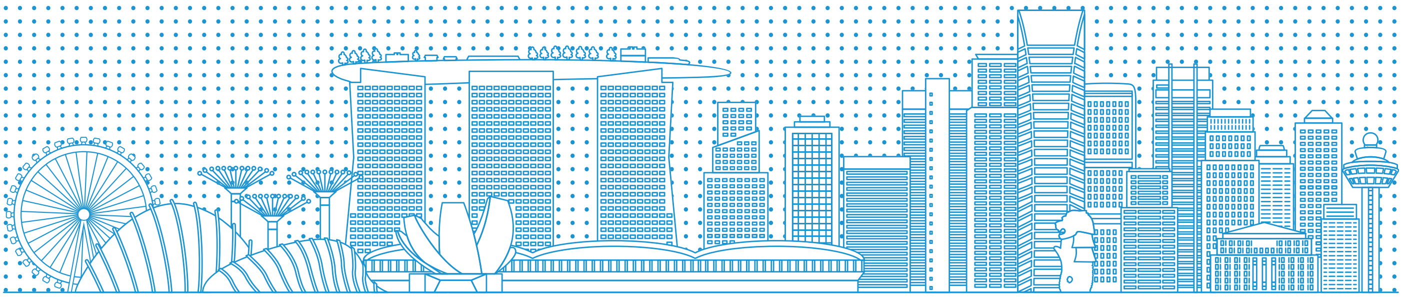
NetLinkNBN

the fibre of a smart nation

A RESILIENT TOMORROW



NetLink NBN Trust Annual Report 2021

Contents

To read more visit
www.netlinknbn.com

VISION

To be the leading telecommunications infrastructure provider in Singapore

MISSION

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

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

We provide open and equal access to all industry operators

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

CORE VALUES

PARTNERSHIP
We measure our success by our partners'

EXCELLENCE
We relentlessly pursue quality and excellence

INTEGRITY
We are fair, honest and accountable

TEAMWORK
We leverage individual strengths to work as one

RESPECT
We care for every employee

Who We Are

THE FIBRE OF A SMART NATION

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

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

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

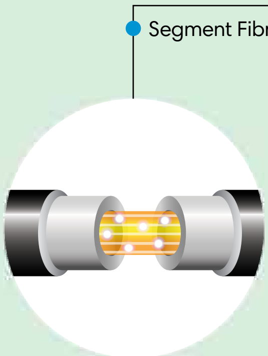
What We Do

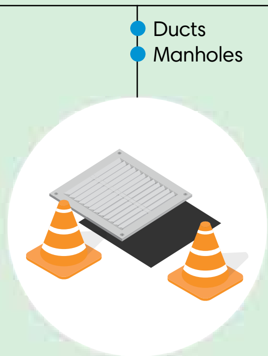
CENTRAL OFFICES

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

CO-LOCATION

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





SEGMENT FIBRE

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

DUCTS AND MANHOLES

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

- HDB/High Rise Residential Apartment
- Landed Residential Area

RESIDENTIAL

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

- Non-Residential Premises

NON-RESIDENTIAL

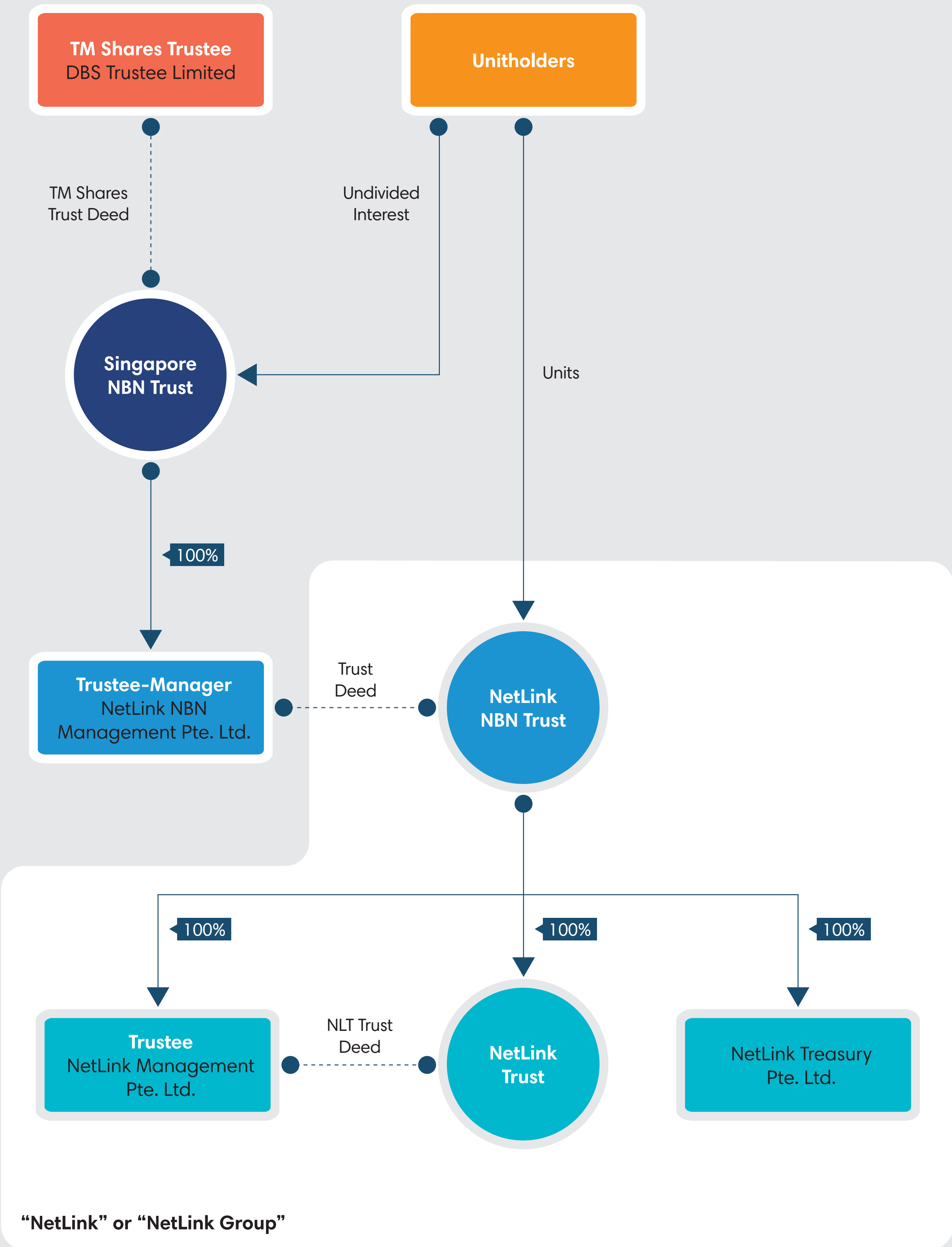
NetLink's network is used for the purpose of end-user fibre connections, to provide fibre services to non-residential end-users such as businesses, shopping malls, transport providers, government agencies, hospitals, and schools.

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

NON-BUILDING ADDRESS POINT ("NBAP")

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

Our Trust Structure



NetLink NBN Trust (also referred to as the "**Trust**") is a trust constituted on 19 June 2017 by a declaration of trust by NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust ("**Trustee-Manager**"), under the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018 and the Second Amending and Restating Deed dated 28 September 2020) (collectively, "**Trust Deed**"). NetLink NBN Trust is registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore ("**BTA**"), and was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 July 2017.

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

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

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

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

(a) The appointment and re-election of Directors of the Trustee-Manager are subject to Unitholders' approval. With this right provided to Unitholders (which is not available where the trustee-managers are owned by sponsors), Unitholders have a direct role in the election of Directors.

(b) The fees payable to the Trustee-Manager are primarily used to defray the Trustee-Manager's expenses (for example, director's fees payable to the Directors of the Trustee-Manager, as well as certain statutory and administrative costs incurred by the Trustee-Manager). This results in substantially lower fees payable to the Trustee-Manager as compared to other trustee-managers which charges fees on different basis. In addition, there are no acquisition or divestment fees. The lower fee that stems from the internalised structure of the Trustee-Manager results in cost savings for NetLink NBN Trust.

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

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

(a) IMDA has approved such appointment or removal; and

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

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

Value Creation

What Makes Us Unique?

- Only nationwide passive infrastructure provider
- Open and equal access to industry partners

Stakeholders

Government and regulators	Telecommunication service providers	Employees
The Value We Create (How We Create Value)		
• Manage our risks through a comprehensive Enterprise Risk Management programme and a robust Business Continuity Management programme • Committed to maintaining a high standard of Corporate Governance • Continuous effort to achieve Quality of Service (“**QoS**”) compliance	• Non-discriminatory access to all industry partners • Support initiatives and trials by industry partners • Continue to lay fibre to new homes and buildings so that service providers can provide services quickly and efficiently • Ensure that there are sufficient spare fibres to maintain a robust and resilient network	• Management acted upon the results of an employee survey to improve its sustainable engagement dealing with employees • Encourage employees to take care of own health and well-being through health screenings
Value Created in FY21		
• Successfully executed the Business Continuity Plan and navigated the COVID-19 pandemic, ensuring that critical services were not disrupted • ISO22301:2012 certified • Met all QoS targets • Maintained 99.99% network availability	• Invested approximately S$43 million to enhance our fibre network • Additional 11,620 home-passed • Added approximately 2,300 km of fibre cables • Supported 5G network trial on unmanned port surveillance and digital banking capability • Offered promotional pricing for our Non-Residential connection service to Service Providers; to reduce fibre broadband cost for Small and Medium Enterprises	• Proactive engagement with staff to keep them updated on the COVID-19 situation. To ensure a smooth and comfortable transition to work-from-home, employees were given one-time allowance, e-vouchers and care packs • Achieved a new high score on the biennial Employee Engagement Survey by Willis Towers Watson despite the pandemic

Extensive and future-proof nationwide fibre network

Resilient business model with transparent, predictable and regulated revenue stream

Stable regulatory environment

Employees	Community	Investors
• Provide employees with the opportunity to upskill themselves through the Linkedin Learning platform • Provide opportunities for our employees to participate in company-organised events to help the less privileged and contribute back to society	• Help the less privileged and the elderly • Make fibre connectivity readily available	• Committed to uphold high standards of transparency and accountability to Unitholders. • Continue to engage investors through conferences, non-deal roadshows, quarterly briefings and 1-on-1 meetings to keep them up to date with business operations • Manage cashflows efficiently to deliver sustainable distributions
• Enhanced employees' learning journey through the adoption of the LinkedIn Learning platform, allowing employees to undertake courses from home • Achieved an average of 21.6 learning hours per employee, an increase of 6.2 hours per employee from the previous year	• 280 volunteer hours, six Corporate Social Responsibility events organised amidst social distancing measures • Continued to support IMDA's Home Access Programme to provide beneficiaries subsidised fibre broadband connectivity • Our infrastructure contributed significantly to the adaptability of Singapore's businesses during the circuit breaker period, allowing for an easier transition to flexible work arrangements.	• Ranked first in the Governance Index for Trust (GIFT) for the second consecutive year • Our SGTI Index ranking improved significantly from 34th to 5th, under the REIT and Business Trust category • Healthy average daily trading volume of 10.9 million units, an increase from 10.4 million units in FY20 • Distribution Per Unit increased by 0.6% in FY21

Our Performance at a Glance

Revenue
S$368.5m

EBITDA[1]
S$270.2m

EBITDA[1] Margin
73.3%

Profit After Income Tax
S$94.8m

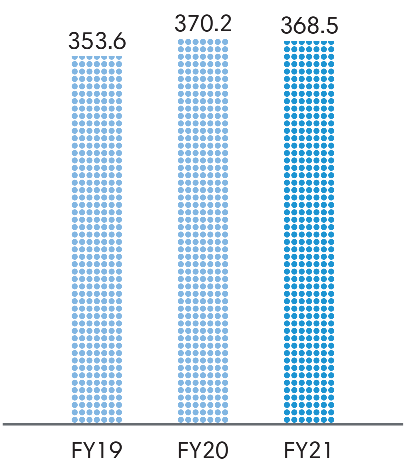
Distribution Per Unit ("DPU")
5.08 cents

Gross Debt
S$666.0m

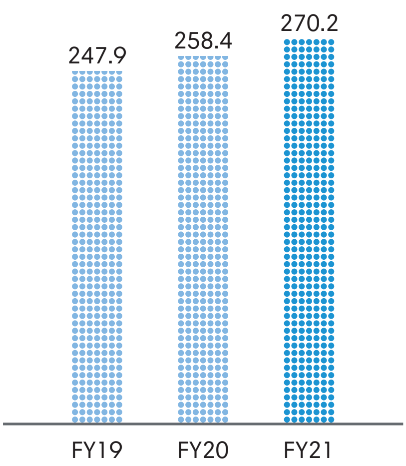
Net Asset Per Unit
71.9 cents

Distribution Yield[2]
5.4%

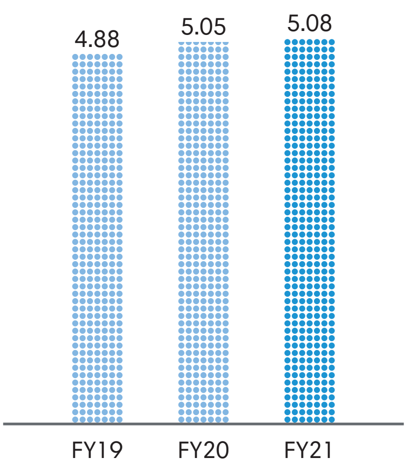
Revenue
(S$'m)



EBITDA[1]
(S$'m)



Distribution Per Unit
(Singapore Cents)



1 EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.
2 Distribution yield is based on a DPU of 5.08 Singapore cents and a unit price of 94.5 cents as at 31 March 2021.

	Group		
	Financial Year Ended 31 March		
	2021 ("FY21") S$'000	2020 ("FY20") S$'000	2019 ("FY19") S$'000
Total assets	**4,123,455**	4,208,771	4,281,801
Total liabilities	**1,319,752**	1,301,833	1,251,949
Total borrowings (gross)	**666,000**	666,000	636,000
Net assets	**2,803,703**	2,906,938	3,029,852
Cash Flow			
Cash flow generated from operating activities	**264,512**	262,518	229,642
Cash flow used in investing activities	**(60,246)**	(75,531)	(71,094)
Cash flow used in financing activities	**(202,354)**	(166,984)	(176,376)
Change in cash	**1,912**	20,003	(17,828)
Key Financial Indicators			
Interest cover	**14.8x**	13.4x	13.5x
Gross debt/EBITDA[3]	**2.5x**	2.6x	2.6x
Effective average interest rate[4]	**2.48%**	2.83%	2.82%

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

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

Chairman's Letter

NETLINK IS PRIVILEGED TO PLAY A VITAL ROLE IN PROVIDING THE UNDERLYING FIBRE INFRASTRUCTURE THAT ENABLES THE DELIVERY OF ULTRA-HIGH-SPEED INTERNET ACCESS THROUGHOUT SINGAPORE AND ITS CONNECTED ISLANDS. NETLINK IS THEREFORE PLEASED TO BE ABLE TO PLAY A PART IN KEEPING SINGAPORE'S SOCIAL AND ECONOMIC LIFE GOING DESPITE THE COVID-19 PANDEMIC.

Dear Unitholders,

On behalf of the Board of Directors and the Management of NetLink NBN Management Pte. Ltd. ("**the Trustee-Manager**"), I am pleased to deliver NetLink NBN Trust's Annual Report for the financial year ended 31 March 2021 ("**FY21**").

FY21 was an unprecedented year; the COVID-19 pandemic disrupted economies with intermittent lockdowns around the world. Singapore was not spared as the country entered the circuit breaker period in April 2020 with workplaces and schools closing.

In the face of the unprecedented public health concerns, we swiftly executed our Business Continuity Plan ("**BCP**") to keep our employees safe while making sure our operations would not be significantly impacted. We are thankful to our front-line staff and contractors who continued to serve our customers and stakeholders, and provided connectivity during the COVID-19 circuit breaker period. Likewise, we are also very appreciative of our customers and end-users for their patience and understanding as we worked hard to overcome the temporary COVID-19-related operational challenges.

Despite facing temporary COVID-19-related operational challenges caused by the circuit breaker in the first half of FY21, NetLink reported a resilient financial performance for the financial year under review, maintaining revenue for FY21 at S$368.5 million. EBITDA and profit after tax increased by 4.6% and 21.4% to S$270.2 million and S$94.8 million respectively. Distribution to Unitholders increased 0.6% to S$198.0 million or 5.08 Singapore cents per unit compared to 5.05 Singapore cents a year ago.

NetLink's proven track record in delivering stable and sustainable distributions since its IPO is a testament to the strength and resilience of the business model, backed by stable cashflows from recurring revenue streams (residential, non-residential and other fibre connections and contracted revenues) which have not been significantly affected by the COVID-19 pandemic.

Industry Landscape

While the COVID-19 pandemic presented many challenges, it also brought about new opportunities. In particular, the pandemic accelerated digitalisation trends including, meetings and lessons being conducted virtually, as well as the e-commerce boom.

Revenue

S$368.5m

EBITDA

S$270.2m

Distribution Per Unit

5.08 cents

Singapore has been able to quickly adapt and leverage opportunities brought about by the fast-growing digital economy, backed by one of the highest wired-broadband penetration rates in the world.

NetLink is privileged to play a vital role in providing the underlying fibre infrastructure that enables the delivery of ultra-high-speed internet access throughout Singapore and its connected islands. NetLink is therefore pleased to be able to play a part in keeping Singapore's social and economic life going despite the COVID-19 pandemic.

Chairman's Letter

At present, NetLink has a residential fibre penetration of about 95% or 1.45 million end-user connections. This will continue to grow as broadband access becomes a necessity, as clearly demonstrated by the circuit breaker last year and amidst a growing trend towards a hybrid work model in Singapore. We are also looking to connect households who currently are not on fibre, via initiatives such as IMDA's Home Access programme for low-income households and elderly end-users. We are optimistic and committed to helping end-users of these segments get connected to our high-speed fibre broadband network over the next few years, so that they too can enjoy the benefits of digitalisation.

NetLink is continuing to expand our network in new housing estates. Driven by our goal of realising Singapore's Smart Nation vision, we continue to enhance and evolve the design of our fibre network infrastructure to cater to Singapore's growing needs for pervasive and immersive smart solutions. NetLink is well-positioned to support the digitalisation of precincts such as the Punggol Digital District and Jurong Innovation District, and will continue to play a pivotal role in supporting the development of Singapore's Smart Nation programme.

We expect demand for residential fibre connections to remain healthy on the back of the proliferation of connected devices in the home, growing online video streaming consumption and numerous other applications such as video conferencing and collaboration tools, asset monitoring, remote learning and telehealth.

Our non-residential fibre connections are expected to grow with higher adoption of fibre connections by SMEs in Singapore, supported by government initiatives such as SMEs Go Digital and grants to enhance productivity through digitalisation. We have also made available customised offerings tailored for SMEs. With the rollout of 5G and the wider adoption of Internet of Things ("**IoT**") and other smart nation applications, the demand for fibre connections to support these deployments is also expected to increase.

We continue to collaborate with Requesting Licensees ("**RLs**") to meet future demand for non-residential, non-building address point ("**NBAP**") and segment connections, and to support their efforts to acquire new non-residential and NBAP customers. Ongoing Smart Nation initiatives by the government will continue to drive digitalisation and pave the way for new exciting applications in a smart nation ecosystem. For instance, the sensors, Wi-Fi hotspots and outdoor infrastructure which make up a smart housing estate will all require NBAP connections to function smoothly. Tapping on the nation's 5G roll out, which began in 2020, we also expect higher NBAP connections due to network densification requirements, as more fibre will be needed to deliver the ultra-high speed and low latency performance of 5G technology. A denser network will also allow greater capacity, flexibility and resilience, making NBAP deployment faster and easier.

NetLink will also work closely with the 5G nationwide licensees to provide comprehensive fibre infrastructure in Singapore, and minimise total 5G capex required. Currently, NetLink is supporting RLs in various 5G trial initiatives and will seek to play a greater role to support Singapore's 5G innovation ecosystem.

A Sustainable Future

As a responsible corporate citizen, the Board considers responsible business practices and sustainability to be an important part of our business strategy. Emphasis is placed on managing Environment, Social and Governance ("**ESG**") risks and opportunities in achieving NetLink's strategic objectives. Under the Board's leadership, the Sustainability Steering Committee ("**SSC**") ensures that NetLink's sustainability efforts are aligned to the long-term business strategy as we continue to expand our business and network infrastructure.

We also contribute to the well-being of communities and society through our Corporate Social Responsibility efforts comprising event sponsorships, donations-in-kind, cash donations and active employees' participation in volunteer work.

The COVID-19 pandemic brought into focus the importance of driving our sustainability efforts as a responsible corporate citizen. In the early stages of the COVID-19 pandemic, NetLink activated its Pandemic Plan as part its BCP. The Pandemic Steering Committee met regularly (moving to virtual meetings as the need for safe distancing measures became clear) to discuss safety issues and measures that are needed to be put in place to ensure the safety of the public, our employees and our business partners (including our contractors and their workers).

NetLink supported IMDA's initiative to ensure everyone, especially the vulnerable segments including seniors and school-going children from low-income households, can go online for their daily tasks and social activities. NetLink prioritised the provisioning of services to these households, and also committed S$600,000 towards the Home Access Programme administered by IMDA for a three-year period. To further support home broadband access to everyone during the COVID-19 pandemic, NetLink has also offered fee waivers to RLs who needed to reconfigure their broadband networks to cope with the changing internet traffic patterns of consumers brought on by the work-from-home situation.

Moving forward, NetLink will continue to build a network infrastructure that anticipates Singapore's growing needs, to be efficient in our operations and to increase connectivity for all our stakeholders. We will continue to evaluate our performance against the targets and measure our progress.

Corporate Governance

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

As a testament to our commitment to corporate governance best practices, NetLink NBN Trust retained the top position in the Governance Index for Trusts ("**GIFT**") ranking for the second consecutive year in 2020 and was commended for adopting the best practices in corporate governance. Supported by the Singapore Exchange ("**SGX**"), GIFT assesses the governance and business risk of 45 real estate investment trusts ("**REITs**") and business trusts listed on SGX.

NetLink NBN Trust also significantly improved its ranking in the Singapore Governance and Transparency Index ("**SGTI**"), coming in fifth out of 45 REITs & Business Trusts, up from 2019's position of 34. The annual SGTI, which is published by CPA Australia in conjunction with NUS Business School's Centre for Governance, Institutions and Organisations ("**CGIO**") and Singapore Institute of Directors ("**SID**"), assesses companies based on their corporate governance disclosures and practices, transparency, and other key factors.

NetLink's stellar performances in these rankings are testament to our commitment towards good governance and recognises our steadfast commitment and strong emphasis on transparency and accountability. We recognise the long-term merits of having a robust corporate governance framework to protect and enhance value for our Unitholders. Together with the management team, the Board will strive towards further strengthening our corporate governance practices and upholding them to the highest of standards.

Acknowledgements

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

On behalf of the Board of Directors and Management, I would like to express our appreciation to Mr Arthur Lang who stepped down from the Board in November 2020 for his invaluable contribution during his tenure as a Non-Executive and Non-Independent Director. I would also like to extend our warmest welcome to Mr William Woo as our new Non-Executive and Non-Independent Director and look forward to his counsel.

I would also like to thank my fellow Directors for their valuable counsel over the past year. I am grateful to the management team and staff for their dedication, adapting to changes amid the pandemic, and ensuring business continuity.

With a culture of strong corporate governance and rigorous processes across the organisation, the Board is confident that NetLink can continue to deliver. The team and I look forward to reporting on our continued progress.

Mr Chaly Mah Chee Kheong
Chairman

In Conversation with the C-Suite

From left to right

Mr Chye Hoon Pin
Chief Operating Officer

Mr Tong Yew Heng
Chief Executive Officer

Mr Wong Hein Jee (Lester)
Chief Financial Officer

The COVID-19 pandemic has greatly accelerated the digitalisation process among businesses in Singapore. What has NetLink done to digitalise its operations?

Chye

Digital transformation is revolutionising the world, changing the way businesses operate and the way people live, work and play. This is the reason why we must embrace and harness digitalisation to our advantage. Besides being an enabler of digitalisation through the deployment of our fibre network, NetLink is always looking for ways to improve its workflow and to enhance stakeholders' experience through digital transformation.

For instance, as part of the process to protect our underground fibre network from accidental damage, all earthwork contractors are required to purchase the Plant Route Plant ("**PRP**") maps from us before the commencement of any earthworks. Prior to FY21, they had to come to our office to collect the purchased hardcopy maps. Today, the PRP maps and the entire Notice of Commencement of Earthworks ("**NCE**") process have been digitalised. Earthwork contractors simply need to make the payment online and NetLink will email them the softcopy maps upon the receipt of payment. This has shortened the processing time, improved efficiency, reduced cost and kept all parties safe as physical interaction is no longer required.

We have also digitalised the payment process for all works done by our contractors. Prior to the COVID-19 pandemic, our contractors had to submit the necessary hardcopy documentations for our review and verification before payment could be made. This entire process has been digitalised, allowing for faster verification and payment. Through this, our contractors will be able to manage their working capital better and be better placed to face challenges brought on by the pandemic.

To better facilitate flexible work arrangement, we have reconfigured our workplace to make virtual and hybrid meetings as intuitive as possible. This includes having more meeting rooms and equipping them with digital video conferencing systems. Our HR processes have also been streamlined with the implementation of a new HR Information System. For example, employees can now apply for leave and submit their expense claims via a mobile app anytime, anywhere.

NetLink remains resilient despite the economic downturn brought about by the COVID-19 pandemic. How do you ensure that NetLink stays resilient in the future?

Chye

As an essential service provider, the quality and reliability of our fibre network is our top priority. In FY21, we spent approximately S$43 million to enhance our fibre network.

To make our network more resilient, we have a Remote Fibre Testing System to detect faults quickly, cutting down the time to identify the location of the fault by approximately 40%. On average, approximately 82% of fibre service disruption is caused by accidental fibre cut by third-party earthwork contractors. To solve this problem, we have taken steps to educate earthwork contractors about the procedures that they have to follow prior to any excavation work.

Yew Heng

We will make our business more resilient by connecting more end-users onto our network, improve our product offerings and extend customised pricings to support Requesting Licensees ("**RL**") participating in projects involving multi-site and/or nation-wide connectivity. In addition, we will also be exploring opportunities to invest in telecommunication infrastructure assets outside of Singapore to diversify our portfolio and participate in new businesses which are likely to generate a stable cashflow.

In Conversation with the C-Suite

From left to right

Mr Chye Hoon Pin
Chief Operating Officer

Mr Garry Ng
Director, Information Technology

Mr Melvin Chan
Director, Engineering Planning

Mr Tiong Onn Seng
Director, Service Provisioning

Mr Danny Leow
Director, Operations, Implementation and Maintenance

Mr Wee Kee Chor
Director, Facilities and Co-Location

The COVID-19 pandemic has exposed the weakness in global supply chain. What steps have you done to fortify your supply chain?

Chye Ensuring sufficient supply of fibre cable, fibre-related equipment and manpower is definitely a priority for NetLink.

Since inception, we have always safeguarded our supply chain by using a diversified source of suppliers for our fibre cables and accessories. It is also our usual practice to maintain adequate stock levels at our warehouse.

As part of the continuous improvement in our Business Continuity Plan, we reserve the right to activate an alternate vendor if the existing one is unable to adequately provide the goods or perform the required services.

