklet**"	:	The instructions booklet entitled "*Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore*"
"**Instruments**"	:	Offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units
"**International Purchase Agreement**"	:	The international purchase agreement dated 16 May 2013, entered into between the Trustee-Manager, the Sponsor and the Joint Bookrunners and Joint Underwriters
"**IRAS**"	:	Inland Revenue Authority of Singapore
"**IT**"	:	Information technology
"**Jia Guang**"	:	Jia Guang Co., Ltd
"**Jie Guang**"	:	Jie Guang Co., Ltd
"**Joint Bookrunners and Joint Underwriters**" or "**Joint Underwriters**"	:	Macquarie Capital Securities (Singapore) Pte. Limited, J.P. Morgan (S.E.A.) Limited, CIMB Securities (Singapore) Pte. Ltd. and DBS Bank Ltd.
"**Joint Issue Managers**"	:	Macquarie Capital (Singapore) Pte. Limited and J.P. Morgan (S.E.A.) Limited
"**Kbro**"	:	Kbro Co. Ltd.
"**Latest Practicable Date**"	:	29 April 2013, being the latest practicable date prior to the lodgement of this document with the MAS
"**Lee, Tsai & Partners**"	:	Lee, Tsai & Partners Attorneys-at-Law

"**Legislative Yuan**"	:	The highest legislative organ of Taiwan
"**LIBOR**"	:	London Interbank Offered Rate
"**Listing**"	:	The listing of the Units on the Main Board of the SGX-ST
"**Listing Date**"	:	The date of admission of the Trust to the Official List of the SGX-ST
"**Listing Manual**"	:	The Listing Manual of the SGX-ST
"**Local Community TV Channel**"	:	Local community television channel provided by the TBC System Operators in each of the franchise areas
"**Local Government Cable TV Rate Cap**"	:	The local cable television rate cap set by the administrative government which cannot exceed the National TV Rate Cap and which Basic Cable TV subscription fees cannot exceed
"**Lock-up Period**"	:	The period commencing from the date of the International Purchase Agreement until the date falling 180 days after the Listing Date (both dates inclusive)
"**LTIP**"	:	The Pre-Listing LTIP and the Post-Listing LTIP
"**Macquarie Capital**"	:	The Macquarie Capital business division of the Sponsor
"**Macquarie Capital Group**"	:	The Sponsor and its subsidiaries
"**Management Fees**"	:	The management fees payable to the Trustee-Manager, comprising the Base Fee and the Performance Fee
"**Management Services**"	:	Has the meaning ascribed to it in "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Management Services Agreement*"
"**Management Services Agreement**"		The management services agreement dated 16 July 2007 and renewed on 16 July 2012 made between TBC, MRL and MMHL
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**MAS**" or "**Authority**"	:	The Monetary Authority of Singapore
"**MCI**"	:	Metro Capital International
"**Mezzanine Facility**"	:	The U.S.$100,000,000 mezzanine facility extended to Cable TV S.A.
"**MIIF**"	:	Macquarie International Infrastructure Fund Limited
"**MIIF Equity Injection**"	:	The injection of equity by MIIF into MIIT, as described in "*Trust Acquisition – The Corporate Reorganisation*"
"**MIIF Shareholder Loans**"	:	Two shareholder loans extended by MIIF to MRL and MIIT in an aggregate amount of S$312.0 million

"**MIIT**"	:	Macquarie International Infrastructure Taiwan Limited (to be renamed APTT Holdings 2 Limited)
"**MIRA**"	:	Macquarie Infrastructure and Real Assets
"**MIRA Singapore**"	:	Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited
"**MMHL**"	:	MKOF Media Holdings Limited (to be renamed APTT Holdings 1 Limited)
"**MMIL**"	:	MKOF Media Investment Limited
"**MMBL**"	:	MKOF Media Bermuda Limited
"**MRL**"	:	Macquarie Renewables Limited
"**MRL IFL**"	:	The interest-free loan extended by MRL to Cable TV S.A. as described in "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Provision of loan by MRL to Cable TV S.A.*"
"**MRL Interco Loan**"	:	The interest-free intercompany loan provided by MRL to MIIT, as described in "*Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions – Past Interested Person Transactions – Provision of loan by MRL to MIIT*"
"**Nan Tao Yuan**"	:	Nan Tao Yuan Cable Television Co., Ltd
"**National Cable TV Rate Cap**"	:	The national cable television rate cap set by the NCC which Basic Cable TV subscription fees cannot exceed
"**NCC**"	:	National Communications Commission of Taiwan
"**New Debt Facilities**"	:	The facilities of up to NT$27,000 million which the TBC Group will have in place upon Listing, from a syndicate of lenders with Taipei Fubon Commercial Bank Co., Ltd. as facility agent, as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*"
"**NT$**" or "**Taiwan dollars and cents**"	:	Taiwan dollars and cents, the lawful currency of Taiwan
"**NTA value**"	:	Net tangible assets value
"**Offering**"	:	The offering of up to 936,164,086 Units by the Trustee-Manager for subscription at the Offering Price under the Placement and the Public Offer (subject to the Over-Allotment Option)
"**Offering Price**"	:	S$0.97, being the subscription price of each Unit under the Offering

"**Ordinary Resolution**"	:	A resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders or, to the extent permitted by law, a resolution in writing signed by or on behalf of more than 50.0% of the Unitholders for the time being entitled to receive notice of any meeting of Unitholders
"**Over-Allotment Option**"	:	An option granted by the Trust to Joint Bookrunners and Joint Underwriters to subscribe for up to an aggregate of 71,840,000 Units at the Offering Price, solely to cover the over-allotment of Units (if any)
"**Participating Banks**"	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
"**pay-TV**"	:	Pay-television, which is comprised of Cable TV, IPTV and DTH TV
"**Pay-TV Businesses**"	:	Controlling interests in businesses which provide HFC cable television services, DTH services and IPTV services
"**Performance Fee**"	:	The performance fee payable to the Trustee-Manager
"**PFIC**"	:	Passive foreign investment company
"**Placement**"	:	The international placement of Units to investors, including institutional and other investors in Singapore, pursuant to the Offering
"**Post-Listing LTIP**"	:	The long-term incentive plan for senior management which the TBC Group will adopt following termination of the Pre-Listing LTIP, as described in "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*"
"**PRC**"	:	People's Republic of China
"**PRC Government**"	:	The government of the PRC
"**PRC Investment Restrictions**"	:	The provisions under the Measures Governing Investment Permit for the People of Mainland China Area that a PRC Person can only invest in certain business sectors in Taiwan allowed by the IC, which currently does not include the cable television industry

"**PRC Person**"	:	A PRC individual or corporate entity for purposes of the Measures Governing Investment Permit for the People of Mainland China Area. A corporate entity registered outside the PRC would be considered a PRC corporate entity if 30.0% or more of its equity interest or its actual control is directly or indirectly held by a PRC individual or entity/organisation/institution. Individuals and corporate entities from the Hong Kong or Macau Special Administrative Regions are not subject to the PRC Investment Restrictions, except, in relation to a corporate entity, where 30.0% of its equity interest or its actual control is directly or indirectly held by a PRC individual or entity/organisation/institution
"**Pre-Listing LTIP**"	:	The long-term incentive plan for senior management of the TBC Group that will be terminated upon Listing, as described in "*The Trustee-Manager – The Trustee-Manager of the Trust – Pre-Listing LTIP and Post-Listing LTIP*"
"**Primary Resource Services**"	:	Company secretarial services, legal services, compliance and compliance review services, risk assessment and management services, asset management services, finance and accounting services, investor relations services, being services to be provided by MIRA Singapore to the Trustee-Manager pursuant to the Resources Agreement
"**Projection Year 2014**"	:	1 January 2014 to 31 December 2014
"**Public Offer**"	:	The initial offering by the Trustee-Manager to the public in Singapore of the Units
"**QIBs**"	:	Qualified institutional buyers as defined in Rule 144A
"**Registered Business Trust**"	:	A business trust registered with the MAS
"**Regulation S**"	:	Regulation S under the U.S. Securities Act
"**Reimbursement Agreement**"	:	The reimbursement agreement dated 10 May 2006 between Macquarie International Limited and Jie Guang
"**Related corporation**"	:	Has the meaning ascribed to it in the Singapore Companies Act
"**Related entity**"	:	Has the meaning ascribed to it in the SF BT Regulations
"**Related Party System Operator**"	:	An entity which is an affiliate or directly or indirectly controlled system operator of a system operator
"**Reporting Accountant**"	:	Deloitte & Touche LLP
"**Representatives**"	:	In respect of the Underwriting Agreements, Macquarie Capital (Singapore) Pte. Limited, Macquarie Capital Securities (Singapore) Pte. Limited and J.P. Morgan (S.E.A.) Limited

"**Resource Services**"	:	The Chief Executive Officer, the Chief Financial Officer and other staff and services, including company secretarial, finance and accounting services, legal, compliance and compliance review services, risk assessment and management services, asset management services, communications services, tax and tax structuring services, office accommodation, IT systems and IT systems support services, internal compliance and controls services and executive management services that will be provided by MIRA Singapore to the Trustee-Manager pursuant to the Resources Agreement
"**Resources Agreement**"	:	The resources agreement dated 30 April 2013 entered into between the Trustee-Manager and MIRA Singapore pursuant to which MIRA Singapore will provide Resource Services to the Trustee-Manager
"**Restricted Entities**"	:	The Taiwan government and political entities, as well as those foundations, associations and institutions established with their endowments or commissioned by these entities, for purposes of the CRTA
"**Restricted Persons**"	:	A Taiwan political party worker, political appointee or elected public official, for purposes of the CRTA
"**reverse merger**"	:	Corporate restructurings of special purpose vehicles into operating companies
"**Revolving Facility**"	:	The NT$4,750 million seven-year senior secured revolving credit facility, being part of the New Debt Facilities and as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*"
"**Rule 144A**"	:	Rule 144A under the U.S. Securities Act
"**S$**" or "**Singapore dollars and cents**"	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
"**Seconded Personnel**"	:	The Chief Executive Officer and Chief Financial Officer to be provided by MIRA Singapore to the Trustee-Manager pursuant to the Resources Agreement
"**Securities Account**"	:	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Singapore Companies Act) with CDP
"**Sellers**"	:	MMIL and MIIF

"**Senior Facility**"	:	The NT$26,012,000,000 senior secured loan facility entered into by the Group in Taiwan with Chinatrust Commercial Bank as lender and as facility agent and arranger for a syndicate of other banks in June 2010 as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – Chinatrust Commercial Bank NT$26,012,000,000 Senior Secured Loan Facility*"
"**Settlement Date**"	:	The date and time on which the Units are issued as settlement under the Offering
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore
"**SF BT Regulations**"	:	Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Purchase Agreement**"	:	The share purchase agreement dated 30 April 2013 entered into between the Sellers and the Trustee-Manager in connection with the Trust Acquisition
"**Shin Ho**"	:	Shin Ho Cable Television Co., Ltd
"**Significant Events**"	:	The Corporate Reorganisation, the Listing, the New Debt Facilities, Post-Listing LTIP and Distributions Payment
"**Singapore Companies Act**"	:	Companies Act, Chapter 50 of Singapore
"**Singapore Offer Agreement**"	:	The offer agreement dated 16 May 2013, entered into between the Trustee-Manager, the Sponsor and the Joint Bookrunners and Joint Underwriters
"**Sponsor**"	:	Macquarie Capital Group Limited, as sponsor of the Trust
"**Sponsor Lock-up Period**"	:	The period commencing from the Listing Date until the date falling 180 days thereafter (both dates inclusive)
"**Sponsor Lock-up Units**"	:	Units held by each of and any other entity which is wholly-owned by the Sponsor
"**Sponsor Subscription Agreement**"	:	The agreement dated 30 April 2013 entered into between the Trustee-Manager and the Sponsor relating to the subscription for the Sponsor Units
"**Sponsor Units**"	:	The 43,103,999 Units issued to the Sponsor pursuant to the Sponsor Subscription Agreement
"**Stabilising Manager**"	:	J.P. Morgan (S.E.A.) Limited

"**Subordinated Facility**"	:	The U.S.$135.0 million subordinated loan facility entered into by the Group in Netherlands with external financial institutions and Macquarie Capital Group Limited in June 2010 as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – U.S.$135.0 million Subordinated Syndicated Loan Facility*"
"**Subsidiary**"	:	Has the meaning ascribed to it in the Singapore Companies Act
"**Subsidiary Entity**"	:	Has the meaning ascribed to it in the SF BT Regulations
"**Substantial Unitholder**"	:	Any Unitholder with an interest in Units constituting not less than 5.0% of all Units in issue
"**TA**"	:	Telecommunications Act of Taiwan
"**Tai Luo Tze**"	:	Tai Luo Tze Co., Ltd
"**Taiwan**"	:	Taiwan, Republic of China
"**Taiwan Government Ownership Restrictions**"	:	The restrictions under the CRTA that Restricted Entities and the Restricted Persons shall not directly or indirectly invest in a cable television system operator and that the aggregate shareholdings held by the spouses or relatives of the Restricted Persons shall not exceed one per cent. of the total outstanding shares of a cable television system operator
"**Taiwan Holdcos**"	:	Jie Guang and Tai Luo Tze
"**Tau Luen**"	:	Tau Luen Co., Ltd
"**TBC**"	:	Taiwan Broadband Communications Co., Ltd
"**TBC Group**" or "**Group**"	:	The Bermuda Holdcos and their subsidiaries, taken as a whole
"**TBC Holdings**"	:	TBC Holdings B.V.
"**Telkomsel**"	:	PT Telekommunikasi, Indonesia
"**Term Loan Facility**"	:	The NT$22,250 million seven-year senior secured onshore term loan facility, being part of the New Debt Facilities and as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Borrowings – External Borrowings – New Debt Facilities*"
"**Termination Fee**"	:	The termination fee payable to the Trustee-Manager
"**Trust**"	:	Asian Pay Television Trust, as if the Trust Acquisition had been completed
"**Trust Acquisition**"	:	The acquisition by the Trust of the assets in the TBC Group from the Sellers pursuant to the Share Purchase Agreement
"**Trust Deed**"	:	The trust deed dated 30 April 2013 constituting the Trust

"**Trust Group**"	:	The Trust, the Trustee-Manager and their subsidiaries taken as a whole, as if the Trust Acquisition had been completed
"**Trust Property**"	:	All property and rights of any kind whatsoever that are held on trust for the Unitholders, in accordance with the terms of the Trust Deed, including (a) contributions of money or any other assets to the Trust; (b) property that forms part of the assets of the Trust under the provisions of the BTA; (c) property arising in relation to any contract, agreement, or arrangement entered into by or on behalf of the Trustee-Manager; (d) property arising in relation to any claims or rights held by or on behalf of the Trustee-Manager; (e) proceeds from money borrowed or raised by the Trustee-Manager for the purposes of the Trust; (f) property acquired, directly or indirectly, with the contributions or money referred to in paragraphs (a), (b), (c), (d) or (e) or with the proceeds thereof; and (g) profits, incomes and property derived, directly or indirectly, from contributions, money or property referred to in paragraphs (a), (b), (c), (d) or (e)
"**Trustee-Manager**"	:	Macquarie APTT Management Pte. Limited, as trustee-manager of the Trust
"**Unclaimed Moneys**"	:	Any moneys payable to Unitholders which remain unclaimed after the applicable time period set out in the Trust Deed
"**Underwriting Agreements**"	:	The International Purchase Agreement and the Singapore Offer Agreement
"**Underwriting, Selling and Management Commission**"	:	The underwriting, selling and management commission payable to the Joint Bookrunners and Joint Underwriters
"**Unit**"	:	An undivided interest in the Trust
"**Unit Issue Mandate**"	:	The authority deemed to be given by Unitholders to the Trustee-Manager, pursuant to Section 36 of the BTA, to issue Units whether by way of rights, bonus or otherwise; and/or make or grant Instruments that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may, in its absolute discretion, deem fit
"**Unit Lender**"	:	The Sponsor
"**Unit Lending Agreement**"	:	The unit lending agreement dated 16 May 2013 entered into between the Stabilising Manager and the Sponsor, in relation to the Over-Allotment Option
"**United States**" or "**U.S.**"	:	United States of America

"**Unitholder(s)**"	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
"**U.S. GAAP**"	:	United States generally accepted accounting principles
"**U.S. Securities Act**"	:	U.S. Securities Act of 1933, as amended
"**U.S.$**" or "**United States dollars and cents**"	:	United States dollars and cents, the lawful currency of the United States
"**VAT**"	:	Value added tax
"**VeryMulan**"	:	VeryMulan Co., Ltd.
"**Wo Jun**"	:	Wo Jun Co., Ltd

Words importing the singular include, where applicable, the plural and *vice versa*. Words importing the masculine gender include, where applicable, the feminine and neuter genders. References to persons include corporations.

Any reference in this document to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this document is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

This page has been intentionally left blank.

APPENDIX A

ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES

REPORTING ACCOUNTANT'S REPORT ON EXAMINATION OF THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

TABLE OF CONTENTS

PAGE

Reporting accountant's report A-1

Pro forma statement of comprehensive income for the year ended 31 December 2012 . . . . . A-3

Pro forma statement of financial position as at 31 December 2012 . . . . . A-4

Pro forma statement of cash flow for the year ended 31 December 2012 . . . . . A-5

Notes to the pro forma financial statements A-6

REPORTING ACCOUNTANT'S REPORT ON EXAMINATION OF THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Board of Directors
Macquarie APTT Management Pte Limited
in its capacity as Trustee-Manager of Asian Pay Television Trust
10 Marina Boulevard
#17-01, Tower 2
Marina Bay Financial Centre
Singapore 018983

16 May 2013

Dear Sirs

This report has been prepared for inclusion in the prospectus (the "**Prospectus**") of Asian Pay Television Trust ("**APTT**") in connection with the initial public offering of the units (the "**Units**") in APTT and listing of Units on the Singapore Exchange Securities Trading Limited.

We report on the unaudited pro forma financial statements (the "**Pro Forma Financial Statements**") of APTT and its subsidiaries (collectively referred to as the "**Trust Group**") set out on pages A-3 to A-48 of the Prospectus, which have been prepared for illustrative purposes only, in accordance with the provisions set out in the Securities and Futures (Offers of Investment) (Business Trusts) (No. 2) Regulations 2005 and are based on certain assumptions after making adjustments to show what:–

(i) the financial results of the Trust Group for the year ended 31 December 2012 would have been if the Corporate Reorganisation, the Listing of APTT, New Debt Facilities, Post-Listing LTIP and Distribution Payment as described in Note 2 to the Pro Forma Financial Statements (the "**Significant Events**") had occurred at 1 January 2012;

(ii) the financial position of the Trust Group as at 31 December 2012 would have been if the Significant Events had occurred at 31 December 2012; and

(iii) the cash flows of the Trust Group for the year ended 31 December 2012 would have been if the Significant Events had occurred at 1 January 2012.

The Pro Forma Financial Statements of the Trust Group, because of their nature, may not give a true picture of the Trust Group's actual financial results, financial position and cash flows.

The Pro Forma Financial Statements are the responsibility of the directors of Macquarie APTT Management Pte Limited in its capacity as trustee-manager of APTT. Our responsibility is to express an opinion on the Pro Forma Financial Statements based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 2 "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the Pro Forma Financial Statements to the Trust Group's financial statements (or where statements is not available in the financial statements of these entities, to accounting records), considering the evidence supporting the adjustments and discussing the Pro Forma Financial Statements with the management of the Trust Group.

In our opinion:

(a) the Pro Forma Financial Statements have been properly prepared:

    (i) in a manner consistent with the accounting policies adopted by the Trust Group, which are in accordance with International Financial Reporting Standards;

    (ii) on the basis set out in Notes 3 to 5 to the Pro Forma Financial Statements of the Trust Group;

(b) each material adjustment made to the information used in the preparation of the Pro Forma Financial Statements is appropriate for the purpose of preparing such Pro Forma Financial Statements.

Yours faithfully

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Ng Peck Hoon
Partner

ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES
PRO FORMA STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012
In Singapore dollars

	Notes	2012
		$'000
Revenue	7	308,731
Broadcast and production costs		(59,368)
Other operating costs	7	(32,886)
Staff costs		(28,035)
Depreciation and amortisation expenses		(43,065)
Other operating expense	7	(9,159)
Operating profit		136,218
Interest and other finance costs	7	(73,488)
Profit before income tax		62,730
Income tax expense	8(a)(b)	(35,816)
Profit for the year		26,914
Profit attributable to		
Unitholders of APTT		26,738
Non-controlling interest		176
		26,914
Other comprehensive income, net of tax		
Exchange differences on translation of foreign operations		10,577
Change in unrealised gain on cash flow hedging financial instruments	15	2,865
Total comprehensive income		40,356
Total comprehensive income attributable to		
Unitholders of APTT		40,180
Non-controlling interest		176
		40,356
Earnings per unit attributable to unitholders of APTT	9	1.86 cents

The accompanying notes form an integral part of these pro forma financial statements.

ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES
PRO FORMA STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012
In Singapore dollars

	Notes	2012
		$'000
Current assets		
Cash and cash equivalents		65,274
Trade and other receivables		15,644
		80,918
Non-current assets		
Property, plant and equipment	10	136,153
Intangible assets	11	2,219,522
Income tax refund receivable	8(d)	14,053
Other assets		969
		2,370,697
Total assets		2,451,615
Current liabilities		
Borrowings from financial institutions	14	1,396
Derivative financial instruments	15	802
Trade and other payables	12	17,073
Income tax payable		124,107
Other liabilities	13	51,172
		194,550
Non-current liabilities		
Borrowings from financial institutions	14	901,104
Retirement benefit obligation	16	4,865
Deferred tax liabilities	8(c)	3,787
Other liabilities		6,027
		915,783
Total liabilities		1,110,333
Net assets		1,341,282
Equity		
Unitholders' funds	17	1,340,998
Non-controlling interest	18	284
Total equity		1,341,282

The accompanying notes form an integral part of these pro forma financial statements.

ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES
PRO FORMA STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2012
In Singapore dollars

	Notes	2012
		$'000
Operating activities		
Cash generated from operations	22	189,488
Income tax paid		(20,170)
Net cash from operating activities		169,318
Investing activities		
Acquisition of property, plant and equipment		(46,638)
Acquisition of intangible assets		(1,053)
Payment for acquisition of Asian Pay-TV Business[(1)]		(1,105,838)
Net cash used in investing activities		(1,153,529)
Financing activities		
Issuance of units		1,340,998
Interest received		106
Interest paid		(40,948)
Borrowing from financial institutions		902,500
Repayment of borrowings to financial institutions		(1,062,024)
Derivative financial instruments		(60,930)
Proceeds from issuance of preferred stock		1,329
Redemption of preferred stock		(1,329)
Distribution on redeemable preference shares		(632)
Dividends paid		(89,631)
Net cash from financing activities		989,439
Increase in cash and cash equivalents		5,228
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and comprehensive income statement		60,046
Balance of cash and cash equivalents at the end of the year[(1)]		65,274

Note:

(1) The final consideration for the acquisition of Asian Pay-TV Business is subject to the adjustment to reflect the repayment of subordinated loan facility and outstanding interests, the costs associated with the termination of the related cross currency interest rate swap and equity issue expenses. In the event that the actual expenditures related to the Listing is lower than the assumed expenditure, this excess cash and cash equivalent balance will be released to the sellers as part of the adjustment to the purchase consideration.

The accompanying notes form an integral part of these combined financial statements.

ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2012
In Singapore dollars

1. INTRODUCTION

The unaudited pro forma financial statements of Asian Pay Television Trust ("**APTT**") and its subsidiaries (collectively the "**Trust Group**"), which comprise the pro forma statement of financial position of the Trust Group as at 31 December 2012, and the pro forma statement of comprehensive income and the pro forma statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (the "**Pro Forma Financial Statements**"). The Pro Forma Financial Statements have been prepared for inclusion in the prospectus to be issued in connection with the proposed listing (the "**Listing**") of APTT on the Singapore Exchange Securities Trading Limited (the "**Prospectus**").

APTT is a business trust constituted pursuant to the Trust Deed dated 30 April 2013 and registered with the Monetary Authority of Singapore. APTT is principally regulated by the Business Trusts Act, Chapter 31A of Singapore and the Securities and Futures Act, Chapter 289 of Singapore. Macquarie APTT Management Pte Limited (the "**Trustee-Manager**"), will hold trust property on trust for the benefit of unitholders of APTT as the trustee-manager of APTT pursuant to the Trust Deed. The registered address of the Trustee-Manager is 10 Marina Boulevard, #17-01, Tower 2, Marina Bay Financial Centre, Singapore 018983.

The Trustee-Manager's principal investment strategy is to seek investment opportunities to acquire controlling interests and to own, operate and maintain mature, cash generative Pay-TV Businesses and Broadband Businesses in Taiwan, Hong Kong, Japan and Singapore.

APTT's initial portfolio ("**APTT Business Portfolio**") will comprise:

- 100% interest in MKOF Media Holdings Limited (to be renamed APTT Holdings 1 Limited) ("**MMHL**") which owns 52.5% of Cable TV S.A., a Luxembourg holding company

- 100% interest in Macquarie International Infrastructure Taiwan Limited (to be renamed APTT Holdings 2 Limited) ("**MIIT**") which owns 47.5% of Cable TV S.A.

- 100% interest in TBC Holdings B.V. ("**TBC Holdings**"), a Netherlands holding company, through Cable TV S.A.

- 15% interest in Harvest Cable Holdings B.V. ("**Harvest Cable Holdings**"), a Netherlands holding company, through Cable TV S.A.

