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**Issuer:** APTT Management Pte. Limited

**Security:** Asian Pay Television Trust

**Meeting details:**

Date: 25 April 2019

Time: 10.00 a.m.

Venue: Phoenix Grand Ballroom, Level 6, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031

**Company Description**

Asian Pay Television Trust (APTT) is a Singapore-based trust, which focuses on pay-television (pay-TV) businesses. The Company is engaged in the cable television (TV) and broadband services in Taiwan. The Company 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. The Company's investment portfolio consists of Taiwan Broadband Communications Group (TBC Group), a Taiwan-based cable television operator. APTT is managed by Macquarie APTT Management Pte. Limited (MAMPL or the Trustee Manager), which is a subsidiary of Macquarie Capital Group Limited.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=S70U](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=S70U))

1. In the Chair's Statement, several watershed moments were mentioned that raised doubts about the sustainability of the trust's core business model:

- (i) **Basic cable TV RGUs:** The revenue generating units ("RGUs") dropped for the first time in Taiwan Broadband Communications Group's (TBC) history. The drop from 762,000 to 750,000 is a drop of 1.6%. With average revenue per user (ARPU) continuing its slide to NT494 in the quarter ended 31 December 2018, the basic cable TV revenue dropped 5.7% to \$203.3 million. **Can the board/trustee-manager help unitholders understand how it could slow down the churn of its basic cable TV subscribers? What levers are available to TBC other than to lower prices?**
- (ii) **Non-subscription revenue:** Non-subscription basic cable TV revenue dropped by 11.4% as home shopping networks lose ground to internet shopping. **Will this cumulate into a vicious cycle rapidly as the home shopping networks reach the tipping point where their business is no longer viable?**

2. As announced by the trust on 26 November 2018, the trust completed the refinancing of its existing NT\$29.0 billion onshore borrowing facilities with a new seven-year facilities of NT\$31.0 billion.

Interest rate was reduced from 2.3% to 1.6% and the refinancing incurred lower arrangement fees of 1.25%. This has led to a \$5 million savings in upfront fees and \$9 million annually.

- (i) **Would the trustee-manager provide unitholders with better clarity on the capital expenditure for 2019 and 2020?**
- (ii) **What will the investments in network and broadband achieve for the group in terms of capacity or capability? What is the expected earnings/cash flow potential as a result of the capital expenditure in 2019 and 2020?**
- (iii) **Would management provide unitholders with better visibility of the overall cash flow projections for the next 2 years?**
- (iv) **What would be the criteria to raise the distributions?**

It could be the first time that the trustee-manager suggested the use of its fiber to support wireless carriers in their data backhaul. Data backhaul through TBC's network is expected to become a material part of the group's broadband business going forward as wireless carriers tap into TBC's network for their respective network rollouts.

- (v) **How does the group acquire wireless carriers for the data backhaul? How much can the group charge for its services/the use of its network?**

3. On 14 November 2018, the trust reported its third quarter results and revised the distribution guidance for Q4 2018 (from 1.625 cents per unit to 0.3 cents per unit) and the new distribution guidance for 2019 and 2020 would be 1.2 cents per unit for the full year.

- (i) Is the board carrying out a review to understand how/why the past projections had missed the target?**
- (ii) With the benefit of hindsight, was it prudent to fund the trust's capex with borrowings?**
- (iii) With largely the same management team and the same board, how will the trust be operating differently going forward?**

On 15 April 2019, the trust announced that it is undertaking an independent strategic review of options available to the trust, including its investment in TBC.

- (iv) Can the independent directors help unitholders understand what triggered the review?**
- (v) What is the scope of the review?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Asian%20Pay%20Television%20Trust&cid=6490,4612>

The company's response could be found here: -----