This will mitigate any unnecessary delay due to contractual obligations.

To overcome the shortfall of foreign workers during the COVID-19 restrictions, we adopted the 're-deployment strategy' where our staff were cross-trained to carry out cabling installation services.
In addition, we also require all our cable contractors to decentralise their workers' accommodation – housing their workers across different locations in Singapore.

All the above measures serve to strengthen the controls in our supply chain, minimising disruptions to our services.

In Conversation with the C-Suite

From left to right

Mr Wong Hein Jee (Lester)
Chief Financial Officer

Ms Christine Yeo
Financial Controller

Mr Kelvin Chia
Director, Treasury and Corporate Finance

The Singapore government is pushing forward the sustainability drive with the launch of the Singapore Green Plan 2030. What is NetLink doing to address climate change risk and reduce its energy consumption?

Lester Even though Singapore contributes to only 0.1% of global emissions, our Prime Minister spent a considerable amount of time in his 2019 National Day rally speech talking about climate change. Singapore's Green Plan 2030 is a long-term action plan to both mitigate the risk of and adapt to climate change. It aims to shape our economy, our infrastructure and our way of life.

This year, NetLink has taken steps to better understand and assess the climate change related risks to our business and analysed our ability to remain resilient to these risks. By nature, our fibre infrastructure is less susceptible to water, lightning and rising temperature risks. Though we are not currently experiencing any significant impact or risk exposure, we will continue to monitor and advance our understanding of climate risk exposure through widening the scope of our assessment, and better understand the possible scenarios that may impact our operations in future.

Our Central Offices are also not located in flood prone areas but we have implemented measures and equipment to keep water out of our buildings in the event of extensive or flash floods. However, rising temperatures will increase the energy consumption of our Central Offices' cooling system.

The bulk of our Central Offices' energy consumption comes from the RL's equipment but we have no direct control over the type of equipment used and in turn, the energy consumed. However, we make a concerted effort to monitor and control the room temperature at an optimal level to balance the needs of the RLs and our aims to be greener. We actively track and monitor our energy consumption to identify anomalies in usage and look for areas to improve. Currently, we are exploring 'blanking', an initiative to reduce energy consumption for cooling based on a containment concept. We have started piloting 'blanking' for new co-location rooms built during FY21 and will gradually rollout to the other rooms over the next four years.

We will continuously seek opportunities to embark on more energy efficiency initiatives, which may include the use of renewable energy, electric vehicles and adopting green features for our future Central Offices.

Ultimately, sustainability is more than just a popular buzzword. It is an approach to developing long term value for NetLink. By adopting the right mindset and adjusting our ways of operating, paying due attention to sustainability will increase our longevity and increase our ability to thrive in the future.

In Conversation with the C-Suite

From left to right

Mr Tong Yew Heng
Chief Executive Officer

Mr Victor Chan
Director, Corporate Planning and Communications

Ms Alice Lim
Director, Human Resource and Administration

Mr Lim Ke Xiu
Counsel, Legal and Secretariat

Mr Lee Khoon Aik
Director, Regulatory and Interconnect

Mr Widjaja Suki
Director, Products, Business Development and Process

Mobile operators in Singapore are rolling out 5G networks. Will 5G replace fibre broadband in the future?

Yew Heng Cellular mobile technology and fixed-wired broadband technology have evolved over time. In the case of cellular mobile, it has evolved from analogue mobile to 2G, 3G, 4G and now on to 5G, with each generation offering greater speed and functionality. Likewise fixed-wired broadband, which has moved from connection speed in tens of Kbps to up to 1Gbps over the last 30 years, has become a critical infrastructure and an essential utility. Both technologies are complementary, with one providing mobile broadband for users on the move and the other providing users with the convenience of using multiple devices at home and in the office.

5G cellular mobile will not replace fixed-wired broadband (or fibre broadband). The use of 5G will encourage a proliferation of data-intensive applications. Users will consume much more data using these applications. On a cost per GB basis, fibre broadband will be more cost effective than mobile broadband and therefore, it is likely to continue as the default mode of connecting to the internet whenever it is available as it is today.

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

Yew Heng Even with the ongoing pandemic, we remain committed to giving back to the community through donations and volunteering. In FY21, amongst other activities, we distributed food supplies to the needy amidst growing concerns of food insecurity. In addition, we continued to be a close partner to Infocomm Media Development Authority's ("**IMDA**") Digital for Life efforts by prioritising low-income households' fibre broadband connections to support their work or study from home. We also expedited our contributions to IMDA's Home Access Programme, where eligible Singaporean families receive two years of subsidised fibre broadband connectivity. We won the Gold ComChest Awards 2020, under the category of Community Spirit. We were also one of the top five donors of IMDA's Digital Readiness efforts in 2019 – 2020.

With the sudden shift to a work-from-home arrangement, we took extra steps to ensure our employees' transition was a smooth and comfortable one. Staff were given a one-time allowance to purchase equipment for a work-from-home set up. In addition, with the suspension of in-person training during the pandemic, we invested in employee learning & development via the LinkedIn platform. Through this platform, employees can choose courses that suit their needs and interest at their own time. The total learning hours achieved in FY21 was almost 8,000 hours for all employees.

Final words?

Yew Heng COVID-19 is an unprecedented event in our lifetime. In spite of the challenges, our staff have demonstrated their commitment and effort by ensuring the reliability of our network despite the sudden surge in internet traffic. We would like to thank all our employees who have put in their best while adapting to the everchanging situation.

To our Unitholders, we thank you for your trust in us and we are committed to providing you with long-term sustainable distribution.

Operating Review

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

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

End-User Connections	Network Infrastructure Services
Residential	Co-Location Services
Non-Residential	Segment Connections
Non-Building Address Points ("**NBAP**")	Ducts and Manholes Access

Regulatory Environment

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

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

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

Pricing

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

The last price review by IMDA was completed in May 2017. The revised prices were determined using the Regulatory Asset Base ("**RAB**") model for the five-year period effective from January 2018 until December 2022. IMDA is expected to commence the engagement to review the prices of our services for the next five years in FY22.

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

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

The main assumptions in the RAB model are:

- The base year of the RAB is 2012. Assets that were purchased up to 2012 (year inclusive) are valued at 2012 prices, while assets purchased after 2012 are valued at the year of purchase. The standard annuity method is used for the purpose of regulatory depreciation.
- The return on capital is based on the nominal pre-tax weighted average cost of capital ("**WACC**") derived using the Capital Asset Pricing Model ("**CAPM**") approach.

The RAB model takes into consideration that the technology for the underlying passive infrastructure will not change significantly over the near term. As such, NetLink believes that the RAB model provides an equitable rate of return to investors, and at the same time, ensures that pricing corresponds with the current demand and supply dynamics.

Operating Review

A Resilient Business Model

Due to the nature of our industry, a substantial proportion of our revenue is regulated – approximately 93% in FY21.

Approximately 83% of our revenue in FY21 were contributed from RAB-regulated revenue, namely Residential Connections, Non-Residential Connections, Non-Building Address Points ("**NBAP**") Connections, Segment Connections, and Ducts and Manholes Services. Revenues derived from the RAB-based pricing framework was approximately 1.9% higher than in FY20. Although the Non-RAB revenue, particularly the installation-related and diversion revenues were affected by COVID-19-related issues, the impact was cushioned by the stable and recurring RAB-based revenue.

Revenue Contribution in FY21

RAB Revenue

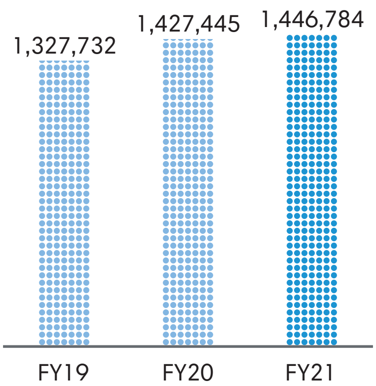
Residential Connections	Non-Residential Connections	NBAP and Segment Connections	Ducts and Manholes Service Revenue
64.6%	8.3%	2.4%	7.8%

Non-RAB Revenue

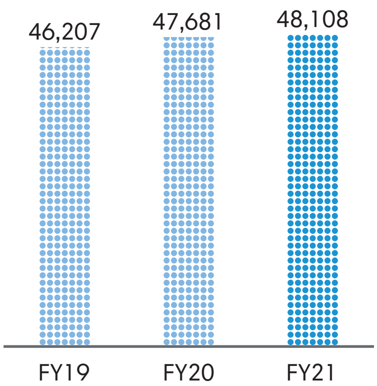
Installation-Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
4.5%	2.3%	5.2%	4.9%

End-User Connections in Numbers

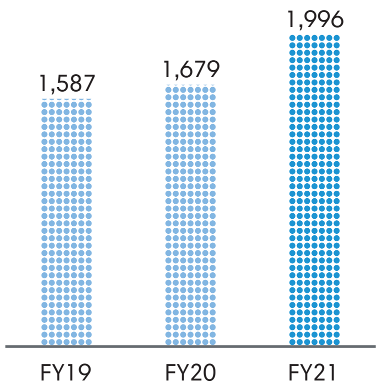
Residential Connections



Non-Residential Connections



NBAP Connections



The Residential End-User Connections saw a modest organic growth of 1.4% in FY21 from new and existing premises. New household penetration was partly affected by the slowdown in the number of new homes completed.

The number of Non-Residential End-User Connections grew marginally by 0.9% in spite of the challenging environment for many brick and mortar businesses.

To drive adoption, NetLink has established customised agreements with service providers to bundle our Non-Residential Connections with their broadband services. We have also launched promotional pricing for Non-Residential Connection Service to service providers targeted at reducing fibre broadband cost for small and medium enterprises.

The NBAP Connections saw an increase of 18.9%. We continue to see demands for NBAP to support mobile network rollout and other projects that requires high resiliency.

Improving our Quality of Service

As an essential service provider, we are relentless in our pursuit of service quality excellence. Over the past three years, we have implemented various initiatives such as the rollout of additional fibre capacity to residential homes across our nationwide network, the pre-laying of fibre infrastructure to non-residential buildings to speed up service provisioning, as well as the constant enhancement of work processes to improve our QoS performance. As a result, we met our QoS performance indicators and did not receive any financial penalties in FY21.

Financial Review

REVENUE

	Group FY21 S$'000	Group FY20 S$'000	Group Variance (%)
Fibre business revenue:			
Residential connections	237,963	231,496	2.8
Non-residential connections	30,395	31,204	(2.6)
NBAP and Segment connections	8,876	7,246	22.5
Installation-related revenue	16,624	20,513	(19.0)
Diversion revenue	8,550	11,127	(23.2)
Co-location and Other revenue	19,249	20,465	(5.9)
Total Fibre Business Revenue	**321,657**	**322,051**	**(0.1)**
Ducts, manholes and Central Office revenue:			
Ducts and manholes service revenue	28,721	30,282	(5.2)
Central Office revenue	18,088	17,859	1.3
Total Ducts, Manholes and Central Office Revenue	**46,809**	**48,141**	**(2.8)**
Total Revenue	**368,466**	**370,192**	**(0.5)**

In spite of an operating environment impacted by COVID-19, revenue of S$368.5 million for FY21 was marginally lower by 0.5% as compared to that of FY20 mainly due to lower installation-related revenue, diversion revenue, ducts and manholes service revenue, co-location and other revenue. This was partially offset by higher residential, Non-Building Address Points ("**NBAP**") and segment connections revenue.

Installation-related revenue was S$3.9 million lower mainly due to lower installation charges from fewer installation orders and service activations as compared to FY20 when StarHub was migrating its subscribers on coaxial cable onto the fibre platform. In addition, COVID-19-related issues contributed to lower availability of contractor resources and deferred access to home and buildings which affected the completion of installation works from April to August 2020. Diversion revenue was S$2.6 million lower due to a fewer number of projects scheduled to be completed for the year as well as stoppages of construction work nationwide from April to August 2020 which also affected cable diversion work. Ducts and manholes service revenue decreased by S$1.6 million mainly due to reduction in service revenue from the leasing of NetLink Group's ducts and fewer joint-build projects as they were substantially completed in FY20. Co-location and other revenue decreased by S$1.2 million was contributed mainly by lower fibre splicing revenue and lower charges for power cost charged to Requesting Licensees ("**RLs**") in co-location rooms.

Residential connections revenue increased by S$6.5 million mainly due to the higher number of connections. As at 31 March 2021, there were 1,446,784 connections as compared to 1,427,445 connections as at 31 March 2020. NBAP and segment connections revenue increased by S$1.6 million as a result of higher demand for point-to-point connections; and Central Office-diversity connections to support mobile network rollout and other projects requiring high resiliency.

EXPENSES

	Group		
	FY21 S$'000	FY20 S$'000	Variance (%)
Operation and maintenance costs	(16,699)	(19,787)	(15.6)
Installation costs	(9,541)	(10,639)	(10.3)
Diversion costs	(6,652)	(6,318)	5.3
Depreciation and amortisation	(167,792)	(167,782)	–
Staff costs	(29,959)	(27,438)	9.2
Finance costs	(11,281)	(20,504)	(45.0)
Management fee	(1,024)	(998)	2.6
Other operating expenses	(43,844)	(52,400)	(16.3)
Total Expenses	**(286,792)**	**(305,866)**	**(6.2)**

Total expenses for FY21 were S$19.1 million lower mainly due to lower other operating expenses, finance costs, operation and maintenance costs and installation costs, partially offset by higher staff costs. Other operating expenses were S$8.6 million lower mainly due to a lower amount of write-off of capitalised project costs in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support system in February 2020 - S$15.4 million written off in FY20[1] versus S$7.4 million written off in FY21 as certain project-related Information Technology ("**IT**") assets have been further assessed not to be re-usable for the expected future replacement of the business and operation support system. The write-off in FY21 had no cashflow impact as all of the capitalised project costs was incurred prior to 31 March 2020. Finance costs were lower by S$9.2 million mainly due to lower average interest rate in FY21 at 2.48%[2] as compared to 2.83%[2] in FY20. Operation and maintenance costs were lower by S$3.1 million mainly due to COVID-19-related issues affecting contractor resources and fewer joint-build projects. Installation costs were S$1.1 million lower in line with lower installation-related revenue. Staff costs for FY21 were S$2.5 million higher mainly due to a higher average number of headcounts as compared to the prior period, which included the hiring of a number of more senior staff to form new departments such as internal audit and IT project management. In addition, there was a lower capitalisation of staff costs due to fewer capitalisable projects this year as compared to prior year.

EBITDA[3]

	Group		
	FY21 S$'000	FY20 S$'000	Variance (%)
EBITDA	270,237	258,425	4.6
EBITDA margin	73.3%	69.8%	3.5 pp

EBITDA was higher than FY20 by S$11.8 million or 4.6%. The higher EBITDA was mainly due to the lower amount of write-off of capitalised project costs in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support system - S$15.4 million written off in FY20[1] versus S$7.4 million written off in FY21 as certain project-related IT assets have been further assessed not to be re-usable for the expected future replacement of the business and operation support system. The write-off in FY21 had no cashflow impact as all of the capitalised project costs was incurred prior to 31 March 2020. The higher EBITDA was also contributed by higher other income arising from government relief grants, lower operation and maintenance costs, installation costs, partially offset by lower revenue and higher staff costs. The EBITDA margin achieved was 73.3%, which was 3.5 percentage point higher than FY20.

1 Please refer to SGXNet announcement released on 27 February 2020.
2 The interest expenses used in the computation of effective average interest rate included realised loss on interest rate swaps.
3 EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.

Financial Review

NET PROFIT AFTER TAX

	Group		
	FY21 S$'000	FY20 S$'000	Variance (%)
Net profit after tax	94,812	78,113	21.4
Net profit after tax margin	25.7%	21.1%	4.6 pp

Net profit after tax at S$94.8 million in FY21 was 21.4% higher than FY20 and net profit after tax margin was 25.7%. The higher net profit after tax was contributed by higher EBITDA and lower finance costs, offset by a lower tax credit from higher profits made in FY21 as compared to FY20.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for the financial year ended 31 March 2021 was S$60.2 million and capital commitment as at 31 March 2021 stood at S$48.8 million.

NetLink is required by Infocomm Media Development Authority ("**IMDA**") to set aside monies into a capital expenditure reserve fund ("**Capex Reserve Fund**") which cumulates to S$40.0 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from IMDA for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NetLink Trust ("**NLT**") network infrastructure. As at 31 March 2021, NLT had incurred S$26.3 million of the Capex Reserve Fund to improve network resiliency and expand capacity, which is S$0.3 million more than the prevailing Capex Reserve Fund required of S$26.0 million.

LIQUIDITY AND CAPITAL RESOURCES

	Group	
	FY21 S$'000	FY20 S$'000
Profit before income tax	91,642	71,869
Non-cash item and net interest expense adjustments	171,369	186,407
Net change in working capital	8,586	4,811
Income tax paid	(7,085)	(569)
Net cash generated from operating activities	264,512	262,518
Net cash used in investing activities	(60,246)	(75,531)
Net cash used in financing activities	(202,354)	(166,984)
Net change in cash and cash equivalents	1,912	20,003
Cash and cash equivalents at beginning of financial year	168,624	148,621
Cash and cash equivalent at end of financial year	170,536	168,624
Cash and cash equivalents consist of:		
Cash and bank balances	170,536	160,353
Capex Reserve Fund	-	8,271

FINANCIAL LEVERAGE

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

		Group	
		As at 31 March 2021	As at 31 March 2020
Maturity	Terms	S$'000 (Utilised)	S$'000 (Utilised)
March 2022	S$510 million Five-Year Term Loan	510,000	510,000
March 2022	S$90 million Five-Year RCF	-	-
March 2023	S$210 million Three-Year RCF	156,000	156,000
		666,000	**666,000**

As at the date of this report, the Group had borrowings drawn of S$666.0 million and undrawn facilities of S$54.0 million. During FY21, S$510.0 million Five-Year Term Loan and S$90.0 million Five-Year RCF were extended to 24 March 2022. On 19 May 2021, the Group has terminated S$90.0 million Five-Year RCF which it has not utilised. The effective average interest rate was 2.48%[4] (FY20: 2.83%[4]) per annum. On 21 May 2021, NetLink entered into a new S$510.0 million Five-Year Singapore Overnight Rate Average ("**SORA**")-based Term Loan with maturity date on 21 May 2026. On 31 May 2021, NetLink has drawn down S$510.0 million from the new SORA-based Term Loan to repay the existing Swap Offer Rate ("**SOR**")-based Term Loan. The Group intends to hedge its interest rate exposure.

As at 31 March 2021, gross debt/EBITDA ratio was 2.5 times (FY20: 2.6 times). Interest coverage ratio (EBITDA/Interest) was 14.8 times (FY20: 13.4 times).

Net Asset Value

The net asset value per unit based on issued units as at 31 March 2021 was 71.9 Singapore cents.

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

Board of Directors

Mr Chaly Mah Chee Kheong
Chairman of the Board

Mr Eric Ang Teik Lim

Ms Ku Xian Hong

Mr Sean Patrick Slattery

Ms Koh Kah Sek

Mr Yeo Wico

Mr William Woo Siew Wing

Mr Tong Yew Heng

Board of Directors

Mr Chaly Mah Chee Kheong

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

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

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

Present directorships in other listed companies:
- CapitaLand Limited

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

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

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

Background and working experience:
Mr Mah, 65, was with Deloitte for over 38 years. He retired in 2016 as the CEO of Deloitte Southeast Asia and Chairman of Deloitte Singapore. He was the CEO of Deloitte Asia Pacific and member of the Deloitte Global Executive from 2007 to 2015 and the Vice Chairman of Deloitte Global Board from 2015 to 2016.

Mr Eric Ang Teik Lim

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

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

Date of First Appointment as a Director: 24 March 2017
Date of Last Re-election as a Director: 19 July 2019

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

Other principal commitments:
- Board Member, Surbana Jurong Private Limited
- Co-Chairman, SGX Disciplinary Committee

Past directorships in other listed companies held over preceding five years:
- Board Member, Hwang Capital (Malaysia) Berhad

Background and working experience:
Mr Ang, 68, was a Senior Executive Advisor at DBS Bank Ltd ("DBS Bank") before retiring in January 2020. He had been with DBS Bank since the start of his banking career in 1978. Prior to his role as an advisor at DBS Bank, he was the head of its Capital Markets. Through the years, Mr Ang has developed a wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines Ltd, Singapore Telecommunications Ltd and CapitaLand Mall Trust. He had previously served on the boards of Hwang Capital (Malaysia) Berhad, Changi Airport Group, DBS Foundation Ltd and NetLink Management Pte. Ltd. (the trustee of NetLink Trust).

Ms Koh Kah Sek

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

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

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

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

Other principal commitments:
- Executive Director and Chief Financial Officer, Far East Organization
- Vice President, National Council of Girl Guides Singapore
- Fellow Member and Divisional Councillor of CPA Australia (Singapore Division)
- Chair, CFO Committee, CPA Australia (Singapore Division)
- Council Member – Professional Education Council, Singapore Accountancy Commission
- Member, Accounting Standards Council Singapore
- Committee Member, Audit Committee Chapter, Singapore Institute of Directors

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

Background and working experience:
Ms Koh, 49, is the Executive Director and Chief Financial Officer ("CFO") of Far East Organization ("FEO"), where she is responsible for FEO's financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. She also oversees corporate functions of FEO's Group Legal and Procurement & Contracts Divisions.

Ms Koh is also a board member and a member of the Remuneration Committee of Far East Orchard Limited.

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

Mr Yeo Wico

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

- LLB (Hons), National University of Singapore

Date of First Appointment as a Director: 21 February 2017
Date of Last Re-election as a Director: 19 July 2019

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

Other principal commitments:
- Partner, Allen & Gledhill LLP

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

Background and working experience:
Mr Yeo, 54, is currently a partner of Allen & Gledhill LLP, a Singapore law firm. He has been in legal practice in Singapore as an Advocate and Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr Yeo was admitted as a non-practising solicitor of England and Wales and as an attorney and Counselor-at-Law in the State of New York. He also serves as the independent non-executive chairman and director of Vicplas International Ltd. He was previously an independent non-executive director of CitySpring Infrastructure Management Pte. Ltd., the then trustee-manager of CitySpring Infrastructure Trust (now known as Keppel Infrastructure Trust) and a non-executive director of SP Services Limited (a wholly-owned subsidiary of Singapore Power Limited). He has also completed his terms of service as a member of the Accounting Standards Council.

Board of Directors

Ms Ku Xian Hong

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

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

Date of First Appointment as a Director: 1 October 2018
Date of Last Re-election as a Director: 19 July 2019

Present directorships in other listed companies:
Nil

Other principal commitments:
- Council Member, Singapore Cancer Society
- Chair, IT Committee, Singapore Cancer Society

Other appointments:
- Board Member, Anyhealth Company Limited

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

Background and working experience:
Ms Ku, 61, is currently a Council Member of the Singapore Cancer Society. She sits on the Board of Anyhealth Company Limited, a company in China focused on providing business-to-business (B2B) and business-to-consumer (B2C) healthcare mobile solutions. She also serves on the Board and working committees of a number of non-profit organisations and in the editorial committee of the first edition of the series of Corporate Governance Guides published by the Singapore Institute of Directors.

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

Mr Sean Patrick Slattery

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

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

Date of First Appointment as a Director: 28 April 2017
Date of Last Re-election as a Director: 28 September 2020

Present directorships in other listed companies:
Nil

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

Other appointments:
- Member of Audit Committee, PT Telekomunikasi Selular

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

Background and working experience:
Mr Slattery, 54, is currently the Vice President (Regulatory & Interconnect) at Singapore Telecommunications Limited ("Singtel") and is responsible for, among others, managing regulatory and interconnect matters for Singtel. He is also a Member of the Audit Committee of PT Telekomunikasi Selular.

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

Mr William Woo Siew Wing

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

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

Date of First Appointment as a Director: 27 November 2020
Date of Last Re-election as a Director: Not Applicable

Present directorships in other listed companies:
Nil

Other principal commitments:
- Group Chief Information Officer and Group Chief Digital Officer, Singapore Telecommunications Limited

Other appointments:
- Board Member, Trustwave Holdings Inc
- Board Member, VA Dynamic Sdn Bhd

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

Background and working experience:
Mr Woo, 57, is currently Singapore Telecommunications Limited (Singtel)'s Group Chief Information Officer and Group Chief Digital Officer. He is responsible for driving the IT vision and strategy in technology management to enable the digital transformation at Singtel Group. He is also a member of the Singtel Management Committee.

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

Mr Tong Yew Heng

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

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

Date of First Appointment as a Director: 21 February 2017
Date of Last Re-election as a Director: 19 July 2019

Present directorships in other listed companies:
Nil

Other principal commitments:
Nil

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

Background and working experience:
Mr Tong, 58, has been the CEO of NetLink Trust ("NLT") since January 2016. In this role, he is responsible for the overall leadership and performance of NLT. Mr Tong brings with him more than 20 years of experience from senior management positions in various industries. Prior to joining NLT, Mr Tong was Executive Vice President, Corporate & Market Development, of Singapore Technologies Electronics Limited. Before that, he was CEO of CitySpring Infrastructure Trust.

Corporate Governance

Introduction

NetLink NBN Trust (also referred to as "**Trust**") is a trust constituted on 19 June 2017 by a declaration of trust by NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust (the "**Trustee-Manager**"), under the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018 and the Second Amending and Restating Deed dated 28 September 2020) (collectively, the "**Trust Deed**"). NetLink NBN Trust is registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore ("**BTA**"), and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 July 2017.

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

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

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

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

(a) The appointment and re-election of Directors of the Trustee-Manager are subject to Unitholders' approval. With this right provided to Unitholders (which is not available where the trustee-managers are owned by sponsors), Unitholders have a direct role in the election of Directors.

(b) The fees payable to the Trustee-Manager are primarily used to defray the Trustee-Manager's expenses (for example, director's fees payable to the Directors of the Trustee-Manager, as well as certain statutory and administrative costs incurred by the Trustee-Manager). This results in substantially lower fees payable to the Trustee-Manager as compared to other trustee-managers which charges fees on different basis. In addition, there are no acquisition or divestment fees. The lower fee that stems from the internalised structure of the Trustee Manager results in cost savings for NetLink NBN Trust.

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

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

(a) IMDA has approved such appointment or removal; and

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

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

Code of Corporate Governance

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

The Trustee-Manager has complied with the principles of the Code of Corporate Governance 2018 ("**2018 Code**") and largely complied with the provisions of the 2018 Code, and where there is a variation from any provisions of the 2018 Code, appropriate explanations have been provided on the reason for such variations and how the existing practices adopted are consistent with the intent, aim and philosophy of the relevant principles of the 2018 Code. The Trustee-Manager also ensures that all applicable laws, rules and regulations including the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), the Listing Rules, and the BTA, including the relevant regulations thereunder, are duly complied with.

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

SECTION (A): BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1:
Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

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

The Board is collectively responsible for the long-term success of NetLink NBN Trust and its value creation, and exercises close oversight over key areas in corporate governance, strategy, finance, risk management and internal controls, and human resources. For example, NetLink has in place an employee's Code of Conduct which sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity and has also launched a Supplier's Code of Conduct which sets out the minimum standards that the NetLink NBN Group's suppliers ("**Suppliers**") need to comply with. Amongst others, Suppliers are expected to act ethically and comply with all relevant laws and regulations in their business operations. More details on the Board's oversight of these matters, as well as the codes of conduct and policies that the Board has put in place are set out under "Accountability and Audit" on pages 54 to 58.