- 100% interest in Jie Guang Co., Ltd. ("**Jie Guang**") through TBC Holdings

  – Jie Guang is a Taiwan holding company which owns 77% of Jia Guang Co., Ltd. ("**Jia Guang**"), another Taiwan Holding company

  – Jia Guang owns 77% of Wo Jun Co., Ltd. ("**Wo Jun**"), another Taiwan holding company

  - Wo Jun owns 100% of Nan Tao Yuan Cable Television Co., Ltd. ("**Nan Tao Yuan**"), Best Cable Television Co., Ltd. ("**Best Cable**"), Shin Ho Cable Television Co., Ltd. ("**Shin Ho**") and 99.986% of Chun Chien Cable Television Co., Ltd. ("**Chun Chien**"), cable television system operators in Taiwan and 100% of TBC, a broadband service provider in Taiwan

- 77% interest in Tai Luo Tze Co., Ltd. ("**Tai Luo Tze**") through Harvest Cable Holdings

  - Tai Luo Tze is a Taiwan holding company which owns 77% of Tau Luen Co., Ltd. ("**Tau Luen**"), another Taiwan holding company

  - Tau Luen owns 100% interest in Chi Yuan Cable TV Co., Ltd. ("**Chi Yuan**"), a cable television system operator in Taiwan

2. SIGNIFICANT EVENTS

The Corporate Reorganisation

In preparation for the Listing, a corporate reorganisation (the "**Corporate Reorganisation**") was undertaken, comprised of the following:

(a) Transfer of financial instruments

MKOF Media Bermuda Limited ("**MMBL**") transferred the convertible loans issued by Cable TV S.A. to MMHL for a consideration of U.S.$70.5 million (the "**Convertible Loans Transfer**"), which was set off against the full repayment of the outstanding interest free loan provided by MMHL to MMBL.

Macquarie Renewables Limited ("**MRL**") transferred the shares it held in Cable TV S.A. and interest-free shareholder loan it provided to Cable TV S.A. (the "**MRL IFL**") to MIIT for a consideration of U.S.$310.1 million ($383.6 million) (the "**Cable TV Share and IFL Transfer**"). Consideration for the Cable TV Share and IFL Transfer remained outstanding as a payable from MIIT to MRL under the interest free intercompany loan provided by MRL to MIIT ("**MRL Interco Loan**"). The MRL Interco Loan principal amount owed by MIIT increased from NT$997.6 million ($41.7 million) to NT$10,244.3 million ($428.5 million).

(b) Injection of equity by Macquarie International Infrastructure Fund ("MIIF") into MIIT

MIIF has injected equity of NT$11,126.4 million ($465.4 million) into MIIT as contribution surplus (the "**MIIF Equity Injection**"). The proceeds from the MIIF Equity Injection have been used to repay the outstanding principal amount of the MRL Interco Loan of NT$10,244.3 million ($428.5 million) and as well as repay the outstanding interest-free loan provided by MIIF to MIIT with the nominal value of NT$882.1 million ($36.9 million).

(c) Novation of management services agreement

MRL novated its management service agreement with TBC to MIIT, and the back-to-back management service agreement between MRL and MIIF were terminated.

Listing of APTT

The Trustee-Manager will make an initial public offering of units in the Trust for subscription.

The proceeds from the initial public offering (the "**Proceeds**") will be used for, amongst other things:

(i) payment of cash award (which vest on the Listing Date) to senior management of the TBC Group pursuant to long-term incentive plan (the "**Pre-Listing LTIP**") at Cable TV S.A. that will be terminated upon Listing;

(ii) repayment of the indebtedness outstanding under a U.S.$135 million subordinated loan facility and the costs associated with the termination of the related cross-currency interest rate swap;

(iii) payment of the costs and expenses payable in connection with the initial public offering including the underwriting, selling and management commission, professional fees and all other incidental expenses relating to the initial public offering (the "**Equity Issue Expenses**");

(iv) settlement of the aggregate consideration payable to MKOF Media Investment Limited ("**MMIL**") and MIIF (together, the "**Sellers**") for the acquisition of the assets in the TBC Group from the Seller on the Listing Date; and

(v) general corporate and working capital purposes.

New Debt Facilities

The TBC Group will have in place new senior secured loan facilities for the amount of up to NT$27,000 million (equivalent to $1,129,400,000) (the "**New Debt Facilities**") upon the Listing date. The TBC Group will use the proceeds from the new senior secured loan facilities to refinance the existing onshore NTD senior secured facility of up to NT$21,024 million (equivalent to $883,707,000), to pay fee and expenses in respect of the refinancing of NT$675 million (equivalent to $28,236,000) and to pay for the management's Pre-Listing LTIP at Jie Guang of NT$286 million (equivalent to $12,017,000). The New Debt Facilities will be denominated in Taiwan dollars and bear a floating interest rate of Taiwan's three-month secondary market commercial paper rate plus an interest margin of 2.2% to 3.0% based on the leverage ratio of the TBC Group. Interest on the New Debt Facilities will be payable quarterly.

Post-Listing LTIP

The seed asset of APTT, the TBC Group has an existing long-term incentive plan (the "**Pre-Listing LTIP**") for senior management that will be terminated upon the Listing.

Following the termination of the Pre-Listing LTIP, the Trust Group will adopt a new long-term incentive plan (the "**Post-Listing LTIP**") for its senior management pursuant to which senior management will be granted notional units of the Trust upon achieving prescribed performance targets. These notional units will vest in tranches over a prescribed period of time initially commencing three years after the grant of the notional units. Upon vesting of such notional units under the Post-Listing LTIP, the Trust Group's senior management will

receive a cash payment equal to the number of vested notional units multiplied by the then-prevailing market price of the Units. No Units will be delivered under the Post-Listing LTIP.

Distributions Payment

Distributions of $16,773,000 (U.S.$13.6 million) were paid to MIIF and MMIL relating to the period from 1 July 2012 to 31 December 2012 prior to the Listing date (the "**Distributions Payment**").

3. BASIS OF PRESENTATION AND COMPILATION OF THE PRO FORMA FINANCIAL STATEMENTS

(a) The Pro Forma Financial Statements have been prepared for illustrative purposes only and are based on certain assumptions after making certain adjustments to show what:

(i) the financial results of the Trust Group for the year ended 31 December 2012 would have been if the Corporate Reorganisation, the Listing of APTT, the New Debt Facilities, the Post-Listing LTIP and Distributions Payment as described in Note 2 to the Pro Forma Financial Statements (the "**Significant Events**") had occurred at 1 January 2012;

(ii) the financial position of the Trust Group as at 31 December 2012 would have been if the Significant Events had occurred at 31 December 2012; and

(iii) the cash flows of the Trust Group for the year ended 31 December 2012 would have been if the Significant Events had occurred at 1 January 2012.

The Pro Forma Financial Statements of the Trust Group, because of their nature, may not give a true picture of the Trust Group's actual financial results, financial position and cash flows.

(b) The Pro Forma Financial Statements for the year ended 31 December 2012 have been compiled based on the combined financial statements of the Pay-TV Business and Broadband Businesses (the "**Combined Financial Statements**") for the year ended 31 December 2012 that were prepared in accordance with International Financial Reporting Standards ("**IFRS**") and audited by Deloitte & Touche LLP, in accordance with International Standards on Auditing. The independent auditor's report on the Combined Financial Statements does not contain any qualification.

(c) In arriving at the Pro Forma Financial Statements, certain adjustments and assumptions, as set out in Notes 3(d) and 4, have been made. The Pro Forma Financial Statements have been compiled from the Combined Financial Statements stated in Note 3(b) and are based on accounting policies adopted by the Trust Group.

(d) The following key adjustments and assumptions were made for the preparation of the Pro Forma Financial Statements:

(i) The Combined Financial Statements have been prepared by consolidating and combining MMBL, MMHL, MIIT and MRL together with their subsidiaries as

explained in the Note 1 of the Combined Financial Statements of the Pay-TV Business and Broadband Business for the years ended 31 December 2010, 2011 and 2012. The Pro Forma Financial Statements is prepared based on the assumption that APTT is the holding company controlling the Trust Group through APTT's purchases of 100% shares in MMHL and MIIT after the Corporate Reorganisation. Subsequent to the Corporate Reorganisation, APTT will no longer be liable for the settlement of management fee payable and interest free loan payable to MIIF with the carrying value amounting to $1,165,000 and $257,700,000 (the nominal value is $269,154,000 (NT$6,403,515,000)) respectively.

(ii) The interest free loan provided by MIIF to MIIT with the nominal value amounting to $36.9 million (NT$882,084,000) and the carrying value of $35,498,000 shall be repaid immediately prior to the Listing date, is assumed to be repaid at 1 January 2012 for the purpose of pro forma statement of comprehensive income and cash flows or at 31 December 2012 for the purpose of pro forma statement of financial position. The repayment will be funded by the injection of equity by MIIF into MIIT;

(iii) 1,436,800,000 units are assumed to be issued at the offering price of S$0.97 per unit. Proceeds from the initial public offering, the issue of cornerstone units and consideration units are assumed to be $1,340,998,000 after deducting estimated equity issue expenses. No units are issued pursuant to the over-allotment option.

(iv) The New Debt Facilities net of refinancing fee amounting to $902,500,000, which shall be drawn down on the Listing Date, is assumed to be drawn down at 1 January 2012 for the purpose of the pro forma statement of comprehensive income and cash flows and at 31 December 2012 for the purpose of the pro forma statement of financial position. The interest expense is based on the rate of Taiwan's three-month market commercial paper rate plus an interest margin of 2.2% to 3.0% based on the leverage ratio of the TBC Group, and effective interest rate is assumed to be 3.83% to 4.29% per annum for the Pro Forma Financial Statement. The proceeds of the New Debt Facilities will be used to repay the existing onshore NTD senior secured facility of $883,707,000 (equivalent to NT$21,024,000,000) plus outstanding interest of $374,000 and pay for the management's Pre-Listing LTIP at Jie Guang of $12,017,000 (equivalent to NT$285,902,000);

(v) The U.S.$135 million subordinated loan facility and outstanding interest of $157,000 which will be repaid and cross currency interest rate swap amounting to $64,848,000 which will be terminated on the Listing Date, is assumed to be occurred at 1 January 2012 for the purpose of pro forma statement of comprehensive income and cash flows or at 31 December 2012 for the purpose of pro forma statement of financial position. The repayment will be funded by the Proceeds;

(vi) Pursuant to the TBC Group's Pre-Listing LTIP that will be terminated upon the Listing, the cash awards to senior management of the TBC Group amounting to $26,037,000, which vest on the Listing date, are assumed to be paid at 1 January 2012 for the purpose of pro forma statement of comprehensive income and cash flows or at 31 December 2012 for the purpose of pro forma statement of financial

position. The Pre-Listing LTIP settlement at Cable TV S.A. of $14,020,000 will be funded by the Proceeds and Pre-Listing LTIP settlement at Jie Guang of $12,017,000 is disclosed in (iv) above. Under the Post-Listing LTIP, no expense relating to the incentive plan is assumed to be accrued;

(vii) The acquisition of the Asian Pay-TV Business is assumed to be completed on 1 January 2012 for the purpose of pro forma statement of comprehensive income and cash flows or at 31 December 2012 for the purpose of pro forma statement of financial position. The settlement of consideration is estimated to be $1,073,876,000 and shall be settled by the issuance of Consideration Units and payment of cash to the Sellers, which is funded by the Proceeds. For the purpose of preparation of the pro forma financial statements, it is assumed that the consideration is settled by cash in full. The final consideration for the acquisition of Asian Pay-TV Business is subject to the adjustment to reflect the repayment of subordinated loan facility and outstanding interests, the costs associated with the termination of the related cross currency interest rate swap and equity issue expenses;

(viii) In accounting for the acquisition of the Asian Pay-TV Business, identifiable assets acquired and liabilities and contingent liabilities assumed in the acquisitions are measured at their fair values, which are based on their fair values as at 31 December 2012. The excess of the consideration for the acquisition of the Asian Pay-TV Business over the fair values of the identifiable net assets acquired is recorded as goodwill;

(ix) Distributions of $16,773,000 (U.S.$13.6 million) were paid to MIIF and MMIL relating to the period from 1 July 2012 to 31 December 2012 prior to the Listing date are adjusted to reflect the cash position of the Asian Pay-TV Business after payment of such distributions;

(x) The Trustee-Manager will be entitled to receive a base fee (the "**Base Fee**") of $7,000,000 per annum, and for the purpose of this pro forma, assumed from 1 January 2012, and the Base Fee will be adjusted annually in accordance with the Singapore Consumer Price Index. Although the Trustee-Manager will be entitled to receive a performance fee based on the growth of distribution per unit, no performance fee is assumed in the Pro Forma Financial Statements. Independent director fees, salaries of the key executives (Seconded Personnel) of the Trustee-Manager and salaries of the Primary Resources Services such as company secretariat, legal, compliance, risk, asset management, finance, accounts, investors relations payable under a resources agreement entered into between the Trustee-Manager and Macquarie Infrastructure and Real Assets (Singapore) Pte Limited ("**MIRA Singapore**") will be payable out of the Base Fee;

(xi) MIRA Singapore and external service providers will also provide certain Ancillary Resources services such as corporate services, IT services, communications, tax services, office accommodation, HR services, finance and account support services and other administrative services. The fees relating to the Ancillary Resources services are assumed to be charged at $1,382,000 per annum from 1 January 2012;

(xii) The current management service fees between MRL and MIIF of $3,551,000 in respect of the services previously provided to the Historical Portfolio of the Pay-TV Business and Broadband business are reversed at 1 January 2012 for the purpose of pro forma statement of comprehensive income and cash flows.

4. STATEMENT OF ADJUSTMENTS

(a) Pro forma statement of comprehensive income of the Trust Group for the year ended 31 December 2012

The following adjustments have been made in arriving at the pro forma statement of comprehensive income of the Trust Group for the year ended 31 December 2012 based on an assumption that the following significant events had occurred at 1 January 2012.

	Per Combined Financial Statements	Pro forma adjustments						Pro forma statement of comprehensive income
	$'000	$'000 Note (i)	$'000 Note (ii)	$'000 Note (iii)	$'000 Note (iv)	$'000 Note (v)	$'000 Note (vi)	$'000
Revenue	308,731	–	–	–	–	–	–	308,731
Broadcast and production costs	(59,368)	–	–	–	–	–	–	(59,368)
Other operating costs	(24,504)	–	–	–	–	(8,382)	–	(32,886)
Staff costs	(41,077)	–	–	–	13,042	–	–	(28,035)
Depreciation and amortisation expenses	(38,248)	–	–	–	–	–	(4,817)	(43,065)
Management fee expenses	(3,551)	–	–	–	–	3,551	–	–
Other operating expense	(9,159)	–	–	–	–	–	–	(9,159)
Operating profit	132,824	–	–	–	13,042	(4,831)	(4,817)	136,218
Interest and other finance costs	(122,250)	47,057	(20,694)	22,399	–	–	–	(73,488)
Profit before income tax	10,574	47,057	(20,694)	22,399	13,042	(4,831)	(4,817)	62,730
Income tax expense	(36,832)	–	751	–	(554)	–	819	(35,816)
(Loss) Profit for the year	(26,258)	47,057	(19,943)	22,399	12,488	(4,831)	(3,998)	26,914

	Per Combined Financial Statements	Pro forma adjustments						Pro forma statement of comprehensive income
	$'000	$'000 Note (i)	$'000 Note (ii)	$'000 Note (iii)	$'000 Note (iv)	$'000 Note (v)	$'000 Note (vi)	$'000
(Loss) Profit attributable to:								
Unitholders of APTT	(26,434)	47,057	(19,943)	22,399	12,488	(4,831)	(3,998)	26,738
Non-controlling interest	176	–	–	–	–	–	–	176
	(26,258)	47,057	(19,943)	22,399	12,488	(4,831)	(3,998)	26,914
Other comprehensive income	13,442	–	–	–	–	–	–	13,442
Total comprehensive (loss) income	(12,816)	47,057	(19,943)	22,399	12,488	(4,831)	(3,998)	40,356
Total comprehensive income attributable to								
Unitholders of APTT	(12,992)	47,057	(19,943)	22,399	12,488	(4,831)	(3,998)	40,180
Non-controlling interest	176	–	–	–	–	–	–	176
	(12,816)	47,057	(19,943)	22,399	12,488	(4,831)	(3,998)	40,356

(a) Pro forma statement of comprehensive income of the Trust Group for the year ended 31 December 2012 (Cont'd)

Notes:

(i) Being adjustment to reverse the interest expense from subsequent amortisation of the interest free MIIF loans to MRL and MIIT as disclosed in Note 3 (d) (i) and (ii).

(ii) Being adjustment to reverse the interest expense, including fee paid for additional revolving facility, upon re-financing and recording of amortisation of the remaining captalised borrowing cost arising from the existing onshore NTD senior secured facility and to effect the interest expense resulting from the New Debt Facilities as well as the amortisation of capitalised refinancing fee for the current period, as disclosed in Note 3(d) (iv).

(iii) Being adjustment to reverse interest expense and amortisation of the remaining capitalised borrowings cost from the U.S.$135 million subordinated loan facility upon repayment of the subordinated loan and to reverse loss arising from valuation and settlement of cross currency interest rate swap due to early termination of the underlying derivative instrument as disclosed in Note 3 (d) (v).

(iv) Being adjustment to reverse staff cost pursuant to the TBC Group's Pre-Listing LTIP, as disclosed in Note 3 (d) (vi).

(v) Being adjustment to reverse the current management service fee between MRL and MIIF and effect trustee manager fee and support service fee, as disclosed in Notes 3(d) (x), (xi) and (xii).

(vi) Being adjustments to effect the depreciation of fixed assets on the fair value adjustment arising from acquisition and realisation of the related deferred tax liabilities as disclosed in Note 3 (d) (viii).

4. STATEMENT OF ADJUSTMENTS (CONT'D)

(b) Pro forma statement of financial position of the Trust Group as at 31 December 2012

The following adjustments have been made in arriving at the pro forma statement of financial position of the Trust Group for the year as at 31 December 2012 based on an assumption that the following significant events had occurred at 31 December 2012.

	Per Combined Financial Statements	Pro forma adjustments						Pro forma statement of financial position
	$'000	$'000 Note (i)	$'000 Note (ii)	$'000 Note (iii)	$'000 Note (iv)	$'000 Note (v)	$'000 Note (vi)	$'000
Current assets								
Cash and cash equivalents	52,465	–	–	(16,773)	(1,073,876)	1,097,056	6,402	65,274
Trade and other receivables	15,644	–	–	–	–	–	–	15,644
	68,109	–	–	(16,773)	(1,073,876)	1,097,056	6,402	80,918
Non-current assets								
Property, plant and equipment	121,867	–	–	–	14,286	–	–	136,153
Intangible assets	1,781,956	–	–	–	437,566	–	–	2,219,522
Income tax refund receivable	14,053	–	–	–	–	–	–	14,053
Other assets	969	–	–	–	–	–	–	969
	1,918,845	–	–	–	451,852	–	–	2,370,697
Total assets	1,986,954	–	–	(16,773)	(622,024)	1,097,056	6,402	2,451,615

ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2012
In Singapore dollars

	Per Combined Financial Statements	Pro forma adjustments						Pro forma statement of financial position
	$'000	$'000 Note (i)	$'000 Note (ii)	$'000 Note (iii)	$'000 Note (iv)	$'000 Note (v)	$'000 Note (vi)	$'000
Current liabilities								
Borrowings from financial institutions	6,369	–	–	–	–	–	(4,973)	1,396
Derivative financial instruments	802	–	–	–	–	–	–	802
Trade and other payables	18,238	(1,165)	–	–	–	–	–	17,073
Income tax payable	124,107	–	–	–	–	–	–	124,107
Other liabilities	77,740	–	–	–	–	(14,177)	(12,391)	51,172
	227,256	(1,165)	–	–	–	(14,177)	(17,364)	194,550
Non-current liabilities								
Borrowings from financial institutions	1,019,397	–	–	–	22,858	(164,917)	23,766	901,104
Borrowings from related parties	293,198	(257,700)	(35,498)	–	–	–	–	–
Derivative financial instruments	64,848	–	–	–	–	(64,848)	–	–
Retirement benefit obligation	4,865	–	–	–	–	–	–	4,865
Deferred tax liabilities	1,358	–	–	–	2,429	–	–	3,787
Other liabilities	6,027	–	–	–	–	–	–	6,027
	1,389,693	(257,700)	(35,498)	–	25,287	(229,765)	23,766	915,783
Total liabilities	1,616,949	(258,865)	(35,498)	–	25,287	(243,942)	6,402	1,110,333
Net assets	370,005	258,865	35,498	(16,773)	(647,311)	1,340,998	–	1,341,282

(b) Pro forma statement of financial position of the Trust Group as at 31 December 2012 (Cont'd)

Notes:

(i) Being adjustment to exclude management fee payable and interest free loan from MIIF to MRL, as disclosed in Note 3(d) (i).

(ii) Being adjustment to settle the interest free loan provided by MIIF to MIIT immediately prior to the Listing by MIIF injecting equity into MIIT, as disclosed in Note 3 (d) (ii).

(iii) Being adjustment to effect the payment of distributions to MIIF and MMIL as disclosed in Note 3(d)(ix).

(iv) Being adjustments to effect the acquisitions of Asian Pay-TV Business and the revaluation of assets and liabilities (including full accretion of the remaining unamortised borrowing cost) based on their fair values, as disclosed in Notes 3 (d) (vii) and (viii).

(v) Being adjustments to effect the Proceeds net of the Equity Issue Expense, repayment of the US$135 million subordinated loan facility and outstanding interest, the costs associated with the termination of the related cross-currency interest rate swap, and Pre-Listing LTIP settlement at Cable TV S.A., as disclosed in Notes 3 (d) (iii), (v) and (vi).

(vi) Being recording of New Debt Facilities and capitalisation of borrowing costs arising from the refinancing, settlement of the existing onshore NTD senior secured facility including outstanding interest and Pre-Listing LTIP settlement at Jie Guang as disclosed in Notes 3 (d) (iv).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Trust Group, which are consistent to the significant accounting policies adopted in preparing the Combined Financial Statements except that the Trust Group adopts acquisition method in accounting for the acquisitions as set out in Note 3(d) (viii) above, are as follows:

The Pro Forma Financial Statements have been prepared in accordance with the basis set out in Note 3 and applied to financial information prepared in accordance with IFRS. The Pro Forma Financial Statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair values, as explained in the significant accounting policies set out below.

(a) Basis of consolidation

The Pro Forma Financial Statements include the financial statements of APTT and its subsidiaries for the year ended 31 December 2012, which include all its direct and indirect subsidiaries. Results of the subsidiaries acquired during the year are included as from their respective dates of acquisition to the end of reporting period. The acquisition of subsidiaries is accounted for using the acquisition method.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Trust Group.

All intra-Trust Group transactions, balances, income and expenses are eliminated in full on consolidation.

(b) Subsidiary companies

The Pro Forma Financial Statements incorporate the financial statements of APTT and entities (including special purpose entities) controlled by APTT (its subsidiaries). Control is achieved where APTT has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(c) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to unitholders of APTT, and are presented separately in the pro forma statements of comprehensive income and within equity in the pro forma statements of financial position, separately from equity attributable to unitholders of APTT.

Changes in the Trust Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders of APTT.

(d) Measurement of non-controlling interest

Non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation may be initially measured either at fair value or at non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or where applicable, on the basis specified in IFRS.

(e) Foreign currency

Items included in the Pro Forma Financial Statements of the Trust Group are measured using the currency of the primary economic environment that the entity operates in (referred to as the "**functional currency**"). The accompanying Pro Forma Financial Statements are prepared in New Taiwan dollars (NT$), the functional currency, and then presented in Singapore dollars, the presentation currency, for financial reporting purposes.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity from applying cash flow hedge accounting.

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

– assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates; and

– all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Business combinations

Acquisitions of subsidiaries and businesses from a party other than a common shareholder 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 Trust Group, and equity interests issued by the Trust Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of the Trust Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

(g) Financial instruments recognition, measurement and derecognition

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

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

may have to pay. If the Trust Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

(h) Cash and cash equivalents

For purpose of reporting cash flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade receivables

Trade receivables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less any impairment.

A provision for doubtful debts is established when there is objective evidence that the Trust Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in profit or loss. Where a debt is known to be uncollectible, it is considered a bad debt and written off.

(j) Property, plant and equipment

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

When significant parts of property, plant and equipment are required to be replaced in intervals, the Trust Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated.

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

– Buildings	3-50 years
– Leasehold improvement	3-10 years
– Network equipment	3-10 years
– Transportation equipment	5 years
– Plant and equipment	2-10 years
– Leased equipment	3 years

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

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

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

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

(k) Leases

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

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

(l) Intangible assets

– Cable Licences

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

Under the provisions of the Cable Radio and Television Law (Taiwan) (the "**CRTL**"), the National Communications Commission ("**NCC**") or similarly established regulatory body in accordance with the laws of Taiwan renews a cable TV licence every 9 years at no significant cost. Unless there is a significant risk of an offence against the CRTL or a breach of conditions under the licence, there is no reason to believe the licence will not be renewed. Further, the lives of the cable TV licences are not limited by any technical, legal, commercial or other factors either known or anticipated.

The Trust Group reviews the determination of indefinite life at each reporting date to determine whether events and circumstances continue to support the indefinite useful life assessment. The radio licences are subject to an annual impairment test as discussed below.

– Goodwill

All business combinations for a party other than a common shareholder are accounted for by applying the purchase method. Where an entity or operation is acquired from a party other than a common shareholder, the identifiable net assets acquired are measured at fair value.

For acquisitions on or after 1 January 2010, the Trust Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is stated at cost less any impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(n) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The activities of the Trust Group expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Trust Group uses interest rate swap agreements to hedge the exposure. Those contracts that can also be settled in cash are treated as a financial instrument. The Trust Group does not use derivative financial instruments for speculative purposes. The use of leveraged instruments is not permitted.

The Trust Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions.

The Trust Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 15.

Cash flow hedges

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

Hedge accounting is discontinued when the Trust Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time

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

(o) Payables

Liabilities are recognised when the Trust Group becomes obliged to make future payments as a result of a purchase of assets or services, whether or not billed to the Trust Group.

(p) Provisions

Provisions are recognised when the Trust Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(q) Retirement benefit obligations

The Trust Group operates both a defined benefit scheme and a defined contributions scheme. Eligibility for participation in each of the plans is governed by employment and related law in the country of employment for employees of the Trust Group.

– Defined benefit scheme

The defined benefit scheme, for certain eligible employees in Taiwan, provides defined lump sum benefits based on years of service and final average salary for the six month period before retirement.

A liability or asset in respect of the defined benefit scheme is recognised in the statement of financial position and is measured at the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial net gains/losses less the fair value of the plan's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership in the scheme to the reporting date, calculated at least annually by independent actuaries.

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

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

– Defined contribution scheme

The defined contribution scheme comprises fixed contributions made by the Trust Group with the Trust Group's legal or constructive obligation being limited to these contributions. Contributions to the defined contribution scheme are recognised as an expense as they become payable. Prepaid contributions are recognised in the statement of financial position as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Borrowings and interest-bearing liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Any difference between the proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Those borrowings that are part of a fair value hedge accounting relationship are also recorded on an amortised cost basis, plus or minus the fair value attributable to the risk being hedged with a corresponding entry in profit or loss.

(s) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Trust Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

(t) Revenue recognition

Revenue comprises fees earned from broadband access, cable television services and related advertising space.

Revenue is recognised in profit or loss as follows:

- Revenue from broadband and cable television services is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.

- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.

(u) Income tax

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

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

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity, in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination.

(v) Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Trust Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust Group for similar financial instruments.

(w) Adoption of relevant revised amendments which are not yet effective

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

IFRS 9	*Financial Instruments*[3]
IFRS 10	*Consolidated Financial Statements*[1]
IFRS 12	*Disclosure of Interest in Other Entities*[1]
IFRS 13	*Fair Value Measurement*[1]
Amendments to IFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*[1]

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*[1]
IAS 19 (as revised in 2011)	*Employee Benefits*[1]
IAS 27 (as revised in 2011)	*Separate Financial Statements*[1]
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*[2]
Amendments to IFRS	*Annual Improvements to IFRSs 2009-2011 Cycle* except for the amendment to IAS 1[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*[2]

[1] Effective for annual periods beginning on or after 1 January 2013

[2] Effective for annual periods beginning on or after 1 January 2014

[3] Effective for annual periods beginning on or after 1 January 2015

The Trust Group is in the process of assessing the impact of these new or revised standards and amendments. The Trust Group expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

6. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies adopted by the Trust Group, which are described in Note 5, the Trust Group 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 on-going 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.

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Trust Group's accounting policies and that have the most significant effect on the amounts recognised in the Pro Forma Financial Statements.

(a) Indefinite useful lives of the Cable TV licenses

The Trust Group exercises judgment in estimating the useful lives of the cable TV licenses. The cable TV licenses are subject to renewal every nine years, at no significant additional cost. Unless there is a significant risk of a violation of Taiwan's CRTL or a breach of the conditions of any of the licenses, there is no reason to believe the license will not be renewed. In addition, the lives of the cable TV licenses are not limited by any technical, legal, commercial or other factors, either known or anticipated. Taking these factors into consideration, it is the judgment of the management of the Trust Group that the cable TV licenses have useful lives of an indefinite duration. The management reviews the determination of useful life at each reporting date to determine whether events and circumstances continue to support the indefinite useful life assessment. Costs incurred in acquiring the cable TV licenses are brought to account as intangible assets. The useful lives of the licenses are subject to annual impairment testing, as discussed below.

(b) Impairment of goodwill and intangible assets with indefinite useful lives

Goodwill and assets with indefinite useful lives are not subject to amortisation and are tested annually for impairment. Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of their recoverable amounts (as an impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount). The recoverable amount is the higher of (i) an asset's fair value less costs-to-sell or (ii) the value-in-use of the cash-generating units to which goodwill and intangible assets have been allocated. The fair values less costs-to-sell require the management of the Trust Group to estimate, based on the best information available, the amount that an entity could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Where there are no active markets, the management has to exercise judgment in estimating the fair values of these assets, which are calculated based on the multi-period excess earnings method for expected income for the assets using the appropriate discount rate. Having considered the above, management is of the view that there is no impairment of goodwill and cable TV licenses totalling of $2,217,734,000 as at 31 December 2012 (Note 11).

(c) Depreciation and impairment of property, plant and equipment

As at 31 December 2012, the carrying value of property, plant and equipment is $136,153,000 as disclosed in Note 10 to the financial statements. All items of property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight line method. The management of the Trust Group exercises their judgement in estimating the useful lives and residual value of the depreciable assets. The estimated useful lives reflects management's estimate of the period that the Trust Group intends to derive future economic benefits from the use of the depreciable assets.

The management of the Trust Group reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(d) Income tax (Note 8)

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

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

7. PROFIT BEFORE INCOME TAX

The profit before income tax includes the following specific items of revenue, other operating costs, other operating expense and interest and finance costs:

	$'000
Revenue	
Basic Cable TV revenue	
– Subscription revenue	207,420
– Non-subscription revenue	38,557
	245,977
Broadband revenue	50,902
Premium digital cable TV revenue	11,616
Other revenue	236
	308,731

Non-subscription revenue of Basic Cable TV revenue is primarily comprised of channel leasing revenue.

	$'000
Other operating costs	
Professional service fee	2,613
Non-recoverable GST/VAT	3,496
Repairs and maintenance	1,486
Promotions and marketing expenses	725
Trustee manager fee	7,000
Support and administrative fees	1,382
Other operating costs	16,184
	32,886

	$'000
Other operating expense	
Currency exchange loss	(9,897)
Reversal of overprovision of withholding tax penalty	944
Other losses	(206)
	(9,159)

	$'000
Interest and other finance costs	
Interest expense-financial institutions	(37,636)
Bank charges	(1,943)
Realised loss on settlement of derivative financial instruments (Note 15)	(2,131)
Amortisation of arrangement cost	(31,884)
	(73,594)
Interest income	106
Finance costs, net of interest income	(73,488)

8. INCOME TAX EXPENSES

The Asian Pay-TV Business' operations undertaken in Taiwan, Netherlands and Luxembourg are subject to various corporate income tax rates of 17.0%, 25.0% and 28.59% respectively.

The income tax for the financial year differs from the amount calculated on the net result from operating activities for the combined entities. The differences are reconciled as follows:

	$'000
(a) Income tax (expense) benefit	
Current income tax	(3,494)
Deferred income tax	972
Withholding tax	(8,091)
Additional provision from potential tax assessment	(25,203)
	(35,816)
(b) Reconciliation of income tax provision and the income tax computed at the tax rate prevailing in the respective jurisdictions	
Tax at the local rates applicable to profits in the countries concerned	(6,577)
Withholding tax	(8,091)
Additional provision from potential tax assessment	(25,203)
Tax effect of non-deductible items	4,055
	(35,816)

(c) Deferred tax assets (liabilities)

	Retirement benefit obligation	**Impairment loss**	**Unrealised Exchange gain**	**Fair Value adjustment of assets acquired**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Acquisition of subsidiaries as at 31 December 2012	703	554	(2,615)	(2,429)	(3,787)

The following is the analysis of the deferred tax balances for combined statements of financial position purposes:

	$'000
Deferred tax liabilities to be disbursed after more than 12 months	3,787

When filing the income tax return of the Taiwan entities, amortisation of intangible assets and goodwill (Note 11) and interest expenses on shareholders' loans and bank borrowings are claimed as tax deductible expenses. However, as the tax ruling application with respect to whether such amortisations and interest expenses are tax deductible is still pending for the tax authorities' approval, the Trust Group has made additional accruals for income tax at amounts of approximately $25 million (NT$597 million), in the financial year 2012, and at amounts accumulated to approximately $122 million (NT$2,912 million) as at 31 December 2012 for the potential tax assessments that might result from the tax authorities' disallowing the tax deductions for interest incurred for the shareholders' loans and bank borrowings and for tax amortisation of intangible assets and goodwill.

The income tax payable also include accrual for potential tax liabilities that have already been assessed by the tax authorities, totalling $95 million (equivalent to NT$2,269 million) as at 31 December 2012, despite the relevant tax appeals that are still in the process of being reviewed by the relevant authorities.

The Taiwan tax authorities have placed a tax lien on certain of the Asian Pay-TV Business' real properties and assets, pending resolution of the tax dispute. Settlement discussions between the Asian Pay-TV Business and the Taiwan tax authorities are ongoing.

(d) Income tax refund receivable

As at 31 December 2012, the Trust Group has an aggregate income tax refund receivable of $14,053,000 (equivalent to NT$334,336,000), which consists of the withheld income tax with respect to interest payment for the shareholders' loans. According to the tax laws in Taiwan, 10% income tax must be withheld on the interest payment made locally. Therefore, 10% income tax was withheld when Nan Tao Yuan, Best, Shin Ho, Chi Yuan, Chun Chien and Wei Chieh Broadcast Co., Ltd. ("**Wei Chieh**", which was subsequently merged into Wo Jun) made the interest payment for the shareholders' loans to Jie Guang and Tai Luo Tze. The withholding taxes, similar to prepaid tax, can be used as tax credit or be refunded when filing Jie Guang's and Tai Luo Tze's income tax returns.

9. EARNINGS PER UNIT

The calculation of earnings per unit is based on profit attributable to unitholders of APTT of $26,738,000 and 1,436,800,000 units in issue.

10. PROPERTY, PLANT AND EQUIPMENT

	$'000
Acquisition of subsidiaries as at 31 December 2012	
Land	2,543
Buildings	3,576
Leasehold improvement	363
Network equipment	120,469
Transportation equipment	2,405
Plant and equipment	4,023
Leased equipment	218
Asset under construction	2,556
	136,153

As at 31 December 2012, the Trust Group has pledged property, plant and equipment having carrying amounts of approximately $113,264,000 to secure banking facilities granted to the Trust Group (Note 14).

11. INTANGIBLE ASSETS AND GOODWILL

(a) Intangible assets

	Cable TV licenses	Software	Goodwill	Total
	$'000	$'000	$'000	$'000
Acquisition of subsidiaries and as at 31 December 2012	2,212,694	1,788	5,040	2,219,522

(b) Goodwill

The acquisition of the Asian Pay-TV Business at a consideration of $1,073,876,000, as set out in Note 3(d) (vii) is assumed to be occurred at 31 December 2012 for the purpose of pro forma statement of financial position. The recognised amount of identifiable assets acquired and liabilities assumed at the date of acquisition are as follows:

	$'000
Property, plant and equipment	136,153
Intangible assets	2,214,482
Income tax refund receivable	14,053
Other assets	969
Cash and cash equivalents	35,692
Trade and other receivables	15,644
Trade and other payables	(17,073)
Income tax payable	(124,107)
Borrowings from financial institutions	(1,048,624)
Derivative financial instruments	(65,650)
Retirement benefit obligation	(4,865)
Deferred tax liabilities	(3,787)
Other liabilities	(83,767)
Net assets acquired and liabilities assumed	1,069,120
Non-controlling interest	(284)
Goodwill	5,040
Purchase consideration for the acquisition	1,073,876
Less: Cash and cash equivalents acquired	(35,692)
Net cash outflow for the acquisition	1,038,184
Effects on pro forma adjustments arising from the different basis of preparation of the pro forma statement of financial position and statement of comprehensive income	67,654
	1,105,838

12. TRADE AND OTHER PAYABLES

	$'000
Trade payables	15,203
Other payables	1,870
	17,073

Other payables as at 31 December 2012 are primarily comprised of withholding tax payables amounting to $1,161,000.

13. OTHER CURRENT LIABILITIES

	$'000
Received advances	32,709
Accruals	18,379
Finance lease payables[(a)]	84
	51,172

(a) Finance lease payables pertain to payables arising from a finance lease arrangement which the Trust Group used to finance the acquisition of property, plant and equipment (Note 10). As the financial effect of the finance lease obligation is not significant, management is of the view that no further disclosure is required.

14. BORROWINGS FROM FINANCIAL INSTITUTIONS

	$'000
Current portion	1,396
Non-current portion	929,340
Unamortised arrangement cost	(28,236)
	902,500

The bank borrowings consist of the New Debt Facilities denominated in New Taiwan dollars and are summarised as follows.

	Principal Amount	Type	Tenor	Ranking
	$'000			
Tranche A	930,736	Term loan	7 years	Senior secured

The New Debt Facilities will be secured by all land, buildings, signal communication equipment and certain deposits, insurance and material contracts held by the TBC Group as well as by pledges over shares in onshore entities of the TBC Group and over the shares in TBC Holdings and Harvest Cable Holdings held by CableTV S.A. The onshore members of the TBC Group party to the New Debt Facilities are jointly liable under the New Debt Facilities. In addition, guarantees in favour of the lenders under the New Debt Facilities are provided by TBC Holdings and Harvest Cable Holdings.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	$'000
Derivative financial instruments – Liability	
Interest rate swap contracts	802

The Trust Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Trust Group's financial risk management policies.

The Trust Group uses interest rate swaps to manage its exposure to interest rate movements on its borrowings from financial institutions by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with a total notional amount of $725,057,000 have fixed interest payments at average rates ranging from 1.05% to 1.34% and receipts at the floating rates of 90 days commercial papers in Taiwan's secondary commercial paper market for periods up to 30 June 2013. The Trust Group will settle the difference between the fixed and floating interest rate on a net basis every quarter.

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 Trust Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

The fair value of interest rate swaps entered into as at 31 December 2012 is estimated at $802,000, which resulted in financial instrument liabilities of the Trust Group. These amounts are based on using valuation techniques at the balance sheet date. The aforementioned interest rate swaps qualify for hedge accounting. Therefore, the changes in the fair value of hedging interest rate derivative, totalling gain of $4,996,000 for the year ended 31 December 2012, have been recognised directly in other comprehensive income, while the realised loss from settlement amounting to $2,131,000 was recorded as additions to interest and other finance costs expense amount for the year ended 31 December 2012.

16. RETIREMENT BENEFIT OBLIGATIONS

(a) Retirement benefit plans

The Trust Group operates two retirement benefit arrangements for all employees in accordance with legislation in the country of employment for all employees: for eligible employees in Taiwan, a defined benefit plan and for all other employees, a defined contribution plan. The defined benefit plan provides benefits based on years of service and average salary in the six months before retirement. The defined contribution plan receives fixed contributions from the Trust Group and the Trust Group's legal or constructive obligation is limited to these contributions.

Defined Contribution Plan

The total expense recognised in the combined statement of comprehensive income of $1,338,000 for the year ended 31 December 2012, represents contributions payable to these plans by the Trust Group at rates specified in the rules of the plans. As at 31 December 2012, contributions of $341,000 due in respect of the 2012 reporting period, had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

Defined Benefit Plan

The following sets out details in respect of the defined benefit plan only.

(b) Retirement benefit obligation

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

	$'000
Present value of the defined benefit obligation	12,325
Fair value of defined benefit plan assets	(3,786)
Unrecognised net asset at transition	(427)
Unrecognised prior service cost	(122)
Unrecognised net gain	(3,854)
Additional minimum pension liability	707
Prepaid pension cost	21
Translation difference	1
Total net liability	4,865

(c) Categories of plan assets and financial position of plan

The plan assets are held in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as the survivor entity), a custodian bank for employee pension funds designated by the government of Taiwan in accordance with regulations in Taiwan.

(d) Reconciliations

	$'000
Reconciliation of the present value of the defined benefit obligation:	
Balance at the beginning of the year	11,183
Current service cost	83
Interest cost	216
Unrecognised net loss	1,315
Payments from the fund	(472)
Balance at the end of the year	12,325

	$'000
Reconciliation of the fair value of plan assets:	
Balance at the beginning of the year	3,627
Actuarial gains and losses	35
Contributions by plan participants	279
Settlements	(155)
Balance at the end of the year	3,786

(e) Amounts recognised in profit or loss

	$'000
Current service costs	83
Interest cost	216
Expected return on plan assets	(73)
Amortisation	237
Net pension cost	463

(f) Principal actuarial assumptions

An actuarial review of the plan assets and liabilities is undertaken at least annually. The last actuarial review was undertaken at December 31, 2011. The present values of employee benefits not expected to be settled within twelve months as at the reporting date have been calculated using the following weighted averages for the retirement benefit obligations:

Discount rate used in determining present values	1.88%
Future salary increase rate	2.75% – 3.00%
Expected rate of return on plan assets	1.88%

(g) Employer contributions

The Trust Group funds the defined benefit plan at 2% of salaries for employees who are members of the defined benefit plan, in accordance with legislative requirements and market practice in the country of employment.

The actual return on plan assets in 2012 was $35,000.

The Trust Group expects to make a contribution to the defined benefit plans during the next financial year amounting to $281,000 in 2012.

17. UNITHOLDERS' FUNDS

	Number of units	$'000
Units issued at registration	1	*
Units issued under the initial public offering, as cornerstone units and Consideration Units[(1)]	1,436,799,999	1,393,696
	1,436,800,000	1,393,696
Less: equity issue expenses		(52,698)
Unitholders' Funds		1,340,998

* Less than $1,000.

Note:

(1) Assume no Consideration Units issued. If any Consideration Units were issued, it would reduce units under initial public offering and the Proceeds. Accordingly, cash payout of purchase consideration would reduce.

18. NON-CONTROLLING INTEREST

In order to comply with Taiwan cable TV regulations regarding foreign ownership, the entities within the Trust Group have issued preferred shares to third parties. The preferred shares were issued to external investors, and their interests in the net assets of the Trust Group are identified separately from the Trust Group's equity therein.

On 1 October 1 2012, the Taiwan entities of the Trust Group issued new preferred stock with the par value of $1,329,000 (NT$31,460,000). At the same time, the Taiwan entities of the Trust Group also redeemed their original preferred stock with the par value of $1,329,000 (NT$31,460,000).

Preferred shareholders of the Taiwan entities of the Trust Group are only entitled to a fixed rate of return, which is 25% per annum for the first six years and 5% (amended to 7% in 2012) per annum afterwards. The preferred share dividends are distributed when the respective entities have positive earnings and declared by the entities at their discretion. Deferred and undeclared dividends on the aforementioned preferred shares amount to $23,000 (NT$554,000) as at 31 December 2012. The entity can redeem the preferred shares at the original subscription price plus all the declared preferred share dividends. However, the preferred shareholders cannot request the entity to buy back the shares, even in the event of liquidation of the entity. The preferred shareholders also enjoy the same priority right as common shareholders to purchase new shares issued by the entity in the future.

During the year ended 31 December 2012, the companies comprising the Trust Group declared dividends to preferred shareholders amounting to $632,000.

19. RELATED PARTIES TRANSACTIONS

(a) Transactions with related parties

	$'000
Trustee-Manager Management Fees	7,000
Ancillary Resources Service Fee payable to MIRA Singapore, an affiliate of Trustee-Manager	518

(b) Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust Group, directly or indirectly, including any director (whether executive or otherwise) of the Trust Group. The compensation paid or payable to key management for employee services is shown below:

	$'000
Short-term benefits	2,967
Post-employment benefits	9
	2,976

Short term benefits include directors' fees, wages/salaries, leave pay, bonuses and allowances. Post-employment benefits include the Trust Group's contribution to provident fund, pension fund and other retirement schemes.

20. OPERATING LEASE ARRANGEMENTS

	$'000
The Trust Group as lessee	
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	1,316

At the end of the reporting period, the Trust Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	$'000
Within one year	1,199
In the second to the fifth year inclusive	3,783
After five years	618
	5,600

21. LIST OF SUBSIDIARIES OF THE TRUST GROUP

Details of the subsidiaries of the Trust Group as at 31 December 2012 are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest
APTT Holding Ltd. (Formally known as MKOF Media Holdings Limited)	Investment holding	Bermuda	100%
APTT Pay-TV Holding Ltd. (Formally known as Macquarie International Infrastructure Taiwan Limited)	Investment holding	Bermuda	100%
Cable TV S.A.	Investment holding	Luxembourg	100%
TBC Holdings B.V.	Investment holding	Netherlands	100%
Harvest Cable Holdings B.V.[(a)]	Investment holding	Netherlands	15%
Jie Guang Co., Ltd	Investment holding	Taiwan	100%
Jia Guang Co., Ltd	Investment holding	Taiwan	77%
Wo Jun Co., Ltd	Investment holding	Taiwan	77%
Tai Luo Tze Co., Ltd	Investment holding	Taiwan	77%
Tau Luen Co., Ltd	Investment holding	Taiwan	77%
Taiwan Broadband Communications Co., Ltd	A multi-system cable TV operator	Taiwan	100%
Nan Tao Yuan Cable Television Co., Ltd	A cable TV system operator	Taiwan	100%
Best Cable Television Co., Ltd	A cable TV system operator	Taiwan	100%

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest
Shin Ho Cable Television Co., Ltd	A cable TV system operator	Taiwan	100%
Chun Chien Cable TV Co., Ltd	A cable TV system operator	Taiwan	99.9%
Chi Yuan Cable TV Co., Ltd[(a)]	A cable TV operator	Taiwan	100%
Wei Chieh Broadcast Co., Ltd[(b)]	Cable TV related business	Taiwan	–

Notes on shareholding

(a) Although the Trust Group does not effectively own more than 50% of the equity shares of Harvest Cable Holdings and Chi Yuan, with 15% and 8.9% effective interest held by the Trust Group in Harvest Cable Holdings and Chi Yuan respectively, it has control over the financial and operating policies of Harvest Cable Holdings and Chi Yuan pursuant to a series of arrangements among the shareholders in these entities, and the Trust Group receives substantially all of Chi Yuan's economic interest. Accordingly, the Trust Group regards Harvest Cable Holdings and Chi Yuan as subsidiaries.

(b) To increase the efficiency of operation, Wei Chieh was merged into Wo Jun based on the carrying value in October 2012. As Wei Chieh was 100% subsidiary of Wo Jun, the merger has no significant financial effect for the year ended 31 December 2012.

22. NOTES TO THE PRO FORMA STATEMENT OF CASH FLOW

The breakdown of cash generated from operations is as follows:

	$'000
Profit for the year	26,914
Adjustments for:	
Depreciation and amortisation expense	43,065
Finance costs, net of interest income	73,488
Currency exchange gain	11,199
Income tax expense	35,816
Operating cash flow before movements in working capital	190,482
Trade and other receivables	(368)
Income tax refund receivable	6,395
Trade and other payables	(1,903)
Retirement benefit obligation	287
Other assets and liabilities	(5,405)
Cash generated from operations	189,488

23. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	$'000
Financial assets	
Loans and receivables (including cash and cash equivalents)	77,361
Financial liabilities	
Derivative financial instruments	802
Amortised cost	942,193
	942,995

(b) Financial risk management policies and objectives

The Trust Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Trust Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects of changes in the financial markets on the financial performance of the Trust Group. The Trust Group uses derivative financial instruments such as cross currency interest rate swaps and interest rate swaps to hedge certain risk exposures. Risk management is carried out by the responsible entity of the Trust Group under internal management policies.

The management of the Trust Group identifies, evaluates and hedges financial risks and provides guidelines for overall risk management, covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

There has been no change to the Trust 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.

(i) Foreign currency risk

The Trust Group's foreign currency exposures arise primarily from the exchange rate movement of foreign currency, namely United States dollars vis-a-vis the functional currencies of respective entities within the Trust Group.

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

At the end of the reporting period, there are no monetary assets and monetary liabilities denominated in currencies other than the respective Trust Group entities' functional currencies.

(ii) Credit risk

The Trust Group has no significant concentrations of credit risk. The Trust Group has policies in place to require advanced collection of subscription fees from customers.

The Trust Group has trade debtors amounting to $302,000 as at 31 December 2012, that are past due at the balance sheet date but not impaired. These receivables are unsecured. The analysis of trade debtors that are not impaired at the balance sheet date is as follows:

	$'000
Trade receivables neither past due nor impaired	11,074
Trade receivables past due but not impaired:	
< 3 months	217
3-6 months	85
Trade receivables past due but not impaired	302
Total of trade receivables	11,376

The allowances for doubtful receivables will be made based on the Trust Group's historical collections experience. The above past due amount is not impaired as management believes that there has not been a significant change in credit quality and the amounts are considered recoverable. Accordingly, the allowance for doubtful debts recorded by management as at 31 December 2012 is $12,000.

(iii) Liquidity risk

Liquidity risk reflects the risk that the Trust Group will have insufficient resources to meet its financial liabilities as they fall due.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust Group can be required to pay. The table includes both interest and principal cash flows.

Non-derivative financial liabilities

	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	$'000	$'000	$'000	$'000	$'000
Floating rate – borrowings from financial institutions	37,407	410,155	702,217	(247,279)	902,500
Trade and other payables	15,203	–	–	–	15,203
Other liabilities	18,463	6,027	–	–	24,490
Total	71,073	416,182	702,217	(247,279)	942,193

Non-derivative financial assets

Substantially all financial assets of the Trust Group amounting to $77,361,000 as at 31 December 2012 are on demand or due within one year.

Derivative financial instruments

	On demand or within 1 year	Within 2 to 5 years	Total
	$'000	$'000	$'000
Net settled:			
Interest rate swap contracts	802	–	802

As at 31 December 2012, the Trust Group's current liabilities exceed current assets by $113,632,000 and the total financial liabilities (including both derivative and non-derivative) of $942,995,000 exceed total financial assets of $77,361,000, indicating that there would be insufficient resources to meet Trust Group's financial liabilities as they fall due.