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

All Directors act honestly and exercise reasonable diligence in the discharge of the duties of his or her office and, in particular, will take all reasonable steps to ensure that the Trustee-Manager discharges its duties under the BTA, and gives priority to the interests of all Unitholders as a whole over the interests of the Trustee-Manager in the event of a conflict between the interests of all Unitholders as a whole and the interests of the Trustee-Manager.

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

Corporate Governance

Provision 1.2:
Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense[1]. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

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

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

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

Mr William Woo Siew Wing who was appointed on 27 November 2020 had no prior experience as a director of a listed company. Mr Woo is attending the essential Listed Entity Directors' Programmes ("**LED**") organised by the Singapore Institute of Directors ("**SID**") and will complete the training within one year of his appointment. To-date, he has attended LED 1, 3 and 7.

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

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

- SID Directors Virtual Conference 2020, 25 to 26 August 2020
- SID Annual Corporate Governance Roundup, 17 November 2020
- ACRA-SGX-SID Audit Committee Seminar 2021: Enterprise Resilience and Risk Management, 12 January 2021
- SID's Leadership Lessons: Realising the Value of Corporate Governance in ASEAN, 24 March 2021
- Future of Sustainability Disclosures, organised jointly by the Sustainability Accounting Standards Board (SASB), SGX RegCo and Temasek, 8 April 2021
- SID's Masterclass for Directors: Creating Value at Board Level – Markets vs Stock Value, 19 April 2021
- SGX Regulatory Symposium, 7 May 2021

Industry experts were invited to conduct briefings for Directors on the evolving telecoms infrastructure landscape during the annual Board Strategy Retreat.

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

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

Provision 1.3:
The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.

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

(a) major funding proposals, investments, acquisitions, and divestments including commitments in terms of capital and other resources;

(b) annual budgets and financial plans;

(c) annual and quarterly financial reports;

(d) internal controls and risk management strategies, and execution; and

(e) appointment of Directors, CEO, Chief Financial Officer ("**CFO**"), and Chief Operating Officer ("**COO**"), including review of their performance and remuneration packages.

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

Provision 1.4:
Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

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

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

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

Provision 1.5:
Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

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

The Trustee-Manager's Constitution provides for Board meetings to be held via telephone or video conference. During the circuit breaker period, all Board and Board Committee meetings were held via video conference.

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

Corporate Governance

A record of the Directors' attendance at the AGMs, Board and Board Committee meetings for FY2021 is set out in the table below.

	AGM		Board		Audit Committee		Risk & Regulatory Committee		Nominating Committee		Remuneration Committee		Board Strategy Retreat	
	Number of Meetings													
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chaly Mah Chee Kheong	1	1	5	5	–	–	4	4	2	2	2	2	1	1
Koh Kah Sek	1	1	5	5	4	4	–	–	–	–	–	–	1	1
Eric Ang Teik Lim(1)	1	1	5	5	4	4	–	–	2	2	2	2	1	1
Ku Xian Hong(2)	1	1	5	5	–	–	4	4	–	–	–	–	1	1
Yeo Wico(3)	1	1	5	5	4	4	–	–	–	–	–	–	1	1
Arthur Lang Tao Yih(4)	1	1	4	4	–	–	–	–	2	2	2	2	–	–
Sean Patrick Slattery	1	1	5	5	–	–	4	4	–	–	–	–	1	1
William Woo Siew Wing(5)	–	–	1	1	–	–	–	–	–	–	–	–	1	1
Tong Yew Heng(6)	1	1	5	5	4	4	4	4	2	2	2	2	1	1

Note:
(1) Mr Eric Ang Teik Lim stepped down from the Remuneration Committee on 27 November 2020.
(2) Ms Ku Xian Hong was appointed onto the Remuneration Committee on 27 November 2020.
(3) Mr Yeo Wico was appointed onto the Remuneration Committee on 27 November 2020.
(4) Mr Arthur Lang Tao Yih stepped down from the Board on 27 November 2020. Consequently, he also relinquished his position as a member of the Nominating and Remuneration Committees.
(5) Mr William Woo Siew Wing was appointed onto the Board and the Nominating Committee on 27 November 2020.
(6) Mr Tong Yew Heng is not a member of the Board Committees but attends the meetings in his capacity as CEO.

Provision 1.6:
Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

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

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

Management provides the Board with monthly reports on NetLink's financial and business performance, and such explanation and information as the Board may require, to enable the Board to make a balanced and informed assessment of NetLink's performance, position and prospects. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates. Since the start of the COVID-19 pandemic, Management has been providing the Board with weekly status updates on how the NetLink NBN Group manages its operations under its business continuity planning ("**BCP**").

Provision 1.7:
Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

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

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

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

Corporate Governance

Board Composition and Guidance

Principle 2:
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1:
An "independent" director[2] is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations[3], its substantial shareholders[4] or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company[5].

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

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

As at the date of this Annual Report, the Board consists of eight members, five of whom are independent Directors. Of the three non-independent Directors, two are non-executive Directors and one (being the CEO) is an executive Director. The Chairman of the Board ("**Chairman**"), Mr Chaly Mah Chee Kheong, is an independent Director. The independent Directors and their immediate family members have no relationships with the Trustee-Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of NetLink NBN Trust. More details on the independence of Directors are set out under "Additional Information" on pages 169 to 172.

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

- at least a majority of Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Directors who are independent from any single substantial shareholder of the Trustee-Manager.

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

3 The term "**related corporation**", in relation to the company, has the same meaning as currently defined in the Companies Act (Chapter 50) of Singapore, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

4 A "**substantial shareholder**" is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act (Chapter 289) of Singapore.

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

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

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

Provision 2.4
The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

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

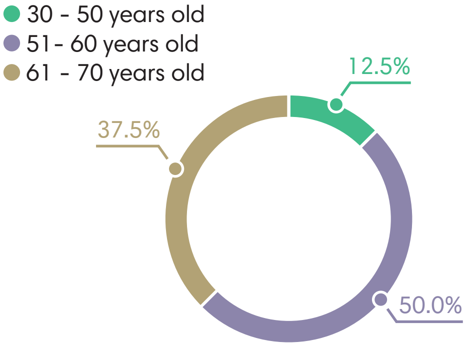
Name	Board	Audit Committee	Risk and Regulatory Committee	Nominating Committee	Remuneration Committee
Chaly Mah Chee Kheong	Chairman and Independent Director	–	Member	Member	Chairman
Koh Kah Sek	Independent Director	Chairman	–	–	–
Eric Ang Teik Lim	Independent Director	Member	–	Chairman	–
Ku Xian Hong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

Annually, the NC reviews the structure, size and composition of the Board to ensure appropriate balance and diversity. The Board has a diversity policy which requires the NC to take into consideration diversity in skills, industry and business experiences, gender, age, culture, nationalities, tenure of service, and other distinguishing qualities of the members of the Board, and with the objective of bringing to the Board different perspectives, experiences and competencies. In its annual review, the NC was satisfied that the objectives of the diversity policy continue to be met. The NC also takes into consideration the Board's diversity policy for appointment of new Directors.

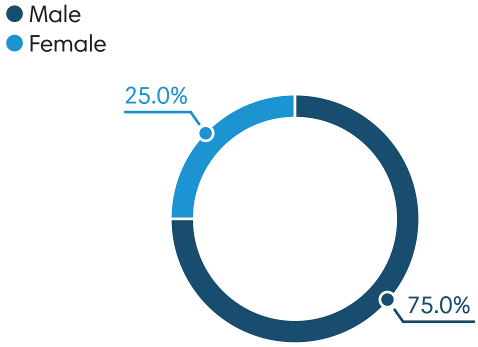
The Board consists of Directors with core competencies in areas such as accounting, banking, financial, IT, telecoms, engineering, law and industry knowledge. In concurrence with the NC, the Board is of the view that the current eight-member Board has the appropriate structure, size, diversity and composition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

FY21 Age and Gender Diversity Amongst the Board of Directors

By age group



By gender



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Provision 2.5:
Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

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

Chairman and Chief Executive Officer

Principle 3:
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Provision 3.1:
The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making[8].

Provision 3.2:
The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

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

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

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

Provision 3.3:
The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

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

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

Board Membership

Principle 4:
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1:
The Board establishes a NC[9] to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel[10];
(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
(c) the review of training and professional development programmes for the Board and its directors; and
(d) the appointment and re-appointment[11] of directors (including alternate directors, if any)[12].

Provision 4.2:
The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

Provision 4.3
The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

Provision 4.4
The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence[13], to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

Provision 4.5
The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments[14] of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

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

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

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

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

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

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

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

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

Corporate Governance

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

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

(a) establishing procedures and making recommendations to the Board on relevant matters relating to the appointment and re-appointment of Directors and considering the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance;

(b) reviewing and making recommendations to the Board on relevant matters relating to the board succession plans for Directors, the development of a process and the criteria for evaluation of the performance of the Board, to ensure that the size and diversity of the Board continue to:

  (i) meet the needs of the Trustee-Manager and NetLink NBN Trust; and
  (ii) facilitate effective decision making;

(c) reviewing and making recommendations to the Board on training and professional development programmes for the Board;

(d) reviewing, on an annual basis and as and when circumstances require, whether or not a Director is independent; and

(e) reviewing other directorships held by each Director and deciding whether or not a Director is able to carry out, and has been adequately carrying out, his duties as a Director of the Trustee-Manager.

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

The NC seeks to refresh the Board membership progressively and in a systematic manner, to avoid losing institutional knowledge. The NC also reviews the succession plans for the CEO, the CFO and the COO. The NC recognises the importance of succession planning as part of corporate governance and there is an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and systematic renewal of the Board and key executives. In FY2020 Aon Solutions Singapore Pte Ltd ("**Aon**") was commissioned to review the succession plans for senior Management (including the CEO, the CFO and the COO). In FY2021, Management updated the NC, amongst others, on the actions taken following Aon's FY2020 recommendations on the senior Management succession plans.

The NC decides how the Board's performance is to be evaluated and propose objective performance criteria. The Chairman of the NC acts on the results of the performance evaluation of the Board, and selections of members of the Board, in consultation with the NC. As in previous years, the Board has appointed an external consultant, Aon, to conduct an evaluation of the Board, the Board Committees and individual Directors for FY2021.

The NC conducts an annual review of each Director's independence in accordance with the BTA and the BTR requirements and takes into consideration the relevant guidelines in the 2018 Code and the Practice Guidance 2018 in relation to the 2018 Code. In any situation that involves a conflict of interest with NetLink NBN Trust, Directors recuse themselves from participating in any discussion and decision on the matter. More details on the independence of the Directors are set out under "Board Composition and Guidance" on pages 42 to 44 and under "Additional Information" on pages 169 to 172.

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

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

For FY2021, the Board is satisfied that all Directors have been able to and have adequately carried out their duties as Directors notwithstanding their other listed company board representations and other principal commitments. Having reviewed each Director's attendance, participation, contribution, expertise and competing time commitments, the Board (with the

NC's concurrence) is of the view that none of the Directors hold a significant number of directorships and other principal commitments that may impede his/her ability to discharge his/her duties. The Board further notes that, in line with the Trustee-Manager's Policy on Multiple Directorships, none of the Directors hold five or more listed company directorships.

None of the Directors has appointed an alternate director.

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

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

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

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

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

(a) Mr Eric Ang Teik Lim;

(b) Ms Ku Xian Hong; and

(c) Mr Tong Yew Heng.

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

In addition, pursuant to Article 89 of the Constitution of the Trustee-Manager, a Director appointed by the Board to fill a casual vacancy or appointed as an additional Director may only hold office until the next AGM, at which he will be eligible for re-election by Unitholders. As Mr William Woo Siew Wing was appointed by the Board of Directors on 27 November 2020, he will retire at the upcoming AGM. Mr Woo has offered himself for re-election at the upcoming AGM.

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

All key information on the Directors, including listed company directorships and principal commitments, are set out under "Board of Directors" on pages 30 to 35. Information relating to the Directors who are retiring and offering themselves for re-election at the upcoming AGM are as set out in Appendix 7.4.1 of the Listing Rules, and can be found in the "Additional Information on Directors seeking re-election" on pages 23 to 27 of the Report of Singapore NBN Trust for FY2021.

Corporate Governance

Board Performance

Principle 5:
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1
The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

Provision 5.2
The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

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

To ensure that these assessments are conducted fairly, the Board has appointed an external facilitator, Aon, to conduct the evaluation. Save for Aon's appointment in FY2021 as external facilitator to conduct the Board evaluation and as consultant to review the compensation of Non-executive Directors and senior Management, Aon does not have any other connection with the Trustee-Manager or any of the Directors. The Board believes that the use of an external facilitator promotes objectivity, neutrality and confidentiality. The external facilitator has also provided a more detailed and in-depth assessment including benchmarking the results with industry standards.

The evaluation process is illustrated below:

Board Evaluation Process

1. Establishment of the Trustee-Manager's requirements e.g. by consulting Chairman/Directors/ Management
2. Designing of the evaluation questionnaire to meet these requirements
3. Administering the evaluation exercise, including sending out the evaluation questionnaire to Directors and collating their feedback
4. Analysing the feedback
5. Presenting the results of the evaluation exercise with analysis to the NC and the Board

The evaluation focuses on areas such as Board structure, Board processes, managing the Trustee-Manager's performance, Board strategy and priorities, Corporate Integrity & ESG Factors, the development and succession planning for Directors and senior Management (including the CEO), teamwork amongst Directors, and each Director's contribution to the Board. Objective performance criteria, which allow benchmarking with industry peers, have been set for such evaluation. The results of the evaluation for FY2021 indicated that the Board has improved in overall perception and compares favourably with the boards of the Trustee-Manager's peer companies.

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

SECTION (B): REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6:
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1
The Board establishes a Remuneration Committee ("RC")[15] to review and make recommendations to the Board on:

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

Provision 6.2
The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

Provision 6.3
The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

Provision 6.4
The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

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

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

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

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

(a) reviewing and recommending to the Board, in consultation with the Chairman of the Board (where applicable), a general framework of remuneration for the Board and key management personnel, and specific remuneration packages for each Director and key management personnel, for endorsement by the Board;

(b) reviewing the obligations of the NetLink NBN Group arising in the event of the termination of the service contracts of executive Directors and key management personnel, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous; and

(c) administering and approving awards under the Long-Term Incentive Plan (please refer to "Long-Term Incentive Component" under "CEO/Executive Director and Key Management Personnel Remuneration" on page 51) and/or other long-term incentive schemes to Directors and/or senior executives of the NetLink NBN Group).

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

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

Corporate Governance

Level and Mix of Remuneration

Principle 7:
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1:
A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

Provision 7.2:
The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

Provision 7.3:
Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

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

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

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

CEO/Executive Director and Key Management Personnel Remuneration

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

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

During FY2021, there was no termination, retirement or post-employment benefits granted to the Directors, the CEO and key management personnel. None of the NetLink NBN Group's employees is an immediate family member of any Director or the CEO.

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

A. Fixed Component

The fixed component comprises the base salary and fixed allowances.

B. Variable Cash Component

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

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

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

C. Long-Term Incentive Component

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

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

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

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

D. Market-related Benefits

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

Disclosure on Remuneration

Principle 8:
The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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

Provision 8.1:
The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

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

Provision 8.2:
The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Corporate Governance

Provision 8.3:
The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

Non-Executive Directors' Remuneration

FY2021

For FY2021, the framework for determining the Directors' fees is set out below. This framework was adopted since FY2020 after the Board commissioned Aon in October 2018 to review the remuneration framework for non-executive Directors to ensure that Director remuneration is market benchmarked.

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

However, in view of the COVID-19 situation and as a show of solidarity and togetherness with the NetLink NBN Group's stakeholders, the Directors took a 5% reduction in their Directors' Fees for FY2021. The annual remuneration of Directors for FY2021 is as follows:

Directors	Directors' Fees (S$)
Chaly Mah Chee Kheong	191,900
Eric Ang Teik Lim	126,216
Koh Kah Sek	118,750
Ku Xian Hong	94,184
Yeo Wico	103,684
Arthur Lang Tao Yih(1)	61,593
Sean Patrick Slattery(2)	104,500
William Woo Siew Wing(3)	28,523
Total	**829,350**

Note:
(1) Fees are paid to Director's employer company. Mr Arthur Lang stepped down as Director on 27 November 2020.
(2) Fees are paid to Director's employer company.
(3) Fees are paid to Director's employer company. Mr William Woo was appointed Director on 27 November 2020.

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

FY2022

During FY2021, Aon was commissioned again to conduct a review of the remuneration framework for Non-Executive Directors to ensure that Directors' remuneration is market benchmarked. Following the RC's recommendation, the Board agreed to maintain the Directors' fee structure for FY2022. Hence, there will be no change in the Directors' fee structure for the financial year ending 31 March 2022, which is set out below:-

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

CEO's and Top 5 Key Management Personnel's Remuneration

Following is a breakdown of the level and mix of the annual remuneration of the CEO and each of the top five key management personnel in FY2021, set out in bands of S$250,000:

Table 1: CEO's Remuneration

Name	Fixed[(1)] (S$)	Variable[(2)] (S$)	CPF[(3)] (S$)	Benefits[(4)] (S$)	LTI[(5)] (S$)	Total Remuneration (S$)
Tong Yew Heng	560,010	454,397	13,260	7,719	438,073	1,473,459

Mr Tong Yew Heng was granted a long-term incentive award of S$408,447 for FY2021. The award is granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period, based on performance against the performance conditions set.

Table 2: Top 5 Key Management Personnel's Remuneration

Remuneration Band	Fixed[(1)] (%)	Variable[(2)] (%)	CPF[(3)] (%)	Benefits[(4)] (%)	LTI[(5)] (%)	Total Remuneration (%)
Between S$750,001 and S$1,000,000						
Chye Hoon Pin	46	24	1	1	28	100
Wong Hein Jee Lester	44	22	2	1	31	100
Between S$500,001 and S$750,000						
Nil						
Between S$250,001 and S$500,000						
Chan Yew Yan Melvin	64	17	6	1	12	100
Tiong Onn Seng	65	17	4	1	13	100
Widjaja Suki	64	17	5	2	12	100

Note:
(1) Fixed refers to base salary and fixed allowances for FY2021.
(2) Variable refers to cash-based incentives earned in FY2021 and paid out in June 2021.
(3) CPF refers to company statutory contributions to the Singapore Central Provident Fund in FY2021.
(4) Benefits in FY2021 are stated on the basis of direct costs and include benefits like club membership and flexi benefit and other non-cash benefits such as medical, dental, comprehensive health screening and car-parking.
(5) LTI refers to the 2018 long-term incentive plan award which has become vested. This award will be paid out in July 2021.

Corporate Governance

The top five members of senior management (who are not Directors or the CEO) were granted LTI awards in aggregate of S$532,880 for FY2021. These awards are granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period, based on performance against the performance conditions set.

The total remuneration paid to the top five senior management personnel (who are not Directors or the CEO) in FY2021 was approximately S$2,776,131.

There are no employees of the NetLink NBN Group who are substantial Unitholders of the Trust, or are immediate family members of the Directors or the CEO or a substantial Unitholder of the Trust, and whose remuneration exceeds S$100,000 during FY2021.

In view of the COVID-19 situation and as a show of solidarity and togetherness with the NetLink NBN Group's stakeholders, the CEO, the COO and the CFO took an 8% reduction in their base salary with effect from 1 May 2020 for a period of six months.

SECTION (C): ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9:
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders[16].

Provision 9.1:
The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

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

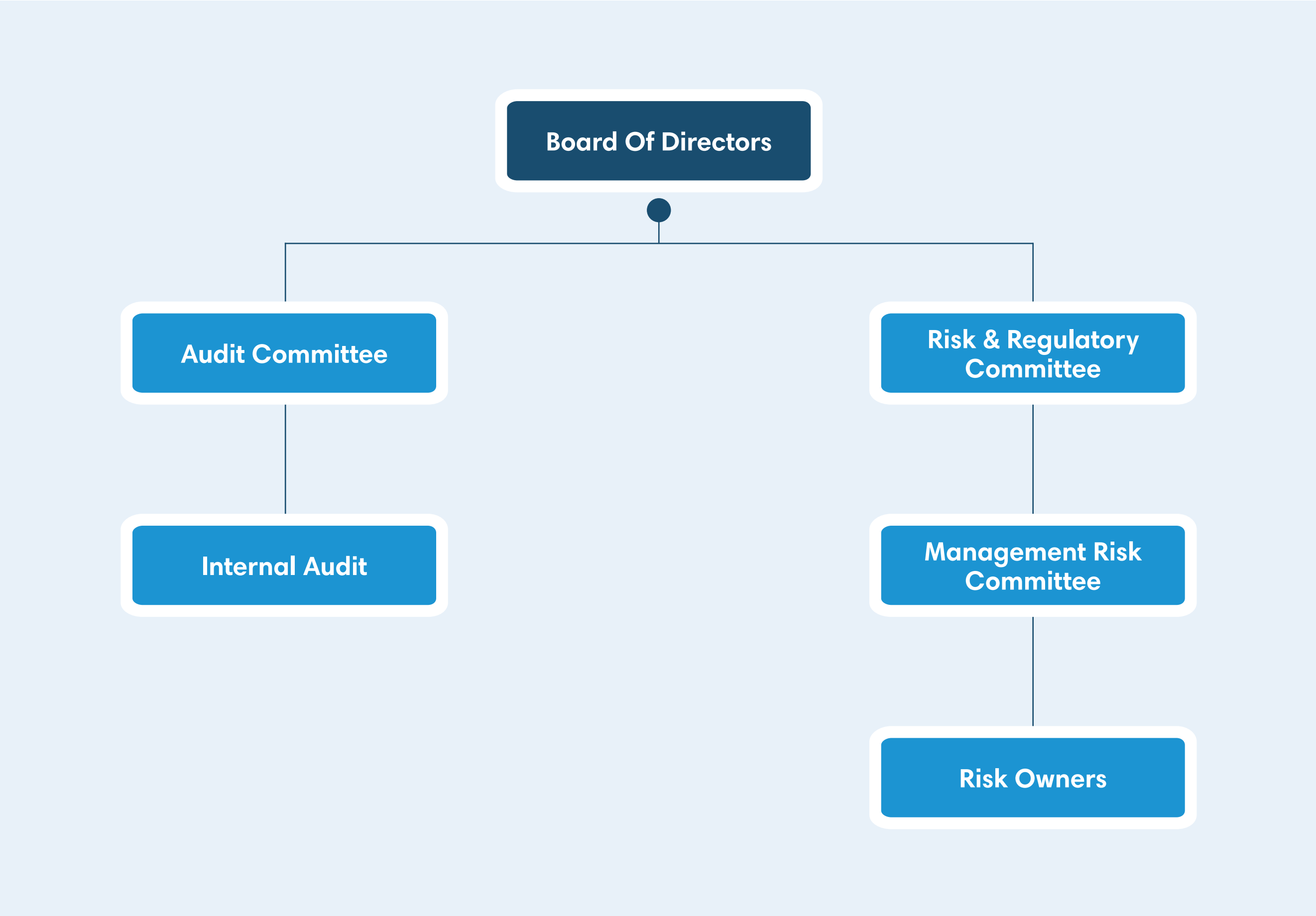
(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's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

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

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

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

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



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

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

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

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

(a) providing oversight and reviewing the adequacy and effectiveness of the risk management system and system of internal controls of the NetLink NBN Group, and reviewing the NetLink NBN Group's overall risk assessment processes, policies and guidelines that inform the Board's decision-making;

(b) advising the Board on the NetLink NBN Group's overall risk tolerance and strategy;

(c) reviewing the risk management processes and activities of the NetLink NBN Group to mitigate and manage risk at acceptable levels determined by the Board;

(d) keeping under review the effectiveness of the NetLink NBN Group's internal controls and risk management systems and reviewing and approving the statements to be included in the annual report of NetLink NBN Trust concerning the effectiveness of the NetLink NBN Group's internal control and risk management systems;

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(e) reviewing the Trust's compliance with regulatory obligations imposed by IMDA, particularly in respect of:

(i) the control and ownership restrictions set out in the FBO licence granted to the Trustee-Manager by IMDA;

(ii) the Capex Reserve Requirement[17]; and

(iii) the restrictions on services offered by the Trust as set out in the FBO licence granted to the Trustee-Manager by IMDA; and

(f) providing guidance and recommendations to the Board on strategic regulatory matters.

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

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

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

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

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

(a) good corporate governance standards;

(b) a structured and disciplined approach to manage risks and promote a consistent process across NetLink;

(c) an effective system of internal controls;

(d) a culture of risk awareness at all levels within NetLink;

(e) successful business performance; and

(f) manage risks to a level commensurate with the corporate appetite for risks.

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

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

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

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

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

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

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

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

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

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

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

The Whistleblowing Policy allows employees and external parties to report concerns or suspicions of fraud, corruption, dishonest practices and other improprieties observed within the NetLink NBN Group without fear of retaliation. Reports may be made via various modes of communication through an external channel. These channels have been made available with details published on NetLink's website (**https://www.netlinknbn.com/corporate_governance.html**). Employees or external parties are able to raise concerns anonymously in good faith about any perceived irregularity or misconduct within NetLink, through the reporting channels. Valid reports made in good faith will be investigated independently and appropriate follow-up action will be taken upon direction by the Chairman of the AC. The NetLink NBN Group will respect and protect the confidentiality of a Whistleblower's identity, to the fullest extent practicable, as well as the confidentiality of the details of the concern. This also extends to the protection of the Whistleblower or any employee who assists in investigations, from retaliation.

The Trustee-Manager is required to comply with the provisions of the Listing Rules relating to Interested Person Transactions ("**IPTs**") as well as the BTA and such other guidelines relating to IPTs as may be prescribed by relevant laws, regulations and guidelines. In this regard, the Trustee-Manager has adopted an Interested Person Transactions Policy which sets out, *inter alia*, procedures for reviewing IPTs, to ensure that all IPTs will be undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of NetLink NBN Trust and its minority Unitholders. The list of IPTs for the period under review can be found under "Additional Information" on page 174.

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

The Board has received assurance from:

(a) the CEO and the CFO that NetLink's financial records have been properly maintained and the financial statements for the period under review give a true and fair view of NetLink's operations and finances; and

(b) the CEO, the CFO and the COO (collectively "**key management personnel**") that the system of risk management and internal controls in place within the NetLink NBN Group is adequate and effective in addressing the risks which the NetLink NBN Group considers relevant and material to its business operations.

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

Based on:

(a) the system of risk management and internal controls established and maintained by the NetLink NBN Group as described above;

(b) work performed by the internal and external auditors; and

(c) assurances from the key management personnel together with regular reviews performed by Management,

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the Board, with the concurrence of the AC and the RRC, is of the opinion that the NetLink NBN Group's system of risk management and internal controls were adequate and effective as at 31 March 2021 to address the risks (including financial, operational, compliance and information technology risks), which the NetLink NBN Group considers relevant and material to its operations.

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

Audit Committee

Principle 10:
The Board has an AC[18] which discharges its duties objectively.

Provision 10.1
The duties of the AC include:

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

Provision 10.2:
The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3:
The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Provision 10.4:
The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

Provision 10.5:
The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

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

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

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

The members of the AC are:

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

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

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

The role of the AC is to develop, maintain and monitor an effective system of internal controls. The AC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of an external auditor and reviewing the adequacy of internal and external audits in respect of cost, scope and performance.