Based on historical positive operating cash flow, the management of the Trust Group believes that the liquidity risk is mitigated as the Trust Group's operating cash inflows are deemed sufficient to meet its short-term liquidity demands, taking into consideration the following factors:

(i) The Trust Group has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009, that serve over 751,000 cable TV households as at 31 December 2012, with more than 100 channels

of local and international content on its analogue and digital cable TV platforms in Taiwan. Hence, it is expected that the Trust Group's core business, i.e. cable TV system operators and their related business, will continue generating sufficient and stable cash inflows. This is consistent with the positive operating cash flow generated by the Trust Group of $169,318,000 for the year ended 31 December 2012.

(ii) The Trust Group has a general revolver loan facility in place to fund capital expenditure and working capital requirements. Also, in view of the constant operating cash flow generated, good credibility over the past years and full compliance with the requirements as stipulated in the general loan facility agreement, the management of the Trust Group is confident it can refinance such bank borrowing when required, as was successfully conducted in 2006 and 2010, respectively.

(iii) The management of the Trust Group has carefully monitored and managed its cash flow. Management and operation reports are prepared and reviewed on a monthly basis and cash flow forecasts are prepared on a quarterly basis to project cash flow requirements of the Trust Group using the various general and operational assumptions. In the past, the Trust Group has not encountered any liquidity problems in its operations.

As at 31 December 2012, the Trust Group has $198,697,000 (equivalent to NT$4,750,000,000) of undrawn committed bank credit facilities.

(iv) Interest rate risk

The Trust Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Trust Group to cash flow interest rate risk. The Trust Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Trust Group raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Trust Group borrowed at fixed rates directly.

Under the interest rate swaps, the Trust Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Further details of the interest rate swap contracts are found in Note 15 of the financial statements.

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

(v) Fair value of financial assets and financial liabilities

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

The Trust Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value

	Level 2
	$'000
Financial liability	
Derivative financial instruments	802

There were no significant transfers between Level 1 and level 2 of the fair value hierarchy in 2012.

(c) Capital risk management policies and objectives

The Trust Group's capital risk management objectives are to safeguard the Trust Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. To achieve its capital risk management objectives, the Trust Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares and obtain new borrowings.

In addition, the Trust Group also specifically monitors the financial ratios of its debt covenants stated in the agreements with the financial institutions providing the loan facilities to the Trust Group. The Trust Group is in compliance with externally imposed capital requirements for the financial year ended 31 December 2012.

24. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Trust Group. The Chief Executive Officer reviews the internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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

25. APPROVAL OF THE PRO FORMA FINANCIAL STATEMENTS

The Pro forma financial statements set out on pages A-3 to A-48 were approved by the Board of Directors of Macquarie APTT Management Pte. Limited on 16 May 2013.

APPENDIX B

REPORTING ACCOUNTANT'S REPORT ON THE PROFIT AND CASHFLOW FORECAST AND PROFIT AND CASHFLOW PROJECTION OF ASIAN PAY TELEVISION TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2013 AND 31 DECEMBER 2014

The Board of Directors
Macquarie APTT Management Pte. Limited
(as Trustee-Manager of Asian Pay Television Trust)
10 Marina Boulevard
#17-01, Tower 2
Marina Bay Financial Centre
Singapore 018983

16 May 2013

Dear Sirs

Letter from the Reporting Accountant on the Profit and Cashflow Forecast and Profit and Cashflow Projection of Asian Pay Television Trust and its subsidiaries for the years ending 31 December 2013 and 31 December 2014

This letter has been prepared for inclusion in the prospectus (the "**Prospectus**") of Asian Pay Television Trust ("**APTT**") in connection with the initial public offering of the units in APTT and listing of the units on the Singapore Exchange Securities Trading Limited (the "**Offering**").

The directors (the "**Directors**") of the Trustee-Manager, a wholly-owned subsidiary of Macquarie Capital Group Limited, are responsible for the preparation and presentation of the forecast and projected income statements and statements of cashflows of APTT and its subsidiaries (the "**Group**") for the years ending 31 December 2013 (the "**Profit and Cashflow Forecast**") and for the year ending 31 December 2014 (the "**Profit and Cashflow Projection**"), as set out on pages 148 to 150 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 155 to 167 of the Prospectus.

We have examined the Profit and Cashflow Forecast and the Profit and Cashflow Projection as set out on pages 148 to 150 of the Prospectus in accordance with Singapore Standard on Assurance Engagements 3400 "Examination of Prospective Financial Information" applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit and Cashflow Forecast and Profit and Cashflow Projection including the assumptions set out on pages 155 to 167 of the Prospectus on which they are based.

Profit and Cashflow Forecast

In our opinion, the Profit and Cashflow Forecast is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on A-17 to A-27 of the Prospectus, and is presented in accordance with International Financial Reporting Standards (but not all the required disclosures) which is the accounting framework to be adopted by APTT in the preparation of the consolidated financial statements of the Group and financial statements of APTT. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit and Cashflow Forecast.

Profit and Cashflow Projection

The Profit and Cashflow Projection is intended to show a possible outcome based on the stated assumptions. As the length of the period covered by the Profit and Cashflow Projection extends beyond the period covered by the Profit and Cashflow Forecast, the assumptions used in the Profit and Cashflow Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the Project and Cashflow Forecast. The Profit and Cashflow Projection does not therefore constitute a Profit and Cashflow Forecast.

In our opinion, the Profit and Cashflow Projection is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on A-17 to A-27 of the Prospectus, and is presented in accordance with International Financial Reporting Standards (but not all required disclosures) which is the accounting framework to be adopted by APTT in the preparation of the consolidated financial statements of the Group and financial statements of APTT. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit and Cashflow Projection.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions set out on pages 155 to 167 of the Prospectus occur, actual results are still likely to be different from the Profit and Cashflow Forecast and Profit and Cashflow Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit and Cashflow Forecast and Profit and Cashflow Projection.

Attention is drawn, in particular, to the risk factors set out on pages 55 to 83 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit and Cashflow Forecast and Profit and Cashflow Projection relate and the sensitivity analysis of the Profit and Cashflow Forecast and Profit and Cashflow Projection as set out on pages 168 and 169 of the Prospectus.

Yours faithfully,

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Ng Peck Hoon
Partner

APPENDIX C

PAY-TV BUSINESS AND BROADBAND BUSINESS

INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS OF THE PAY-TV BUSINESS AND BROADBAND BUSINESS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

TABLE OF CONTENTS

PAGE

Independent auditors' report C-1

Combined statements of comprehensive income for the years ended December 31, 2010, 2011 and 2012 . . . . . C-3

Combined statements of financial position as at December 31, 2010, 2011 and 2012 . . . . . C-4

Combined statements of cash flows for the years ended December 31, 2010, 2011 and 2012 . . . . . C-5

Combined statements of changes in equity for the years ended December 31, 2010, 2011 and 2012 . . . . . C-6

Notes to the combined financial statements C-8

INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF THE PAY-TV BUSINESS AND BROADBAND BUSINESS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

16 May 2013

The Board of Directors
Macquarie APTT Management Pte Limited
in its capacity as Trustee-Manager of Asian Pay Television Trust
10 Marina Boulevard
#17-01, Tower 2
Marina Bay Financial Centre
Singapore 018983

Dear Sirs

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Pay-TV Business and Broadband Business (collectively referred to as the "Asian Pay-TV Business"). The combined financial statements comprise the combined statements of financial position as at December 31, 2010, 2011 and 2012, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Asian Pay-TV Business for the financial years ended December 31, 2010, 2011 and 2012 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes, as set out on pages C-3 to C-60.

Management's Responsibility for the Financial Statements

The management of the Asian Pay-TV Business is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal controls as the management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements of the Asian Pay-TV Business give a true and fair view of the financial position of the Asian Pay-TV Business as at December 31, 2010, 2011 and 2012, and of the financial performance and cash flows of the Asian Pay-TV Business for the Relevant Periods in accordance with International Financial Reporting Standards.

Other Matters

This report has been prepared solely for you in connection with the proposed initial public offering of units by Asian Pay Television Business Trust on the Mainboard of Singapore Exchange Securities Trading Limited and for no other purpose.

Yours faithfully,

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Ng Peck Hoon
Partner

PAY-TV BUSINESS AND BROADBAND BUSINESS
COMBINED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2010, 2011 and 2012
In Singapore dollars

	Notes	2010	2011	2012
		$'000	$'000	$'000
Revenue	4	298,684	304,822	308,731
Broadcast and production costs		(60,117)	(58,783)	(59,368)
Other operating costs	4	(32,228)	(26,190)	(24,504)
Staff costs		(30,008)	(33,130)	(41,077)
Depreciation and amortisation expenses		(28,763)	(31,996)	(38,248)
Management fee expenses	16(a)	(5,314)	(3,001)	(3,551)
Other operating income (expense)	4	14,136	(3,981)	(9,159)
Operating profit		156,390	147,741	132,824
Interest and other finance costs	4	(170,220)	(76,977)	(122,250)
(Loss) Profit before income tax		(13,830)	70,764	10,574
Income tax expense	5 (a)(b)	(31,497)	(75,289)	(36,832)
Loss for the year		(45,327)	(4,525)	(26,258)
(Loss) Profit attributable to				
Holding Companies of the Asian Pay-TV Business		(30,439)	(7,750)	(26,434)
Non-controlling interest		(14,888)	3,225	176
		(45,327)	(4,525)	(26,258)
Other comprehensive (loss) income, net of tax				
Exchange differences on translation of foreign operations		710	(19,126)	10,577
Change in unrealised gain (loss) on cash flow hedging financial instruments	12(a)	4,971	(2,231)	2,865
Total comprehensive loss		(39,646)	(25,882)	(12,816)
Total comprehensive (loss) income attributable to				
Holding Companies of the Asian Pay-TV Portfolio Business		(28,386)	(29,103)	(12,992)
Non-controlling interest		(11,260)	3,221	176
		(39,646)	(25,882)	(12,816)
Earnings per share of profit attributable to the Holding Companies of the Asian Pay-TV Business	6	N/A	N/A	N/A

The accompanying notes form an integral part of these combined financial statements.

PAY-TV BUSINESS AND BROADBAND BUSINESS
COMBINED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2010, 2011 and 2012
In Singapore dollars

	Notes	2010	2011	2012
		$'000	$'000	$'000
ASSETS				
Current assets				
Cash and cash equivalents		34,235	66,938	52,465
Trade and other receivables		6,064	15,564	15,644
		40,299	82,502	68,109
Non-current assets				
Property, plant and equipment	7	115,013	114,809	121,867
Intangible assets	8	1,865,926	1,815,195	1,781,956
Income tax refund receivable	5 (d)	29,010	20,797	14,053
Other assets		887	891	969
		2,010,836	1,951,692	1,918,845
Total assets		2,051,135	2,034,194	1,986,954
Current liabilities				
Borrowings from financial institutions	9 (a)	48,733	–	6,369
Derivative financial instruments	12	–	–	802
Trade and other payables	10	13,805	29,439	18,238
Income tax payable		52,965	101,646	124,107
Other liabilities	11	58,321	71,441	77,740
		173,824	202,526	227,256
Non-current liabilities				
Borrowings from financial institutions	9 (a)	1,141,907	1,033,218	1,019,397
Borrowings from related parties	9 (b)	55,375	250,996	293,198
Derivative financial instruments	12	82,086	62,519	64,848
Retirement benefit obligation	13 (b)	4,129	4,247	4,865
Deferred tax liabilities	5 (c)	675	1,539	1,358
Other liabilities		6,085	5,653	6,027
		1,290,257	1,358,172	1,389,693
Total liabilities		1,464,081	1,560,698	1,616,949
Net assets		587,054	473,496	370,005
CAPITAL AND RESERVES				
Combined capital	14	778,126	778,126	778,126
Reserves		(141,342)	(305,370)	(408,405)
Equity attributable to Holding Companies of the Asian Pay-TV Business		636,784	472,756	369,721
Non-controlling interest	15	(49,730)	740	284
Total equity		587,054	473,496	370,005

The accompanying notes form an integral part of these combined financial statements.

PAY-TV BUSINESS AND BROADBAND BUSINESS
COMBINED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2010, 2011 and 2012
In Singapore dollars

	Notes	2010	2011	2012
		$'000	$'000	$'000
Operating activities				
Cash generated from operations	19	178,284	199,706	194,944
Income tax paid		(22,741)	(14,698)	(20,170)
Net cash from operating activities		155,543	185,008	174,774
Investing activities				
Acquisition of property, plant and equipment		(32,807)	(33,410)	(46,638)
Proceeds from disposal of property, plant and equipment		77	3	–
Acquisition of intangible assets		(720)	(1,092)	(1,053)
Net cash used in investing activities		(33,450)	(34,499)	(47,691)
Financing activities				
Acquisition of non-controlling interest in a subsidiary		–	(110,881)	–
Interest received		89	115	106
Interest paid		(75,213)	(54,635)	(51,211)
Borrowing from financial institutions		1,201,256	15,609	13,098
Repayment of borrowings to financial institutions		(1,183,254)	(145,237)	–
Borrowings from a related party		–	311,961	–
Repayment of borrowings to related parties		–	(58,404)	–
Derivative financial instruments		(17,193)	(11,435)	(12,031)
Proceeds from issuance of shares		1,716	–	–
Proceeds from issuance of preferred stock		–	–	1,329
Redemption of preferred stock		–	–	(1,329)
Preference shares dividend paid		–	(604)	(632)
Dividends paid		(38,487)	(64,349)	(89,631)
Net cash used in financing activities		(111,086)	(117,860)	(140,301)
Increase (decrease) in cash and cash equivalents		11,007	32,649	(13,218)
Balance of cash and cash equivalents at the beginning of the year		24,311	34,235	66,938
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,083)	54	(1,255)
Balance of cash and cash equivalents at the end of the year		34,235	66,938	52,465

The accompanying notes form an integral part of these combined financial statements.

PAY-TV BUSINESS AND BROADBAND BUSINESS
COMBINED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2010, 2011 and 2012
In Singapore dollars

	Combined capital	Translation reserves	Hedging reserves	Capital Reserves	Accumulated losses	Net loss not recognised as pension cost	Attributable to Holding Companies of the Asian Pay-TV Business	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2010	776,410	7,052	3,901	–	(85,413)	–	701,950	(38,034)	663,916
Issue of shares	1,716	–	–	–	–	–	1,716	–	1,716
Total comprehensive (loss) income for the year	–	(1,924)	3,977	–	(30,439)	–	(28,386)	(11,260)	(39,646)
Dividends (Note 21)	–	–	–	–	(38,487)	–	(38,487)	–	(38,487)
Change in net loss not recognised as pension cost	–	–	–	–	–	(9)	(9)	–	(9)
Change in non-controlling interest	–	–	–	–	–	–	–	(436)	(436)
Balance at December 31, 2010	778,126	5,128	7,878	–	(154,339)	(9)	636,784	(49,730)	587,054

PAY-TV BUSINESS AND BROADBAND BUSINESS
COMBINED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2010, 2011 and 2012
In Singapore dollars

	Combined capital	Translation reserves	Hedging reserves	Capital Reserves	Accumulated losses	Net loss not recognised as pension cost	Attributable to Holding Companies of the Asian Pay-TV Business	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2011	778,126	5,128	7,878	–	(154,339)	(9)	636,784	(49,730)	587,054
Total comprehensive (loss) income for the year	–	(19,122)	(2,231)	–	(7,750)	–	(29,103)	3,221	(25,882)
Dividends (Note 21)		–	–	–	(64,349)	–	(64,349)	–	(64,349)
Preferred share dividends (Note 15)	–	–	–	–	–	–	–	(604)	(604)
Change in net loss not recognised as pension cost	–	–	–	–	–	(53)	(53)	–	(53)
Effect of acquiring non-controlling interest in a Subsidiary (Note 15)	–	–	–	(158,734)	–	–	(158,734)	47,853	(110,881)
Capital contribution from a shareholder (Note 9b)	–	–	–	88,211	–	–	88,211	–	88,211
Balance at December 31, 2011	778,126	(13,994)	5,647	(70,523)	(226,438)	(62)	472,756	740	473,496
Balance at January 1, 2012	778,126	(13,994)	5,647	(70,523)	(226,438)	(62)	472,756	740	473,496
Total comprehensive income (loss) for the year	–	10,577	2,865	–	(26,434)	–	(12,992)	176	(12,816)
Dividends (Note 21)	–	–	–	–	(89,631)	–	(89,631)	–	(89,631)
Preferred share dividends (Note 15)	–	–	–	–	–	–	–	(632)	(632)
Change in net loss not recognised as pension cost	–	–	–	–	–	(412)	(412)	–	(412)
Balance at December 31, 2012	778,126	(3,417)	8,512	(70,523)	(342,503)	(474)	369,721	284	370,005

The accompanying notes form an integral part of these combined financial statements.

1 BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS

Macquarie Korea Opportunities Fund ("MKOF") and Macquarie International Infrastructure Fund ("MIIF") (collectively referred to as the "Macquarie Funds") invest in Taiwan's third largest Cable TV operator of telecommunications and multi-media services through MKOF Media Holdings Limited (to be re-named as APTT Holdings 1 Limited) ("MMHL") and Macquarie Renewables Limited ("MRL"), collectively referred to herein as the "Asian Pay-TV Business".

MMHL, a Bermudian holding company for MKOF, and MRL, another Bermudian holding company for MIIF, own 52.5% and 47.5%, respectively, of ownership interests in Cable TV S.A., which is a Luxembourg holding company.

While Cable TV S.A. is owned by MMHL and MRL, it is also funded through loans from both shareholders as well as through convertible loans made by two other Bermudian entities, MKOF Media Bermuda Limited ("MMBL") and Macquarie International Infrastructure Taiwan Limited (to be renamed as APTT Holdings 2 Limited) ("MIIT"). MMBL and MMHL are owned by MKOF while MIIT and MRL are owned by MIIF. MMBL, MMHL, MIIT, and MRL are collectively known as the "Holding Companies".

Cable TV S.A., through a sequential transfer of funds to TBC Holdings B.V. ("TBC Holdings"), invests in the following companies through TBC Holdings and two Taiwan holding companies, Jie Guang Co., Ltd. ("Jie Guang") and Jia Guang Co., Ltd. ("Jia Guang"): Nan Taoyuan Cable Television Co., Ltd. ("Nan Taoyuan"), Shin Ho Cable Television Co., Ltd. ("Shin Ho"), Chun Chien Cable Television Co., Ltd. ("Chun Chien"), Best Cable Television Co., Ltd. ("Best"), Wo Jun Co., Ltd. ("Wo Jun"), Wei Chieh Broadcast Co. Ltd and Taiwan Broadband Communications Co., Ltd ("TBC"). Cable TV S.A. also maintains a minority legal equity interest in Chi Yuan Cable Television Co., Ltd. ("Chi Yuan"), through Harvest Cable Holdings B.V. ("Harvest Cable Holdings") and two Taiwan holdings companies, Tai Luo Tze Co., Ltd. ("Tai Luo Tze"), and Tau Luen Co., Ltd ("Tau Luen").

The Macquarie Funds plan to divest their investment in the Asian Pay-TV Business to a new Singapore-based business trust registered by the Monetary Authority of Singapore and listed on Singapore Exchange Securities Trading Limited ("SGX").

For the purpose of divesting the Asian Pay-TV Business and listing the business trust on SGX, these combined financial statements have been prepared by the Directors of Macquarie APTT Management Pte Limited, in its capacity as Trustee-Manager of Asian Pay Television Trust, and presents the combined results and cash flows of the companies engaging in the Asian Pay-TV Business for each of the three years ended December 31, 2010, 2011, and 2012 (the "Relevant Periods"), and the combined financial position of the companies engaging in the Asian Pay-TV Business as of December 31, 2010, 2011 and 2012, on the basis as set out in Note 2(c) to the combined financial statements.

The equity investment in the Asian Pay-TV Business by the Macquarie Funds includes:

- 100% interest in MMHL which owns 52.5% of Cable TV S.A., a Luxembourg holding company
- 100% interest in MRL which owns 47.5% of Cable TV S.A.
- 100% interest in TBC Holdings, a Netherlands holding company, through Cable TV S.A.
- 15% interest in Harvest Cable Holdings, a Netherlands holding company, through Cable TV S.A.
- 100% interest in Jie Guang through TBC Holdings
  - Jie Guang is a Taiwan holding company which owns 77% of Jia Guang, another Taiwan Holding company
  - Jia Guang owns 77% of Wo Jun, another Taiwan holding company
  - Wo Jun owns 100% of Nan Tao Yuan, Best, Shin Ho and 99.9% of Chun Chien, cable television system operators in Taiwan and 100% of TBC, a broadband service provider in Taiwan
- 77% interest in Tai Luo Tze through Harvest Cable Holdings
  - Tai Luo Tze is a Taiwan holding company which owns 77% of Tau Luen, another Taiwan holding company
  - Tau Luen owns 100% interest in Chi Yuan, a cable television system operator in Taiwan

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The combined financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The combined financial statements have been prepared on the historical cost basis except certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(b) Adoption of new and revised standards

The Asian Pay-TV Business has adopted all the new and revised IFRS that are relevant to the Asian Pay-TV Business since the beginning of the Relevant Periods.

The adoption of these new and revised IFRS does not result in changes to the Asian Pay-TV Business accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

IFRS 3 (as revised in 2008) Business Combinations

IFRS 3 (2008) has been adopted from the beginning of the Relevant Periods and is applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. The adoption of IFRS 3 (2008) Business Combinations has no material effect on the Asian Pay-TV Business. However, the Asian Pay-TV Business' accounting policies are revised as follows:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

- to change the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

- to require the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Asian Pay-TV Business and the acquiree; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

IAS 27 (2008) has been adopted from the beginning of the Relevant Periods and has been applied prospectively from January 1, 2010 in accordance with the relevant transitional provisions. The adoption of IAS 27 (2008) has no material effect on the Asian Pay-TV Business. However, the Asian Pay-TV Business' accounting policies are revised as follows:

- changes in ownership interests in its subsidiaries that do not result in a change in control. All such increases or decreases are dealt with in equity (see Note 15), with no impact on goodwill or profit or loss; and

- when control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

At the date of authorisation of these financial statements, the following standards and interpretations that are relevant to the Asian Pay-TV Business have been issued but not yet effective:

IFRS 9	*Financial Instruments*[3]
IFRS 10	*Consolidated Financial Statements*[1]
IFRS 12	*Disclosure of Interest in Other Entities*[1]
IFRS 13	*Fair Value Measurement*[1]
Amendments to IFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to IFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*[1]
IAS 19 (as revised in 2011)	*Employee Benefits*[1]
IAS 27 (as revised in 2011)	*Separate Financial Statements*[1]
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*[2]
Amendments to IFRS	*Annual Improvements to IFRSs 2009-2011 Cycle* except for the amendment to IAS 1[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*[2]

[1] Effective for annual periods beginning on or after 1 January 2013

[2] Effective for annual periods beginning on or after 1 January 2014

[3] Effective for annual periods beginning on or after 1 January 2015

The management of the Asian Pay-TV Business is in the process of assessing the impact of these new or revised standards and amendments. The management of the Asian Pay-TV Business expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(c) Business combinations under common control

The Asian Pay-TV Business applies predecessor values accounting to account for business combinations of entities or businesses under common control. The financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been obtained from the date when the combining entities or businesses first came under the control of the controlling parties acting in consensus.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or in excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination, to the extent of the combination of the controlling party's interest. All differences between the cost of acquisition (measured as the fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity.

The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the earliest date of the statements of financial position presented or when they first came under common control, whichever is later.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Asian Pay-TV Business.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(d) Subsidiary companies

The combined financial statements incorporate the financial statements of the Holding Companies and entities (including special purpose entities) controlled by the Holding Companies (its subsidiaries). Control is achieved where the Holding Companies has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(e) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Asian Pay-TV Business, and are presented separately in the combined statements of comprehensive income and within equity in the combined statements of financial position, separately from equity attributable to owners of the Asian Pay-TV Business.

Changes in the Asian Pay-TV Business owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Asian Pay-TV Business.

(f) Measurement of non-controlling interest

Non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation may be initially measured either at fair value or at non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or where applicable, on the basis specified in IFRS.

(g) Foreign currency

Items included in the financial statements of the entities engaging in the Asian Pay-TV Business are measured using the currency of the primary economic environment that the entity operates in (referred to as the "functional currency"). The accompanying combined financial statements are prepared in New Taiwan dollars (NTD), the functional currency, and then presented in Singapore dollars, the presentation currency, for financial reporting purposes.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity from applying cash flow hedge accounting.

The results and financial position of all of the entities engaging in the Asian Pay-TV Business (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates; and

– all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Business combinations

Acquisitions of subsidiaries and businesses from a party other than a common shareholder 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 Asian Pay-TV Business to the former owners of the acquiree, and equity interests issued by the Asian Pay-TV Business in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of the Asian Pay-TV Business' share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

(i) Financial instruments recognition, measurement and derecognition

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

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

The Asian Pay-TV Business derecognises financial liabilities when, and only when, the Asian Pay-TV Business' obligations are discharged, cancelled or they expire.

(j) Cash and cash equivalents

For purpose of reporting cash flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade receivables

Trade receivables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less any impairment.

A provision for doubtful debts is established when there is objective evidence that the Asian Pay-TV Business will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in profit or loss. Where a debt is known to be uncollectible, it is considered a bad debt and written off.

(l) Property, plant and equipment

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

When significant parts of property, plant and equipment are required to be replaced in intervals, the Asian Pay-TV Business recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated.

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

– Buildings	3-50 years
– Leasehold improvement	3-10 years
– Network equipment	3-10 years
– Transportation equipment	5 years
– Plant and equipment	2-10 years
– Leased equipment	3 years

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

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

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

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

(m) Leases

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

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

(n) Intangible assets

– Cable Licences

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

Under the provisions of the Cable Radio and Television Law (Taiwan) (the "CRTL"), the National Communications Commission ("NCC") or similarly established regulatory body in accordance with the laws of Taiwan renews a cable TV licence every 9 years at no significant cost. Unless there is a significant risk of an offence against the CRTL or a breach of conditions under the licence, there is no reason

to believe the licence will not be renewed. Further, the lives of the cable TV licences are not limited by any technical, legal, commercial or other factors either known or anticipated.

The management of the Asian Pay-TV Business reviews the determination of indefinite life at each reporting date to determine whether events and circumstances continue to support the indefinite useful life assessment. The radio licences are subject to an annual impairment test as discussed below.

– Goodwill

All business combinations for a party other than a common shareholder are accounted for by applying the purchase method. Where an entity or operation is acquired from a party other than a common shareholder, the identifiable net assets acquired are measured at fair value.

Acquisitions prior to 1 January 2010

Goodwill arising on acquisition prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Asian Pay-TV Business' share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Asian Pay-TV Business measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is stated at cost less any impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

(o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(p) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The activities of the Asian Pay-TV Business expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Asian Pay-TV Business uses interest rate swap agreements and cross currency interest rate swap contracts to hedge these exposures. Those contracts that can also be settled in cash are treated as a financial instrument. The Asian Pay-TV Business does not use derivative financial instruments for speculative purposes. The use of leveraged instruments is not permitted.

The Asian Pay-TV Business documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions.

The Asian Pay-TV Business also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 12.

Fair value hedges

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

Cash flow hedges

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

Hedge accounting is discontinued when the Asian Pay-TV Business revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that

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

(q) Payables

Liabilities are recognised when the Asian Pay-TV Business becomes obliged to make future payments as a result of a purchase of assets or services, whether or not billed to the Asian Pay-TV Business.

(r) Provisions

Provisions are recognised when the Asian Pay-TV Business has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) Retirement benefit obligations

The Asian Pay-TV Business operates both a defined benefit scheme and a defined contributions scheme. Eligibility for participation in each of the plans is governed by employment and related law in the country of employment for employees of the Asian Pay-TV Business.

– Defined benefit scheme

The defined benefit scheme, for certain eligible employees in Taiwan, provides defined lump sum benefits based on years of service and final average salary for the six month period before retirement.

A liability or asset in respect of the defined benefit scheme is recognised in the statement of financial position and is measured at the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial net gains/losses less the fair value of the plan's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership in the scheme to the reporting date, calculated at least annually by independent actuaries.

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

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

– Defined contribution scheme

The defined contribution scheme comprises fixed contributions made by the Asian Pay-TV Business with the Asian Pay-TV Business' legal or constructive obligation being limited to these contributions. Contributions to the defined contribution scheme are recognised as an expense as they become payable. Prepaid contributions are recognised in the statement of financial position as an asset to the extent that a cash refund or a reduction in the future payments is available.

(t) Borrowings and interest-bearing liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings, except for the Convertible Loans, are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Any difference between the proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Those borrowings that are part of a fair value hedge accounting relationship are also recorded on an amortised cost basis, plus or minus the fair value attributable to the risk being hedged with a corresponding entry in profit or loss.

The Convertible Loans, due to the embedded derivatives of the indemnity payment (i.e. variable payment to convertible loan holders pertaining to eligible income after deducting expenses and capital requirements, which depends on the income and cashflow of the underlying subsidiaries), are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss. As the fair value of the indemnity payment cannot be separately and reliably measured apart from the host contract, the entire financial instrument is designated at fair value through profit or loss. Fair value is determined in the manner described in Note 2(x).

(u) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Asian Pay-TV Business after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

(v) Revenue recognition

Revenue comprises fees earned from broadband access, cable television services and related advertising space.

Revenue is recognised in profit or loss as follows:

- Revenue from broadband and cable television services is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.

- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.

(w) Income tax

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

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

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity, in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination.

(x) Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Asian Pay-TV Business uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Asian Pay-TV Business for similar financial instruments.

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies adopted by the Asian Pay-TV Business, which are described in Note 2, the management of the Asian Pay-TV Business 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 on-going 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.

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Asian Pay-TV Business' accounting policies and that have the most significant effect on the amounts recognised in the Combined Financial Statements.

(a) Indefinite useful lives of the Cable TV licenses

The management of the Asian Pay-TV Business exercises judgment in estimating the useful lives of the Cable TV licences. The Cable TV licences are subject to renewal every nine years, at no significant additional cost. Unless there is a significant risk of a violation of Taiwan's Cable, Radio and Television Law ("CRTL") or a breach of the conditions of any of the licences, there is no reason to believe the licence will not be renewed. In addition, the lives of the Cable TV licences are not limited by any technical, legal, commercial or other factors, either known or anticipated. Taking these factors into consideration, it is the judgment of the management of the Asian Pay-TV Business that the Cable TV licences have useful lives of an indefinite duration. The management reviews the determination of useful life at each reporting date to determine whether events and circumstances continue to support the indefinite useful life assessment. Costs incurred in acquiring the Cable TV licences are brought to account as intangible assets. The useful lives of the licences are subject to annual impairment testing, as discussed below.

(b) Impairment of goodwill and intangible assets with indefinite useful lives

Goodwill and assets with indefinite useful lives are not subject to amortisation and are tested annually for impairment. Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of their recoverable amounts (as an impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount). The recoverable amount is the higher of (i) an asset's fair value less costs-to-sell or (ii) the value-in-use of the

cash-generating units to which goodwill and intangible assets have been allocated. The fair values less costs-to-sell require the management of the Asian Pay-TV Business to estimate, based on the best information available, the amount that an entity could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Where there are no active markets, the management has to exercise judgment in estimating the fair values of these assets, which are calculated based on the multi-period Excess Earnings Method (2010 and 2011: future discounted cash flow method) for expected income for the assets using the appropriate discount rate. Having considered the above, management is of the view that there is no impairment of goodwill and Cable TV licenses totalling $1,863,760,000, $1,813,483,000 and $1,780,168,000 as at December 31, 2010, 2011 and 2012, respectively (Note 8).

(c) Depreciation and impairment of property, plant and equipment

As at December 31, 2010, 2011 and 2012, the carrying value of property, plant and equipment are $115,013,000, $114,809,000 and $121,867,000 respectively, as disclosed in Note 7 to the financial statements. All items of property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight line method. The management of the Asian Pay-TV Business exercises their judgement in estimating the useful lives and residual value of the depreciable assets. The estimated useful lives reflects management's estimate of the period that the Asian Pay-TV Business intends to derive future economic benefits from the use of the depreciable assets.

The management of the Asian Pay-TV Business reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(d) Valuation of Loans

The convertible loan from Asia Cable S.a.r.l. amounting to $23,496,000 as at 31 December 2010 is stated at fair value, with any gains or losses arising from re-measurement recognised in profit or loss as described in Note 9(b). The fair value of the convertible loan has been calculated based on a future discounted cash flow model for future indemnity payments and principal repayment of the loan, using the appropriate discount rate. The non-current, interest-free shareholder loans from MIIF amounting to $311,961,000 (NTD 7,285,599,000) and $306,230,000 (NTD 7,285,599,000) as at 31 December 2011 and 2012, respectively, are initially measured at the fair value based on a future discounted cash flow model and subsequently measured at amortised costs. The day-one fair value gain arising from interest free element is recorded as a deemed capital contribution by the shareholder. The

management of the Asian Pay-TV Business has exercised their judgment and believe that the method of valuation and the use of the observable or unobservable market data inputs for each loan are reflective of the current market conditions.

(e) Income tax (Note 5)

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

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

4 (LOSS) PROFIT BEFORE INCOME TAX

The (loss) profit before income tax includes the following specific items of revenue, other operating costs, other operating income (expense) and interest and finance costs:

	2010	2011	2012
	$'000	$'000	$'000
Revenue			
Basic Cable TV revenue			
– Subscription revenue	211,282	209,996	207,420
– Non-subscription revenue	35,159	35,628	38,557
	246,441	245,624	245,977
Broadband revenue	47,680	50,591	50,902
Premium digital cable TV revenue	4,380	8,403	11,616
Other revenue	183	204	236
	298,684	304,822	308,731

Non-subscription revenue of Basic Cable TV revenue is primarily comprised of channel leasing revenue.

	2010	2011	2012
	$'000	$'000	$'000
Other operating costs			
Professional service fee	8,416	3,674	2,613
Non-recoverable GST/VAT	3,664	3,316	3,496
Repairs and maintenance	1,884	1,734	1,486
Promotions and marketing expenses	2,014	1,327	725
Other operating costs	16,250	16,139	16,184
	32,228	26,190	24,504

	2010	2011	2012
	$'000	$'000	$'000
Other operating income (expense)			
Net gain (loss) on borrowings from related parties at fair value through profit or loss (Note 9b)	2,504	(1,423)	–
Net loss on other financial assets at fair value through profit or loss[(a)]	(1,686)	–	–
Currency exchange gain (loss)	13,777	3,133	(9,897)
Impairment loss of plant and equipment	–	(428)	–
Withholding tax penalty	–	(5,208)	–
Reversal of overprovision of withholding tax penalty	–	–	944
Other losses	(459)	(55)	(206)
	14,136	(3,981)	(9,159)

[(a)] Based on management's assessment, the fair value of other financial assets with historical cost of approximately $25,562,000 is assessed to be nil as at December 31, 2010, 2011 and 2012.

	2010	2011	2012
	$'000	$'000	$'000
Interest and other finance costs			
Interest expense-financial institutions	(54,138)	(50,216)	(48,161)
Interest expense-related parties (Note 9b)	(10,613)	(28,073)	(47,057)
Bank charges	(1,736)	(1,824)	(1,943)
Unrealised (loss) gain on valuation of cross currency interest rate swap (Note 12)	(22,944)	18,771	(9,667)
Realised loss on settlement of derivative financial instruments (Note 12)	(54,185)	(10,652)	(9,531)
Amortisation of arrangement cost (Note 9a)	(26,186)	(5,043)	(4,993)
Others	(507)	(54)	(1,004)
	(170,309)	(77,091)	(122,356)
Interest income	89	114	106
Finance costs, net of interest income	(170,220)	(76,977)	(122,250)

5 INCOME TAX EXPENSES

The Asian Pay-TV Business' operations in Taiwan was, prior to January 1, 2010, subject to income tax in Taiwan at a corporate income tax rate of 25%. However, the Legislative Yuan in Taiwan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 17%, effective January 1, 2010. The Asian Pay-TV Business' operations undertaken in Netherlands and Luxembourg are subject to various corporate income tax rates, ranging from 25% (2010: 25.5%) (Netherlands) to 28.59% (Luxembourg).

The income tax for the financial year differs from the amount calculated on the net result from operating activities for the combined entities. The differences are reconciled as follows:

		2010	2011	2012
		$'000	$'000	$'000
(a)	**Income tax (expense)/benefit**			
	Current income tax	(1,260)	(4,222)	(3,691)
	Deferred income tax	(524)	(882)	153
	Withholding tax	(6,681)	(15,366)	(8,091)
	Withholding tax – prior year underprovision	–	(6,355)	–
	Additional provision from potential tax Assessment	(23,032)	(48,464)	(25,203)
		(31,497)	(75,289)	(36,832)
(b)	**Reconciliation of income tax provision and the income tax computed at the tax rate prevailing in the respective jurisdictions**			
	Tax at the local rates applicable to profits in the countries concerned	(9,140)	(10,644)	(13,163)
	Withholding tax	(6,681)	(21,721)	(8,091)
	Additional provision from potential tax Assessment	(23,032)	(48,464)	(25,203)
	Tax effect of non-deductible items	7,356	5,540	9,625
		(31,497)	(75,289)	(36,832)

(c) Deferred tax assets (liabilities) and the movement

	Retirement benefit obligation	Impairment loss	Unrealised Exchange gain	Others	Total
	$'000	$'000	$'000	$'000	$'000
At January 1, 2010	750	802	(2,428)	735	(141)
(Charged) credited to income Statement	(74)	(238)	(522)	310	(524)
Exchange rate movement	(1)	(3)	(13)	7	(10)
At December 31, 2010	675	561	(2,963)	1,052	(675)
Credited (charged) to income Statement	27	(19)	129	(1,019)	(882)
Exchange rate movement	(18)	(15)	80	(29)	18
At December 31, 2011	684	527	(2,754)	4	(1,539)
Credited (charged) to income Statement	31	36	89	(3)	153
Exchange rate movement	(12)	(9)	50	(1)	28
At December 31, 2012	703	554	(2,615)	–	(1,358)

The following is the analysis of the deferred tax balances for combined statements of financial position purposes:

	2010	2011	2012
	$'000	$'000	$'000
Deferred tax liabilities to be disbursed after more than 12 months	675	1,539	1,358

Income tax

When filing the income tax return of the Taiwan entities, amortisation of intangible assets and goodwill (Note 8) and interest expenses on shareholders' loans and bank borrowings are claimed as tax deductible expenses. However, as the tax ruling application with respect to whether such amortisations and interest expenses are tax deductible is still pending for the tax authorities' approval, the Asian Pay-TV Business has made additional accruals for income tax at amounts of approximately $23 million (NTD 533 million), $49 million (NTD 1,135 million) and $25 million (NTD 597 million), respectively, in the financial years 2010, 2011 and 2012, and at amounts accumulated to approximately $51 million (NTD 1,161 million), $98 million (NTD 2,296 million) and

$122 million (NTD 2,912 million), respectively as at December 31, 2010, 2011 and 2012, for the potential tax assessments that might result from the tax authorities' disallowing the tax deductions for interest incurred for the shareholders' loans and bank borrowings and for tax amortisation of intangible assets and goodwill.

The income tax payable also include accrual for potential tax liabilities that have already been assessed by the tax authorities, totalling $32 million (equivalent to NTD 716 million) (net of tax prepayment of $0.9 million, equivalent to NTD 20 million), $68 million (equivalent to NTD 1,581 million) and $95 million (equivalent to NTD 2,269 million), as at December 31, 2010, 2011 and 2012, respectively, despite the relevant tax appeals that are still in the process of being reviewed by the relevant authorities.

The Taiwan tax authorities have placed a tax lien on certain of the Asian Pay-TV Business' real properties and assets, pending resolution of the tax dispute. Settlement discussions between the Asian Pay-TV Business and the Taiwan tax authorities are ongoing and Asian Pay-TV Business has in place a revolving credit facility to help fund the expected settlement amount.

Withholding tax

In May 31, 2011, the Taiwan tax authority issued letters to Jie Guang, asserting that shareholder loan interest paid to TBC Holdings is subject to the ordinary withholding tax rate of 20% rather than 10% which Jie Guang has withheld based on the tax treaty between Netherlands and Taiwan for the period from 2006 to 2009. In view of this, management has made additional withholding tax in respect of prior years totalling $6,355,000 for the year ended 31 December 2011, of which $4,143,000 and $2,212,000 are for the period from 2006 to 2009 and 2010 respectively.

After a year of appeal and negotiations with the Taiwan tax authority, management has reached an agreement with respect to the withholding tax issue. TBC Holdings and Jie Guang has paid $10.5 million (NTD 252.6 million) withholding tax, including penalty, based on the agreed settlement for the period from 2006 to 2010. Going forward, including 2011, the Asian Pay-TV Business will pay 20% withholding tax on shareholders' loan interest rate exceeding 10.5% per annum and pay 10% for interest rate below 10.5% per annum.

(d) Income tax refund receivable

As at December 31, 2010, 2011 and 2012, the Asian Pay-TV Business has an aggregate income tax refund receivable of $29,010,000 (equivalent to NTD 659,168,000), $20,797,000 (equivalent to NTD 485,692,000) and $14,053,000 (equivalent to NTD 334,336,000) respectively, which consists of the withheld income tax with respect to interest payment for the shareholders' loans. According to the tax laws in Taiwan, 10% income tax must be withheld on the interest payment made locally. Therefore, 10% income tax was withheld when Nan Tao Yuan, Best, Shin Ho, Chi Yuan, Chun Chien and Wei Chieh Broadcast Co., Ltd. ("Wei Chieh", which was subsequently merged into Wo Jun) made the interest payment for the shareholders' loans to Jie Guang and Tai Luo Tze. The withholding taxes, similar to prepaid tax, can be used as tax credit or be refunded when filing Jie Guang's and Tai Luo Tze's income tax returns.

6 EARNINGS PER SHARE

No earnings per share of profit attributable to the holding companies of the Asian Pay-TV Business is presented as its inclusion, for the purpose of these combined financial statements, is not considered meaningful.

7 PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation	Carrying value
	$'000	$'000	$'000
At January 1, 2010			
Land	5,237	–	5,237
Buildings	8,614	(2,883)	5,731
Leasehold improvement	969	(368)	601
Network equipment	169,214	(82,293)	86,921
Transportation equipment	3,492	(1,564)	1,928
Plant and equipment	15,374	(5,069)	10,305
Leased equipment	611	(145)	466
Construction in progress and prepayment for purchase of equipment	5,063	–	5,063
Less accumulated impairment losses	(6,281)	–	(6,281)
	202,293	(92,322)	109,971
At December 31, 2010			
Land	5,246	–	5,246
Buildings	8,743	(3,166)	5,577
Leasehold improvement	1,155	(614)	541
Network equipment	188,047	(88,576)	99,471
Transportation equipment	4,041	(1,915)	2,126
Plant and equipment	7,721	(3,602)	4,119
Leased equipment	389	(61)	328
Construction in progress and prepayment for purchase of equipment	3,916	–	3,916
Less accumulated impairment losses	(6,311)	–	(6,311)
	212,947	(97,934)	115,013

	Cost	Accumulated depreciation	Carrying value
	$'000	$'000	$'000
At December 31, 2011			
Land	5,104	–	5,104
Buildings	8,672	(3,473)	5,199
Leasehold improvement	1,387	(906)	481
Network equipment	237,231	(135,468)	101,763
Transportation equipment	4,413	(2,623)	1,790
Plant and equipment	9,401	(5,543)	3,858
Leased equipment	716	(292)	424
Construction in progress and prepayment for purchase of equipment	2,931	–	2,931
Less accumulated impairment losses	(6,741)	–	(6,741)
	263,114	(148,305)	114,809
At December 31, 2012			
Land	5,010	–	5,010
Buildings	8,691	(3,688)	5,003
Leasehold improvement	1,439	(1,076)	363
Network equipment	237,450	(129,292)	108,158
Transportation equipment	5,198	(2,793)	2,405
Plant and equipment	10,453	(6,262)	4,191
Leased equipment	257	(39)	218
Construction in progress and prepayment for purchase of equipment	2,977	–	2,977
Less accumulated impairment losses	(6,458)	–	(6,458)
	265,017	(143,150)	121,867

Reconciliation schedules of the carrying amounts of property, plant and equipment at the beginning and end of each year are set out below:

	Land	Buildings	Leasehold improvement	Network equipment	Transportation equipment	Plant and equipment	Leased equipment	Asset under construction	Accumulated impairment loss	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at January 1, 2010	5,237	5,731	601	86,921	1,928	10,305	466	5,063	(6,281)	109,971
Additions	–	190	166	8,672	398	1,126	247	22,306	(125)	32,980
Disposals	–	–	–	(26)	–	(7)	(308)	(75)	98	(318)
Depreciation expense	–	(330)	(245)	(25,668)	(523)	(1,043)	(75)	–	–	(27,884)
Transfers	–	(19)	19	29,215	316	(6,165)	–	(23,366)	–	–
Translation difference	9	5	–	357	7	(97)	(2)	(12)	(3)	264
Carrying amount at December 31, 2010	5,246	5,577	541	99,471	2,126	4,119	328	3,916	(6,311)	115,013
Carrying amount at January 1, 2011	5,246	5,577	541	99,471	2,126	4,119	328	3,916	(6,311)	115,013
Additions	–	43	191	10,925	146	1,160	180	21,539	(596)	33,588
Disposals	–	–	–	(7)	(3)	–	–	–	7	(3)
Depreciation expense	–	(341)	(301)	(28,049)	(579)	(1,336)	(75)	–	–	(30,681)
Transfers	–	69	64	22,104	158	22	–	(22,417)	–	–
Translation difference	(142)	(149)	(14)	(2,681)	(58)	(107)	(9)	(107)	159	(3,108)
Carrying amount at December 31, 2011	5,104	5,199	481	101,763	1,790	3,858	424	2,931	(6,741)	114,809

	Land	Buildings	Leasehold improvement	Network equipment	Transportation equipment	Plant and equipment	Leased equipment	Asset under construction	Accumulated impairment loss	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at January 1, 2012	5,104	5,199	481	101,763	1,790	3,858	424	2,931	(6,741)	114,809
Additions	–	281	12	17,736	1,046	1,502	209	26,061	–	46,847
Disposals	–	–	–	–	–	–	(329)	(160)	160	(329)
Depreciation expense	–	(382)	(194)	(34,686)	(605)	(1,358)	(79)	–	–	(37,304)
Transfers	–	–	72	25,258	210	262	–	(25,802)	–	–
Translation difference	(94)	(95)	(8)	(1,913)	(36)	(73)	(7)	(53)	123	(2,156)
Carrying amount at December 31, 2012	5,010	5,003	363	108,158	2,405	4,191	218	2,977	(6,458)	121,867

When the indicators of impairment arose, the Asian Pay-TV Business carried out a review of the recoverable amount of its property, plant and equipment, having regard to its future business plan. The review led to the recognition of an impairment loss to be recognised in profit or loss.

As at January 1, 2010, the Asian Pay-TV Business recorded an accumulated impairment loss of $6,281,000, which is primarily related to the decline in the recoverable amount of land, buildings and network equipment. The recoverable amount of the land and buildings was determined based on the independent valuation performed and the recoverable amount of the network equipment is determined based on the replacement cost.

As at December 31, 2010, 2011 and 2012, the Asian Pay-TV Business has pledged property, plant and equipment having carrying amounts of approximately $75,127,000, $103,831,000 and $113,264,000, respectively, to secure banking facilities granted to the Asian Pay-TV Business (Note 9(a)).

8 INTANGIBLE ASSETS

	Cost	Accumulated amortisation	Carrying value
	$'000	$'000	$'000
At January 1, 2010			
Cable TV licenses	1,157,970	–	1,157,970
Software	3,897	(1,504)	2,393
Goodwill	702,729	–	702,729
	1,864,596	(1,504)	1,863,092

	Cost	Accumulated amortisation	Carrying value
	$'000	$'000	$'000
At December 31, 2010			
Cable TV licenses	1,159,832	–	1,159,832
Software	4,009	(1,843)	2,166
Goodwill	703,928	–	703,928
	1,867,769	(1,843)	1,865,926

	Cost	Accumulated amortisation	Carrying value
	$'000	$'000	$'000
At December 31, 2011			
Cable TV licenses	1,128,437	–	1,128,437
Software	4,524	(2,812)	1,712
Goodwill	685,046	–	685,046
	1,818,007	(2,812)	1,815,195

	Cost	Accumulated amortisation	Carrying value
	$'000	$'000	$'000
At December 31, 2012			
Cable TV licenses	1,107,707	–	1,107,707
Software	5,488	(3,700)	1,788
Goodwill	672,461	–	672,461
	1,785,656	(3,700)	1,781,956

Reconciliation schedules of the carrying amounts of intangible assets at the beginning and end of each year are set out as below:

	Cable TV licenses	Software	Goodwill	Total
	$'000	$'000	$'000	$'000
Carrying amount at January 1, 2010	1,157,970	2,393	702,729	1,863,092
Additions	–	652	68	720
Amortisation	–	(879)	–	(879)
Translation difference	1,862	–	1,131	2,993
Carrying amount at December 31, 2010	1,159,832	2,166	703,928	1,865,926
Carrying amount at January 1, 2011	1,159,832	2,166	703,928	1,865,926
Additions	–	920	172	1,092
Amortisation	–	(1,315)	–	(1,315)
Translation difference	(31,395)	(59)	(19,054)	(50,508)
Carrying amount at December 31, 2011	1,128,437	1,712	685,046	1,815,195
Carrying amount at January 1, 2012	1,128,437	1,712	685,046	1,815,195
Additions	–	1,053	–	1,053
Amortisation	–	(944)	–	(944)
Translation difference	(20,730)	(33)	(12,585)	(33,348)
Carrying amount at December 31, 2012	1,107,707	1,788	672,461	1,781,956

Impairment test for Cable TV licenses and goodwill

The value of licenses and goodwill is allocated to the Asian Pay-TV Business' cash generating units ("CGUs") identified as a business segment and by country of operation.

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

The Asian Pay-TV Business prepares cash flow forecasts based on management's latest business plan for forecast horizon in the range of five to nine years and derives the terminal value based on long term growth rate assumptions in the range of 1.3% to 1.5%. This rate does not exceed the average long-term growth rate for the relevant markets.

The range of rates used to discount the forecast cash flows from CGUs is 7.0% to 8.0%.

As at December 31, 2010, 2011 and 2012, any reasonably possible change to the key assumptions applied were not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

9 BORROWINGS

(a) Borrowings from financial institutions

	2010	2011	2012
	$'000	$'000	$'000
Current portion	48,733	–	6,369
Non-current portion	1,176,743	1,062,024	1,042,255
Unamortised arrangement cost	(34,836)	(28,806)	(22,858)
	1,190,640	1,033,218	1,025,766

The external bank borrowings consist of a syndicated senior loan facility in Taiwan denominated in New Taiwan dollars and a syndicated subordinate loan facility in the Netherlands denominated in United States dollars as at December 31, 2010, 2011 and 2012.