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

(a) reviewing the quality and reliability of information prepared for inclusion in NetLink NBN Trust's financial reports;

(b) reviewing NetLink NBN Trust's consolidated financial statements, as well as the assurances from the CEO and the CFO on the financial records and financial statements, and any announcements relating to NetLink NBN Trust's financial performance prior to submission to the Board;

(c) reviewing with the auditors of NetLink NBN Trust:

(i) the audit plan of NetLink NBN Trust;

(ii) the auditor's audit report for NetLink NBN Trust;

(iii) the auditor's management letter and management's response;

(iv) the assistance given by the officers of the Trustee-Manager to the auditors of NetLink NBN Trust;

(v) the scope and results of the internal audit procedures implemented by the Trustee-Manager;

(vi) the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed; and

(vii) the internal guidelines and procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including interested person transactions (to determine if such guidelines and procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders), the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property;

(d) reviewing interested person transactions to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders;

(e) reviewing any actual or potential conflicts of interest matters referred to the AC. This includes reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board. Upon disclosure of an actual or potential conflict of interest by a Director, the AC will consider whether a conflict of interest does in fact exist. A Director who is a member of the AC will not participate in any proceedings of the AC in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the AC may deem reasonably necessary. Where a conflict of interest does exist, the AC will resolve or propose, where appropriate, the relevant measures for the management of such conflicts;

(f) reviewing the balance sheet, and profit and loss account of the Trustee-Manager, as well as the balance sheet, profit and loss account and cash flow statement of NetLink NBN Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;

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(g) reporting to the Board:

    (i) any inadequacies, deficiencies or matters of concern of which the AC becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (b), (c), (d), (e) and (f); and

    (ii) any breach of the BTA or any breach of the provisions of the Trust Deed, of which the AC becomes aware or that it suspects;

(h) reporting to the MAS if the AC is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (g);

(i) nominating a person or persons as auditor of the Trust, notwithstanding anything contained in the Trust Deed;

(j) reviewing and monitoring Management's efforts in managing financial and financial reporting-related risks and internal controls;

(k) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Trustee-Manager and the Trust and any announcements relating to the Trustee-Manager's and the Trust's financial performance;

(l) reviewing the policy and arrangements by which staff of the Trustee-Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective shall be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(m) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the NetLink NBN Group's risk management systems and internal controls, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties;

(n) monitoring and reviewing the implementation of the auditors' recommendations for internal control weaknesses (if any);

(o) reviewing the adequacy, effectiveness, independence, scope and results of the external auditors;

(p) reviewing all hedging policies to be implemented by NetLink;

(q) determining the criteria for selection, monitoring and assessing the external auditor, and making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, as well as approving the remuneration and terms of engagement of the external auditor.

(r) reviewing at least annually the independence, adequacy and effectiveness, scope and results of the internal audit function and processes, as well as ensuring that the internal auditor is adequately resourced and set up to carry out its functions; and

(s) meeting with the external and internal auditors, without the presence of the executive officers, at least on an annual basis.

The AC has considered the performance of the external auditors and the volume of non-audit services provided by the external auditors together with the fees paid for such services. The AC is satisfied that the independence and objectivity of the external auditors have not been impaired by the provision of those services. The aggregate amount of audit fees paid/payable to the external auditors is S$174,000 of which S$155,000 pertains to annual audit services and S$19,000 pertains to non-audit services (as shown in Note 10 under "Notes to the Financial Statements" on page 138). The fees for non-audit services were mainly for tax advisory services.

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

During FY2021, the AC reviewed the Trustee-Manager's and NetLink's financial statements and accompanying announcements before recommending them to the Board for approval. The AC also met with the internal and external auditors without the presence of Management to obtain feedback on the competency and adequacy of the finance function, to review the assistance given to the internal and external auditors, and to discuss the financial reporting process and the Trustee-Manager's and NetLink's financial condition, the system of internal controls, and other significant comments and recommendations by the auditors. Where relevant, the AC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

The key audit matters reported by the external auditors and reviewed by the AC for FY2021 are set out below:

Key Audit Matter	How the Audit Committee addressed the matter
Goodwill impairment review	The AC considered the methodology, estimates and assumptions such as WACC of 5.04% and terminal growth rate of 1.5% used in the valuation model for purpose of determining if there is any impairment of goodwill. The AC also considered the auditor's report and findings of the external auditors on their assessment for the key assumptions driving the value-in-use calculation, in particular the cash flow forecasts, discounting period, discount rate and long-term growth rate. The AC was satisfied that the review process and the methodology used were appropriate and disclosures in the financial statements were adequate. The external auditor has included this item as a key audit matter in the auditor's report for the financial year ended 31 March 2021. Please refer to page 103.

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

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

An internal audit function has been established in-house under the responsibility of the Director, Internal Audit. The team has over 20+ years combined internal audit experience with the team consisting of members with accreditations such as Chartered Accountant (Singapore) and Certified Internal Auditor (CIA). The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (IIA). The internal auditors adopt a risk-based approach in developing the annual internal audit plan that is aligned with the organisation's key risks. The internal auditors plan its internal audit schedules in consultation with, but independent of the Management.

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

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

SECTION (D): SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11:
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1:
The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

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Provision 11.2:
The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

Provision 11.3:
All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

Provision 11.4:
The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

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

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

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

In view of the COVID-19 pandemic, the AGM on 28 September 2020 was held via electronic means pursuant to the COVID-19 Temporary Measures (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). The Notice of AGM was sent to Unitholders by electronic means via publication on NetLink NBN Trust's website. It was also released via SGXNET and made available on the SGX website. The Notice of AGM sets out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions in advance of the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM.

Similarly, the NetLink NBN Trust Annual Report 2020 was made available to Unitholders on SGXNET and NetLink NBN Trust's website. Unitholders who wish to receive a physical copy of the Annual Report 2020 and ancillary documents can submit their request at the Investor Relations website.

All Directors and the external auditors of NetLink and the Trustee-Manager attended the AGMs on 28 September 2020 via electronic means. No other Unitholders' meeting was held during the financial year under review. In accordance with the COVID-19 Temporary Measures Order, Unitholders submitted their questions in advance of the AGMs and responses to these questions were published on NetLink NBN Trust's website and on SGXNET before the deadline for submission of proxy forms for the AGMs.

Due to the prevailing COVID-19 restrictions, the AGMs on 19 July 2021 will be held via electronic means pursuant to the COVID-19 Temporary Measures Order as described above. At the upcoming AGMs, the Trustee-Manager has added an additional feature, namely "live" Question and Answer. During the "live" Question and Answer session, Unitholders can ask the Chairman of the meeting substantial and relevant questions relating to the resolutions tabled for Unitholders' approval at the AGMs.

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

The Trustee-Manager will send to all Unitholders a copy of NetLink NBN Trust's annual report and a copy of the notice of AGM prior to the Trust's AGM as well as a copy of the notice of AGM of the TM Shares Trust prior to the AGM of the TM Shares Trust, in compliance with the requisite notice period.

For EGMs, the Trustee-Manager will send to each Unitholder a copy of a circular and a copy of the notice of EGM which contains details of the matters to be proposed for Unitholders' consideration and approval. The Trustee-Manager will also announce notices of general meetings setting out all items of business to be transacted at the general meeting via SGXNET.

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

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

Unitholders may appoint up to two proxies to attend and vote on their behalf if they are unable to attend in person, and corporate Unitholders may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM/EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual, in accordance with the Trust Deed. Unitholders who are Relevant Intermediaries (as defined in the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies at a meeting of Unitholders, such that indirect investors may be appointed as proxies to participate in Unitholders' meetings. Details on the appointment of proxies are contained in the proxy forms which will be despatched to Unitholders together with the notice of AGM/EGM.

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

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

Provision 11.5:
The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

Minutes of NetLink NBN Trust's and Singapore NBN Trust's AGM/EGM will be posted on the Trust's website as soon as practicable. The minutes will record substantial and relevant comments or queries from Unitholders relating to the meetings, and responses from the Board and Management. The Trustee-Manager also ensures that all material information relating to the NetLink NBN Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including Unitholders. In accordance with the COVID-19 Temporary Measures Order, the Minutes of the NetLink NBN Trust's and the Singapore NBN Trust's AGM in 2020 were published on SGXNET and posted on the Trust's website within one month after the AGMs were held. The said Minutes included the questions submitted by Unitholders and the responses to these questions.

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

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

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

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Engagement with Shareholders

Principle 12:
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1:
The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

Provision 12.2:
The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Provision 12.3:
The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

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

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

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

Investors can also contact the IR team by email at **investor@netlinknbn.com**. This email address is published on NetLink NBN Trust's corporate website. Further details of the IR activities during FY2021 can be found under "Investor Relations" on pages 72 to 73.

Managing Stakeholders Relationships

Principle 13:
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1:
The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

Provision 13.2:
The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Provision 13.3:
The company maintains a current corporate website to communicate and engage with stakeholders.

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

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

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

More information on the NetLink NBN Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found under "Sustainability Report" on pages 76 to 96.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

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

(a) elaborates on prohibitions under the Securities and Futures Act, Chapter 289 and the Singapore Exchange Securities Trading Limited Listing Rules; and

(b) stresses the importance of prohibitions against insider trading and market misconduct, and the potential civil and criminal sanctions which could result from breach of obligations.

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

(a) remind them that it is an offence to deal in NetLink NBN Trust's securities, as well as securities of other listed issuers, while in possession of unpublished price-sensitive information; and

(b) inform them on the start of each blackout period.

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

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

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

MATERIAL CONTRACTS AND INTERESTED PERSON TRANSACTIONS

There are no material contracts entered into by NetLink NBN Trust or any of its subsidiaries involving the interests of the CEO, any Director, any controlling shareholder of the Trustee Manager, either subsisting or entered into for FY2021, other than:

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

(b) interested person transactions as disclosed on page 174 of this Annual Report.

Enterprise Risk Management

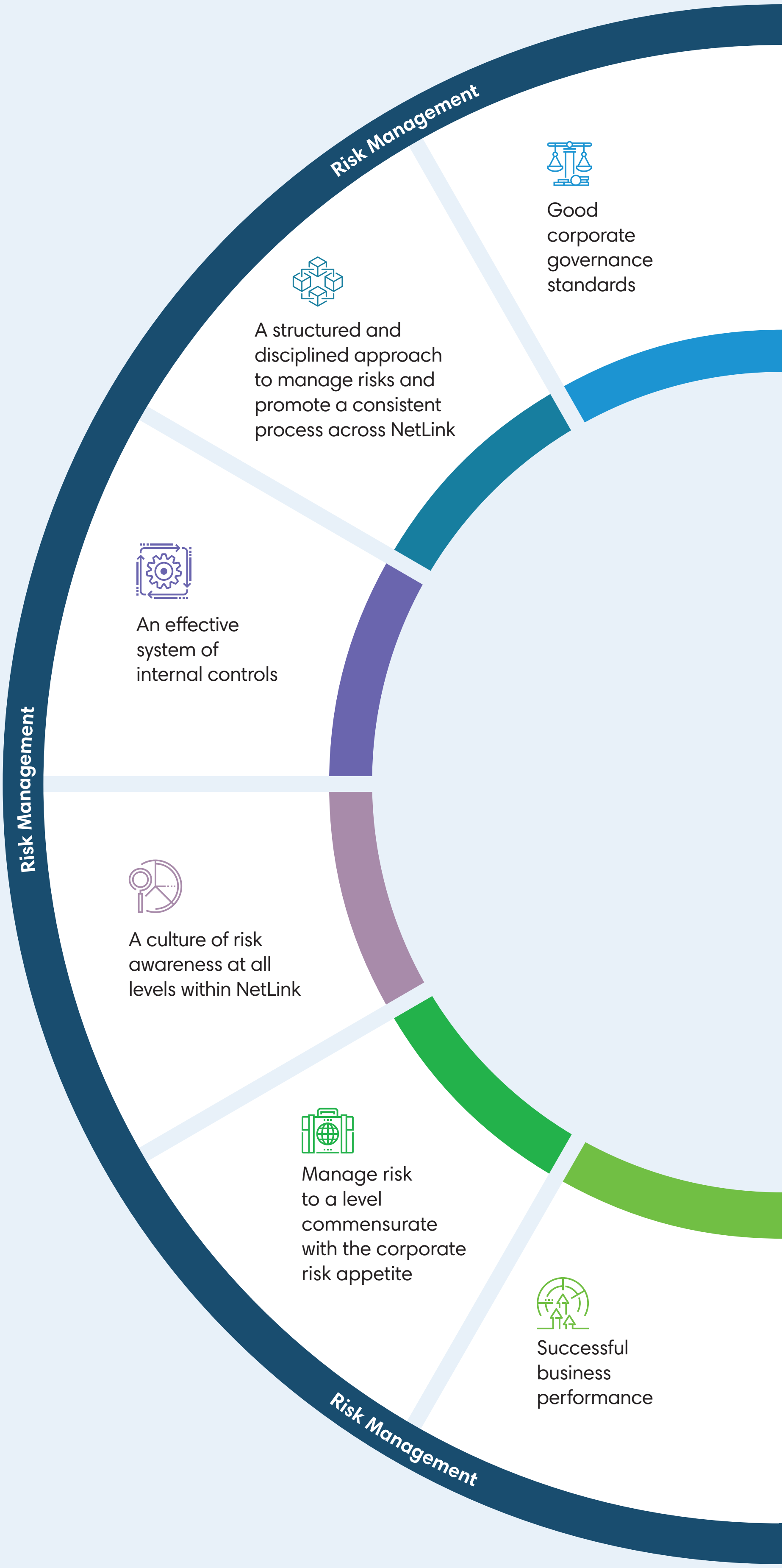
Our Approach

At NetLink, we strive to excel as the planner, builder, operator and long-term owner of quality infrastructure assets and provider of quality infrastructure services, adding value to our customers and achieving consistent returns. In doing so, we seek to manage potential risks associated with the execution of its business strategies and maximise any opportunities that may arise.

We recognise that risks arise in many forms and can have positive or negative impacts on our reputation, as well as compliance, operational and financial performances.

As such, we have adopted the international standard ISO 31000: 2018 Risk Management – Guidelines, with the aim of pursuing a systematic and structured approach towards the effective management of risk that will promote a more stable and informed environment for NetLink to meet its intended objectives.

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



Board	Oversees risk governance in NetLink through frameworks for risk management and the implementation of internal controls activities.
Risk and Regulatory Committee (“RRC”)	Provides oversight and reviews the adequacy and effectiveness of the risk management system and provides overall supervision of risk management.
Management Risk Committee (“MRC”)	Ensures the effectiveness of NetLink’s Enterprise Risk Management ("**ERM**") framework, policies and resources employed to identify, manage and report risks relating to NetLink’s activities.
Risk Owners	Responsible for the effective implementation of risk management strategies, control measures, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board, and report risks relating to NetLink’s activities.

Enterprise Risk Management

NetLink takes a comprehensive and proactive approach in identifying, managing and monitoring the risks across the Group. We aim to mitigate the exposure through appropriate risk management strategies and internal controls. Our performance is influenced by a number of external and internal risk factors as identified below.

Key Risk	Risk Description	Risk Treatment Actions
Business Continuity Risk	The provision of NetLink's services depend on people and on the quality, stability, resilience and robustness of its integrated network. The network can experience damage or cessation of operations from fire, flooding, heavy rainfall, other natural disasters, power loss, vandalism, acts of terrorism, pandemic outbreak, cyber-attacks and computer viruses, cable cuts and other events beyond NetLink's control. Any failure of or damage to NetLink's physical infrastructure could lead to significant costs and disruptions. Challenges brought on by COVID-19, if not managed or resolved carefully, could disrupt our operations.	• Invested in disaster recovery systems and put in place a robust Business Continuity Management ("**BCM**") programme. Our BCM programme was certified to ISO 22301:2012 standard and annual audits are conducted to maintain its certification. • Updated business continuity plans ("**BCP**") and conducted annual exercises to familiarise stakeholders with the BCPs. • Engaged an independent external consultant to conduct an Industry Crisis Management Plan exercise which involved our customers, the Requesting Licensees ("**RLs**") and regulator so as to validate the documented procedures, increase awareness of the plan among our stakeholders and prepare them to coordinate their actions with the rest of the stakeholders in the event of a disaster. • With the different challenges brought on by COVID-19, we worked with different stakeholders in accordance with our BCP and acted to minimise the impact of business disruptions.

Key Risk	Risk Description	Risk Treatment Actions
Outsourcing Risk	NetLink outsources the majority of its construction work to third-party contractors. This includes the building and maintenance of ducts and manholes, the installation of fibre cables, including installation of fibre connections at end-user locations. For the work required, our contractors rely heavily on foreign workers and are subjected to the policies that govern the employment of foreign workers. During COVID-19, the government issued a mandatory Stay Home Order to foreign workers in the construction sector. This greatly reduced our contractors' manpower and negatively impacted our capacity to fulfil service requests during this period. Due to the nature of our business, we are reliant on certain key contractors who employ mainly foreign workers to construct, upgrade and maintain our network.	• Identified and signed contracts with more contractors so that we are not reliant on a few contractors. • Worked with all of the contractors during the circuit breaker period to review their manpower resources and took action to decant a number of their workers into alternative accommodations, so that they can continue to carry out fibre installation work during circuit breaker period. • Continually engage our contractors to monitor the level of manpower resources so as to ensure that our operations are not materially impacted by their lack of manpower resources.
Cybersecurity Risk	Cybersecurity threats have not only been increasing in recent times but are also getting more sophisticated. As NetLink's businesses and operations rely heavily on Information Technology ("**IT**"), NetLink is exposed to cybersecurity threats, data privacy breaches as well as other network security and stability risks. NetLink is also reliant on a number of vendors to implement and maintain its IT systems. Any failure of these vendors to provide adequate and timely software and hardware support could have a material adverse effect on NetLink's systems. Disruptions to NetLink's IT systems, whether resulting from cyber-attacks, a failure by a key vendor or otherwise, that can cause interruptions to the network and services provided to the RLs, may result in litigation from the RLs or their end-users, and/or regulatory fines and penalties.	• Established policies and frameworks to ensure information system security and network stability. • Deployed a layered cybersecurity defense framework that includes end-point security, firewall with built-in threat intelligence and a Security Information and Event Management solution which helps to identify and detect abnormalities in our computer systems and potential intrusions. • Performed continuous vulnerability scanning and fine-tuning of system alerts to mitigate cyber threats. • Engaged external consultant to perform cyber defense assessment and penetration tests on a regular basis. Any identified vulnerability gaps will be remediated or mitigated. • Provided training to our employees on cybersecurity awareness and regularly reminded employees to be vigilant to such threats.

Enterprise Risk Management

Key Risk	Risk Description	Risk Treatment Actions
Capital Management Risk	The Group manages its capital to ensure that it will be able to continue as a going concern and to ensure that all externally imposed capital requirements have been complied with.	• Maintained diversified funding sources with both financial institutions and capital markets and maintained relationship with multiple financial institutions. • To maintain a well spread-out debt maturity profile, to avoid the bunching effect of debts maturing in any single year. • As at 31 March 2021, the current liabilities of NetLink exceeded current assets by S$363 million due to the classification of the S$510 million loan as a short-term liability. On 21 May 2021, NetLink entered into a new S$510.0 million Five-Year Singapore Overnight Rate Average ("**SORA**")-based Term Loan with maturity date on 21 May 2026. On 31 May 2021, NetLink has drawn down S$510.0 million from the new SORA-based Term Loan to repay the existing Swap Offer Rate ("**SOR**")-based Term Loan.
Regulatory Compliance Risk	As a public telecommunication licensee, a listed entity and a registered business trust, NetLink is subjected to regulations by the Infocomm Media Development Authority, Singapore Exchange Limited, Monetary Authority of Singapore and various other authorities. NetLink must ensure its compliance with a variety of legislation, regulations and codes of practice and could be subject to future regulatory changes and/or other Singapore government intervention.	• Maintained a framework to provide an overarching approach to ensure that the business operates in compliance with external laws and regulations. • Identified responsible persons to manage the applicable laws and regulatory obligations, with central reporting of compliance issues to the MRC and an escalation process to the RRC.
Critical System Failure Risk	NetLink's physical aboveground and underground fibre-related infrastructure and IT infrastructure are critical to the operational performance of NetLink.	• Early detection measures to identify fault and failure to our key systems such that early remedial actions can be taken. • Regular maintenance on our equipment to ensure that critical systems are kept in good working condition and replaced in time.

Key Risk	Risk Description	Risk Treatment Actions
Technology Risk	NetLink operates in an environment driven by technological changes. With the rapid advancement in technology, technological changes may require NetLink to replace and/or upgrade its network infrastructure in order to remain competitive against newer products and services. While NetLink's network currently offers the highest potential speeds for data transmission among commercially available options, customers and applications that do not require higher speed data connections may choose to rely on these alternative technologies for their data connectivity, especially if offered on more attractive terms.	• Regular market scans to understand emerging trends and/or changes in broadband consumption behaviour, including the deployment and adoption of substitute technologies in Singapore and overseas markets so as to keep ourselves up to date on the new technology developments. • Assessed the results of the market scans, with a view to update our business plans in light of new technological developments.
Customer Concentration Risk	NetLink has no direct material relationship with the end-users of the network and is largely dependent on the RLs for marketing activities and growth in demand for the use of the network. Due to the niche market we are in locally, demand for use of NetLink's network, and the revenue streams resulting from this, is primarily dependent on the activities of the RLs/Retail Service Providers (NetLink's customer) to expand their own customer bases. In the event that there is an unanticipated loss of key customers it may significantly impact NetLink's revenue streams.	• Carried out regular engagements with the RLs to understand their requirements and to address any challenges and feedback that they may have. • Monitored trends and market development on a monthly basis so that we are ready to undertake mitigating strategies where required. • Conducted credit assessment on the RLs on an annual basis or as and when required.

Investor Relations

Proactive, Consistent Engagement

This financial year, despite COVID-19 restriction measures, we remained proactive and consistent in our engagement with Unitholders, analysts and the investment community. Management adopted new digital communication channels to keep our stakeholders abreast of NetLink's performance and developments. In addition, all material information were announced in a timely manner on SGXNet and published on the corporate website. To further engage with analysts, a post-results conference call was held every quarter to allow the analysts to interact with Management. In FY21, an additional two research houses initiated coverage on the stock.

During the period in review, the Management met with over 300 institutional investors, financial institutions and brokers to discuss NetLink's operational and financial performance, and corporate strategy. Due to the COVID-19 travel restrictions, many of the meetings were conducted by way of online video conferencing and teleconferencing. Regardless of the channel used, the analysts and investment community were provided with ample opportunity to pose their questions.

With our strong commitment to engage retail unitholders, we stepped into our third year of partnership with Securities Investors Association Singapore ("**SIAS**"). Together with SIAS, we organised a virtual briefing for retail unitholders to meet and get updates directly from the Management.
We also continued to reach out to retail investors through the various brokerage houses and private banks by holding briefings for trading representatives and private bankers. Through these engagements, we were able to reach out directly to more than 600 retail investors.

FY20's Annual General Meeting ("**AGM**") was held virtually in September 2020; this was attended by over 100 unitholders. Unitholders were encouraged to send in their questions before the meeting and replies by Management were published on SGXNet before the deadline for submission of proxy forms for the AGMs. The minutes of the meeting and questions and answers are available on NetLink's website.

To be alerted of any new announcements, Unitholders and the public can also subscribe to the email alert service.

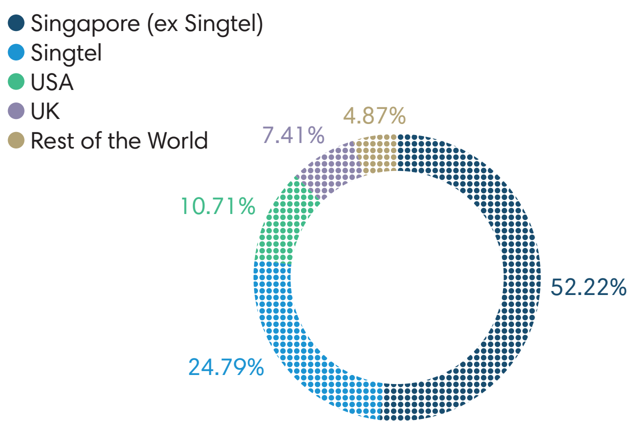
Recognition

For the second year, NetLink NBN Trust was ranked first on the Governance Index for Trust (GIFT). We also made considerable improvements on the SGTI Index – REIT and Business Trust Category, ranking 5th (out of 45) up from 34th in the previous assessment period. This is a testament to our commitment to maintaining the highest standard of Corporate Governance.

Unitholder Analysis

As at 31 March 2021, the Unitholder base has grown to 30,350. Market capitalisation was approximately S$3.7 billion, based on the closing price of S$0.945 as at 31 March 2021. The average unit price for the period was S$0.97, hitting a high of S$1.03 on 29 May 2020 and a low of S$0.88 on 1 April 2020. Average daily trading volume during this period was 10,942,103 units.

Ownership by Geography as at 31 March 2021



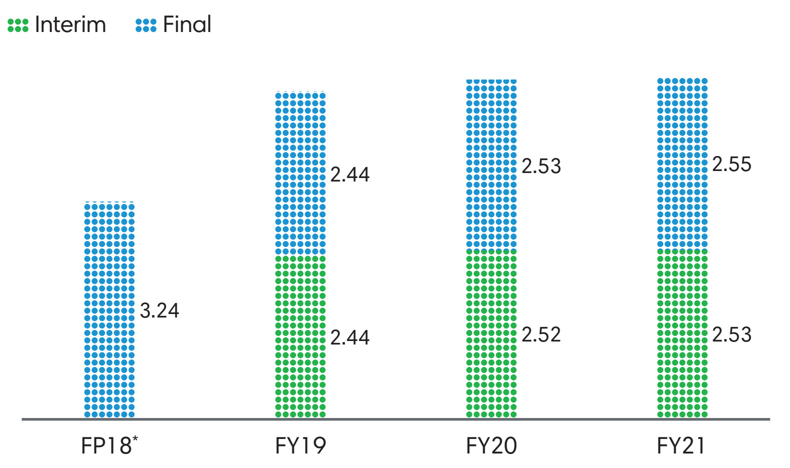
Distribution Policy

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

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

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

Distribution Per Unit (Singapore cents per Unit)



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

Investor Relations Calendar FY21

Quarter 1

- Full Year Financial Results for the period ended 31 March 2020
- Briefing to Maybank Kim Eng Trading Representatives
- Citibank Virtual Investor Conference
- DBS Virtual Conference
- UOB (Singapore) Investor Conference
- Briefing to CGS-CIMB Investors
- Briefing to Phillip Capital Retail Investors
- Briefing with Maybank (Japan) Investors
- SGX-Credit Suisse Corporate Day
- SGX Corporate Connect Webinar

Quarter 2

- Q1 Financial Results for the period ended 30 June 2020
- Maybank Invest ASEAN
- Briefing to UOB Private Bankers
- Briefing to UOB Retail Investors
- SIAS Pre-AGM Meeting
- Annual General Meeting

Quarter 3

- Q2 Financial Results for the period ended 31 September 2020
- SGX-Macquarie Singapore Corporate Day
- Briefing to CGS-CIMB Trading Representatives
- SGX Taiwan Investor Day
- SGX-UBS Corporate Day
- SGX-CLSA Conference

Quarter 4

- Q3 Financial Results for the period ended 31 December 2020
- DBS Vickers Pulse of Asia Conference: The Digital Edition
- AFS Technology Investment Webinar 2021
- Briefing to Lim & Tan Trading Representatives
- Briefing to DBS Vickers Private Bankers
- CITIC CLSA ASEAN Access Month

Corporate Social Responsibility

GUIDING PRINCIPLES

- Bridging gaps through knowledge sharing
- Empowering the hearts of our own
- Investing in our youths, our future

At NetLink, we strive to improve the knowledge and overall well-being of our beneficiaries, and provide meaningful volunteering opportunities for our staff. In FY21, we remained committed to being a valuable partner in the community despite the various challenges posed by the COVID-19 pandemic. We also introduced NetLink's very first Corporate Social Responsibility ("**CSR**") T-shirt designed by JOURNEY; A local brand that represents the creative talents of people with disabilities.