	2010	2011	2012
	$'000	$'000	$'000
Syndicated senior loan facility	1,045,048	886,971	883,707
Syndicated subordinate loan facility	180,428	175,053	164,917
	1,225,476	1,062,024	1,048,624

In June 2010, the Asian Pay-TV Business conducted a refinancing of its bank borrowings and entered into syndicated loan agreements with Chinatrust Commercial Bank Ltd. ("Chinatrust") and a group of other banks. Under this agreement, the principal repayments on the syndicated senior loan facility are due quarterly, commencing from September 30, 2010 through June 30, 2017. The syndicated subordinate loan facility is due on December 31, 2017.

In June 2011, TBC Holdings made an additional shareholder loan of NTD 3.2 billion to its subsidiaries in Taiwan to prepay a portion of the syndicated senior loan facility and restructure the principal repayments of the syndicated senior loan facility. After the prepayment and restructuring, no repayments are due until December 31, 2013. The principal repayment schedule of the syndicated senior loan facility will re-commence from December 31, 2013 until June 30, 2017.

On July 31, 2012, the Asian Pay-TV Business amended certain terms of its syndicated senior loan facility. The main amendments are as follows:

a. The total facility increases from $1,030,296,000 (NTD 24,512 million) to $1,093,344,000 (NTD 26,012 million) (Tranche A, the term loan facility, remains the same: $979,857,000 (NTD 23,312 million); Tranche B: the revolving facility increases from $50,439,000 (NTD 1,200 million) to $113,487,000 (NTD 2,700 million)).

b. Tai Luo Tze and Tau Luen are changed from guarantors to co-borrowers.

The interest rate per annum on the syndicated senior loan facility is the floating rate of 90-day Taiwan commercial papers in the Taiwan's secondary commercial paper market plus a margin of 2.25% to 2.90% while the interest rate per annum on the syndicated subordinate loan facility is the 3 months US-LIBOR ("LIBOR") rate plus 8.25% as at December 31, 2010, 2011 and 2012.

The loans with floating interest rates (CP/LIBOR) were issued at nominal value. As the CP/LIBOR rates are set by the market, the fair value of the loans should approximate their book value. As the Asian Pay-TV Business has entered into an interest rate swap for its syndicated senior loan facility and a cross currency interest rate swap for its syndicated subordinated loan facility, thereby further decreasing the interest rate risk on the loan, fair value disclosure is not considered to add significant value to these notes.

The primary responsibilities as borrowers of the syndicated senior loan facility and syndicated subordinated loan facility are as follows:

(i) Borrowers

Pursuant to the syndicated senior loan facility agreement, joint borrowers of the syndicated senior loan facility agreement are Nan Taoyuan, Best, Shin Ho, Chun Chien, Chi Yuan (collectively, "System Operators"), TBC, Jie Guang, Jia Guang, Wo Jun, Tau Luen, and Tai Luo Tze.

Pursuant to the syndicated subordinated loan facility agreement, the borrower is TBC Holdings.

(ii) Regulations on collateral and revenue special accounts

Pursuant to the syndicated senior loan facility agreement, the joint borrowers have provided the collateral managing bank with land, buildings, signal communication equipment, shares in the joint borrowers and significant contracts and the related proceeds from those assets as collateral. The joint borrowers have also committed to offer any of the above assets that may be acquired in the future as collateral for the syndicated senior loan facility.

The proceeds from a disposition of any of those assets in excess of NTD 50,000,000 during the loan term should be remitted to each joint borrower's designated account in the account management bank.

(iii) The ceiling of the joint borrowers' joint repayment responsibility obligation

Pursuant to the syndicated senior loan facility agreement, in the event that the joint borrowers fail to comply with the loan agreement with the lenders, the lenders can ask the joint borrowers to repay the loan. The joint borrowers' obligations are joint and several; provided that, where a joint borrower is one of System Operators, the obligation of a joint borrower to repay debt extended to another joint borrower is subject to limitation on guarantee stipulated in the "Procedures for Provision of Endorsements and Guarantees" in the System Operators' internal rules. Under the "Procedures for Provision of Endorsements and Guarantees", the ceiling of total endorsements and guarantees for others should not exceed 3 times of the System Operator's net worth, calculated based on the book value of equity.

(iv) Restrictions on loans from shareholders, interest payable on loans from shareholders and appropriation of earnings

Pursuant to the syndicated senior loan facility agreement, if the joint borrowers fail to comply with certain excess cash flow restrictions, they may not make payments under the loans from shareholders and the interests accrued on loans from shareholders; the joint borrowers are under similar restrictions applicable to distributing dividends or appropriating earnings in the forms of cash, securities or other types of assets, except for retained earnings and capital reserve capitalisation.

(v) Restrictions on preferred share dividend and management fee

Pursuant to the syndicated senior loan facility agreement, the joint borrowers may not make dividend payments or accrue dividends under the shareholder agreements exceeding NTD 10,000,000 and payments or accruals of an annual management fee exceeding NTD 250,000,000 in any financial year.

(vi) Restrictions on the joint borrowers' financial ratio

Pursuant to the syndicated senior loan facility agreement, the joint borrowers have undertaken to maintain the following financial ratios:

- senior debt service coverage ratio of at least 1.2 times until December 31, 2012 and at least 1.15x for each subsequent quarter;
- net senior debt/EBITDA ratio not exceeding 5.85 times, gradually stepping down to 2.50 times; and
- total interest coverage ratio of at least 1.90 times until December 31, 2010; at least 2.00 times until September 30, 2012; at least 2.25 times until December 31, 2013; and at least 2.50 times for each subsequent quarter.

Pursuant to the syndicated subordinated loan facility agreement, TBC Holdings B.V. has also undertaken to maintain the following financial ratios:

- total debt service coverage ratio of at least 1.05 times;

- net debt/EBITDA ratio not exceeding 7.00 times, gradually stepping down to 3.25 times; and

- total interest coverage ratio of at least 1.75 times until March 31, 2012; at least 2.00 times until March 31, 2013 and at least 2.25 times for each subsequent quarter.

As at December 31, 2010, 2011 and 2012, there is no violation of the aforementioned financial ratios.

(vii) Other restrictions on the joint borrowers

Pursuant to the syndicated senior loan facility agreement, the joint borrowers are subject to restrictions on the amount of capital expenditures, refinancing and minimum cash balance.

(viii) Pledged assets and pledged shares

Pursuant to the syndicated senior loan facility agreement, all land, buildings and signal communication equipment held by the joint borrowers, shares in the joint borrowers and significant contracts and related proceeds from these assets have been pledged to the lenders as collateral.

Pursuant to the syndicated subordinated loan facility agreement, shares in TBC Holdings and Harvest Cable Holdings and their bank accounts have been pledged to the lenders as collateral.

The Asian Pay-TV Business has incurred an arrangement cost for the syndicated senior loan facility and syndicated subordinate loan facility. The arrangement cost was capitalised against the bank borrowing and is amortised over the terms of the credit facilities. For the years ended December 31, 2010, 2011 and 2012, amortisation of arrangement cost amounted to $26,186,000 (including a $22,603,000 one-time write-off of former arrangement cost), $5,043,000, and $4,993,000, respectively. The amortisation of arrangement cost is recorded as other finance costs (Note 4). As at December 31, 2010, 2011 and 2012, the unamortised arrangement cost amounted to $34,836,000, $28,806,000, and $22,858,000, respectively.

(b) Borrowings from related parties

	Shareholders (Note 16)	Interest rate	2010	2011	2012
			$'000	$'000	$'000
Convertible loan	Asia Cable S.à r.l.	–	23,496	–	–
Shareholder loan	Asia Cable S.à r.l.	–	3,396	–	–
Shareholder loan	MIIF	–	–	311,961	306,230
			26,892	311,961	306,230
Fixed interest-bearing loan notes	Asia Cable S.à r.l.	12.0469%	31,409	–	–
Total Nominal Value			58,301	311,961	306,230
Accumulated valuation gain			(2,926)	–	–
Valuation gain at initial recognition			–	(88,211)	(88,211)
Accumulated amortised interest expense			–	27,322	74,379
Translation difference			–	(76)	800
Total Carrying Value			55,375	250,996	293,198

Borrowings from related parties consist of non-interest bearing shareholder loans (the "Shareholder Loans"), non-interest bearing convertible loans (the "Convertible Loans") and interest-bearing loan notes (the "Loan Notes").

During the financial year ended December 31, 2011, the following transactions took place in relation to the financial instruments at Cable TV S.A.:

– MIIF loaned $306,230,000 (NTD 7,285,599,000) as a Shareholder Loan to MRL and MIIT

– MRL and MIIT used the amount of such Shareholder Loan to acquire all of the share capital, Convertible Loans, Shareholder Loans and Loan Notes, in or issued by Cable TV S.A. held by Asia Cable S.à.r.l. ("Asia Cable").

– MRL and MIIT also subscribed for additional share capital, Convertible Loans, Shareholder Loans and Loan Notes, in or issued by Cable TV S.A.

– Cable TV S.A. repaid all the outstanding Loan Notes to MMHL and MRL, and MMHL and MRL re-invested the entire proceeds of such repayment into Cable TV S.A. in the form of new Convertible Loans. The new Convertible Loans were then transferred to MMBL and MIIT via intercompany loan.

The Convertible Loans, due to the embedded derivatives of the indemnity payment, is stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss. As the fair value of the indemnity payment cannot be separately and reliably measured apart from the host contract, the entire financial instrument is designated as a financial instrument measured at fair value through profit or loss. The net gain (loss) arising from the re-measurement of the Convertible Loans for the year ended December 31, 2010 and 2011 amounted to a gain of $2,504,000 and a loss of $1,423,000, respectively.

The Shareholder Loan from MIIF is recognised initially at fair value and subsequently measured at amortised cost. The fair value gain upon initial recognition amounting to $88,211,000 is recorded as capital reserves, representing interest-free benefit by way of capital contribution from a shareholder. The interest expenses arising from subsequent amortisation for the year ended December 31, 2011 and 2012 amounted to $27,322,000 and $47,057,000, respectively.

Interest expenses to Asia Cable on the Loan Notes and Convertible Loans in 2010 and 2011 amounted to $10,613,000 and $751,000, respectively.

10 TRADE AND OTHER PAYABLES

	2010	2011	2012
	$'000	$'000	$'000
Trade payables	10,779	18,509	16,368
Other payables	3,026	10,930	1,870
	13,805	29,439	18,238

Other payables as at December 31, 2010, 2011 and 2012 are primarily comprised of withholding tax payables amounting to $1,588,000, $9,089,000 and $1,161,000, respectively.

11 OTHER CURRENT LIABILITIES

	2010	2011	2012
	$'000	$'000	$'000
Received advances	28,443	31,294	32,709
Accruals[(a)]	27,703	39,480	44,416
Finance lease payables[(b)]	63	404	84
Interest payables:			
– Third party	205	263	531
– Related party (Note 16)	1,907	–	–
	58,321	71,441	77,740

(a) Included in accruals is a provision for phantom equity payments of $8,441,000, $13,666,000 and $26,037,000 as at December 31, 2010, 2011 and 2012, respectively. The senior management of the Asian Pay-TV Business is entitled to such payments under a Long Term Incentive Plan (the "LTIP"), pursuant to which the Asian Pay-TV Business will allocate notional shares (the "Phantom Equity"), upon achieving prescribed performance targets, for purpose of determining the quantum of cash to be paid, which is determined by measures other than the share price.

This Phantom Equity will vest at the earlier of a) 31 December 2013 or b) time of a trade sale or listing of Cable TV S.A. or its subsidiaries.

Taking into consideration the probability of the trade sale or listing of Cable TV S.A. or its subsidiaries in the near future, management has classified the provision for phantom equity payments as "current liabilities" as at 31 December 2012.

(b) Finance lease payables pertain to payables arising from a finance lease arrangement which the Asian Pay-TV Business used to finance the acquisition of property, plant and equipment (Note 7). As the financial effect of the finance lease obligation is not significant, management is of the view that no further disclosure is required.

12 DERIVATIVE FINANCIAL INSTRUMENTS

	2010	2011	2012
	$'000	$'000	$'000
Derivative financial instruments – Liabilities			
Interest rate swap contracts	1,528	3,721	802
Cross currency interest rate swaps	80,558	58,798	64,848
	82,086	62,519	65,650

The Asian Pay-TV Business is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Asian Pay-TV Business' financial risk management policies.

(a) Interest rate swap contracts

The Asian Pay-TV Business uses interest rate swaps to manage its exposure to interest rate movements on its borrowings from financial institutions by swapping a proportion of those borrowings from floating rates to fixed rates. In the first half of 2010, contracts with a total notional amount of $614,668,000 have fixed interest payments at average rates ranging from 2.97% to 3.15% per annum and receipts at the floating rates of 90 days Taiwan commercial paper for periods up to September 30, 2011. Due to the refinancing conducted in June 2010 (Note 9a), the Asian Pay-TV Business terminated the former interest rate swap contracts early and rolled them over to the new interest rate swap contracts entered in September 2010 to match the relevant terms of the new syndication loan. As at December 31, 2011 and 2012, contracts with a total notional amount of $738,626,000 and $725,057,000 respectively have fixed interest payments at average rates ranging from 1.05% to 1.34% and receipts at the floating rates of 90 days commercial papers in the Taiwan's secondary commercial paper market for periods up to June 30, 2013. The Asian Pay-TV Business will settle the difference between the fixed and floating interest rate on a net basis every quarter.

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 Asian Pay-TV Business' cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

The fair value of interest rate swaps entered into as at December 31, 2010, 2011 and 2012 is estimated at $1,528,000, $3,721,000 and $802,000, respectively, which resulted in financial instrument liabilities of the Asian Pay-TV Business. These amounts are based on using valuation techniques at the balance sheet date. The aforementioned interest rate swaps qualify for hedge accounting. Therefore, the changes in the fair value of hedging interest rate derivative, totalling gain of $11,475,000, gain of $931,000 and gain of $4,996,000 for the years ended December 31, 2010, 2011 and 2012, respectively, have been recognised directly in other comprehensive income, while the realised loss from settlement amounting to $6,504,000, $3,162,000 and $2,131,000 were recorded as additions to interest and other finance costs expense amount for the years ended December 31, 2010, 2011 and 2012, respectively.

(b) Cross currency interest rate swap

The Asian Pay-TV Business has entered into a cross currency interest rate swap in relation to the syndicated subordinated loan facility received from Chinatrust. In order to be able to monitor changes in fair value due to interest rate movements in U.S. dollars ("USD") and due to foreign currency movements in NTD/USD separately, the Asian Pay-TV Business has entered into swaps for an underlying amount of $164,917,000 (equivalent to USD135,000,000).

Through the use of derivative financial instruments, the Asian Pay-TV Business has limited the interest risk on the syndicated subordinated loan facility from Chinatrust.

Valuation loss on derivative financial instrument of $22,944,000 (equivalent to USD16,841,000) was recognised for the year ended December 31, 2010. Valuation gain on derivative financial instrument of $18,771,000 (equivalent to USD 14,930,000) was recognised for the year ended December 31, 2011. Valuation loss on derivative financial instrument recognised in 2012 amounted to $9,667,000 (equivalent to USD 7,739,000).

On the other hand, the realised loss from settlement amounting to $47,681,000, $7,490,000 and $7,400,000 were recorded as additions to interest and other finance costs amount for the years ended December 31, 2010, 2011 and 2012, respectively.

As at December 31, 2010, 2011 and 2012, the total notional amount of outstanding swap contracts are:

(a) cross currency swap contract to which the Asian Pay-TV Business is committed to sell NTD 4,326 million for USD 135 million at a future date;

(b) interest rate swap contracts with notional amount of USD 135 million have fixed interests payments at the rate of 12.17% per annum and receipts at the floating rates of 3 month LIBOR + 8.25%.

The fair value of the cross currency interest rate swaps as at December 31, 2010, 2011 and 2012 is estimated at $80,558,000, $58,798,000 and $64,848,000, respectively, which resulted in financial instrument liabilities of the Asian Pay-TV Business.

13 RETIREMENT BENEFIT OBLIGATIONS

(a) Retirement benefit plans

The Asian Pay-TV Business operates two retirement benefit arrangements for all employees in accordance with legislation in the country of employment for all employees: for eligible employees in Taiwan, a defined benefit plan and for all other employees, a defined contribution plan. The defined benefit plan provides benefits based on years of service and average salary in the six months before retirement. The defined contribution plan receives fixed contributions from Asian Pay-TV Business companies and the Asian Pay-TV Business' legal or constructive obligation is limited to these contributions.

Defined Contribution Plan

The total expense recognised in the combined statement of comprehensive income of $1,238,000, $1,295,000, and $1,338,000 for the years ended December 31, 2010, 2011 and 2012, respectively, represents contributions payable to these plans by the Asian Pay-TV Business at rates specified in the rules of the plans. As at December 31, 2010, 2011 and 2012, contributions of $329,000, $324,000, and $341,000 due in respect of the 2010, 2011 and 2012 reporting periods, respectively, had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

Defined Benefit Plan

The following sets out details in respect of the defined benefit plan only.

(b) Retirement benefit obligation

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

	2010	2011	2012
	$'000	$'000	$'000
Present value of the defined benefit obligation	10,533	11,183	12,325
Fair value of defined benefit plan assets	(3,552)	(3,627)	(3,786)
Unrecognised net asset at transition	(711)	(563)	(427)
Unrecognised prior service cost	(160)	(140)	(122)
Unrecognised net gain	(2,149)	(2,651)	(3,854)
Additional minimum pension liability	154	218	707
Prepaid pension cost	–	2	21
Translation difference	14	(175)	1
Total net liability	4,129	4,247	4,865

(c) Categories of plan assets and financial position of plan

The plan assets are held in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as the survivor entity), a custodian bank for employee pension funds designated by the government of Taiwan in accordance with regulations in Taiwan.

(d) Reconciliations

	2010	2011	2012
	$'000	**$'000**	**$'000**
Reconciliation of the present value of the defined benefit obligation:			
Balance at the beginning of the year	10,241	10,533	11,183
Current service cost	138	96	83
Interest cost	201	201	216
Unrecognised net loss	132	606	1,315
Payments from the fund	(179)	(253)	(472)
Balance at the end of the year	10,533	11,183	12,325

	2010	2011	2012
	$'000	**$'000**	**$'000**
Reconciliation of the fair value of plan assets:			
Balance at the beginning of the year	3,412	3,552	3,627
Actuarial gains and losses	53	42	35
Contributions by plan participants	266	286	279
Settlements	(179)	(253)	(155)
Balance at the end of the year	3,552	3,627	3,786

(e) Amounts recognised in profit or loss

	2010	2011	2012
	$'000	**$'000**	**$'000**
Current service costs	138	96	83
Interest cost	201	201	216
Expected return on plan assets	(70)	(68)	(73)
Amortisation	214	216	237
Net pension cost	483	445	463

(f) Principal actuarial assumptions

An actuarial review of the plan assets and liabilities is undertaken at least annually. The last actuarial review was undertaken at December 31, 2011. The present values of employee benefits not expected to be settled within twelve months as at the reporting date have been calculated using the following weighted averages for the retirement benefit obligations:

	2010	2011	2012
Discount rate used in determining present values	2.00%	2.00%	1.88%
Future salary increase rate	3.00%	3.00%	2.75%-3.00%
Expected rate of return on plan assets	2.00%	2.00%	1.88%

(g) Employer contributions

The Asian Pay-TV Business funds the defined benefit plan at 2% of salaries for employees who are members of the defined benefit plan, in accordance with legislative requirements and market practice in the country of employment.

The actual return on plan assets in 2010, 2011 and 2012 were $53,000, $42,000, and $35,000, respectively.

The Group expects to make a contribution to the defined benefit plans during the next financial year amounting to $300,000, $294,000 and $281,000 for 2010, 2011 and 2012, respectively.

14 COMBINED CAPITAL

Combined capital represents the combined share capital of MMHL, MMBL, MRL and MIIT, which are the investment holding companies holding the companies engaging in the Asian Pay-TV Business, and amounted to $778,126,000 as at each of December 31, 2010, 2011 and 2012.

15 NON-CONTROLLING INTEREST

In order to comply with Taiwan cable TV regulations regarding foreign ownership, the entities within the Asian Pay-TV Business have issued preferred shares to third parties. The preferred shares were issued to external investors, and their interests in the net assets of the Asian Pay-TV Business are identified separately from the Asian Pay-TV Business' equity therein.

On October 1, 2012, the Taiwan entities of the Asian Pay-TV Business issued new preferred stock with the par value of $1,329,000 (NTD 31,460,000). At the same time, the Taiwan entities of the Asian Pay-TV Business also redeemed their original preferred stock with the par value of $1,329,000 (NTD 31,460,000).

Preferred shareholders of the Taiwan entities of the Asian Pay-TV Business are only entitled to a fixed rate of return, which is 25% per annum for the first six years and 5% (amended to 7% in 2012) per annum afterwards. The preferred share dividends are distributed when the respective entities have positive earnings and declared by the entities at their discretion. Deferred and undeclared dividends on the aforementioned preferred shares amount to $786,000 (NTD 17,860,000), $497,000 (NTD 11,598,000) and $23,000 (NTD 554,000) as at December 31, 2010, 2011 and 2012, respectively. The entity can redeem the preferred shares at the original subscription price plus all the declared preferred share dividends. However, the preferred shareholders cannot request the entity to buy back the shares, even in the event of liquidation of the entity. The preferred shareholders also enjoy the same priority right as common shareholders to purchase new shares issued by the entity in the future.

During the year ended December 31, 2011 and 2012, the companies comprising the Asian Pay-TV Business declared dividends to preferred shareholders amounting to $604,000 and $632,000, respectively.

On March 18, 2011, Asia Cable S.a.r.l, a non-controlling shareholder, transferred its 20% shareholding in Cable TV S.A. to MRL. The following schedule shows the effects of changes in the Asian Pay-TV Business' ownership interest in a subsidiary that did not result in change of control, on the equity attributable to holding companies of the Asian Pay-TV Business:

	2010	2011	2012
	$'000	$'000	$'000
Amounts paid on changes in ownership interest in subsidiary	–	110,881	–
Non-controlling interest acquired	–	47,853	–
Difference recognised in other reserves	–	158,734	–

16 RELATED PARTIES TRANSACTIONS

Names of the related parties and their relationships with the Asian Pay-TV Business:

Related Party	Relationship with the Asian Pay-TV Business
Macquarie Korea Opportunities Fund ("MKOF")	Ultimate Shareholder (Shareholder of MMHL/MMBL)
Macquarie International Infrastructure Fund ("MIIF")	Ultimate Shareholder (Shareholder of MRL/MIIT)
Asia Cable S.a.r.l. ("Asia Cable")	Non-controlling shareholder

(a) Management fee expense

As at December 30, 2010, MMHL, MRL, and Asia Cable ("Management Services Providers") were party to the Management Services Agreement with Taiwan Broadband Communications Co., Ltd ("TBC") to provide:

(i) management services; and

(ii) any other services as agreed between TBC and the Management Services Providers for a management services fee of USD7,500,000 per annum.

In accordance with clause 9.2 of the Management Services Agreement, Asia Cable ceased to be a Management Services Provider on March 18, 2011 and assigned its rights, title, interest and benefit in and to the agreement (including the right to collect the outstanding fees owed to Asia Cable) to MRL.

MRL has entered into a back-to-back Management Services Agreement with MIIF to assist MRL to perform its obligations under the Management Services Agreement with the Asian Pay-TV Business.

The management fee expense is shown below:

	2010	2011	2012
	$'000	$'000	$'000
Asia Cable	2,034	–	–
MIIF	3,280	3,001	3,551
MKOF	–	–	–
	5,314	3,001	3,551

(b) Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Asian Pay-TV Business, directly or indirectly, including any director (whether executive or otherwise) of the Asian Pay-TV Business. The compensation paid or payable to key management for employee services is shown below:

	2010	2011	2012
	$'000	$'000	$'000
Short-term benefits	4,551	6,072	13,761
Post-employment benefits	9	9	9
	4,560	6,081	13,770

Short term benefits include directors' fees, wages/salaries, leave pay, bonuses and allowances. Post-employment benefits include the Asian Pay-TV Business' contribution to provident fund, pension fund and other retirement schemes.

17 OPERATING LEASE ARRANGEMENTS

	2010	2011	2012
	$'000	$'000	$'000
The Asian Pay-TV Business as lessee			
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	1,185	1,255	1,316

At the end of the reporting period, the Asian Pay-TV Business has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2010	2011	2012
	$'000	$'000	$'000
Within one year	1,260	1,090	1,199
In the second to the fifth year inclusive	2,617	2,071	3,783
After five years	1,380	997	618
	5,257	4,158	5,600

18 LIST OF COMPANIES COMPRISING THE ASIAN PAY-TV BUSINESS

Details of the companies comprising the Asian Pay-TV Business as at December 31, 2010, 2011 and 2012 are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest		
			2010	2011	2012
MKOF Media Holdings Limited[(c)]	Investment holding	Bermuda	100%	100%	100%
MKOF Media Bermuda Limited[(c)]	Investment holding	Bermuda	100%	100%	100%
Macquarie Renewables Limited[(c)]	Investment holding	Bermuda	100%	100%	100%
Macquarie International Infrastructure Taiwan Limited[(c)]	Investment holding	Bermuda	100%	100%	100%
Cable TV S.A.[(d)]	Investment holding	Luxembourg	80%	100%	100%
TBC Holdings B.V.[(d)]	Investment holding	Netherlands	100%	100%	100%

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest		
			2010	2011	2012
Harvest Cable Holdings B.V.[(a)(d)]	Investment holding	Netherlands	15%	15%	15%
Jie Guang Co., Ltd[(e)]	Investment holding	Taiwan	100%	100%	100%
Jia Guang Co., Ltd[(e)]	Investment holding	Taiwan	77%	77%	77%
Wo Jun Co., Ltd[(e)]	Investment holding	Taiwan	77%	77%	77%
Tai Luo Tze Co., Ltd[(e)]	Investment holding	Taiwan	77%	77%	77%
Tau Luen Co., Ltd[(e)]	Investment holding	Taiwan	77%	77%	77%
Taiwan Broadband Communications Co., Ltd[(e)]	A multi-system cable TV operator	Taiwan	100%	100%	100%
Nan Tao Yuan Cable Television Co., Ltd[(e)]	A cable TV system operator	Taiwan	100%	100%	100%
Best Cable Television Co., Ltd[(e)]	A cable TV system operator	Taiwan	100%	100%	100%
Shin Ho Cable Television Co., Ltd[(e)]	A cable TV system operator	Taiwan	100%	100%	100%
Chun Chien Cable TV Co., Ltd[(e)]	A cable TV system operator	Taiwan	99.9%	99.9%	99.9%
Chi Yuan Cable TV Co., Ltd[(a)(e)]	A cable TV operator	Taiwan	100%	100%	100%
Wei Chieh Broadcast Co., Ltd[(b)(e)]	Cable TV related business	Taiwan	100%	100%	–

Notes on shareholding

(a) Although the Asian Pay-TV Business does not effectively own more than 50% of the equity shares of Harvest Cable Holdings B.V. ("Harvest Cable") and Chi Yuan Cable TV Co., Ltd ("Chi Yuan"), with 15% and 8.9% effective interest held by the Asian Pay-TV Business in Harvest Cable and Chi Yuan respectively, it has control over the financial and operating policies of Harvest Cable and Chi Yuan pursuant to a series of arrangements among the shareholders in these entities, and the Asian Pay-TV Business receives substantially all of Chi Yuan's economic interest. Accordingly, the Asian Pay-TV Business regards Harvest Cable and Chi Yuan as subsidiaries.