Caring for the Community

Guided by NetLink's CSR principles, we donated approximately S$430,000 and put in about 280 volunteer man-hours in a series of activities that were organised under safe distancing measures. Arising from the ongoing pandemic, food insecurity in Singapore has become more prevalent[1]. This led us to partner with *Food from the Heart* and *Food Bank;* to assist with the packing of food bundles and to distribute these bundles to those in need. We also partnered with Care Corner – Neighbour Cares, to distribute Care Packs to seniors living alone in the Toa Payoh area. These care packs aimed at helping the seniors combat COVID-19, comprised of masks and sanitisers. In November 2020, NetLink teamed up with CraftPreneurs of SG to support the causes of SingYouth – a charity that champions the causes of youth development and social engagement. CraftPreneurs of SG connects people of all ages through handicraft workshops where a portion of sales go to charities endorsed by SingYouth. Volunteers attended a craft workshop where they learnt to make intricate craft items and completed crafts were given to the elderly of the appointed Senior Activity Centre. We continued to support the SGX Bull Charge (Virtual) Run by making a cash sponsorship. Funds raised went towards supporting the needs of underprivileged children and families, persons with disabilities and the elderly. A total of 70 employees took part in this virtual run. In addition, we teamed up with the Ocean Purpose Project, a local social enterprise that incubates innovative projects that protect the ocean. This event saw 25 volunteers collecting a total of 113kg of trash.

Response to COVID-19

In response to COVID-19, NetLink prioritised the provisioning of fibre broadband connections to low-income households and also expedited its contributions to Infocomm Media Development Authority's ("**IMDA**") Home Access Programme. In addition, we also made contributions towards socials causes such as the Migrant Worker's Centre and the Oscar@SG fund which supports initiatives responding to the community needs during this pandemic.

Recognition

In December 2020, NetLink was recognised by Community Chest and was awarded the Community Spirit – Gold Award in the ComChest Awards 2020 for our support of the IMDA Digital Access Programme. NetLink was also recognised as one of the Top 5 donors of IMDA's Digital Readiness efforts in 2019 – 2020.

Moving Forward

Moving forward, the team will continue to deepen our involvement in the community through volunteering in meaningful volunteering opportunities and donations. We will continue to seek meaningful ways to not only help Singaporeans be digitally ready, but also to reach out to the less fortunate in the community.

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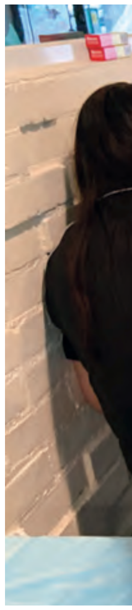

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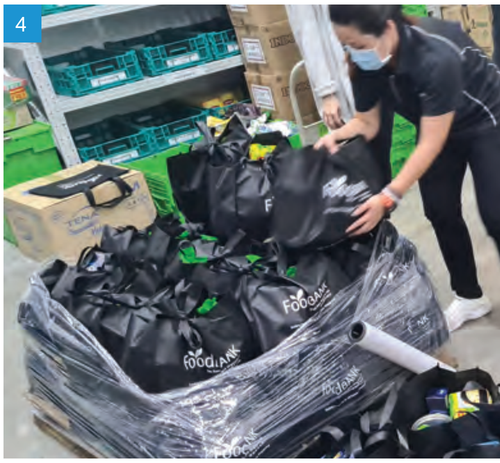

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[1] Source: https://www.todayonline.com/singapore/more-households-need-food-aid-including-younger-couples-and-private-property-dwellers.

1. Community Spirit - Gold Award
2. Craftprenuers of SG
3. Care Corner - Neighbour Cares
4. Food Bank
5. Food from the Heart
6. Ocean Purpose Project
7. Ocean Purpose Project

Sustainability Report

Board Statement

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

NetLink continues to operate in a dynamic business landscape, facing a number of sustainability challenges. We acknowledge our responsibility in championing sustainable development and seek to positively contribute to people, the planet and the prosperity of Singapore, while ensuring our business thrives. In the past year, we continued to support industry collaborations in their rollout of trials to explore the applications of 5G technology, and how it may shape Singapore's future. We view our infrastructure and our collaborations as a key enabler for Singapore as it looks to transition towards a greener and smarter economy.

Despite the challenges brought on by COVID-19, NetLink has remained resilient and has continued to meet the needs of our customers. Our infrastructure contributed significantly to the adaptability of Singapore's businesses during the circuit breaker period, allowing for an easier transition to flexible work arrangements, while we worked with our customers to ensure end users stay connected. This included supporting Small and Medium Enterprises ("**SMEs**") in their adoption of digital technologies by offering lower fibre broadband costs to Requesting Licensees ("**RLs**"), and in turn supporting them to quote lower prices to end-users during COVID-19. We also supported new connections from RLs to match changing network demands as more people worked from home.

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

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

We are excited to share more within our report.

NetLink NBN Trust
Board of Directors

About This Report

This Sustainability Report (the "**Report**") is NetLink's third sustainability report and describes the sustainability commitments, initiatives and performance for the financial year ended 31 March 2021 ("**FY21**"). The scope of the Report covers information and data relating to NetLink's operations.

This Report was written to be read in conjunction with the Annual Report. Both reports aim to provide a more comprehensive and transparent reporting of NetLink's yearly objectives and performance to our stakeholders.

The Report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards Core option and SGX-ST Listing Manual (Rules 711A and 711B). NetLink has continued to adopt the GRI Standards as it is a globally recognised reporting framework which provides useful guidance to NetLink on sustainability reporting.

NetLink welcomes feedback on our sustainability report and practices. Please write to investor@netlinknbn.com.

Our Achievements

CONNECTING THE NATION
- Maintained 100% islandwide fibre coverage
- Collaborated with industry players on pilot 5G projects across Singapore, to explore the applications of the 5G technology
- Supported SMEs in their digital transformation through promotional pricing

INFRASTRUCTURE, QUALITY AND NETWORK AVAILABILITY
- Invested approximately S$43 million to enhance our fibre network
- Maintained 99.99% network availability

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

TALENT RETENTION
- Recorded employee turnover rate of 6.6%, much lower than the High-Tech Industry rate of 12.6%
- Recorded an average of 21.6 learning hours per employee, an increase of 6.2 hours per employee from the previous year

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

OCCUPATIONAL HEALTH AND SAFETY
- Recorded zero work related incidents resulting in fatalities or permanent disabilities
- Maintained bizSAFE Star certification for our safety management system

WASTE MANAGEMENT
- Minimised fibre waste generated from operations and achieved a scrap rate of 1.35% on fibre cable issued during the year

Sustainability Report

NetLink's Sustainability Approach and Governance

Within a fast changing sustainability landscape, NetLink is closely monitoring its approach towards sustainability. During the past year we continued to be anchored by our core values of Partnership, Excellence, Integrity, Teamwork and Respect, while looking at how we could progress on our sustainability journey. NetLink continuously looks for opportunities to practically integrate sustainability into our daily operations and our long-term strategic planning.

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

Long-term Strategy

To build a network infrastructure that anticipates Singapore's growing needs, to be efficient in our operation and to increase our potential market size.

Partnership	Excellence	Integrity	Teamwork	Respect
We measure our success by our partners'	We relentlessly pursue quality and excellence	We are fair, honest and accountable	We leverage individual strengths to work as one	We care for every employee

NetLink's Material Factors

This year, NetLink undertook a review of our previously identified material ESG factors. The review was conducted during a SSC workshop and presented to the Board, supported by analysis of changes in market practices, stakeholder considerations, emerging sustainability trends and changes to our business environment. NetLink concluded that the nine material factors remain relevant and aligned to NetLink's business direction. We will continue to carry out regular reviews of our material ESG factors to ensure relevance to our business and key stakeholder concerns.

Material Factors

Our Business Practices

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

Our People

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

Our Environment

9. Waste management

During the materiality review process, management had also identified climate change risk as a factor to be monitored. Accordingly, NetLink has included climate change risk as a non-material disclosure, alongside other non-material disclosures such as energy consumption and sustainable supply chain.

[1] Economic Performance and Governance and Transparency are disclosed in the Annual Report. Please refer to the Business Review and Financial Statements for Economic Performance (pages 22-29, 98-168) and Corporate Governance Report for Governance and Transparency (pages 36-65).

Stakeholder Engagement

Never before has meaningful stakeholder engagement been as important to the success of our business as it was during the past year. COVID-19 highlighted the importance of working closely with our stakeholders to remain resilient and position ourselves for growth. Ongoing engagement helps NetLink understand the legitimate needs and expectations of our key stakeholders and assists us in making sound stakeholder-centric business decisions. In FY2019, NetLink conducted a stakeholder mapping exercise to identify our material stakeholders, who we surveyed to gain their perspectives on sustainability. We continue to review our stakeholder mapping each year to ensure we are actively engaging with all key stakeholder groups. The following table summarises how NetLink engages with our key stakeholders and outlines the key topics of the engagement.

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

Sustainability Report

Our response as we navigate the COVID-19 pandemic

The pandemic has affected businesses, economies and communities alike. It became imperative for us to adopt a holistic approach to respond to this crisis. We acted fast and harnessed the power of collaboration to minimise the impacts on our business, while at the same time helping our stakeholders through the difficulties they were facing. Across all parts of the business, action was taken to ensure we could continue to function, despite the challenges experienced and extended support to stakeholders wherever feasible during the Circuit Breaker ("**CB**") period.

Management has been providing the Board with regular updates on how NetLink is managing its operations under its business continuity planning ("**BCP**"). The Pandemic Steering Committee, together with the various heads of departments, met regularly to discuss safety issues and the measures that needed to be put in place to ensure the safety of the public, our employees and our business partners (including our customers, contractors and their workers).

Resilience in Action

Resilience of our Fibre Network

Our BCPs have ensured that our operations are not disrupted, and our fibre network remains operating.

Ensuring our fibre network is up and running with 100% islandwide fibre coverage and 99.99% network availability.

This was achieved through pre-planning and collaboration with relevant stakeholders, to maintain adequate manpower resources (including our contractors' manpower) and adequate inventory supplies for the continuity of our operations.

Invested
S$43m
to enhance fibre network, improving resiliency and diversity.

Supporting
NEW CONNECTIONS
from RLs to align with changes in network demand as more end-users are working from home.

Protecting our Employees

The safety and well-being of our employees is of utmost importance. Following the outbreak of the COVID-19 pandemic, we implemented the mandatory health and safety protocols issued by various government agencies.

PROTECTING EMPLOYEES
through implementation of safety measures in the offices and keeping employees informed on the developing COVID-19 situation.

Activating alternate
WORKPLACE ARRANGEMENT
whereby employees operate on a split team arrangement and no more than 50% of employees who are able to work from home ("**WFH**") are at the workplace at any point in time.

Supported the setup of
WORK FROM HOME
with one-time WFH cash benefit to help employee purchase tables, chairs, monitors or any equipment that will help them work more comfortably at home.

Supporting employees'
LEARNING JOURNEY
through adoption of LinkedIn Learning platform where staff can also take courses from home.

Supporting the Community

NetLink is committed to corporate social responsibility and continues to give back to the community.

SUPPORTING lower income group
by providing subsidised fibre broadband connectivity to pre-qualified beneficiaries for two years. This is part of Infocomm Media Development Authority's ("**IMDA**") programme and efforts to bring technology to those who have lesser access to it.

EXTENDED promotional pricing for non-residential connection services for SMEs.
This is targeted at reducing the cost for SMEs in a bid to support their digital transformation, at a time when many businesses are affected by COVID-19.

For more details on how NetLink has contributed to the community, please refer to pages 74 to 75.

NetLink Supports the SDGs

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

Sustainable Development Goals				
Goal 3 Good Health and Well-being	**Goal 8 Decent Work and Economic Growth**	**Goal 9 Industry, Innovation and Infrastructure**	**Goal 10 Reduced Inequalities**	**Goal 11 Sustainable Cities and Communities**
NetLink's Position				
NetLink considers the health and safety of our employees and contractors of utmost importance and promotes well-being at the workplace	**NetLink is committed to growing our business together with our people and becoming an employer of choice**	**NetLink promotes innovation and collaboration and provides the underlying infrastructure to drive change**	**NetLink is committed to recruit based on merit and ensuring equal opportunities for all**	**NetLink is actively managing our resource consumption to minimise our business impacts on the environment**
NetLink's Initiatives				
Occupational Health & Safety • Through robust health and safety measures, we strive to go beyond regulatory compliance in creating a healthy and safe workplace for both our employees and contractors. **Sustainable Supply Chain*** • We engage with our contractors to ensure they are meeting our strict health and safety imperatives.	**Economic performance** • Our business enables economic growth and supports the creation of Singapore's Smart Nation. **Talent retention** • Our workplace values talent and invests in developing talent over time.	**Connecting the nation** • Our network supports industry efforts in driving innovation. **Infrastructure, quality & reliability of network** • We continually invest into the capability, reliability and resilience of our fibre network. **Climate Change*** • We assess the physical climate related risks to our business and ensure we can respond to such risk.	**Equal opportunity** • We cultivate a workplace environment that provides equal access to career opportunities and progression.	**Waste management** • We adopt responsible waste management and look for opportunities to reduce our waste. **Energy*** • We are active in identifying opportunities to be more efficient in our energy consumption. **Connecting the nation** • Our network connects the people of Singapore and plays a part in creating sustainable communities.

* Non-material factors

Sustainability Report

Our Business Practices

Connecting the Nation

As the largest passive fibre network infrastructure owner and operator in Singapore, NetLink has an important part to play in connecting our nation. NetLink's extensive network provides coverage to residential and non-residential premises and has achieved 100% island wide fibre coverage. With our extensive network, NetLink drives Singapore towards achieving our vision of becoming a Smart Nation by enabling the country to tap into the digital era. Improved connectivity additionally facilitates new styles of working remotely and has an indirect impact on reducing the number of commuters within Singapore, and the associated inefficiencies and externalities.

The COVID-19 pandemic has accelerated awareness of how fibre broadband can reduce the need for carbon emitting activities. The widespread availability of fibre means businesses and employees in Singapore can adopt flexible work options and opt for video conferencing over commuting and business travel. In addition, stable and fast internet connections enabled work tasks to be performed at home almost seamlessly. Greater adoption and utilisation will magnify the potential environmental benefits, significantly reducing the vehicles on our roads, similar to what was seen during Singapore's circuit breaker period.

NetLink continues to participate in the Telecommunications Facility Coordination Committee ("**TFCC**") to anticipate the future demand for fibre at residential and non-residential dwellings. NetLink also engages with government agencies to better understand the deployment plan for sensors for new and existing townships as part of the Smart Nation initiatives. NetLink works closely with the RLs to understand and anticipate demands through their campaigns to gain customers.

As the sole fibre network for residential fibre connections, our network inherently promotes efficiencies compared to multiple network infrastructures. The single residential network facilitates network sharing among RLs, reducing the need for separate constructions of fibre networks by different operators. Network sharing allows us to provide the same standard of service to users, while also reducing disruptions to Singapore's road users and general public during the construction phase. This approach reduced the resources needed to build the residential fibre network in Singapore, minimising costs and impact on the environment as compared to adopting a multi-network approach.

While our business remains consistent in our mandate, the possibilities for a higher utilisation of our network continue to grow. NetLink is committed to supporting the 5G trials in Singapore to grow the 5G ecosystem, in line with IMDA's objectives. NetLink actively collaborated with industry partners to pilot various pioneer projects within Singapore during the year. These pilots illustrate the potential of 5G network in Singapore to drive innovation and greener ways of operating.

Partnerships for the Nation's Pilot 5G Projects

Case 1: Unmanned port surveillance

In August 2020, NetLink supported a coastal 5G network trial to improve port surveillance, near Marina South Pier. The trial tests how drones can be remotely controlled over 5G mobile network to detect and manage port incidents. This collaboration will establish the necessary 5G network performance and requirements to automate port surveillance.

Case 2: Digital banking capability

NetLink provided the fibre connections which enable exploration of new digital opportunities to meet customers' needs, especially in view of COVID-19. NetLink's fibre connections were used to roll-out 5G-enabled digital banking features such as advanced facial recognition, augmented reality and smart devices. With such features, more intelligent self-service capabilities can be rolled out, allowing 24/7 access to consumers.

Supporting our RLs during COVID-19
As COVID-19 continues to evolve and more people adjust to working from home, there is a shift in network traffic conditions and new connections may be required to rebalance network configurations so that RLs can better serve their customers. Hence, for new connections signed up by RLs for this purpose, we had offered to waive the Monthly Recurring Charge for 6 months to support RLs' efforts to reconfigure their network due to changing network traffic conditions.

Supporting SMEs in their Digital Transformation
NetLink offered a promotional price for its Non-Residential Connection Service ("**Non-Residential Service**") to service providers. This is targeted at reducing the cost for SMEs in a bid to support their digital transformation, at a time when many businesses are affected by COVID-19.

Participating service providers will receive rebates for each new Non-Residential Service connection that they apply for their SME customers. These rebates will offset the Monthly Recurring Charge for the Non-Residential Service for 12 months. The promotion is valid for new orders from 1 September 2020 to 31 August 2021.

As many SMEs are badly affected by the economic downturn brought about by COVID-19, NetLink hopes that this offer helps service providers create more competitive fixed broadband offers to SMEs. It will also assist SMEs to conduct their businesses online and accelerate the digitalisation of their businesses by leveraging on NetLink's high-speed fibre network.

Overall, our number of connections continued to increase, with a 1.4% increase in the number of connections in FY21.

Performance in FY21

Number of connections: Residential

Homes passed:	Homes reached:	End-users:
1,529,087	**1,472,611**	**1,446,784**

Number of connections: Non-Residential

Buildings reached:	End-users:
41,874	**48,108**

Number of NBAP connections
1,996

Target for FY22

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

Infrastructure, Quality and Reliability of Networks

NetLink constantly looks for ways to improve the quality and reliability of our network to maintain customer satisfaction and our reputation.

In FY21, we invested approximately S$43m to enhance our fibre network. This is part of our ongoing initiatives to lay more fibres to augment our fibre network so as to ensure the resiliency and robustness of the network. Such resiliency of the network has played an important role during the COVID-19 period where a significant portion of the population work from home. In addition, new initiatives to provide point-to-point and diversity options were launched to expand our network capabilities, which will enable NetLink to provide a wider range of services to support RLs, their customers as well as mobile operators. We are optimistic that such investments in the network will serve as a catalyst for future opportunities whether in Internet of Things, 5G or other areas and we are well positioned to work with our partners on any upcoming projects.

NetLink continues to proactively conduct maintenance and adopt preventive measures across our fibre network. Our remote fibre monitoring system helps to identify occurrence of faults in addition to fault reporting by the RLs. All faults are managed and tracked till the resolution of the issue.

Sustainability Report

To reduce incidents of underground telecommunications cables being cut by mistake, any contractor who carries out earthworks in Singapore has to follow a set of guidelines mandated by the IMDA. The guidelines set out detailed, step-by-step procedures and comprehensive safeguards that earthworks contractors must observe before commencing earthworks. Under the guidelines, NetLink will also attend joint site meetings and trial hole inspections to verify that the earthworks contractors have ascertained the locations of our fibre cables before commencing any earthworks. This additional measure will reduce accidental damage to the critical fibre network infrastructure which can cause unnecessary inconvenience to the users of the fibre network.

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

On cybersecurity, NetLink continues to take measures to mitigate rising cybersecurity threats and data security breaches. Over and above having strict policies in place to manage these threats, NetLink has deployed a layered cybersecurity defence framework that includes end-point security, firewall with built-in threat intelligence and a Security Information and Event Management solution which helps to identify and detect abnormalities in our computer systems and potential intrusions. We regularly educate our employees on cybersecurity so that our employees are vigilant to such threats. We also perform continuous vulnerability scanning and fine-tuning of system alerts to mitigate cyber threats.

During the past year, we have also assessed the physical climate change risk exposure to our business, and in particular on our infrastructure, as described under the climate change risk section on page 92.

NetLink also has established a robust Business Continuity Management ("**BCM**") programme, certified under ISO 22301:2012, to manage the risk of widespread system failure and ensure recovery from disasters. Regular business continuity exercises are conducted to familiarise stakeholders with the programme. Our employees

Overcoming contractors' manpower issues during COVID-19

NetLink outsources the majority of its construction work to third-party contractors. This includes the building and maintenance of ducts and manholes, the installation of fibre cables, including installation of fibre connections at end-user locations.

For the work required, our contractors rely on the employment of foreign workers and are subjected to policies that govern the employment of foreign workers. During COVID-19, the government issued a mandatory Stay Home Order to foreign workers in the construction sector, which started on 21 April 2020. This greatly reduced our contractors' manpower and negatively impacted our capacity to fulfil service requests during this period.

To manage this risk, we quickly liaised with our contractors to understand their manpower resources and discussed actions which we can undertake. Working with the contractors, RLs and the relevant regulatory authorities, we managed to decant a group of workers who were able to perform fibre installation work during this period. The manpower shortages were slowly abated when the authorities cleared the dormitories from June 2020 onwards. We continued to engage our contractors on manpower discussions and alternative arrangements to ensure that our operations would not be materially impacted.

are also equipped with the ability to continue work as usual from home, in the event that the access to our offices is restricted. Our BCP has enabled us to serve our clients, empower our employees to quickly adjust to remote working and face the challenges brought on by COVID-19.

As a result, NetLink was able to maintain our network availability at 99.99%, despite the increased pressure and challenges arising from COVID-19.

Performance in FY21	Target for FY22
Network Availability[2] **99.99%**	**NetLink will continue to make investments in network infrastructure to ensure long-term reliability, quality and availability of our network to enhance our customer experience.**

Compliance with Laws and Regulations

NetLink has continued to ensure its compliance with all relevant laws and regulations. Our compliance framework provides the overarching approach to ensure that the business operates in compliance with external laws and regulations and identified responsible persons for managing the applicable laws and regulatory obligations.

All employees must stay on top of any important developments to applicable laws and regulations and attend the required training.

On a quarterly basis, our heads of departments are also required to declare their compliance with laws and regulations related to their job scopes. Compliance issues are then centrally reported to the Management Risk Committee ("**MRC**") and any major issues are escalated to the Risk & Regulatory Committee ("**RRC**"). We are pleased to confirm that in FY21, NetLink once again had zero incidents of significant[3] non-compliance with laws or regulations.

Anti-Corruption

NetLink takes an unwavering stance on fraud and corruption, with our zero-tolerance policy. NetLink has instituted various policies to provide clear guidance to our employees on how we should conduct ourselves, including:

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

Initiatives such as communicating with employees during our townhall meetings and conducting online quizzes were carried out during the year to raise employees' awareness on anti-bribery, corruption and ethics. Through our engagement with our employees, we look to foster a culture of ethics and responsibility across the business.

NetLink also has established whistle-blowing reporting channels in place for both our employees and our external stakeholders, which is published on NetLink's website (https://www.netlinknbn.com/corporate_governance.html). During the past year we are pleased to note that no notable incidents were reported through this channel.

Performance in FY21	Target for FY22
Compliance with laws and regulations Zero incidents of significant non-compliances with laws and regulations **Anti-corruption** Maintained zero incidents of corruption	**NetLink aims to uphold and adhere our zero-tolerance policy towards fraud, corruption and unethical actions. NetLink will continue to conduct business in a responsible and ethical manner, in compliance with all applicable laws and regulations.**

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

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

Sustainability Report

Our People

Talent Retention

NetLink's employees are the key force ensuring our business resilience and success during a disruptive period. Our employees are crucial to the long-term success of our business and the creation of a value driving organisation. We accordingly place extra effort on protecting our employees and creating a workplace that retains and fosters talent through competitive remuneration and opportunities for both personal development and professional advancement.

NetLink has established Human Resource ("**HR**") practices and policies which cover areas such as market competitive remuneration packages, talent development and education assistance programmes, performance appraisals and employee well-being programmes. We regularly engage our employees through survey and our townhall meetings to ensure we have an authentic understanding of their needs, and review the alignment of our HR efforts.

Talent Attraction and Retention

Continuity and retention of our workforce has been a crucial part of our response to COVID-19. Ensuring we have the right people and know-how on how best to navigate different challenges has proven to be a critical success factor for NetLink. We value talent and continue to offer market competitive salaries despite the global economic environment.
The HR department continues to recruit candidates based on merit, guided by our Recruitment Guidelines. Annually, NetLink participates in market surveys and engages HR consultancy services to ensure that the remuneration and benefits offered to employees are on par with the market.

As at 31 March 2021, NetLink had 363 permanent and contract employees and six interns/temporary employees.

During the year, the hiring rate was 13.5% while the turnover rate was 6.6%. The turnover rate decreased significantly by 11.1 percentage points compared to the previous year and

New Hires

Total Number
49

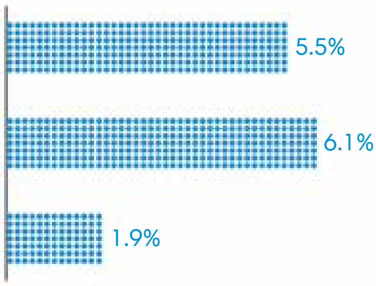
Hiring Rate[4]
13.5%

By age group

< 30 years old
20

30 - 50 years old
22

> 50 years old
7



By gender

Male
31

Female
18

Turnover

Total Number
24

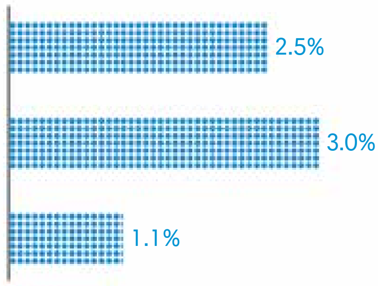
Turnover Rate[5]
6.6%

By age group

< 30 years old
9

30 - 50 years old
11

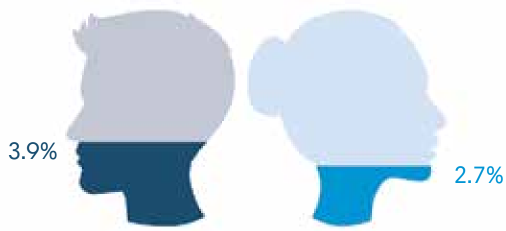
> 50 years old
4



By gender

Male
14

Female
10



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

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

is lower than the High-Tech Industry turnover of 12.6% in Singapore. Our HR department intends to utilise screening tools in the selection processes to ensure that we recruit the right people for NetLink.

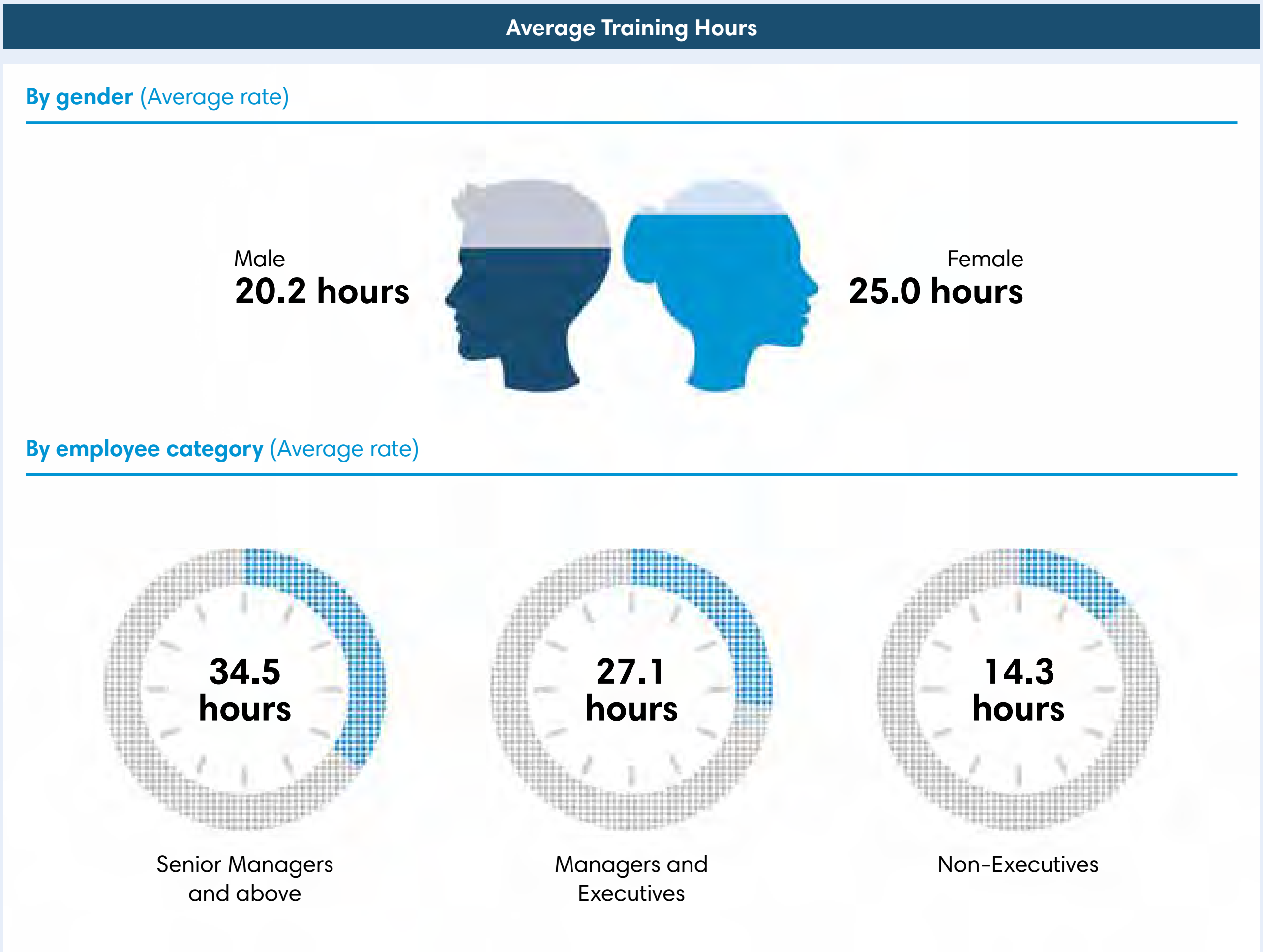
Training and Development

We look to provide training and development opportunities to our employees addressing leadership, soft skills and technical skills. NetLink has adapted our approach to training and development to ensure we continue to cultivate our employees' skills, abilities, and knowledge.

During the year, NetLink provided additional online training to our employees via the LinkedIn Learning platform. We encouraged our employees to adopt online self-learning through our Coffee Session's programme, where we profiled employees across our business who had taken a lead on LinkedIn learning, to share tips and experience. Online learning has allowed employees to choose a range of courses that suit their needs or interest, allowing them to read the courses in their own time. This has translated into an increase in learning hours and more focused training for each of our employee's needs.

Our efforts during the year helped NetLink achieve a total of 7,842 training hours with each employee recording an average of 21.6 learning hours, an increase of 6.2 hours from the previous year.

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



Sustainability Report

Employee Well-being
Employee health and well-being has never been more topical than it was in the past year. We understand that people around the world, including our employees, have been increasingly exposed to factors affecting their physical and mental wellbeing. We are committed to creating an environment that supports our employees and ensures they feel valued and have a sense of belonging. We utilised townhall meetings as a platform to engage with our employees on important topics to their well-being and maintain our togetherness.

NetLink has also taken steps to assist our employees with a smooth transition to new work arrangements, by granting a one-time special pay-out of S$200, intended for the purchase of necessary equipment for a work from home setup. Additionally, employees were reimbursed for purchasing a headphone set to have better teleconferencing from home.

In recognition of employee's continued support and hard work during a trying time, the Chairman and CEO had also expressed their appreciation through a thank-you letter and distribution of Grab food vouchers to our employees.

Performance in FY21

Turnover Rate
Realised a turnover rate of 6.6%, much lower than the High-Tech industry norm of 12.6%

Average Training Hours
Recorded an average of 21.6 learning hours per employee, an increase of 6.2 hours per employee from the previous year

Target for FY22

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

Diversity and Equal Opportunity

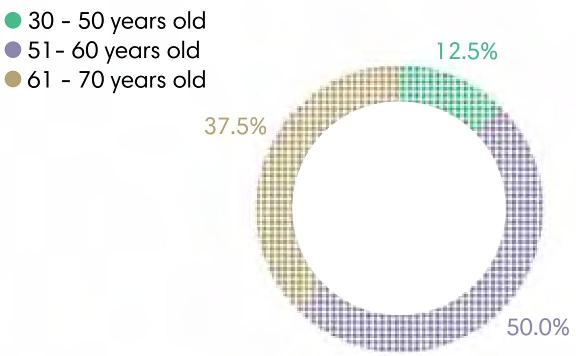
NetLink continues to value diversity in its workforce to promote innovative thinking and inclusivity. Due to the stability of our workforce, we have largely maintained the same level of diversity across our workforce.
We have also continued to promote equal opportunities to all our employees.

NetLink's Board diversity remains the same as last year, comprising eight Board members from various backgrounds and experiences. Female Board members make up 25% of the Board, while 62.5% of the Board members are below the age of 60.

At the employee level, 256 are male employees and 107 are female employees, which translates to a ratio of 71% male to 29% female of the total workforce. NetLink's female employees are mostly in the Managers and Executives category, representing approximately 32% within the category. Most of NetLink's employees fall within the 30 – 50 years old bracket, making up 66% of the workforce.

FY21 Age and Gender Diversity Amongst the Board of Directors

By age group



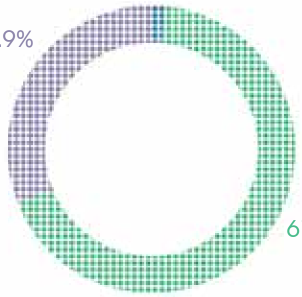
By gender

Employee Category by Age and Gender

Senior Managers and above

By age group

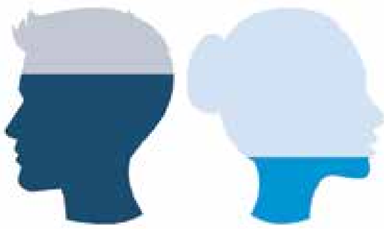
- < 30 years old: **1**
- 30 - 50 years old: **46**
- \> 50 years old: **21**



By gender

Male **47**

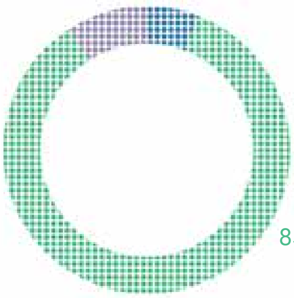
Female **21**



Managers and Executives

By age group

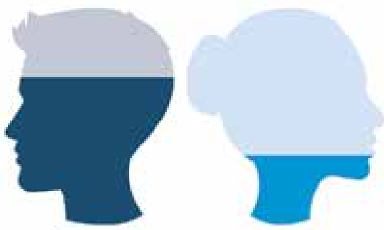
- < 30 years old: **6**
- 30 - 50 years old: **85**
- \> 50 years old: **9**



By gender

Male **68**

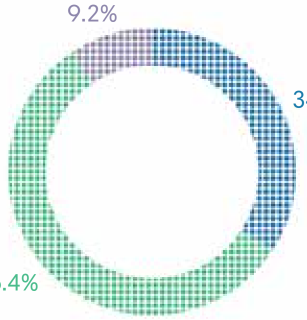
Female **32**



Non-Executives

By age group

- < 30 years old: **67**
- 30 - 50 years old: **110**
- \> 50 years old: **18**



By gender

Male **141**

Female **54**

Sustainability Report

Non-Discrimination
NetLink's HR policies and practices continue to be aligned with our commitment to providing equal access to employment, career opportunities and recruitment based on merit.

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

NetLink is pleased to report that there were zero incidents of discrimination in FY21.

Performance in FY21	Target for FY22
Employee Diversity NetLink has maintained a fairly diverse workforce **Incidents of Discrimination** Zero incidents of discrimination recorded	**NetLink targets to continue maintaining a diverse and inclusive workforce and providing fair opportunities to employees based on merit. In addition, NetLink will maintain no incidents of discrimination in the organisation.**

Occupational Health and Safety

NetLink has continued to ensure that no business objectives are prioritised over the health and safety of our employees and business partners, and looks for opportunities to promote the health of our employees. This includes our direct employees and those working on our behalf to build, connect and maintain our network. Our health and safety focus extends to anyone who is in, or in the vicinity of, our workplaces.

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

All employees are required to adhere to policies and guidelines in the OHSMS Manual. Furthermore, NetLink retained its bizSAFE Star certifications in FY21, while also migrating to ISO 45001 Standards on Occupational Health and Safety. During the year, we were also awarded the bizSAFE Partner certification by WSH Council in recognition of our efforts to have our business partners maintain bizSAFE programme.

Health and Safety Procedures and Controls
NetLink has established internal control processes and procedures to identify hazards, assess risks, determine controls and report and investigate incidents. Documented operating procedures such as the Hazard Identification, Risk Assessment and Determining Controls Procedure and Incident Investigation Procedure continue to apply to all operations across the business, and provide the overarching guidelines for employees to implement control measures, eliminate hazards and to report and investigate incidents. To ensure that the procedures are comprehensive and evolve with the business, a review is conducted once every three years.

Health and Safety Awareness
Health and safety is a responsibility for all employees, and accordingly all must undergo safety training, to ensure sufficient understanding of health and safety procedures. New employees are introduced to the NetLink OHS Policy, OHSMS Manual and emergency response plans upon joining. Additional training is also assigned to employees based on their work responsibilities and risk exposure. Employees are evaluated for their competency and are required to undergo retraining until they are able to meet the safety standards. NetLink continues to communicate safety messages to our employees by broadcasting safety posters through email to further strengthen commitment.

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

Additional Safety Measures during COVID-19
In response to COVID-19, NetLink activated its Pandemic Plan. The Pandemic Steering Committee, together with the various heads of departments, meet regularly to discuss safety issues and the measures that need to be put in place to ensure the safety of the public, our employees and our business partners (including our contractors and their workers).

During this period, various additional safety measures have been implemented as needed. These include:

- Keeping employees informed of the developing COVID-19 situation and advising on safe management measures like wearing a mask at all times, hands sanitising, safe distancing, etc.

- Issuing personal thermometers to all employees and additional personal protective equipment for our employees and our contractors' workers working in higher risk areas or in contact with members of the public
- Activating alternate workplace arrangement, whereby employees operate on a split team arrangement and no more than 50% of employees who are able to work from home ("**WFH**") are at the workplace at any point in time. Additional support, as mentioned on page 88, was provided to employees to enable them to work more comfortably at home
- Implementing safe distancing measures at our offices and worksites for our employees and our contractor's workers, and in relation to interactions with our business partners and members of the public
- Increasing frequency of cleaning in the office premises

NetLink continues to monitor the situation and will adjust and enhance the safety measures, as necessary and in alignment with guidance from the Ministry of Health.

Managing Health, Safety and Environmental Concerns Along the Supply Chain

NetLink's contractors are predominantly made up of installation contractors and outside plant contractors within Singapore. NetLink also maintains multiple suppliers for all its major network materials. These contractors and suppliers had been carefully selected through tender processes and have passed NetLink's comprehensive screening process, which incorporates requirements on occupational health and safety.

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

Monitoring Contractor Performance

NetLink sets up controls to manage and minimise risks for contractors whose nature of work is exposed to higher safety and environmental risks.

The controls require the contractors to:

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

Risk assessments are also performed to identify contractors who are exposed to health and safety risks. Such contractors are inspected by NetLink or its appointed agents to ensure that they comply with our health and safety requirements at worksites. Findings from the spot checks are reported and shared with the contractors. Follow up inspections are conducted to ensure that the findings have been rectified.

In response to COVID-19, NetLink had also required its contractors to implement safety measures during installation works. This included hands sanitisation before and after jobs, wearing face masks, maintaining safety distance, taking extra care in cleaning up their work sites etc.

As a result of NetLink's commitment to health and safety, NetLink is pleased to report that there were no work-related incidents that resulted in permanent disability or fatality. However, during the year, one contractor tripped and fell while working at NetLink's premises. This incident was investigated and preventive measures have been drawn up to avoid the occurrence of similar incidents in future. This minor workplace injury resulted in a workplace injury frequency rate of 1 per million man hours worked.

Performance in FY21

Workplace injuries
Zero work-related incidents that resulted in permanent disability

Workplace fatalities
Zero work-related fatalities

Management System Certifications
bizSAFE Star certified
bizSAFE Partner certified
ISO 45001 Standards on Occupational Health and Safety

Target for FY22

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

Sustainability Report

Our Environment

Climate Change Risk

While we have managed to remain resilient through the global pandemic, climate change poses a further threat to the status quo. NetLink has acknowledged the potential impact of climate change to our business and stakeholders, and are cognisant of the need to deeply understand and address these risks. Understanding and managing these risks is important not only to safeguard our business, but also to support the resilience of the communities and businesses relying on our fibre network.

This year, NetLink has taken steps to understand, assess and disclose on climate change related risks to our business. This is our first step in the process, where we have assessed our physical climate change risks and analysed our ability to remain resilient to these risks. The assessment was conducted internally by our management team within a workshop setting. Once the risk assessment had been conducted, management consulted the Board to validate the assessment.

As a part of the process we considered acute risks relating to increased severity of extreme weather events such as floods, and chronic risks such as extreme variability in weather patterns, rising mean temperatures, and rising sea levels. By nature, our fibre infrastructure is less susceptible to water and lightning related faults as compared to copper cables and street based electronics.

When it comes to exposure to flooding and sea-level rise, our network assets are not experiencing any significant impact or risk exposure. Our central offices are not in flood prone areas. However, in the event that flooding does take place, we have sump pumps installed in our buildings, which can be used to remove water from the sump pits. We have also procured absorbent flood pads as an additional measure which can keep water out of our buildings. While our infrastructure, including our fibre network, ducts and manholes, is not damaged by water exposure, we will continue to monitor what disruptions will be experienced if extensive flooding and sea-level rise takes place in the future.

Rising temperatures do not have a notable impact on our fibre network. We do however note that increased temperature will increase the need for cooling in our central offices and will increase our electricity consumption. In response we continue to explore measures to improve efficiencies across our business and reduce our electricity consumption.

As a next step we intend to continue advancing our understanding of climate risk exposure through widening the scope of our assessment, and begin to understand what are the possible scenarios that may unfold. We are closely monitoring the plans of Singapore government to respond to risks such as sea-level rise and temperature rise, and look to understand how we can contribute to nationwide efforts.

While NetLink already actively seeks opportunities to reduce its electricity consumption, we will further assess what are the potential risks and opportunities to our business arising from the transition to lower carbon economies, such as understanding the nature of Greenhouse gas ("**GHG**") emissions within our supply chain, emerging low carbon technologies, changing customer behaviors in response to climate change, new regulations and government directives on climate change that may impact our business.

Energy Consumption

Energy consumption[6] is an area we continue to monitor closely. The bulk of our energy consumption is used to power co-location rooms, where the RL's equipment are maintained. In this regard, we have no direct control over the type of equipment used by the RLs and in connection, the energy consumed by the RL's equipment. Our own energy consumption, as compared to the energy consumed by the RL's equipment, is not material.

To effectively manage our energy consumption, and in turn reduce our GHG emissions, we actively track and monitor our energy consumption to identify anomalies in usage and to highlight improvement areas. We continually seek importunities to embark on more energy efficiency initiatives.

Improved Cooling Efficiencies

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

We have also continued to explore the potential of piloting a 'blanking' project – an initiative to reduce energy consumed for cooling based on a containment concept. We have implemented blanking for new co-location rooms built in the year and will gradually roll out to the existing rooms over the next four years.

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

Other Energy Consumption
NetLink's direct energy consumption arises from electricity used in the offices as well as diesel used to power up generators and company vehicles. We continue to seek opportunities to improve our energy use, including choosing energy efficient equipment when replacements are planned, training and regular internal communication to raise awareness amongst our employees.

Waste Management
As we maintain and expand our fibre network we look to reduce and reuse our waste as far as possible. The vast majority of our organisational waste produced consists of fibre scraps and recovered fibre cables through cable diversion. While not all waste is avoidable, we ensure waste is disposed off in accordance with the applicable rules and regulations.

Fibre Scraps
NetLink continues to practise good fibre cable installation planning. For each installation work, we carefully calculate fibre cable requirements to limit the amount of fibre scrap. After completion of fibre installation works, any excess fibre cable is returned to the warehouse for future use. Where the excess fibre cables are too short to be reused, these termed as "fibre scraps" are disposed. Our continued efforts have ensured that we meet our target of limiting the percentage of fibre scraps disposed in proportion to total fibre issued to less than 2.5%.

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

Waste Disposal
NetLink's appointed waste vendor collects the fibre waste and disposes it at a National Environment Agency ("**NEA**") approved facility for incineration.

Performance in FY21

Total Fibre Waste Disposed
Fibre scrap: 19.2 tonnes
Recovered fibre cable: 194.8 tonnes

Percentage of Fibre Waste Generated in Proportion to Total Fibre Cables Issued
1.35% of fibre scrap in proportion to total fibre cable issued

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

Target for FY22

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

Sustainability Report

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	**Organisational Profile**		
	102-1	Name of the organisation	NetLink NBN Trust and its subsidiaries
	102-2	Activities, brands, products, and services	Pages 1 - 3
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Singapore
	102-5	Ownership and legal form	Pages 112, 193 - 194
	102-6	Markets served	Pages 2 - 3
	102-7	Scale of the organisation	Pages 22 - 29, 86
	102-8	Information on employees and other workers	Pages 86 - 89
	102-9	Supply chain	Page 91
	102-10	Significant changes to organisation and its supply chain	N/A
	102-11	Precautionary principle or approach	Pages 66 - 71
	102-12	External initiatives	NetLink adopts ISO standards for Business Continuity Management (ISO 22301:2012), Risk Management (ISO 31000:2018) and Occupational Health and Safety (ISO 45001:2018).
	102-13	Membership of associations	NetLink has memberships with relevant organisations such as Singapore National Employers Federation.
	Strategy		
	102-14	Statement from senior decision-maker	Page 76
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behaviour	Page 78
	Governance		
	102-18	Governance structure	Page 78
	Stakeholder Engagement		
	102-40	List of stakeholder groups	Page 79
	102-41	Collective bargaining agreements	Page 90
	102-42	Identifying and selecting stakeholders	Page 79
	102-43	Approach to stakeholder engagement	Page 79
	102-44	Key topics and concerns raised	Page 79
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Page 150
	102-46	Defining report content and topic Boundaries	Page 76
	102-47	List of material topics	page 78
	102-48	Restatements of information	N/A
	102-49	Changes in reporting	N/A
	102-50	Reporting period	1 April 2020 to 31 March 2021
	102-51	Date of most recent report	NetLink's Sustainability Report for FY20, incorporated in our FY20 Annual Report, was published on SGXNet in June 2020.
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Page 76
	102-54	Claims of reporting in accordance with GRI Standards	Page 76
	102-55	GRI content index	Pages 94 - 96
	102-56	External assurance	NetLink has not sought external assurance for this reporting period and may consider it in the future.

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 103: Management Approach	**Reporting Practice**		
	103-1	Explanation of the material topic and its Boundary	The material factor boundaries are defined as where NetLink has significant impacts and has caused or contributed to the impacts through its business relationships. Material factors with internal boundaries: • Economic Performance • Talent Retention • Diversity and equal opportunity Material factors with internal and external boundaries: • Connecting the nation • Infrastructure, quality and reliability of networks • Governance and transparency • Compliance with laws and regulations • Occupational health and safety • Waste management
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 22 - 29, 98 - 168
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	
Connecting the Nation			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 82 - 83
	103-3	Evaluation of the management approach	
GRI 203: Indirect Economic Impacts	203-2	Significant indirect economic impacts	
Compliance with Laws and Regulations			
GRI 103: Management Approach	103-2	The management approach and its components	Page 85
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruptions and actions taken	
GRI 419: Socio-economic Compliance	419-1	Non-compliance with Relevant Laws and Regulations	
Energy Consumption*			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 92 - 93
	103-3	Evaluation of the management approach	
Waste Management			
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	Page 93
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	

* Non-material factor

Sustainability Report

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Topic-specific Standards			
Occupational Health and Safety			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 90 - 91
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety (2018)	403-1 to 403-7	Management approach disclosures	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
Talent Retention			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 86 - 88
	103-3	Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	
GRI 404: Training and Education	404-1	Average hours of training per employee per year	
Diversity and Equal Opportunity			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 88 - 90
	103-3	Evaluation of the management approach	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	
Non-GRI Topic	**Disclosure Number**	**Disclosure Title**	**Section and Page Reference / Notes**
Infrastructure, Quality and Reliability of Networks			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 83 - 85
	103-3	Evaluation of the management approach	
Governance and Transparency			
GRI 103: Management Approach	103-2	The management approach and its components	Pages 36 - 65
	103-3	Evaluation of the management approach	

NETLINK NBN TRUST AND ITS SUBSIDIARIES

Financial Statements

CONTENTS

Report of NetLink NBN Management Pte. Ltd.

(as Trustee-Manager of NetLink NBN Trust)

The Directors of NetLink NBN Management Pte. Ltd., the Trustee-Manager of NetLink NBN Trust (the "Trust"), are pleased to present their report to the Unitholders of the Trust, together with the consolidated financial statements of NetLink NBN Trust and its subsidiaries (collectively, the "NetLink Group") and the statement of financial position and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2021.

DIRECTORS

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

Mr Chaly Mah Chee Kheong	(Chairman and Independent Director)
Ms Koh Kah Sek	(Independent Director)
Mr Ang Teik Siew @ Ang Teik Lim Eric	(Independent Director)
Ms Ku Xian Hong	(Independent Director)
Mr Yeo Wico	(Independent Director)
Mr Sean Patrick Slattery	(Non-Executive Director)
Mr William Woo Siew Wing	(Non-Executive Director) (Appointed on 27 November 2020)
Mr Tong Yew Heng	(Chief Executive Officer and Executive Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

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

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

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

	Holdings registered in name of Directors		Holdings in which Directors are deemed to have an interest	
	At 31 March 2020	At 31 March 2021	At 31 March 2020	At 31 March 2021
Number of units				
Mr Chaly Mah Chee Kheong	300,000	300,000	-	-
Ms Koh Kah Sek	100,000	100,000	-	-
Mr Ang Teik Siew @ Ang Teik Lim Eric	100,000	100,000	-	-
Ms Ku Xian Hong	40,000	40,000	-	-
Mr Yeo Wico	300,000	300,000	-	-
Mr Sean Patrick Slattery	200,000	200,000	-	-
Mr William Woo Siew Wing	400,000*	400,000	-	-
Mr Tong Yew Heng	350,000	650,000	-	-

* At date of appointment

There are no changes in any of the abovementioned interest in the Trust between the end of the financial year and 21 April 2021.

OPTIONS

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

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

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

AUDIT COMMITTEE

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

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

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

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

- with the Independent Auditor of the Trust, the audit plan of the Trust, the Independent Auditor's evaluation of the design and implementation of internal accounting controls of the Trust and the Independent Auditor's report on the consolidated financial statements of the NetLink Group for the year ended 31 March 2021;

- the assistance given by the officers of the Trustee-Manager to the Independent Auditor of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018 and the Second Amending and Restating Deed dated 28 September 2020) constituting the Trust, the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interest of the Unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and

- the financial statements of NetLink NBN Trust and its subsidiaries, which comprise the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders' funds and consolidated statement of cash flows of the NetLink Group and the statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2021 before their submission to the Board of Directors of the Trustee-Manager.

Report of NetLink NBN Management Pte. Ltd.

(as Trustee-Manager of NetLink NBN Trust)

INDEPENDENT AUDITOR

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

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

Chaly Mah Chee Kheong
Chairman

Koh Kah Sek
Director

Singapore
11 May 2021

Statement by NetLink NBN Management Pte. Ltd.

(as Trustee-Manager of NetLink NBN Trust)

In our opinion,

(a) the consolidated statement of profit or loss and other comprehensive income set out on page 106 is drawn up so as to give a true and fair view of the results of the business of the NetLink Group for the financial year ended 31 March 2021;

(b) the statement of financial position set out on page 107 is drawn up so as to give a true and fair view of the state of affairs of NetLink NBN Trust and of the NetLink Group as at 31 March 2021;

(c) the consolidated cash flow statement set out on page 110 to page 111 is drawn up so as to give a true and fair view of the cash flow of the business of the NetLink Group for the financial year ended 31 March 2021; and

(d) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

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

(a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;

(b) the interested person transactions entered into by the NetLink Group during the financial year are not detrimental to the interest of the Unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

(c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interest of the Unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the NetLink Group as at and for the financial year ended 31 March 2021 for issue.

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

Chaly Mah Chee Kheong
Chairman

Koh Kah Sek
Director

Singapore
11 May 2021

Statement by the Chief Executive Officer

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interest of the Unitholders of the Trust as a whole.

Tong Yew Heng
Chief Executive Officer

Singapore
11 May 2021

Independent Auditor's Report

to the Unitholders of NetLink NBN Trust
For the Financial Year Ended 31 March 2021

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of NetLink NBN Trust (the "Trust") and its subsidiaries (the "NetLink Group" or "Group") which comprises the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders' funds and consolidated statement of cash flows of the NetLink Group and the statement of changes in Unitholders' funds of the Trust for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 106 to 168.

In our opinion, the accompanying consolidated financial statements of the NetLink Group and the statement of financial position and statement of changes in Unitholders' funds of the Trust are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the NetLink Group and the financial position of the Trust as at 31 March 2021, and of the consolidated financial performance, consolidated changes in Unitholders' funds and consolidated cash flows of the NetLink Group and changes in Unitholders' funds of the Trust for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these matters.

Key Audit Matters	Our audit performed and responses thereon
Goodwill Impairment Review Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment at least annually or earlier when there is indication of impairment. This assessment requires the exercise of significant judgement about future market conditions, including discount and long-term growth rates. As at 31 March 2021, goodwill recorded on acquisition of NetLink Trust amounted to $746.9 million, constituting approximately 18% of the Group's total assets. The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 21 to the financial statements.	We involved our valuation specialists to develop an independent view of the key assumptions driving the value in use calculation, in particular the discount and long-term growth rates, and compare the independent expectations to those used by management. We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis. We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations, and the disclosures made in the financial statements are adequate and appropriate.