(b) To increase the efficiency of operation, Wei Chieh was merged into Wo Jun based on the carrying value in October 2012. As Wei Chieh was a 100% subsidiary of Wo Jun, the merger has no significant financial effect for the year ended December 31, 2012.

Notes on auditor

(c) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes only.

(d) Audited by other member firms of Deloitte Touche Tohmatsu Limited for statutory audit purposes.

(e) Audited by other member firms of Deloitte Touche Tohmatsu Limited for consolidation purposes only.

19 NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

The breakdown of cash generated from operations is as follows:

	2010	2011	2012
	$'000	$'000	$'000
Loss for the year	(45,327)	(4,525)	(26,258)
Adjustments for:			
Depreciation and amortisation expense	28,763	31,996	38,248
Finance costs, net of interest income	170,220	76,977	122,250
Net (gain) loss on borrowings from related parties at fair value through profit or loss	(2,504)	1,423	–
Net loss on other financial assets at fair value through profit or loss	1,686	–	–
Currency exchange (gain) loss	(12,428)	(11,374)	11,199
Loss on disposal of property, plant and equipment	5	–	–
Income tax expense	31,497	75,289	36,832
Operating cash flow before movements in working capital	171,912	169,786	182,271
Trade and other receivables	1,450	(9,652)	(368)
Income tax refund receivable	(5,647)	7,419	6,395
Trade and other payables	7,679	15,987	(1,903)
Retirement benefit obligation	274	176	287
Other assets and liabilities – net	2,616	15,990	8,262
Cash generated from operations	178,284	199,706	194,944

20 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2010	2011	2012
	$'000	$'000	$'000
Financial assets			
Loans and receivables (including cash and cash equivalents)	39,302	76,673	64,535
Financial liabilities			
Fair value through profit or loss (FVTPL): Designated as FVTPL	20,570	–	–
Derivative financial instruments	82,086	62,519	65,650
Amortised cost	1,272,187	1,348,523	1,386,390
	1,374,843	1,411,042	1,452,040

(b) Financial risk management policies and objectives

The Asian Pay-TV Business' activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Asian Pay-TV Business' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects of changes in the financial markets on the financial performance of the Asian Pay-TV Business. The Asian Pay-TV Business uses derivative financial instruments such as cross currency interest rate swaps and interest rate swaps to hedge certain risk exposures. Risk management is carried out by the responsible entity of the Asian Pay-TV Business under internal management policies.

The management of the Asian Pay-TV Business identifies, evaluates and hedges financial risks and provides guidelines for overall risk management, covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

There has been no change to the Asian Pay-TV Business' 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.

(i) Foreign currency risk

The Asian Pay-TV Business' foreign currency exposures arise primarily from the exchange rate movement of foreign currency, namely United States dollars vis-a-vis the functional currencies of respective entities within the Asian Pay-TV Business.

The Asian Pay-TV Business assesses and monitors its current and projected foreign currency cash flows and insofar as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies and utilises a cross currency interest rate swap contract to manage the volatility of future cash flows caused by fluctuations in foreign currency exchange rates. The Asian Pay-TV Business does not hold or issue derivative financial instruments for speculative purposes.

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

Further details of the cross currency interest swap contract are found in Note 12 to the financial statements.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

2010		**Assets**	**Liabilities**
		$'000	**$'000**
USD	Management fee payable	–	7,349
	Borrowings from related parties	–	55,375
	Syndicated subordinate loan facility	–	180,428
		–	243,152

2011		**Assets**	**Liabilities**
		$'000	**$'000**
USD	Management fee payable	–	1,819
	Syndicated subordinate loan facility	–	175,053
		–	176,872

2012		**Assets**	**Liabilities**
		$'000	**$'000**
USD	Management fee payable	–	1,165
	Syndicated subordinate loan facility	–	164,917
		–	166,082

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the respective entities of the Asian Pay-TV Business. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Asian Pay-TV Business where they give rise to an impact on the Asian Pay-TV Business' profit or loss.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	US dollar impact		
	2010	**2011**	**2012**
	$'000	**$'000**	**$'000**
Profit or loss	24,315	17,687	16,608

(ii) Credit risk

The Asian Pay-TV Business has no significant concentrations of credit risk. The Asian Pay-TV Business has policies in place to require advanced collection of subscription fees from customers.

The Asian Pay-TV Business has trade debtors amounting to $130,000, $192,000 and $302,000, as at December 31, 2010, 2011 and 2012, respectively, that are past due at the balance sheet date but not impaired. These receivables are unsecured. The analysis of trade debtors that are not impaired at the balance sheet date is as follows:

	2010	**2011**	**2012**
	$'000	**$'000**	**$'000**
Trade receivables neither past due nor impaired	4,236	8,847	11,074
Trade receivables past due but not impaired:			
< 3 months	126	174	217
3-6 months	4	18	85
Trade receivables past due but not impaired	130	192	302
Total of trade receivables	4,366	9,039	11,376

The allowances for doubtful receivables will be made based on the Asian Pay-TV Business' historical collections experience. The above past due amount is not impaired as management believes that there has not been a significant change in credit quality and the amounts are considered recoverable. Accordingly, the allowance for doubtful debts recorded by management as at December 31, 2010, 2011 and 2012 are $11,000, $20,000, and $12,000, respectively.

(iii) Liquidity risk

Liquidity risk reflects the risk that the Asian Pay-TV Business will have insufficient resources to meet its financial liabilities as they fall due.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Asian Pay-TV Business can be required to pay. The table includes both interest and principal cash flows excluding borrowings from a non-controlling shareholder, Asia Cable and the related interest payable as at December 31, 2010 amounting to $58,301,000 and $1,907,000, respectively, as the borrowings and the related interest payable were scheduled to be transferred to MRL and MIIT in March 2011 as disclosed in Note 9(b).

Non-derivative financial liabilities

	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2010					
Floating rate – borrowings from financial institutions	113,721	631,982	841,234	(396,297)	1,190,640
Trade and other payables	10,779	–	–	–	10,779
Other liabilities	27,971	6,085	–	–	34,056
Total	152,471	638,067	841,234	(396,297)	1,235,475
As at December 31, 2011					
Floating rate – borrowings from financial institutions	56,576	568,555	724,914	(316,827)	1,033,218
Interest free rate – borrowings from related parties	–	311,961	–	(60,965)	250,996
Trade and other payables	18,509	–	–	–	18,509
Other liabilities	40,147	5,653	–	–	45,800
Total	115,232	886,169	724,914	(377,792)	1,348,523

	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2012					
Floating rate – borrowings from financial institutions	61,305	1,216,195	–	(251,734)	1,025,766
Interest free rate – borrowings from related parties	306,230	–	–	(13,032)	293,198
Trade and other payables	16,368	–	–	–	16,368
Other liabilities	45,031	6,027	–	–	51,058
Total	428,934	1,222,222	–	(264,766)	1,386,390

Non-derivative financial assets

Substantially all financial assets of the Asian Pay-TV Business amounting to $39,302,000, $76,673,000 and $64,535,000 as at December 31, 2010, 2011 and 2012, respectively, are on demand or due within one year.

Derivative financial instruments

	On demand or within 1 year	Within 2 to 5 years	Total
	$'000	$'000	$'000
As at December 31, 2010			
Net settled:			
Cross currency interest rate swap contract	–	80,558	80,558
Interest rate swap contracts	–	1,528	1,528
	–	82,086	82,086

	On demand or within 1 year	Within 2 to 5 years	Total
	$'000	$'000	$'000
As at December 31, 2011			
Net settled:			
Cross currency interest rate swap contract	–	58,798	58,798
Interest rate swap contracts	–	3,721	3,721
	–	62,519	62,519
As at December 31, 2012			
Net settled:			
Cross currency interest rate swap contract	–	64,848	64,848
Interest rate swap contracts	802	–	802
	802	64,848	65,650

As at December 31, 2010, 2011 and 2012, the Asian Pay-TV Business' current liabilities exceed current assets by $133,525,000, $120,024,000 and $159,147,000, respectively. In addition, the total financial liabilities (including both derivative and non-derivative) of $1,374,843,000, $1,411,042,000 and $1,452,040,000 exceed total financial assets of $39,302,000, $76,673,000 and $64,535,000 as at December 31, 2010, 2011 and 2012, respectively, indicating that there would be insufficient resources to meet Asian Pay-TV Business' financial liabilities as they fall due.

Based on historical positive operating cash flow, the management of the Asian Pay-TV Business believes that the liquidity risk is mitigated as the Asian Pay-TV Business' operating cash inflows are deemed sufficient to meet its short-term liquidity demands, taking into consideration the following factors:

(i) The Asian Pay-TV Business has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009, that serve over 738,000, 748,000 and 751,000 cable TV subscribers as at December 31, 2010, 2011 and 2012, respectively, with more than 100 channels of local and international content on its analogue and digital cable TV platforms in Taiwan. Hence, it is expected that the Asian Pay-TV Business' core business, i.e. cable TV system operators and their related business, will continue generating sufficient and stable cash inflows. This is consistent with the positive operating cash flow generated by the Asian Pay-TV Business of $155,543,000, $185,008,000 and $174,774,000 for the years ended December 31, 2010, 2011 and 2012, respectively.

(ii) The Asian Pay-TV Business has a general revolver loan facility in place to fund capital expenditure and working capital requirements. Also, in view of the constant operating cash flow generated, good credibility over the past years and full compliance with the requirements as stipulated in the general revolver loan facility agreement, the management of the Asian Pay-TV Business is confident it can refinance such bank borrowing when required, as was successfully conducted in 2006 and 2010, respectively.

(iii) The management of the Asian Pay-TV Business has carefully monitored and managed its cash flow. Management and operation reports are prepared and reviewed on a monthly basis and cash flow forecasts are prepared on a quarterly basis to project cash flow requirements of the Asian Pay-TV Business using the various general and operational assumptions. In the past, the Asian Pay-TV Business has not encountered any liquidity problems in its operations.

As at December 31, 2010, 2011 and 2012, the Asian Pay-TV Business has $20,905,000 (NTD 475,000,000), $4,710,000 (NTD 110,000,000) and $54,642,000 (NTD 1,300,000,000), respectively, of undrawn committed bank credit facilities.

(iv) Interest rate risk

The Asian Pay-TV Business' interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Asian Pay-TV Business to cash flow interest rate risk. The Asian Pay-TV Business manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Asian Pay-TV Business raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Asian Pay-TV Business borrowed at fixed rates directly.

Under the interest rate swaps, the Asian Pay-TV Business agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Further details of the interest rate swap contracts are found in Note 12 of the financial statements.

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

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and short-term borrowings from financial institutions approximate their respective fair values due to the relatively short-term maturity of these financial instruments. For the other class of financial assets and liabilities, except for convertible loan from related party which are stated at fair value, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

The Asian Pay-TV Business classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value

2010	**Level 2**
	$'000
Financial liability	
Derivative financial instruments	82,086

2011	
Financial liability	
Derivative financial instruments	62,519

2012	
Financial liability	
Derivative financial instruments	65,650

There were no significant transfers between Level 1 and level 2 of the fair value hierarchy in 2010, 2011 and 2012.

(c) Capital risk management policies and objectives

The Asian Pay-TV Business' capital risk management objectives are to safeguard the Asian Pay-TV Business' ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. To achieve its capital risk management objectives, the Asian Pay-TV Business may adjust the amount of dividend payment, return capital to shareholders, issue new shares and obtain new borrowings. The Asian Pay-TV Business' overall strategy remains unchanged over the Relevant Periods.

In addition, the Asian Pay-TV Business also specifically monitors the financial ratios of its debt covenants stated in the agreements with the financial institutions providing the loan facilities to the Asian Pay-TV Business. The Asian Pay-TV Business is in compliance with externally imposed capital requirements for the financial years ended 31 December 2010, 2011 and 2012.

21 DIVIDENDS

During the years ended December 31, 2010, 2011 and 2012, the companies comprising the Asian Pay-TV Business declared dividends to holding companies of the Asian Pay-TV Business amounting to $38,487,000, $64,349,000 and $89,631,000, respectively.

22 SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Asian Pay-TV Business. The Chief Executive Officer reviews the internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Asian Pay-TV Business is principally engaged in the Cable TV and broadband services in Taiwan and therefore management considers that the Asian Pay-TV Business operates in one single business and geographical segment.

23 EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2012, distributions of US$13.6 million (S$16.8 million) were paid to the shareholders of the Holding Companies in April 2013, for the period relating to July 1, 2012 to December 31, 2012.

Prior to the listing of Asian Pay Television Trust, Asian Pay-TV Business underwent a restructuring exercise among the Holding Companies incorporated in Bermuda, whereby there was a transfer of instruments from MRL to MIIT and MMBL to MMHL. Subsequent to the restructuring exercise, MMHL and MIIT are collectively known as the "Holding Companies".

24 APPROVAL OF COMBINED FINANCIAL STATEMENTS

The Combined financial statements set out on pages C-3 to C-60 were approved by the Board of Directors of Macquarie APTT Management Pte Limited on 16 May 2013.

APPENDIX D

INDEPENDENT TAXATION REPORT

The Board of Directors
Macquarie APTT Management Pte. Limited
(as Trustee-Manager of Asian Pay Television Trust)
(the "**Trustee-Manager**")
10 Marina Boulevard
Marina Bay Financial Centre
Singapore 018983

Asian Pay Television Trust

INDEPENDENT TAXATION REPORT

2 May 2013

Dear Sirs

This letter has been prepared at the request of the Trustee-Manager for inclusion in the prospectus (the "**Prospectus**") to be issued in relation to the initial public offering of the units (the "**Units**") in Asian Pay Television Trust ("**APTT**"), a trust registered with the Monetary Authority of Singapore under the Business Trusts Act, Chapter 31A of Singapore, on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The purpose of this letter is to provide prospective purchasers of the Units with an overview of the Singapore income tax consequences of the acquisition, ownership and disposal of the Units. This letter addresses principally purchasers who hold the Units as investment assets. Purchasers who acquire the Units for dealing purposes should consult their own tax advisors concerning the tax consequences of their particular situations.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Prospective purchasers of the Units should consult their own tax advisers to take into account the tax law applicable to their particular situations. In particular, prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax laws of their respective country of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on the Singapore income tax laws and the relevant interpretation thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

SINGAPORE TAX

General Principles of Taxation of a Registered Business Trust

A trust registered with the Monetary Authority of Singapore under the Business Trusts Act, Chapter 31A of Singapore ("**RBT**") is treated like a company for Singapore corporate income tax purposes. This tax treatment would be effective from the first year that the trust commences operation as a registered business trust. Accordingly, a business trust is subject to Singapore income tax in accordance with the provisions of the Singapore Income Tax Act, Chapter 134 (the "**Income Tax Act**")

A RBT is liable to Singapore income tax on:

(a) income accruing in or derived from Singapore (i.e. Singapore sourced income); and

(b) unless otherwise exempt, income derived from outside Singapore which is received or deemed to have been received in Singapore (i.e. foreign sourced income).

Singapore does not impose tax on capital gains. The corporate income tax rate in Singapore is currently 17.0% and is chargeable on income less allowable deductions and allowances. There is a partial tax exemption on the first S$300,000 of income that is chargeable to tax at 17.0% ("**normal chargeable income**"). The first S$10,000 of normal chargeable income would enjoy 75.0% tax exemption, whilst any remaining normal chargeable income (up to a maximum of S$290,000) would be accorded 50.0% tax exemption.

Under Section 13(8) of the Income Tax Act, foreign sourced dividends, foreign branch profits and foreign sourced service income received in Singapore by a Singapore resident company would be tax exempt, to the extent that the following conditions stipulated under Section 13(9) of the Income Tax Act are met:

(a) the income is "subject to tax" in the foreign jurisdiction from which the income is received from;

(b) at the time the income is received in Singapore, the headline tax rate of the foreign jurisdiction from which the income is received is at least 15.0%; and

(c) the IRAS is satisfied that the exemption would be beneficial to the Singapore resident person.

Under Singapore's one-tier corporate tax regime, dividends distributed to shareholder by Singapore resident companies and distributions to unitholders by registered business trusts would not be subject to Singapore income tax in the hands of the beneficiaries.

Dividends from the Bermuda Holdcos

Foreign sourced dividends received by APTT would only be subject to Singapore income tax when received in Singapore or deemed received in Singapore, subject to certain exemptions. Tax exemption under Section 13(8) of the Income Tax Act in respect of foreign sourced dividends received by APTT from the Bermuda Holdcos is not available as Bermuda does not have a headline tax rate of at least 15.0% and such dividends (or income out of which such dividends are paid) are not taxable in Bermuda.

Subject to meeting certain stipulated conditions and reporting obligations, APTT has obtained an exemption under Section 13(12) of the Income Tax Act on dividend income received by APTT from the Bermuda Holdcos after its listing on the SGX-ST. Specifically, APTT will be exempt from tax on dividends from the Bermuda Holdcos that originate from dividends and interest paid out of underlying profits from substantive cable broadband business activities carried out in Taiwan.

However, where either:

(a) the conditions or reporting obligations imposed under the exemption are not met;

(b) the dividends received by APTT do not fall within the scenario and sources described in the exemption application;

(c) there are changes in the structure, entities or circumstances that fall outside the scope of the exemption granted; or

(d) there is a change in the tax legislation governing such tax exemptions,

then the dividends received by APTT from the Bermuda Holdcos will, if received in Singapore, be subject to tax in Singapore at the prevailing corporate tax rate, which is currently 17.0%.

Gains on disposal of shares in the Bermuda Holdcos

There is no capital gains tax in Singapore. Gains derived by APTT from the disposal of its shares in the Bermuda Holdcos will not be subject to Singapore income tax unless the gains are considered income of a trade or business. If the shares in the Bermuda Holdcos were acquired with the intention or for the purpose of making a profit by sale and not with the intention of holding for long-term investment purposes, any gains derived from the sale of the shares would be regarded as revenue in nature and hence, subject to Singapore income tax at the prevailing corporate tax rate, which is currently at 17.0%.

Under Section 13Z of the Income Tax Act, gains derived by the company from the disposal of ordinary shares, during the period between 1 June 2012 and 31 May 2017 (both dates inclusive), are not taxable if, immediately prior to the date of the disposal, the divesting company held at least 20.0% of the ordinary share capital of the investee company for a continuous period of at least 24 months.

The Inland Revenue Authority of Singapore has clarified in its circular dated 30 May 2012 titled "Income Tax: Certainty of Non-taxation of Companies' Gains on Disposal of Equity Investments" that the above rule will also apply to a registered business trust divesting ordinary shares in an investee company. In this regard, gains derived by APTT from the disposal of shares in the Bermuda Holdcos will not be liable to Singapore income tax if the above conditions are met.

Taxation of Unitholders

Distributions from APTT

Pursuant to Section 13(1)(zg) of the Income Tax Act, distributions by APTT are tax-exempt and are therefore not subject to Singapore income tax in the hands of the Unitholders. The distributions are also not subject to Singapore withholding tax. The tax exemption is given to all the Unitholders, regardless of their nationality, corporate identity or tax residence status. The Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager.

Gains on Disposal of Units

Singapore does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to tax in Singapore. However, such gains may be considered income in nature and subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gain may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the Unitholder had no intention to hold the Units as long-term investments.

In the event that the Units are held as trading assets, corporate Unitholders who adopt Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") for accounting purposes may be required to recognise gains or losses on the Units in the profit and loss account in accordance with FRS 39. If so, the gains or losses recognised will be taxed or allowed as a deduction even though they are unrealised. Unitholders who may be subject to this tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences that may apply to their individual circumstances.

Goods and Services Tax ("GST")

The sale of the Units by a GST-registered investor who belongs in Singapore through the SGX-ST or to another person belonging in Singapore is an exempt supply that is not subject to GST. Any GST, directly or indirectly, incurred by the investor in respect of this exempt supply is not recoverable and will become an additional cost to the investor.

Where the Units are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at a zero rate. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business is claimable as an input tax credit from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the Units will be subject to GST, currently at the rate of 7.0%. Similar services rendered to an investor belonging outside Singapore are generally subject to GST at the zero rate.

Stamp Duty

Stamp duty will not be imposed on transfers of Units or on the transfer of any property for the purpose of effectuating the appointment of a new trustee-manager for APTT.

Larry Sim
Executive Director

For and on behalf of
KPMG Services Pte. Ltd.

APPENDIX E

INDEPENDENT VALUATION SUMMARY REPORT

Contact Vishal Sharma
DID: (65) 6213-2845

The Board of Directors
Macquarie APTT Management Pte. Limited
(as the Trustee-Manager of Asian Pay Television Trust)
10 Marina Boulevard,
#17-01 Tower 2,
Marina Bay Financial Centre,
Singapore 018983

2 May, 2013

Dear Sirs

Independent Valuation Summary Letter

1. Introduction

KPMG Corporate Finance Pte. Ltd. ("**KPMG Corporate Finance**" or "**we**") has been appointed by the Board of Directors (the "**Directors**") of Macquarie APTT Management Pte. Limited (the "**Trustee-Manager**") in its capacity as the trustee-manager of Asian Pay Television Trust (the "**Trust**"), to undertake an independent, indicative valuation of the future operating cash flows of the Pay-TV Businesses and Broadband Businesses (as defined in the Prospectus) of the TBC Group (as defined in the Prospectus) (the "**Business**"), which will form the initial investment of the Trust, in connection with the initial public offering of units (the "**Units**") in the Trust (the "**Offering**") and the listing of Units on the Singapore Exchange Securities Trading Limited (the "**Listing**").

Unless otherwise stated, words and expressions defined in the Prospectus registered with the Monetary Authority of Singapore in connection with the Offering and the Listing (the "**Prospectus**") have the same meaning in this letter.

This letter has been prepared for the Directors for the purpose of incorporation as an Appendix to the Prospectus and is a summary of the information contained in our Independent Valuation Report dated 29 April, 2013 (the "**Report**"). Accordingly, this letter should be read in conjunction with the full text of the Report.

2. Terms of Reference

Scope

The objective of this letter is to provide an independent view of the fair market value of the future operating cash flows of the Business assessed on a stand-alone and going concern basis as of December 31, 2012 (the "**Valuation Date**").

We are not expressing an opinion on the commercial merits and structure of the Trust, and accordingly this letter and the Report do not purport to contain all the information that may be necessary or desirable to fully evaluate the commercial or investment merits of the Trust by the current and prospective investors. Our work is not addressed to and should not be construed as investment advice to the current and prospective investors of the Trust.

We have not conducted a comprehensive review of the business, operational or financial condition of the Business, and accordingly this letter and our Report do not make any representation or warranty, express or implied, in this regard.

The scope of our engagement does not require us to express, and we do not express, a view on the future prospects of the Trust and the Business. We are therefore not expressing any views on the future trading price of the Units or the financial condition or performance of the Trust upon the Listing.

Our opinion is based on prevailing market, economic, regulatory, industry and other conditions as of the Valuation Date. Such conditions can change over relatively short periods of time. Any subsequent changes in these conditions may have an impact upon the value, either positively or negatively. Neither KPMG Corporate Finance nor any of our affiliates worldwide are responsible for updating our conclusions set out in this letter or the Report because of events or transactions occurring subsequent to the date of this letter and the Report.

Our terms of reference do not require us to provide advice on legal, regulatory, accounting, property or taxation matters and where specialist advice has been obtained by the Trustee-Manager or the Trust and made available to us, we have considered and relied upon such advice where appropriate.

Our work is not of the same nature as an audit, and does not constitute an audit. We are not therefore issuing an audit opinion and no assurance is expressed.

The Trust, the Trustee-Manager and the Directors have been separately advised by their own legal adviser in the preparation of the Prospectus other than this letter and the Report. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Prospectus other than this letter and the Report. Accordingly, we assume no responsibility for, and express no views, whether express or implied, on the contents of the Prospectus except for this letter and the Report.

Use of our letter and the Report

This letter and the Report are addressed to, and for the use and benefit of the Directors of the Trustee-Manager for the purpose as set out above, and accordingly neither this letter nor the Report may be used or relied upon, nor confer any benefit to, any other person (including without limitation, the current and prospective investors of the Trust). While a copy of this letter may be incorporated in the Prospectus, we assume no responsibility for and do not consent to the reproduction or dissemination of all or any part thereof for any other purpose. Any recommendations made by the Directors to the current and prospective investors shall remain the responsibility of the Directors.