Independent Auditor's Report

to the Unitholders of NetLink NBN Trust

For the Financial Year Ended 31 March 2021

Information other than the financial statements and auditor's report thereon

The Trustee-Manager is responsible for the other information. The other information comprises all the information included in the Annual Report, excluding the financial statements and our auditor's report thereon. The other information is expected to be made available after the date of our auditor's report on the financial statements.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action in accordance with SSAs.

Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the Financial Statements

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the NetLink Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the NetLink Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Trustee-Manager's responsibilities include overseeing the NetLink Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NetLink Group's internal control.

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

- Conclude on the appropriateness of Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NetLink Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NetLink Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the NetLink Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Mr Yang Chi Chih.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

11 May 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 March 2021

	Note	2021 $'000	2020 $'000
Revenue	4	368,466	370,192
Other income	6	9,968	7,543
Expenses			
Operation and maintenance costs		(16,699)	(19,787)
Installation costs		(9,541)	(10,639)
Diversion costs		(6,652)	(6,318)
Depreciation and amortisation		(167,792)	(167,782)
Staff costs	7	(29,959)	(27,438)
Finance costs	8	(11,281)	(20,504)
Management fee	9	(1,024)	(998)
Other operating expenses		(43,844)	(52,400)
Total expenses		(286,792)	(305,866)
Profit before income tax	10	**91,642**	**71,869**
Income tax credit	11	3,170	6,244
Profit after income tax		**94,812**	**78,113**
Profit attributable to:			
Unitholders of the Trust		94,812	78,113
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	27	(861)	(6,165)
Total comprehensive income attributable to:			
Unitholders of the Trust		93,951	71,948
Earnings per unit:			
- Basic and diluted	32	2.43 cents	2.00 cents

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

Statements of Financial Position

As at 31 March 2021

		Group		Trust	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
ASSETS					
Current assets					
Cash and bank deposits	12	170,536	168,624	58,434	58,786
Trade and other receivables	13	44,554	46,029	93	67
Contract assets	14	25,894	27,382	-	-
Finance lease receivables	15	233	234	-	-
Inventories	16	5,161	4,302	-	-
Other current assets	17	5,157	4,615	210	252
		251,535	251,186	58,737	59,105
Non-current assets					
Finance lease receivables	15	80,507	87,425	-	-
Property, plant and equipment	18	2,927,436	3,026,656	-	-
Right-of-use assets	19	36,815	12,104	-	-
Rental deposits	20	220	220	-	-
Goodwill	21	746,854	746,854	-	-
Licence	22	80,088	84,326	-	-
Investment in subsidiaries	23	-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary	24	-	-	1,100,000	1,100,000
		3,871,920	3,957,585	3,113,673	3,113,673
Total assets		4,123,455	4,208,771	3,172,410	3,172,778
LIABILITIES					
Current liabilities					
Trade and other payables	25	58,687	58,502	226	680
Deferred revenue	26	21,405	19,028	-	-
Derivative financial instruments	27	-	6,945	-	-
Loans	28	509,120	509,411	-	-
Lease liabilities	29	2,279	1,821	-	-
Current tax liabilities		23,285	6,927	9	52
		614,776	602,634	235	732
Non-current liabilities					
Deferred revenue	26	6,301	6,675	-	-
Loans	28	155,587	155,377	-	-
Lease liabilities	29	36,548	12,284	-	-
Deferred tax liabilities	30	506,540	524,863	-	-
		704,976	699,199	-	-
Total liabilities		1,319,752	1,301,833	235	732
NET ASSETS		**2,803,703**	**2,906,938**	**3,172,175**	**3,172,046**
UNITHOLDERS' FUNDS					
Units in issue	31	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficits)/Retained earnings		(313,475)	(211,101)	54,997	54,868
Hedging reserves	27	-	861	-	-
Total Unitholders' funds		**2,803,703**	**2,906,938**	**3,172,175**	**3,172,046**

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

Statements of Changes in Unitholders' Funds

For the Financial Year Ended 31 March 2021

	Units in issue $'000	Accumulated deficits $'000	Hedging reserves $'000	Total $'000
Group				
2021				
As 1 April 2020	3,117,178	(211,101)	861	2,906,938
Total comprehensive income for the year:				
Profit for the year	-	94,812	-	94,812
Other comprehensive loss for the year	-	-	(861)	(861)
Distribution paid (Note 36)	-	(197,186)	-	(197,186)
At 31 March 2021	3,117,178	(313,475)	-	2,803,703
2020				
At 1 April 2019	3,117,178	(94,039)	6,713	3,029,852
Adoption of SFRS(I) 16 *Leases*	-	(1,885)	-	(1,885)
As adjusted at 1 April 2019	3,117,178	(95,924)	6,713	3,027,967
Total comprehensive income for the year:				
Profit for the year	-	78,113	-	78,113
Loss arising from discontinuation of cash flow hedge	-	-	313	313
Other comprehensive loss for the year	-	-	(6,165)	(6,165)
Distribution paid (Note 36)	-	(193,290)	-	(193,290)
At 31 March 2020	3,117,178	(211,101)	861	2,906,938

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

Statements of Changes in Unitholders' Funds

For the Financial Year Ended 31 March 2021

	Units in issue $'000	Retained earnings $'000	Total $'000
Trust			
2021			
At 1 April 2020	3,117,178	54,868	3,172,046
Total comprehensive income for the year:			
Profit for the year	-	197,315	197,315
Distribution paid (Note 36)	-	(197,186)	(197,186)
At 31 March 2021	3,117,178	54,997	3,172,175
2020			
At 1 April 2019	3,117,178	54,131	3,171,309
Total comprehensive income for the year:			
Profit for the year	-	194,027	194,027
Distribution paid (Note 36)	-	(193,290)	(193,290)
At 31 March 2020	3,117,178	54,868	3,172,046

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

Consolidated Cash Flow Statement

For the Financial Year Ended 31 March 2021

	Note	2021 $'000	2020 $'000
Operating activities			
Profit before income tax		91,642	71,869
Adjustments for:			
- Depreciation and amortisation	10	167,792	167,782
- Amortisation of transaction fees	8,28	819	864
- (Write-back of)/provision for loss allowance for trade receivables	10,13	(154)	213
- Provision/(write-back of provision) for stock obsolescence	10,16	70	(110)
- Net interest expense	8	10,462	19,640
- Interest income	6	(478)	(1,730)
- Gain on disposal of property, plant and equipment		-	(4)
- Property, plant and equipment written off	10,18	9,294	16,746
Operating cash flows before working capital changes		**279,447**	**275,270**
Changes in working capital:			
- Trade and other receivables		9,618	784
- Contract assets		1,488	1,527
- Trade and other payables		(1,591)	1,954
- Inventories		(929)	546
Cash generated from operations		**288,033**	**280,081**
Interest received		469	1,798
Interest paid		(16,905)	(18,792)
Income tax paid		(7,085)	(569)
Net cash generated from operating activities		**264,512**	**262,518**
Investing activities			
Purchase of property, plant and equipment (Note A)		(60,246)	(75,535)
Proceeds on disposal of property, plant and equipment		-	4
Net cash used in investing activities		**(60,246)**	**(75,531)**
Financing activities			
Payment of loan arrangement fee		(920)	(680)
Repayments of lease liabilities	29	(4,248)	(3,014)
Repayments of bank loans		-	(126,000)
Distribution paid	36	(197,186)	(193,290)
Proceeds from bank loans	28	-	156,000
Net cash used in financing activities		**(202,354)**	**(166,984)**
Net increase in cash and cash equivalents		**1,912**	**20,003**
Cash and cash equivalents at beginning of financial year		168,624	148,621
Cash and cash equivalents at end of financial year	12	**170,536**	**168,624**

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

Consolidated Cash Flow Statement

For the Financial Year Ended 31 March 2021

NOTE A

	Note	2021 $'000	2020 $'000
Purchase of property, plant and equipment	18	63,807	79,789
Less: Accruals for property, plant and equipment at end of financial year	25	(23,735)	(20,174)
Add: Payment of accruals for property, plant and equipment at beginning of financial year		20,174	15,920
		60,246	75,535

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

1. CORPORATE INFORMATION

NetLink NBN Trust (the "Trust") was constituted by a trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018 and the Second Amending and Restating Deed dated 28 September 2020) (collectively, the "Trust Deed"). It was registered as a business trust with the Monetary Authority of Singapore on 29 June 2017. The Trust is regulated by the Business Trusts Act, Chapter 31A of Singapore and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017 (the "Listing Date"). The financial statements are presented in Singapore dollars and all values are rounded to the nearest thousands ("$'000"), except when otherwise stated.

Under the Trust Deed, NetLink NBN Management Pte. Ltd. (the "Trustee-Manager") has declared that it shall hold the authorised business on trust for the Unitholders as the Trustee-Manager of the Trust. The registered address of the Trustee-Manager is at 750E Chai Chee Road, #07-03, ESR BizPark @ Chai Chee, Singapore 469005.

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

The COVID-19 pandemic is still ongoing and its eventual impact is uncertain. NetLink remains mindful of this uncertainty and the potential impact it might have on the Group's operations. NetLink has put in place measures to minimise this impact should there be any adverse development.

These financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 11 May 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for the measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

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

2.2 Adoption of new and revised standards

On 1 April 2020, the Trustee-Manager adopted all the new and revised SFRS(I) pronouncements that are relevant to the Group's and the Trust's operations. The adoption does not result in changes to the Group's and the Trust's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

Impact of the initial application of *COVID-19-Related Rent Concessions* amendment to SFRS(I) 16

In May 2020, the Accounting Standards Council ("ASC") issued *COVID-19-Related Rent Concessions* (Amendment to SFRS(I) 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 if the change were not a lease modification. The amendment is effective for annual periods beginning on or after 1 June 2020, with early application permitted.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in SFRS(I) 16:46B, and has not restated prior period figures.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021);

We have recognised rent concessions received in other income. Please refer to Note 6.

(c) There is no substantive change to other terms and conditions of the lease.

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following amendments to SFRS(I)s relevant to the Group and Trust were issued but not yet effective.

Effective for annual periods beginning on or after 1 January 2021

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*

The Trustee-Manager anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and Trust.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust and its subsidiaries. Control is achieved when the Trust:

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

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

- When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power, including: The size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Trust, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Trust has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

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

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

2.5 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.6 Property, plant and equipment

(a) Measurement

Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes professional fees and, for qualifying assets, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset.

(b) Depreciation

Depreciation is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful life as follows:

Leasehold land and buildings	Over the remaining leasehold period of 57 to 77 years and for incidental assets 10-15 years
Network assets	25 to 50 years
Exchange equipment	3 to 15 years
Leasehold improvements	5 years
Furniture, fittings and equipment	3 to 7 years
Motor vehicles	10 years

Assets under construction included in property, plant and equipment are carried at cost, less any recognised impairment loss. Asset under construction is not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

The residual values, estimated useful life and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each year end. The effects of any changes in estimate are accounted for prospectively.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the profit or loss when incurred.

(d) Disposal

On disposal of a property, plant and equipment, the difference between sale proceeds and its carrying amount is recognised in the profit or loss.

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

2.7 Investment in subsidiaries

Investment in subsidiary is carried at cost less any impairment in net recoverable value in the Trust's statement of financial position. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in the Trust's profit or loss.

2.8 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Group's of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.9 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

The Group's Facilities-Based Operations ("FBO") licence has finite useful life, over which the assets are amortised using the straight-line method, over the estimated useful life of 23 years. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense is included in the line item "depreciation and amortisation" in profit or loss.

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

2.10 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the assets do not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

2.11 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.11 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets and finance lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and finance lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

2.11 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an external credit rating of "investment grade" in accordance with the globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.11 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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

2.11 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the customers, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16 *Leases*.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, contract assets, finance lease receivables are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.11 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

2.12 Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Further details of derivative financial instruments are disclosed in Note 27.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.12 Derivative financial instruments (cont'd)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is realised in profit or loss, and is included in the 'finance costs' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. The Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.13 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.14 Contract assets

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

2.15 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.16 Inventories

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

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

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.19 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received, and are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.20 Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to the lease of space occupied by the substantial Unitholder in central office buildings owned by the Group.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

2.20 Leases (cont'd)

The Group as lessee (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.21 Taxes

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of accounting department within the Trust supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

2.21 Taxes (cont'd)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.22 Foreign currency transactions and translation

Functional or presentation currency

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.23 Units in issue

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

2.24 Borrowing costs

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.25 Revenue recognition

Revenue consists primarily of (i) fibre business revenue, and (ii) ducts, manholes and central office revenue, both of which include regulated and non-regulated revenues. Regulated revenues comprise revenues received pursuant to the Interconnection Offer, Customised Agreement and the ducts and manholes services revenue. Revenue received pursuant to the Interconnection Offer are subject to regulated pricing determined by Infocomm Media Development Authority ("IMDA"). The tariff and Customised Agreement for providing fibre connection services and the ducts and manholes services revenue was approved by IMDA. Non-regulated revenue comprises central office revenue, diversion income and other revenue that is not regulated or approved by IMDA.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that future economic benefits will flow to the entity. In addition, there are specific criteria that have to be met for revenue recognition for each of the Group's activities as described below:

(a) Ducts and manholes service revenue includes the following:

(i) Revenue received from the provision of space in NetLink Trust's ("NLT") ducts and manholes. Revenue is recognised over time over the contract period on a straight-line basis when the services are rendered. Invoices are issued on a monthly basis and are payable within 30 days.

(ii) Revenue received from the substantial Unitholder for the recovery of ducts and manholes construction costs on joint-build projects. Revenue is recognised upon project completion. Invoices are issued on a monthly basis and are payable within 30 days.

(b) Central office revenue primarily comprises revenue received for the provision of ancillary services such as security, maintenance and administration services relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for central office revenue are issued on a quarterly basis and are payable within 30 days.

(c) Service income and charges primarily comprises revenue received for the lease of machinery and equipment relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for service income and charges are issued on a quarterly basis and are payable within 30 days.

(d) Connection revenue primarily comprises monthly recurring fees received from Requesting Licensees for each residential, non-residential, Non-Building Address Points ("NBAP") and segment (i.e. point to point) connection. Revenue is recognised over time over the subscription period on a straight-line basis when the services are rendered. Invoices for connection revenue are issued on a monthly basis and are payable within 30 days.

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

2.25 Revenue recognition (cont'd)

(e) Revenue from Co-location includes the following:

(i) Monthly recurring charges received from Requesting Licensees to use space in co-location rooms in central office to house their equipment racks. Revenue is recognised over time over the lease term when the services are rendered;

(ii) Provision of ancillary services such as power, cooling, project study works, site preparation and installation, fibre splicing and onsite work and escort charges at the central offices. Revenue from power is recognised over time using the rate and usage charged while cooling is recognised over time over the lease term when services are rendered. Revenue from site preparation and installation, fibre splicing and onsite work and escort charges at the central offices are recognised at a point in time when the services are rendered or upon completion of the services; and

(iii) Invoices for co-location revenue are issued on a monthly basis and are payable within 30 days.

(f) Installation-related revenue includes the following:

(i) One-time charges imposed on Requesting Licensees for the installation of a termination point at residential home, non-residential premises and/or NBAP locations, and charges for the relocation, repair, replacement or removal of existing termination points and/or fibre cables within the same residential home, non-residential premises and/or NBAP location. Revenue from the installation of network fibre is recognised upon completion of the installation of the network fibre for each customer;

(ii) Service activation charge imposed on Requesting Licensees for each activation of service on any fibre which comprises of the patching and unpatching services relating to each new connection. Revenue from the patching services is recognised upon activation of fibre connection, while revenue from the unpatching services is deferred until the unpatching work for the termination of fibre connection is completed; and

(iii) Invoices for installation-related revenue are issued on a monthly basis when the service is completed and/or rendered and are payable within 30 days.

(g) Diversion revenue primarily comprises income received from third parties, such as developers and the Government Agencies upon their request for the diversion of NLT's ducts, manholes and fibre cables due to events such as road works, the construction of MRT infrastructure and tunnels and building construction. Revenue is recognised upon completion of diversion work for each customer. Invoices for diversion revenue to third parties are issued and payment is received before work commencement. Invoices to Government Agencies are issued upon work completion and are payable within 30 days.

(h) Fibre related and other revenue primarily comprise premature termination and cancellation charges received from Requesting Licensees following the termination of a connection, and charges imposed on third parties for the recovery of costs incurred for fibre repair work resulting from such third parties' damage to NLT's network. Revenue is recognised at a point in time when the services are rendered or upon completion of fibre repair work. Invoices for fibre related and other revenue are issued on a monthly basis whenever the service is completed and/or rendered and are payable within 30 days.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

2.25 Revenue recognition (cont'd)

(i) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(j) Dividend/distribution income from subsidiaries is recognised when the shareholders/unitholders' rights to receive payment have been established.

(k) Deferred revenue relates to unearned revenue and is recognised in the profit or loss when Ducts and Manholes service, Installation-related, unpatching services portion from Service Activation Charges and Diversion services are rendered.

Customer rebates and discounts are recognised against the respective revenue.

2.26 Segment reporting

An operating segment is a component of the Group:

(a) that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components,

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker and the Group to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available.

2.27 Distributions to the Unitholders

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

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, the Trustee-Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and key sources of estimation uncertainty in applying the entity's accounting policies

The following are the critical judgements and key sources of estimation uncertainty that Trustee-Manager has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

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

Critical judgements and key sources of estimation uncertainty in applying the entity's accounting policies (cont'd)

(a) Estimated useful life of property, plant and equipment (Note 18)

The Group reviews annually the estimated useful life of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful life of property, plant and equipment would decrease the net profit and decrease the carrying value of property, plant and equipment.

(b) Impairment reviews on goodwill and investment in subsidiaries

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections which have been discounted at an appropriate rate. Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The assumptions used by management to determine the value in use calculations are disclosed in Note 21.

4. REVENUE

	Group	
	2021 $'000	2020 $'000
Timing of revenue recognition		
At a point in time:		
- Ducts and manholes service revenue – joint-build construction	311	1,021
- Installation-related revenue	16,624	20,513
- Diversion revenue	8,550	11,127
- Co-location revenue – Others	811	1,216
- Fibre related revenue	2,197	2,740
- Other revenue	354	414
	28,847	37,031
Over time:		
- Ducts and manholes service revenue - Provision of space	28,410	29,261
- Central office revenue	5,351	5,383
- Finance lease income (Note 15)	5,193	5,236
- Service income and charges	7,544	7,240
- Connection revenue - Residential	237,963	231,496
- Connection revenue - Non-residential	30,395	31,204
- Connection revenue - NBAP	1,598	1,405
- Connection revenue - Segment	7,278	5,841
- Co-location revenue - Space, power and cooling	15,887	16,095
	339,619	333,161
	368,466	370,192

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

5. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the Group is principally engaged in the provision of ducts and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the Group operates in one single business and geographical segment.

6. OTHER INCOME

	Group	
	2021 $'000	2020 $'000
Interest income	478	1,730
Government grant income[(a)]	3,651	1,668
Property tax rebates[(b)]	3,798	1,244
Rent concessions[(c)]	52	-
Third party compensation[(d)]	592	1,791
Fibre Readiness Certification	206	455
Plant Route Plans	344	273
Notice for Commencement of Earthworks	840	212
Others	7	170
	9,968	7,543

(a) Government grant income consists mainly of Wage Credit Scheme and Jobs Support Scheme ("JSS"). The Group received wage support for local employees under the JSS from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it complied with the conditions attached to the grants and the grants had been received. Government grants are recognised in profit or loss over the period in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Government grant income for JSS of $3,102,000 (2020: $1,415,000) was recognised during the year.

(b) Property tax rebates granted by Singapore government in response to the COVID-19 pandemic. This was passed on to the tenants and recognised as grant expenses in Note 10.

(c) Rent concessions pertains to rental rebates provided by landlords. This relates to the changes in lease payments arising from rent concessions to which the Group has applied practical expedient under *COVID-19 – Related Rent Concessions* – Amendments to SFRS(I) 16.

(d) Third party compensation consists mainly of compensation received from third parties for cable cuts and for construction works performed on behalf of Land Transport Authority ("LTA"). In FY 2020, it also included proceeds from land purchased by Singapore Land Authority ("SLA") for the purpose of the construction of MRT track adjacent to the Group's Jurong West Central Office.

7. STAFF COSTS

	Group	
	2021 $'000	2020 $'000
Salaries and wages	27,507	26,028
Employer's contribution to defined contribution plans including Central Provident Fund	3,118	3,033
Other short-term benefits	1,896	1,670
Less: Staff costs capitalised	(2,562)	(3,293)
	29,959	27,438

8. FINANCE COSTS

	Group	
	2021 $'000	2020 $'000
Interest on bank loans	8,722	17,206
Interest on lease liabilities (Note 29)	1,255	500
Interest cost attributable to advanced payment received for ducts and manholes services	126	133
Financing related costs	1,339	1,489
Loss arising from discontinuation of cash flow hedge	-	313
Gain arising from maturity of cash flow hedge	(7,806)	-
Realised loss on interest rate swaps	7,645	863
	11,281	20,504

For cash flow purposes, finance costs do not include amortisation of transaction fee of $819,000 (2020: $864,000).

9. MANAGEMENT FEE

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

10. PROFIT BEFORE INCOME TAX

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

	Group	
	2021 $'000	**2020 $'000**
Total depreciation and amortisation:		
Depreciation of property, plant and equipment (Note 18)	160,420	160,914
Depreciation of right-of-use assets (Note 19)	3,134	2,630
Amortisation of licence (Note 22)	4,238	4,238
	167,792	167,782
Other operating expenses:		
Property tax	17,046	16,309
Expense relating to short-term lease (Note 33a)	17	74
Property, plant and equipment written off (Note 18)	9,294	16,746
Provision/(write-back of provision) for stock obsolescence (Note 16)	70	(110)
Grant expenses (Note 6)	987	271
Impairment loss on financial assets:		
(Write-back of)/provision for loss allowance for trade receivables (Note 13)	(154)	213
Total amount of fees paid/payable to auditors of the Trust:		
Audit fees paid/payable to auditors of the Trust	155	170
Non audit fees paid/payable to auditors of the Trust	19	155
Total	174	325

11. INCOME TAX CREDIT

The major components of income tax credit for the year ended 31 March 2021 is:

	Group	
	2021 $'000	2020 $'000
Income tax is made up of:		
- Current income tax expense	(13,200)	(5,786)
- Under provision of current income tax in prior year	(1,953)	(14)
	(15,153)	(5,800)
- Deferred income tax due to origination and reversal of temporary differences (Note 30)	18,341	12,490
- Under provision of deferred income tax in prior year (Note 30)	(18)	(446)
Income tax credit recognised in profit or loss	3,170	6,244

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

	Group	
	2021 $'000	2020 $'000
Profit before income tax	91,642	71,869
Income tax expense calculated at a tax rate of 17%	(15,579)	(12,218)
Effect of:		
- Income not subject to taxation	1,801	240
- Expenses not deductible for tax purposes	(726)	(1,029)
- Tax relief and tax rebate	30	52
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities (Note 24)	19,635	19,689
- Under provision in prior year – net	(1,971)	(460)
- Others	(20)	(30)
	3,170	6,244

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

12. CASH AND BANK DEPOSITS

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash and bank balances	170,536	160,353	58,434	58,786
Capital expenditure reserve fund[(a)]	-	8,271	-	-
Cash at bank, representing cash and cash equivalents	170,536	168,624	58,434	58,786

13. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables:				
- Third parties	8,806	9,068	26	20
- Substantial Unitholder	14,532	14,760	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	9,581	9,740	-	-
Loss allowances	(140)	(294)	-	-
	32,779	33,274	26	20
Other receivables:				
- Third parties	3,485	6,366	-	-
- Subsidiaries	-	-	67	47
- Substantial Unitholder[(b)]	8,290	-	-	-
Grant receivables	-	6,389	-	-
	44,554	46,029	93	67

(a) Capital expenditure reserve fund ("Capex Reserve Fund") comprises monies set aside each year for at least 20% of Capex Reserve Fund, which cumulates to $40.0 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from Infocomm Media Development Authority ("IMDA") for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure. As at 31 March 2021, NLT had incurred $26.3 million (2020: $9.7 million) of the Capex Reserve Fund to improve network resiliency and expand capacity, which is $0.3 million more than the prevailing Capex Reserve Fund required of $26.0 million.

(b) This includes a receivable of $8.29 million from a substantial Unitholder for additional capital allowances transferred under the group tax relief system pertaining to year of assessment 2016.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables due from third parties, substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder.

The average credit period is 30 days (2020: 30 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 10.75% (2020: 10.75%) per annum on the outstanding balance for interconnection services which are regulated under IMDA which consist of connection revenue, co-location revenue, installation-related revenue and fibre related revenue.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customer.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	2021			2020		
	Weighted average loss rate	Gross carrying amount	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance
	%	$'000	$'000	%	$'000	$'000
Group						
Current		28,521	35		28,798	19
Past due 1-30 days		266	19		667	14
Past due 31-60 days		2,007	11		1,308	145
Past due 61-90 days		100	7		13	10
Past due above 90 days		2,025	68		2,782	106
	0.4	32,919	140	0.9	33,568	294

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

13. TRADE AND OTHER RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – Not credit-impaired			
	Collectively assessed	Individually assessed	Lifetime ECL – credit-impaired	Total
	$'000	$'000	$'000	$'000
Group				
At 1 April 2019	6	49	26	81
Allowance utilised	-	(10)	(5)	(15)
Loss allowance recognised	184	2	95	281
Amounts recovered	(4)	(39)	(10)	(53)
At 31 March 2020	186	2	106	294
Loss allowance recognised	72	-	56	128
Amounts recovered	(186)	(2)	(94)	(282)
At 31 March 2021	72	-	68	140

Other receivables due from third parties, subsidiaries and substantial Unitholder

Other receivables due from third parties, subsidiaries and substantial Unitholder are unsecured, interest-free and are generally receivable on 30 days terms (2020: 30 days).

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

14. CONTRACT ASSETS

	Group	
	2021 $'000	2020 $'000
Contract assets	25,894	27,382
Analysed as:		
Substantial Unitholder	9,678	9,613
Subsidiaries of a substantial shareholder of the substantial Unitholder	8,989	9,177
Third parties	7,227	8,592
	25,894	27,382

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

	Group	
	2021 $'000	2020 $'000
At the beginning of the year	27,382	28,909
Contract assets recognised, net of reclassification to trade receivables	(1,488)	(1,527)
At the end of the year	25,894	27,382

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

ECL is not expected to be significant for contract assets.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

15. FINANCE LEASE RECEIVABLES

	Group	
	2021 $'000	2020 $'000
Amounts receivable under finance leases		
Year 1	5,041	5,456
Year 2	5,041	5,456
Year 3	5,041	5,456
Year 4	5,041	5,456
Year 5	5,041	5,456
Year 6 and onwards	239,784	266,038
Undiscounted lease payments and gross investment in the lease (Note 33b)	264,989	293,318
Less: Unearned finance income	(184,249)	(205,659)
Net investment in the lease	80,740	87,659
Undiscounted lease payments analysed as:		
Recoverable within 12 months	5,041	5,456
Recoverable after 12 months	259,948	287,862
	264,989	293,318
Net investment in the lease analysed as:		
Recoverable within 12 months	233	234
Recoverable after 12 months	80,507	87,425
	80,740	87,659

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

	Group	
	2021 $'000	2020 $'000
Finance income on the net investment in finance leases (Note 4)	5,193	5,236

The Group's finance lease arrangements do not include variable payments.

The finance lease receivables relate to the rental agreements on the land and building between a subsidiary and the substantial Unitholder in relation to the space occupied by the substantial Unitholder in the central office buildings owned by the subsidiary. As at 31 March 2012, the exchange buildings have a remaining lease period of 50 to 70 years.