Reliance on information and representation

In preparing this letter and the Report, we have relied on information and representations made to us by the management of the TBC Group (the "**Management**"), the Trustee-Manager, the Trust and their professional advisors, and other publicly available information. We do not accept any responsibility for such information and have not independently verified

any of the information or representations provided to us. Accordingly, we do not make any representation, or warranty, expressed or implied, as to the accuracy, reasonableness or completeness of such information or representation.

We have satisfied ourselves, so far as possible, that the information presented in the letter and the Report is consistent with other information which was made available to us in the course of our work in accordance with the terms of reference. We have not, however, sought to establish the reliability of the sources by reference to other evidence and do not assume any responsibility to do so.

The Directors have confirmed to us, upon making all necessary enquiries and to the best of their respective knowledge and belief, that the information provided to us is correct and is in all material respects accurate and complete, fair in the manner of its portrayal, and forms a reliable basis for our independent valuation. In addition, the Directors confirmed that there are no other matters or information, the omission of which would cause any information disclosed to us to be inaccurate or misleading in any material respect.

In no circumstances shall KPMG Corporate Finance be liable, other than in the event of our bad faith or wilful default, for any loss or damage of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the Directors, employees, or agents or any person of whom we may have made inquiries of during the course of our work.

3. Valuation Methodology

We have assessed the fair market value of the Business on a stand-alone and going concern basis as of the Valuation Date, by using the discounted cash flows methodology under the income approach. Under this approach and methodology, we have discounted the projected free cash flows of the Business with an appropriate discount rate having considered the relevant risk factors.

Fair market value is generally defined as the amount at which an asset could be exchanged between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting in an arm's length transaction, in an open and unrestricted market.

We do not assume any responsibility to undertake an assessment on any other basis, approach or methodology.

Our valuation is based, *inter alia*, on various assumptions with respect to the Business, including its respective present and future financial condition, business strategies and the environment in which it will operate in the future. These assumptions are based on the information that we have been provided, and our discussions with or on behalf of the Directors and management of the Trustee-Manager as well as with the Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties, including those set out in the section "Risk Factors" of the Prospectus. Additionally, as highlighted in the section "Risk Factors" of the Prospectus, the TBC Group operates in a highly regulated industry. In our independent valuation, we have assumed that there will not be any significant change in the regulatory regime and that TBC will continue to operate in the *status quo* regulatory regime.

As the free cash flows of the Business are projected in New Taiwan Dollar ("**NT$**"), our assessment of the fair market value of the Business is in NT$, and subsequently converted into S$ based on the spot exchange rate of S$1.00 = NT$23.7804 as of the Valuation Date. We have not factored the foreign exchange fluctuations in our course of work.

There is a pending tax dispute, as detailed in the section "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*" of the Prospectus. We have relied on Management's assessments with respect to the provision and potential tax settlements. We have not engaged any tax experts on the subject matter and have not provided any opinion in this regard.

We have set out in the Report the key assumptions used in our valuation as well as risk factors that, in our opinion, may have a material impact on the valuation of the Business. It should be noted that it is not an exhaustive list of all risk factors relevant to the Business.

4. Conclusion

In summary and as detailed in the Report, which should be read in conjunction with this letter to the Directors, KPMG Corporate Finance has adopted the Fair Market Value as the standard of value. The indicative equity value of the Business, as of December 31, 2012, is in the range from S$1.3 billion to S$1.5 billion.

As TBC will be listed as a business trust, we have benchmarked the implied distribution yields based on our valuation with the distribution yields for other comparable business trusts.

Based on forecasted FY2013 distribution of S$104.7 million, the valuation range implies a distribution yield between 7.0% and 8.1%. The implied distribution yield based on FY2013 distribution falls within the range of distribution yields currently observed for business trusts. However, we note that the forecasted FY2013 distribution is affected by various non-recurring items.

Based on forecasted FY2014 distribution of S$118.5 million, which is not affected by non-recurring items, the valuation range implies a distribution yield of between 7.9% and 9.1%, which is higher than the range of distribution yields currently observed for business trusts.

Based on the forecasted FY2014 distribution for the Trust and the forecasted FY2014 distribution yields observed for business trusts, which are based on current market sentiments, the implied equity value of the business would be in the range from S$1.5 billion to S$1.7 billion, which is higher than the equity value from our valuation.

Yours faithfully,
For and on behalf of
KPMG Corporate Finance Pte. Ltd.

Vishal Sharma
Executive Director

APPENDIX F

LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

The principal present directorships, other than those held in the Trustee-Manager and the principal past directorships in the last five years of each of the Directors and Executive Officers (named in "*The Trustee-Manager*") are as follows:

(A) Directors

(1) Yong Lum Sung

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Care Corner Singapore Ltd	STT International Vietnam Pte. Ltd.
Singapore Cruise Centre Pte. Ltd.	Singex Global (ME) Pte. Ltd.
Singex Venues Pte. Ltd.	Singex Teda International Pte. Ltd. (struck off)
Singex Exhibitions Pte. Ltd.	Muvee Technologies Pte Ltd
Singex Exhibition Ventures Pte. Ltd.	Imdex Asia Ltd (struck off)
Golden Donuts Pte. Ltd.	
Tianjin Binhai Conventions & Exhibitions Co Ltd	
Thaicom Public Company Limited	
Tera-Barrier Films Pte. Ltd.	
D-SIMLAB Technologies Pte. Ltd.	

(2) Tan Chung Yaw, Richard

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Polaris Ltd.	Bridge Mobile Pte. Ltd.
Navigis Inc.	PT Telekommunikasi

(3) Leong Shin Loong

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
–	Bridge Mobile Pte. Ltd.
	GRID Communications Pte. Ltd.
	PT Telekommunikasi

(4) Tri Pham

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Just-In-Tim Consulting Pte. Ltd.	–

(5) Benjamin Ian Way

Current Directorships

Best Cable Television Co., Ltd
C&M Co., Ltd
Cable TV S.A.
China Water Capital
Chun Chien Cable TV Co., Ltd
Hong Kong Huahan Holdings Investment Limited
Jia Guang Co., Ltd
Jie Guang Co., Ltd
Kangnam City Gas Co., Ltd.
Macquarie Investment Management (Bermuda) Limited
Megabox, Inc.
MKOF Media Bermuda Limited
MKOF Media Holdings Limited (to be renamed APTT Holdings 1 Limited)
Nan Tao Yuan Cable Television Co., Ltd
Shin Ho Cable Television Co., Ltd
Taiwan Broadband Communications Co., Ltd
TBC Holdings B.V.
Wo Jun Co., Ltd

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Chi An Corporation Limited (dissolved)
Hanjin Pacific Corporation
International Media Investments Limited (dissolved)
Macquarie International Infrastructure Taiwan Limited (to be renamed APTT Holdings 2 Limited)
Macquarie Renewables Limited
SK E&S Co. Ltd (sold)
Taiwan Cable TV Investments S.a.r.l. (liquidated)
Total Terminals International LLC
Macquarie International Infrastructure Netherlands 2 Cooperatief U.A.
Macquarie International Infrastructure Netherlands B.V.
Macquarie International Taiwan Co., Ltd (wound up)
MiaoLi Wind Co., Ltd
Wei Chieh Broadcast Co., Ltd (dissolved)

(6) Robert Neale Thorpe

Current Directorships

Consolidated Towers Group Limited
Macquarie Group Holdings (Singapore) Pte. Limited
Macquarie Group Services (Singapore) Pte. Limited
Macquarie India Infrastructure Management Holdings Pte. Limited
Macquarie Infrastructure Advisory (Philippines) Inc.
Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited
Macquarie Infrastructure Holdings (Philippines) Pte. Limited
Macquarie NE Holdings (Singapore) Pte. Limited
Macquarie SBI Infrastructure Holdings Limited
Macquarie SBI Infrastructure Investments 1 Limited
Macquarie SBI Infrastructure Investments Pte. Limited
Macquarie SBI Infrastructure Limited
Macquarie SBI Infrastructure Management Pte. Limited
Macquarie SBI Infrastructure Trustee Limited

Past Directorships (for a period of five years preceding the Latest Practicable Date)

GIF2-MFIT United Pty Limited
Guangzhou South China Highway & Bridge Industry Ltd
Macquarie SBI Infrastructure Investments 2 Pte. Limited (struck off)
MD Anson Pte. Ltd. (sold)
MDP Mauritius Ltd (sold)
Prospect Water No. 1 Pty Limited
Prospect Water No. 2 Pty Limited
South China Highway Development (H.K.) Limited

(B) Executive Officers

(1) Robert Neale Thorpe

As above.

(2) Brian McKinley

Current Directorships

–

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Accademia Publishing Limited
Akkadian Estates Limited
Amber Estates Limited
Ana Tzarev Foundation
Ana Tzarev London Limited (wound up)
Ana Tzarev Management Limited
Aperion Governance Limited
Aquila Aviation Limited
Brownville Limited
Chandler Education Limited
Chandler Holdings (Singapore) Limited
Chandler Holdings (Vietnam) Limited
Chandler Prosperity Holdings Limited
Chrysalis Management Limited
Constellation Holdings Limited
Dalmata Collection Limited Edo Collection Limited
Freedom to Create Limited
Genesis Management Limited
Holborn Finance Limited
Kublai Capital Limited
Kublai Holdings Limited
Kublai Management Limited
Libra Aviation Limited
Mandalay Yachts Limited
Mandarin Estates Limited
Medici Management Limited
Milbourne Investment Holdings Limited
Ming Collection Limited
Newton Holdings (Bangladesh) Pte. Ltd.
OG Advisors India Private Limited
Orient Global Aviation Limited
Orient Global London Limited (wound up)
Orion Aviation Limited
Palazzo Gardens Limited
Palazzo Leonardo 12A Limited
Palazzo Leonardo 12B Limited
Palazzo Leonardo 1B Limited
Palazzo Leonardo 2A Limited
Palazzo Leonardo 2B Limited
Palazzo Leonardo Atelier Limited (sold)
Palazzo Leonardo Galleria Limited
Palazzo Leonardo Maestro Limited
Palazzo Leonardo Portineria Limited

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
	Palazzo Leonardo Speciale Limited (sold)
	Palmesbury Limited
	Raphael Publishing Limited
	Richard Chandler Singapore Pte. Ltd.
	Rumi Education Private Limited
	Rumi Holdings (India) Pte. Ltd.
	Sajja Estates Limited
	Samraan Estates Limited
	Sanook Estates Limited
	Shangdu Holdings Limited
	Shangdu Management Limited
	Shanta Estates Limited (wound up)
	Siam Estates Limited
	Silk Estates Limited
	Singmai Estates Limited
	Singmedic Investments Pte. Limited
	Singmedic Operations Pte. Limited
	Subutai Estates Limited
	Viva Diagnostik Holdings Pte. Limited
	Viva Farma Holdings Pte. Limited
	Viva Healthcare Singapore Limited
	Viva Holdings (Africa) Pte. Ltd.
	Viva Holdings (Egypt) Pte. Ltd.
	Viva Holdings (Egypt Seha) Pte. Ltd.
	Viva Holdings (India) Pte. Ltd.
	Viva Holdings (Indonesia) Pte. Ltd.
	Viva Holdings (Pakistan) Pte. Ltd.
	Viva Holdings (Philippines) Pte. Ltd.
	Viva Holdings (Vietnam) Pte. Ltd.
	Viva Medika Holdings Pte. Limited
	Viva Seha for Medical Entities
	Viva Sehat Healthcare Private Limited
	Big Brothers Big Sisters Ontario

APPENDIX G

LIST OF MATERIAL PROPERTIES

No.	Location	Type	Registered Owner	Interest	Lease Period	Approximate Aggregate Size (square meters)	Usage
1.	Pingzhen City Guang Nan Section Parcel No. 1617[(1)]	Land	Nan Tao Yuan	Owned	N/A	2,219.00[(2)]	Office/ Head-end
2.	16F-1 and 16F-2, No.27, Sec. 2, Huannan Rd., Pingzhen City, Taoyuan County, R.O.C. [(1)]	Building	Nan Tao Yuan	Owned	N/A	1054.55	Office/ Head-end
3.	17F-1 and 17F-2, No.27, Sec. 2, Huannan Rd., Pingzhen City, Taoyuan County, R.O.C. [(1)]	Building	Nan Tao Yuan	Owned	N/A	628.51	Office/ Studio
4.	No.617, Donglong St., Pingzhen City, Taoyuan County	Building	Nan Tao Yuan	Leased	2010.08.01~ 2013.07.31	1474.38	Office/ Warehouse
5.	No.330, Xinsheng Rd., Zhongli City, Taoyuan County	Building	Nan Tao Yuan	Leased	2010.08.01~ 2015.07.31	110	Retail shop
6.	B3F.-A40, No.352, Huanbei Rd., Zhongli City, Taoyuan County	Building	Nan Tao Yuan	Leased	2012.10.01~ 2013.09.30	15.00	Parking lot
7.	B2F., No.37, Sec. 2, Huannan Rd., Pingzhen City, Taoyuan County	Building	Nan Tao Yuan	Leased	2012.01.01~ 2013.12.31	450.00	Parking lot
8.	Xinfeng Township Ronghua Section Parcel No. 318	Land	Best	Owned	N/A	160.20	Vacant
9.	Zhudong Township Jin Fu Section Parcel Nos. 434-436	Land	Best	Owned	N/A	856.35	Office/ Head-end
10.	Zhudong Township Jin Fu Section Parcel No 439	Land	Best	Owned	N/A	323.12	Vacant
11.	Nos.14-4 (3 floors) and 12-1 (ground floor), Ln. 42, Ronghua St., Xinfeng Township, Hsinchu County	Building	Best	Owned	N/A	104.10	Vacant

No.	Location	Type	Registered Owner	Interest	Lease Period	Approximate Aggregate Size (square meters)	Usage
12.	No.11, Ln. 153, Sec. 1, Zhongxing Rd., Zhudong Township, Hsinchu County	Building	Best	Owned	N/A	1,225.74	Office/ Head-end
13.	No.178, Donglin Rd., Zhudong Township, Hsinchu County	Building	Best	Leased	2010.10.01~ 2015.09.30	115.70	Retail shop
14.	No.408, Guangming 6th Rd., Zhubei City, Hsinchu County	Building	Best	Leased	2009.01.01~ 2012.12.31	162.84	Retail shop/ Office/ Head-end
15.	Hsinchu County Zhubei City Hsien Ai Section Parcel No. 0210-0000	Land	Best	Leased	2011.01.01~ 2012.12.31	146.68	Parking lot
16.	Hsinchu County Zhubei City Hsien Ai Section Parcel No. 0210-0001	Land	Best	Leased	2011.01.01~ 2012.12.31	146.67	Parking lot
17.	Hsinchu County Zhubei City Hsien Ai Section Parcel No. 0210-0002	Land	Best	Leased	2011.01.01~ 2012.12.31	146.67	Parking lot
18.	Hsinchu County Zhudong Township Jin Fu Section Parcel No. 437	Land	Best	Leased	2011.08.01~ 2013.07.31	1,700.00	Parking lot
19.	No.198, Neighborhood 7, Shanjia, Zhunan Township, Miaoli County(1)	Building	Shin Ho	Owned	N/A	1,236.64	Office/ Head-end
20.	No.198, Neighborhood 7, Shanjia, Zhunan Township, Miaoli County (Zhunan Township Tiansheng Section Parcel Nos. 55 and 57)	Land	Shin Ho	Leased	2009.03.22~ 2020.03.20	5,445.63	Office/ Parking lot
21.	No.198, Neighborhood 7, Shanjia, Zhunan Township, Miaoli County	Building	Shin Ho	Leased	2009.03.22~ 2020.03.20	248.10	Office

No.	Location	Type	Registered Owner	Interest	Lease Period	Approximate Aggregate Size (square meters)	Usage
22.	No.198, Neighborhood 7, Shanjia, Zhunan Township, Miaoli County	Building	Shin Ho	Leased	2009.03.22~ 2020.03.20	165.29	Warehouse
23.	Miaoli City Miaoli Section Parcel No. 891(1)	Land	Chi Yuan	Owned	N/A	576.00	Office
24.	Miaoli City Miaoli Section Parcel No. 892(1)	Land	Chi Yuan	Owned	N/A	449.00(3)	Office/ Head-end
25.	Tongxiao Township Nanhua Section Parcel No. 1081-28(1)	Land	Chi Yuan	Owned	N/A	125.82	Office/ Warehouse
26.	12F, No.158, Bei'an St., Miaoli City, Miaoli County(1)	Building	Chi Yuan	Owned	N/A	441.83	Office
27.	12F-1, 12F-2, 12F-3, 12F-5, and 12F-6, No.150 Bei'an St., Miaoli City, Miaoli County(1)	Building	Chi Yuan	Owned	N/A	336.96	Office/ Head-end
28.	B1, No.150, Bei'an St., Miaoli City, Miaoli County(1)	Building	Chi Yuan	Owned	N/A	332.80	Office/ Warehouse
29.	1F., No.148, Bei'an St., Miaoli City, Miaoli County(1)	Building	Chi Yuan	Owned	N/A	121.07	Office
30.	No.44, Ln. 21, Neighborhood 21, Zhongshan Rd., Tongnan Vil., Tongxiao Township, Miaoli County(1)	Building	Chi Yuan	Owned	N/A	154.03	Office/ Warehouse
31.	Bei'an St., Miaoli City, Miaoli County (Parcel Nos.: 0459-0077~80,-0114, -0115,-0032, and-113)	Land	Chi Yuan	Leased	2010.09.01~ 2014.08.31	870.91	Parking lot/ Warehouse
32.	No.309-12, Ln. 307, Shuimei Rd., Sanyi Township, Shengxing Village, Miaoli County	Land	Chi Yuan	Leased	2012.09.01~ 2013.08.31	45.91	Fibre optics relay station

No.	Location	Type	Registered Owner	Interest	Lease Period	Approximate Aggregate Size (square meters)	Usage
33.	No.20, Neighborhood 2, Jinshi Village, Xihu Township, Miaoli County	Land	Chi Yuan	Leased	2012.09.01~ 2013.08.31	9.10	Fibre optics relay station
34.	Rooftop of No.150, Bei'an St., Miaoli City, Miaoli County	Building	Chi Yuan	Leased	2001.09.01~ 2006.09.01 (automatically renewed annually thereafter)	312.04	Head-end
35.	1F., No.76, Zhongyuan Rd., Dahu Township, Miaoli County	Building	Chi Yuan	Leased	2009.03.01~ 2014.12.31	23.14	Fibre optics relay station
36.	Taichung City Beitun District Dongshan Section Parcel No. 61(1)	Land	Chun Chien	Owned	N/A	1,167.00(4)	Office/ Head-end
37.	12F.-1&-2, No.934, and 12F-1&-2, No. 936, Sec. 4, Wenxin Rd., Beitun Dist., Taichung City(1)	Building	Chun Chien	Owned	N/A	1,214.28	Office/ Head-end
38.	Rooftop of Nos. 934 and 936, Sec. 4, Wenxin Rd., Beitun Dist., Taichung City	Building	Chun Chien	Leased	2009.07.01~ 2014.06.30	856.07	Satellite receiver
39.	7F., No.159, Sec. 3, Wenxin Rd., Beitun Dist., Taichung City	Building	Chun Chien	Leased	2009.09.01~ 2014.08.31	396.43	Office/ Manage-ment Information System
40.	79-32, Xitun Rd., Xitun Dist., Taichung City (Parcel Nos. Shun-An Section Parcel Nos. 85, 89, 89-1)	Building	Chun Chien	Leased	2011.02.21~ 2017.02.20	4,020.54	Office/ Warehouse/ Parking lots

No.	Location	Type	Registered Owner	Interest	Lease Period	Approximate Aggregate Size (square meters)	Usage
41.	1, 5, 7F., No. 428 and 1F., No.430, Dunhua Rd., Beitun Dist., Taichung City, including 12 parking spots located on B1F (Nos. 52, 53, 62 and 63) and B2F (36~39 and 41~44)	Building	Chun Chien	Leased	2009.09.01~ 2019.08.31	3,174.51	Office/ Manage-ment Information System
42.	Parking spaces located at B2F (No. 40) and B3F (Nos. 3~6, 8~11, 17 and 2) of Nos. 428 and 430, Dunhua Rd., Beitun Dist., Taichung City	Building	Chun Chien	Leased	2011.09.01~ 2013.08.31	165	Parking lot
43.	1F., No.183, Dalong Rd., Xitun Dist., Taichung City	Building	Chun Chien	Leased	2012.07.01~ 2022.06.30	184.02	Retail shop
44.	5F, No.44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City and 6 parking spaces located at B2F (Nos. 216, 217, 228, 231, and 236) and B4F (No. 412)	Building	TBC	Leased	2012.10.16~ 2017.10.15	1,435.51	Office

Notes:

(1) Subject to restriction on all transfers and registration of encumbrance due to tax dispute with the Taiwan tax authorities as described in "*The Business of the Trust – Legal Proceedings and Disputes – Tax Dispute*".

(2) Nan Tao Yuan holds an undivided 505 ten-thousandth (505/10,000) interest in the whole of the piece of land.

(3) Chi Yuan holds an undivided 1778 ten-thousandth (1778/10,000) interest in the whole of the piece of land.

(4) Chun Chien holds an undivided 690 ten-thousandth (690/10,000) interest in the whole of the piece of land.

This page has been intentionally left blank.

APPENDIX H

LIST OF TRADEMARKS AND SERVICEMARKS

Trademark/Servicemark	**Registered Owner**	Class Code	Registration Date	Expiry Date
(In Colour)	Nan Tao Yuan	35	16/05/2012	15/05/2022
		37	16/05/2012	15/05/2022
		36	16/05/2012	15/05/2022
		38	16/05/2012	15/05/2022
		41	16/05/2012	15/05/2022
		42	16/05/2012	15/05/2022
(In Black and White)	Nan Tao Yuan	38	16/01/2002	31/12/2014
(In Colour)	Nan Tao Yuan	2	01/02/1995	31/12/2014
(In Colour)	Best	35	16/01/2012	15/01/2022
		37	01/07/2012	30/06/2022
		36	16/01/2012	15/01/2022
		38	16/05/2012	15/05/2022
		41	16/05/2012	15/05/2022
		42	01/07/2012	30/06/2022
(In Black and White)	Best	38	01/09/1995	31/08/2015
		42	01/01/1996	30/11/2015
		37	01/12/1995	30/11/2015
		35	16/11/1995	15/11/2015
		40	01/02/1996	31/12/2015
(In Colour)	Shin Ho	35	16/01/2012	15/01/2022
		37	16/11/2012	15/11/2021
		36	16/11/2012	15/11/2022
		38	16/11/2012	15/11/2022
		42	16/11/2012	15/11/2022

Trademark/Servicemark	Registered Owner	Class Code	Registration Date	Expiry Date
(In Black and White)	Shin Ho	1	16/03/1995	15/02/2015
		5	16/01/1995	15/01/2015
		6	01/03/1995	28/2/2015
		9	01/01/1995	31/12/2014
		12	16/06/1995	15/06/2015
(In Colour)	Chi Yuan	35	01/07/2012	30/06/2022
		37	01/07/2012	30/06/2022
		36	01/07/2012	30/06/2022
		38	16/05/2012	15/05/2022
		42	16/11/2011	15/11/2021
(In Black and White)	Chi Yuan	6	01/05/1994	30/04/2014
		5	01/05/1994	30/04/2014
		6	01/05/1994	30/04/2014
(In Colour)	Chun Chien	35	16/11/2011	15/11/2021
		37	16/11/2011	15/11/2021
		36	16/11/2011	15/11/2021
		38	16/05/2012	15/05/2022
		41	16/05/2012	15/05/2022
(In Colour)	Chun Chien	9	01/06/2008	31/05/2018
(In Black and White)	Chun Chien	42	16/11/2007	15/11/2017
		41	01/09/2007	31/08/2017
		38	16/11/2007	15/11/2017
		37	01/11/2007	31/10/2017
		36	16/11/2007	15/11/2017
		35	01/11/2007	31/10/2017
		28	16/08/2007	15/08/2017
		16	16/08/2007	15/08/2017
		9	16/08/2007	15/08/2017

Trademark/Servicemark	Registered Owner	Class Code	Registration Date	Expiry Date
(In Black and White)	Chun Chien	41	16/07/2005	15/07/2015
		42	01/09/2005	31/08/2015
		38	01/09/2005	31/08/2015
		37	16/07/2005	15/07/2015
		35	16/07/2005	15/07/2015
(In Colour)	TBC	35	16/07/2008	15/07/2018
		37	16/07/2008	15/07/2018
		36	16/07/2008	15/07/2018
		38	16/07/2008	15/07/2018
		41	01/10/2008	30/09/2018
		42	16/07/2008	15/07/2018
光速通訊 (In Black and White)	TBC	35	01/04/2004	31/03/2014
(In Black and White)	TBC	35	01/04/2004	31/03/2014
HSI (In Black and White)	TBC	38	01/07/2003	30/06/2013(1)
		42	16/08/2003	15/08/2013(1)
光速網事達 (In Black and White)	TBC	42	16/08/2003	15/08/2013(1)
		38	16/08/2003	15/08/2013(1)
(In Black and White)	TBC	35	16/10/2003	15/10/2013(1)
(In Black and White)	TBC	42	16/08/2003	15/08/2013(1)

Trademark/Servicemark	**Registered Owner**	Class Code	Registration Date	Expiry Date
(In Black and White)	TBC	42	16/08/2003	15/08/2013(1)

Note:

(1) Expected to be renewed prior to expiration.

aptt
Asian Pay Television Trust