During the financial year ended 31 March 2021, the substantial Unitholder has surrendered a portion of space in the central office buildings, this resulted an amount of $6,687,000 (2020: Nil) being reclassified from finance lease receivables to leasehold land and buildings under property, plant and equipment (Please refer to Note 18).

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 6.2% (2020: 6.2%).

Loss allowance for finance lease receivables has always been measured at an amount equal to lifetime expected credit losses. None of the finance lease receivables at the end of the reporting period is past due and taking into account the historical default experience, management considers that no finance lease receivables is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

16. INVENTORIES

	Group	
	2021 $'000	2020 $'000
Inventories	5,245	4,357
Provision for stock obsolescence	(84)	(55)
Balance at the end of the financial year	5,161	4,302

Movement in provision for stock obsolescence

	Group	
	2021 $'000	2020 $'000
Balance at beginning of the financial year	55	185
Provision/(write-back of provision) for obsolescence during the year (Note 10)	70	(110)
Utilised during the year	(41)	(20)
Balance at the end of the financial year	84	55

The cost of inventories recognised as an expense includes $5,000 (2020: $115,000), in respect of write-downs of inventory to net realisable value.

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to $297,000 (2020: $238,000).

17. OTHER CURRENT ASSETS

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deposits	136	523	-	-
Prepayments	5,021	4,092	210	252
	5,157	4,615	210	252

ECL is expected to be insignificant for deposits.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Network assets	Exchange equipment	Leasehold improvements	Furniture, fittings and equipment	Motor vehicles	Asset under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost:								
At 1 April 2019	9,511	3,693,394	130,918	2,369	22,446	1,629	71,215	3,931,482
Additions	127	2,239	2,881	-	2,041	-	72,501	79,789
Transfer	-	58,039	-	-	-	-	(58,039)	-
Disposals/written off	(64)	(905)	(1,693)	-	(76)	-	(15,468)	(18,206)
At 31 March 2020	9,574	3,752,767	132,106	2,369	24,411	1,629	70,209	3,993,065
Reclassification[1]	21,386	-	(14,829)	-	130	-	-	6,687
Additions	1,367	1,805	1,900	99	3,362	131	55,143	63,807
Transfer	1,031	47,127	604	-	-	-	(48,762)	-
Disposals/written off	-	(1,921)	(1,776)	-	-	(13)	(7,532)	(11,242)
At 31 March 2021	33,358	3,799,778	118,005	2,468	27,903	1,747	69,058	4,052,317
Accumulated depreciation:								
At 1 April 2019	535	724,862	58,394	2,015	20,829	320	-	806,955
Depreciation charge	161	145,846	11,714	324	2,561	162	146	160,914
Disposals/written off	(4)	(284)	(1,096)	-	(76)	-	-	(1,460)
At 31 March 2020	692	870,424	69,012	2,339	23,314	482	146	966,409
Reclassification[1]	4,620	-	(4,695)	-	75	-	-	-
Depreciation charge	1,345	147,194	9,784	28	1,857	170	42	160,420
Transfer	95	-	45	-	-	-	(140)	-
Disposals/written off	-	(543)	(1,392)	-	-	(13)	-	(1,948)
At 31 March 2021	6,752	1,017,075	72,754	2,367	25,246	639	48	1,124,881
Net carrying amount:								
At 31 March 2020	8,882	2,882,343	63,094	30	1,097	1,147	70,063	3,026,656
At 31 March 2021	26,606	2,782,703	45,251	101	2,657	1,108	69,010	2,927,436

Leasehold land and buildings include leases of land on which the Group's central office buildings are built on, with remaining lease terms of between 48 years to 67 years (2020: 49 years to 68 years), and have a carrying amount of $12,923,000 (2020: $6,952,000).

[1] Reclassification of Property, plant and equipment consist of the below:

(a) Reclassification of $6,687,000 (2020: NIL) from Finance lease receivable to Leasehold land and buildings (Note 15).

(b) The Group has completed a re-alignment of assets to the appropriate asset class and also performed a reassessment of the useful life of its assets. Hence, there has been a reclassification of $10,134,000 from Exchange equipment to Leasehold land and buildings of $10,079,000 and to Furniture fittings and equipment of $55,000.

19. RIGHT-OF-USE ASSETS

The Group leases several leasehold land and buildings and furniture, fittings and equipment. The average lease term is 16 years (2020: 9 years).

	Leasehold land and buildings	Furniture, fittings and equipment	Total
	$'000	$'000	$'000
Group			
Cost:			
At 1 April 2019	23,335	208	23,543
Additions	39	20	59
At 31 March 2020	23,374	228	23,602
Additions	27,665	180	27,845
At 31 March 2021	51,039	408	51,447
Accumulated depreciation:			
At 1 April 2019	8,771	97	8,868
Depreciation charge	2,577	53	2,630
At 31 March 2020	11,348	150	11,498
Depreciation charge	3,028	106	3,134
At 31 March 2021	14,376	256	14,632
Carrying amount:			
At 31 March 2020	12,026	78	12,104
At 31 March 2021	36,663	152	36,815

The Group has no options to purchase any of its right-of-use assets at the end of the lease term, and there are no extension or termination options nor variable lease payment terms on all leases.

Certain equipment leases that expired in the current financial year were extended, and this resulted in additions to right-of-use assets of $60,000 (2020: $20,000).

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For the Financial Year Ended 31 March 2021

20. RENTAL DEPOSITS

	Group	
	2021 $'000	**2020 $'000**
Subsidiary of a substantial shareholder of the substantial Unitholder	45	45
Substantial Unitholder	160	160
Third parties	15	15
	220	220

ECL is expected to be insignificant for rental deposits.

21. GOODWILL

	Group	
	2021 $'000	**2020 $'000**
Cost:		
Balance at beginning/end of year	746,854	746,854
Carrying amount:		
Balance at beginning/end of year	746,854	746,854

Goodwill arose in the acquisition of NLT because the consideration paid effectively included amounts in relation to the benefits of expected revenue growth which do not meet the recognition criteria for separate intangible assets.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. There is only one cash-generating unit and management considers that the Group operates in one single business unit.

The recoverable amount of the cash-generating unit is determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate and the expected cash flows. The long-term cash flow forecasts are based on revenue, operating and capital expenditure assumptions which are mainly driven by growth rates and operating margins.

The Group prepares cash flow forecasts which are derived from the most recent financial budget approved by the Board. The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

The WACC used to discount the cash flows is 5.04% (2020: 5.04%). The time period used is 13 years (2020: 14 years) in line with the amortisation of the licence. The terminal growth rates used of 1.5% (2020: 1.5%) do not exceed the long-term average growth rates of the industry in which the Group operates.

As at 31 March 2021, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the cash-generating unit.

22. LICENCE

	Group	
	2021 $'000	**2020 $'000**
Cost:		
Balance at beginning/end of year	95,980	95,980
Amortisation:		
Balance at beginning of year	(11,654)	(7,416)
Amortisation	(4,238)	(4,238)
Balance at end of year	(15,892)	(11,654)
Carrying amount:		
Balance at end of year	80,088	84,326

The Group's Facilities-Based Operations licence pertains to providing access to the ducts, manholes and central offices required by other FBOs in rolling out their network for specific telecommunication purposes.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

23. INVESTMENT IN SUBSIDIARIES

	Trust	
	2021 $'000	**2020 $'000**
Unquoted equity investments, at cost	2,013,673	2,013,673

Details of the subsidiaries at the end of the reporting period are as follows:

Name of company/entity	Principal activities (Country of incorporation/ Place of business)	Effective interest held by the Trust (%) 2021	2020
Held by the Trust:			
NetLink Trust#	See Note 1 below (Singapore)	100	100
NetLink Management Pte. Ltd.#	Provision of management services to NLT (Singapore)	100	100
NetLink Treasury Pte. Ltd.# *	Provision of treasury management activities (Singapore)	100	100
Held through NetLink Trust:			
NetLink Trust Operations Company Pte. Ltd.#	Provision of manpower services to NLT (Singapore)	100	100
OpenNet Pte. Ltd. (In Members' Voluntary Liquidation)	Dormant, voluntary liquidation commenced on 10 January 2018 (Singapore)	100	100

Note 1:

The principal activities are (i) The ducts and manholes business which entails the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities; and (ii) The ownership, installation, operation and maintenance of the passive portion of the Next Generation National Broadband Network of Singapore for the purposes of providing services to provide facilities based operations granted by the Infocomm Media Development Authority which is the successor-in-title of the Info-communications Development Authority of Singapore.

Audited by Deloitte & Touche LLP.

* The first set of audited accounts is for financial period from 29 November 2019 (date of incorporation) to 31 March 2021.

24. SUBORDINATED LOAN TO A SUBSIDIARY

On 19 July 2017, the Trust subscribed for $1.1 billion of subordinated notes due in year 2037 issued by NLT, which are qualifying project debt securities. The notes bear interest of 10.5% per annum, payable semi-annually in arrears on 31 March and 30 September each year.

ECL for subordinated loan to a subsidiary are expected to be insignificant.

25. TRADE AND OTHER PAYABLES

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade payables				
- Third parties	14,089	10,698	-	52
- Substantial Unitholder	264	11	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	113	69	-	-
- Other related parties	39	94	39	19
Other payables	1,261	2,003	-	-
Accruals:				
- Property, plant and equipment	10,102	9,359	-	-
- Property, plant and equipment from substantial Unitholder	13,633	10,815	-	-
- Operating expenses	16,507	19,449	187	609
- Operating expenses from substantial Unitholder	1,989	1,696	-	-
Interest payable to third parties	35	52	-	-
Deferred grant income	-	3,731	-	-
Provision for reinstatement cost	655	525	-	-
	58,687	58,502	226	680

Trade and other payables pertaining to third parties, substantial Unitholder, Trustee-Manager of the Trust, related parties in which a subsidiary of the substantial Unitholder and subsidiaries of a substantial shareholder of the substantial Unitholder, are normally settled between 30 to 90 days terms and are non-interest bearing.

The trade payables for related parties consist of:

- Amount owing to a subsidiary of the substantial Unitholder is Nil (2020: $76,000).
- Amount owing to Trustee-Manager is $39,000 (2020: $18,000).

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For the Financial Year Ended 31 March 2021

26. DEFERRED REVENUE

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

	Group	
	2021 $'000	2020 $'000
Current		
Amounts received/receivable for ducts and manholes services(i)	374	370
Amounts received/receivable for diversion services(ii)	5,175	5,266
Amounts received/receivable for service activation charge(iii)	15,017	12,774
Amounts receivable for which collection is uncertain(iv)	817	599
Amounts received in advance for installation-related revenue(v)	22	19
Balance at end of year	21,405	19,028
Non-current		
Amounts received/receivable for ducts and manholes services(i)	6,301	6,675

As at 31 March 2021, there was no performance obligations that was unsatisfied or partially satisfied, other than performance obligations relating to ducts and manholes services, diversion services, service activation charges and installation-related revenue as described above. As the Group has the right to invoice the customers, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligations.

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

	Group	
	2021 $'000	2020 $'000
Amounts received/receivable for ducts and manholes services(i)	370	510
Amounts received/receivable for diversion services(ii)	3,099	1,127
Amounts received/receivable for service activation charge(iii)	2,106	969
Amounts receivable for which collection is uncertain(iv)	88	186
Amounts received in advance for installation-related revenue(v)	19	39
Recognised as revenue in profit or loss	5,682	2,831

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

(ii) Revenue related to diversion services is recognised when the services are completed. When the customer initially prepays for the services, deferred revenue is recognised until the services are provided to the customer.

(iii) The service activation charge relating to the termination of fibre connections is deferred and recognised only upon completion of unpatching works required for the termination of fibre connections.

(iv) Other invoices issued to customers for which services have yet to be rendered or collection is uncertain. Revenue is recognised upon service completion or probable collection. An example is the recovery of costs incurred for cable cut incidents by errant contractors.

(v) Revenue related to installation of fibre related works collected in advance and recognised only upon completion of installation works.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2021 $'000	2020 $'000
Current		
Interest rate swaps, designated in hedge accounting relationship (net-settled)	-	6,945

Interest rate swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

The interest rate swaps for the existing loans have expired on 24 March 2021. The Group intends to hedge its interest rate exposure after it refinances the Term Loan Facility.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

27. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in the "derivative financial instruments" line item in the consolidated statements of financial position.

Group

					Life to date values as at 31 March 2021		Year to date values recognised during the year ended 31 March 2021	
					Carrying amount of the hedging instrument		Hedge effectiveness in reserves	
	Currency	Maturity years	Average rate	Nominal amount of the hedging instrument	Liability	Cost of hedging reserve	Marked to market loss through OCI	Fair value hedge/ (income statement gain/(loss) (Note 8)
				$'000	$'000	$'000	$'000	$'000
2021								
Cash flow hedge								
Interest rate swaps	SGD	-	-	-	-	-	(861)	161
2020								
Cash flow hedge								
Interest rate swaps	SGD	0-1	2.86%	636,000	6,945	861	(6,165)	(1,176)

The cost of hedging reserves is the hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy. In FY 2020, the Group recognised a loss of $313,000 arising from the discontinuation of hedging relationship due to repayment of the $126 million Revolving Credit Facility ("RCF").

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

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

28. LOANS

	Effective Average Interest rate#			
	2021 %	2020 %	2021 $'000	2020 $'000
Unsecured borrowings				
Repayable within one year				
- Bank loans (unsecured)	2.87	2.88	509,120	509,411
Repayable after one year				
- Bank loans (unsecured)	1.20	2.43	155,587	155,377
			664,707	664,788

Maturity	Terms	Utilised 2021 $'000	Utilised 2020 $'000
March 2022*	$510 million Five-Year Term Loan	510,000	510,000
March 2022*	$90 million Five-Year RCF	-	-
March 2023	$210 million Three-Year RCF	156,000	156,000*
		666,000	666,000
Transaction costs		(1,293)	(1,212)
		664,707	664,788

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

* The $510 million Five-Year Term Loan and $90 million Five-Year RCF which commenced on 24 March 2016 were extended on 21 July 2020 to mature on 24 March 2022. The Trustee-Manager is in advanced discussions with the lenders on the refinancing of the $510 million bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date. As at the date of this report, the Trustee-Manager has initiated the process to terminate the $90 million RCF, which it has not utilised, and this has no impact to the liquidity of the Group.

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For the Financial Year Ended 31 March 2021

28. LOANS (CONT'D)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2020	Financing cash flows	Non-cash amortisation of transaction fees (Note 8)	31 March 2021
	$'000	$'000	$'000	$'000
Loans	664,788	(900)#	819	664,707

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

29. LEASE LIABILITIES

	Group	
	2021 $'000	2020 $'000
Maturity analysis:		
Not later than one year	3,386	2,251
Later than one year but not later than five years	8,573	5,132
Later than five years	64,573	9,896
	76,532	17,279
Less: Unearned interest	(37,705)	(3,174)
	38,827	14,105
Analysed as:		
Current	2,279	1,821
Non-current	36,548	12,284
	38,827	14,105

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

For cash flow purposes, financing cash flow comprises loan arrangement fee including agency fee of $20,000 (2020: $50,000) which is not part of the loans but included under other operating expense in profit and loss.

29. LEASE LIABILITIES (CONT'D)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 April 2020	Financing cash flows	Additions	Finance cost recognised (Note 8)	31 March 2021
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	14,105	(4,248)	27,715	1,255	38,827

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

30. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	Group	
	2021 $'000	2020 $'000
Movement in deferred tax account is as follows:		
Balance at beginning of year	524,863	536,907
Credited to profit or loss (Note 11)	(18,323)	(12,044)
Balance at end of year	506,540	524,863

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

30. DEFERRED TAX LIABILITIES (CONT'D)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred income tax liabilities

Group

	Accelerated tax depreciation	Finance lease receivables	Licence	Others	Total
	$'000	$'000	$'000	$'000	$'000
At 1 April 2019	509,143	14,940	15,057	246	539,386
Credited to profit or loss	(9,354)	(38)	(720)	(40)	(10,152)
At 31 March 2020	499,789	14,902	14,337	206	529,234
Credited to profit or loss	(16,100)	(1,176)	(722)	14	(17,984)
At 31 March 2021	483,689	13,726	13,615	220	511,250

Deferred income tax assets

Group

	Deferred revenue	Total
	$'000	$'000
At 1 April 2019	(2,479)	(2,479)
Credited to profit or loss	(1,892)	(1,892)
At 31 March 2020	(4,371)	(4,371)
Credited to profit or loss	(339)	(339)
At 31 March 2021	(4,710)	(4,710)
Net deferred income tax liabilities		
At 31 March 2020		524,863
At 31 March 2021		506,540

31. UNITS IN ISSUE

	Number of units		Units in Issue	
	2021	2020	2021 $'000	2020 $'000
Group and Trust				
Balance at beginning and end of year	3,896,971,100	3,896,971,100	3,117,178	3,117,178

All issued units are fully paid and rank *pari passu* in all respects.

32. EARNINGS PER UNIT

Basic earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year. Diluted earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year (adjusted for the effects of dilutive unit options).

The calculation of the basic earnings per unit is based on the following data:

Earnings

	2021 $'000	2020 $'000
Profit attributable to Unitholders of the Trust for basic and diluted earnings per unit computation	94,812	78,113

Number of Units

	2021 '000	2020 '000
Weighted average number of units on issue applicable for basic and diluted earnings per unit computation	3,896,971	3,896,971

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

33. COMMITMENTS

(a) Operating lease commitments – as lessee

At 31 March 2021 and 31 March 2020, the Group does not have any significant commitments to short-term leases.

(b) Finance lease commitments – as lessor

The Group's finance lease commitments as lessor are shown in Note 15.

Included in the future minimum finance lease receivables comprise future minimum finance lease receivables from the substantial Unitholder which amounted to $264,989,000 (2020: $293,318,000).

(c) Capital commitments

Capital expenditure contracted for at the consolidated statement of financial position date but not recognised in the financial statements are as follows:

	Group	
	2021 $'000	2020 $'000
Property, plant and equipment	48,761	36,290

There is no capital commitment (2020: $25,000) with the substantial Unitholder as at 31 March 2021.

34. RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

	Group	
	2021 $'000	2020 $'000
Services rendered to a substantial Unitholder	161,917	161,479
Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder	107,890	112,470
Purchase of services from a substantial Unitholder	6,762	5,448
Purchase of fixed assets from a substantial Unitholder	1,809	2,239
Management fee paid or payable to Trustee-Manager of the Trust	1,024	998
Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder	3,821	3,669
Purchases of goods from subsidiaries of the substantial Unitholder	256	430

34. RELATED PARTY TRANSACTIONS (CONT'D)

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

	Group	
	2021 $'000	2020 $'000
Wages and salaries	3,003	3,051
Employer's contribution to defined contribution plans, including Central Provident Fund	34	36
Other benefits	135	131

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

35. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's activities expose it to a variety of financial risks arising from its operations. The key financial risks include credit risk, interest rate risk and liquidity risk. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

The Group uses a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps to mitigate the risk of rising interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk management

(i) Foreign currency risk

The Group's revenue and expenditure are primarily transacted in Singapore Dollars ("SGD"). Foreign currency transactions are minimised and settled using spot rate. There is no significant foreign currency risk.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

(a) Market risk management (cont'd)

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (d) of this Note. The Group sometimes borrow at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The Group's policy is to maintain a mix of borrowings in both floating and fixed rate instruments to manage its overall exposure to interest rate risk. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swaps can be found in Note 27 to the financial statements.

The Group does not have any interest rate hedge as at 31 March 2021.

The Group is in the process of refinancing its $510 million Swap Offer Rate ("SOR")-based loan with a $510 million Singapore Overnight Rate Average ("SORA")-based loan. Due to the reference benchmark interest rate changing from SOR to SORA, there would be a transition period where the loan is unhedged prior to the completion of refinancing. The Group would only be able to enter into SORA-based interest rate swaps following the completion of refinancing. The Trustee-Manager is in advanced discussions with the lenders on the refinancing of the $510 million bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date.

(iii) Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Trustee-Manager's assessment of the reasonably possible change in interest rates.

No hedging is in place to exposure to interest rate fluctuations for outstanding bank loans as at 31 March 2021 (2020: 95.5% hedged).

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's Profit for the financial year ended 31 March 2021 would decrease/increase by $3,330,000 (2020: $150,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

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

(b) Credit risk management

Of the trade and other receivables, finance lease receivable and contract assets balance at the end of the year, $131.8 million (2020: $130.9 million) is due from substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Group. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder of the Group did not exceed 87.1% (2020: 81.3%) of total trade and other receivables, finance lease receivable and contract assets at year end.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Collateral held as security and other credit enhancements

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statements of financial position less collateral held. Collaterals in the form of cash are obtained from counterparties where appropriate.

Cash and fixed deposits are placed with banks which are regulated and with high credit ratings.

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

For the Group, there is a significant concentration of credit risk to their major customers which is a substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Trust for the duration of the respective service contracts entered into. The Group monitors the credit risk by ensuring that payments are received by the contracted payment date.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL (other than trade receivables without significant financing component and contract assets)
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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

(b) Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					$'000	$'000	$'000
Group							
2021							
Trade receivables							
Substantial Unitholder	13	A*	(i)	Lifetime ECL	14,532	(54)	14,478
Subsidiaries of a substantial shareholder of the substantial Unitholder	13	N.A.	(i)	Lifetime ECL	9,581	-	9,581
Third parties	13	N.A.	(i)	Lifetime ECL	8,806	(86)	8,720
Other receivables							
Substantial Unitholder	13	A*	(i)	Lifetime ECL	8,290	-	8,290
Third parties	13	N.A.	Performing	12-month ECL	3,485	-	3,485
Contract assets	14	N.A.	(i)	Lifetime ECL	25,894	-	25,894
Finance lease receivables	15	A*	(i)	Lifetime ECL	80,740	-	80,740
Other current asset							
Deposit	17	N.A.	Performing	12-month ECL	136	-	136
Rental deposit	20	N.A.	Performing	12-month ECL	220	-	220
						(140)	
2020							
Trade receivables							
Substantial Unitholder	13	A*	(i)	Lifetime ECL	14,760	-	14,760
Subsidiaries of a substantial shareholder of the substantial Unitholder	13	N.A.	(i)	Lifetime ECL	9,740	(2)	9,738
Third parties	13	N.A.	(i)	Lifetime ECL	9,068	(292)	8,776
Other receivables	13	N.A.	Performing	12-month ECL	6,366	-	6,366
Grant receivables	13	N.A.	Performing	12-month ECL	6,389	-	6,389
Contract assets	14	N.A.	(i)	Lifetime ECL	27,382	-	27,382
Finance lease receivables	15	A*	(i)	Lifetime ECL	87,659	-	87,659
Other current asset							
Deposit	17	N.A.	Performing	12-month ECL	523	-	523
Rental deposit	20	N.A.	Performing	12-month ECL	220	-	220
						(294)	

* The external credit rating is based on Standard and Poor's rating as at 31 March 2021 and 31 March 2020.

N.A. = Not applicable.

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

(b) Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					$'000	$'000	$'000
Trust							
2021							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	26	-	26
Other receivables							
- subsidiaries	13	N.A.	Performing	12-month ECL	67	-	67
2020							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	20	-	20
Other receivables							
- subsidiaries	13	N.A.	Performing	12-month ECL	47	-	47

(i) As per Note 2.11(i), NetLink Group recognises lifetime ECL for trade receivables, contract assets and finance lease receivables, and has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix and taking into account the historical default experience. For all other financial assets, the Group measures the loss allowance applying an amount equal to 12-month ECL. Notes 13, 14, 15, 17 and 20 include further details on the loss allowance for all financial assets.

(c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

As at 31 March 2021, current liabilities of the Group exceeded current assets by $363 million (2020: $351 million) due to the classification of the $510 million loan as a short-term liability. The Trustee-Manager is in advanced discussions with the lenders on the refinancing of the $510 million bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date.

As at the date of this report, the Group has $54 million (2020: $144 million) of undrawn committed borrowing facilities available for working capital and general corporate use and bank guarantee of $580,000.

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

(c) Liquidity risk management (cont'd)

Non-derivative financial liabilities

The table below analyses the maturity profile of the Group's and Trust's financial liabilities based on contractual undiscounted cash flows.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Effective interest rate#	Within 1 year	Between 2 and 5 years	More than 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2021						
Group						
Loans	2.48	525,224	157,529	-	(18,046)	664,707
Trade and other payables	-	58,687	-	-	-	58,687
Lease liabilities	3.21	3,386	8,573	64,573	(37,705)	38,827
		587,297	166,102	64,573	(55,751)	762,221
Trust						
Trade and other payables	-	226	-	-	-	226
2020						
Group						
Loans	2.83	527,408	163,049	-	(25,669)	664,788
Trade and other payables	-	54,771	-	-	-	54,771
Lease liabilities	3.28	2,251	5,132	9,896	(3,174)	14,105
		584,430	168,181	9,896	(28,843)	733,664
Trust						
Trade and other payables	-	680	-	-	-	680

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

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

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

(d) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Group

Some of the Group's financial liabilities are measured at fair value at each reporting date. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used). As at 31 March 2021, there is no interest rate swap.

Financial liabilities	Fair Value as at ($'000)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
	31 March 2021	31 March 2020				
Interest rate swaps	-	6,945	Level 2	Note 1	N.A.	N.A.

Note 1: Discounted cash flow where the future cash flows are estimated based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

The Group has no financial assets that are measured at fair value on a recurring basis.

The Trust has no financial assets or liabilities that are measured at fair value on a recurring basis.

(e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to ensure that all externally imposed capital requirements are complied with.

The capital requirements of the capital structure of the Group consists of net debt (borrowings and lease liabilities disclosed in Note 28 and Note 29 respectively after deducting cash and bank balances) and equity of the Group (comprising units in issue and accumulated deficits).

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Please refer to Note 35(g).

The carrying value less loss allowance of trade receivables approximates their fair values. The carrying amounts of other receivables and finance lease receivables, subordinated loan to a subsidiary and bank loans approximate their fair values.

N.A. = Not applicable.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

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

(g) Categories of financial instruments

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

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial Assets				
Financial assets at amortised cost	322,080	330,437	1,158,527	1,158,853
Financial Liabilities				
Financial liabilities at amortised cost	723,394	719,559	226	680
Lease liabilities	38,827	14,105	-	-
Derivative instruments:				
Designated in hedge accounting relationships	-	6,945	-	-
Total	762,221	740,609	226	680

36. DISTRIBUTION TO UNITHOLDERS

Distribution paid during the year:

	Group and Trust	
	2021 $'000	2020 $'000
Distribution of 2.44 Singapore cents per unit for the period from 1 October 2018 to 31 March 2019 and paid on 3 June 2019	-	95,086
Distribution of 2.52 Singapore cents per unit for the period from 1 April 2019 to 30 September 2019 and paid on 26 November 2019	-	98,204
Distribution of 2.53 Singapore cents per unit for the period from 1 October 2019 to 31 March 2020 and paid on 3 June 2020	98,593	-
Distribution of 2.53 Singapore cents per unit for the period from 1 April 2020 to 30 September 2020 and paid on 4 December 2020	98,593	-
	197,186	193,290

37. SUBSEQUENT EVENTS

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of $99,372,763 or 2.55 Singapore cents per unit in respect of financial period from 1 October 2020 to 31 March 2021 and it has not been adjusted for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

Additional Information

Required under the Business Trusts Act, Chapter 31A of Singapore and the Business Trusts Regulations 2005

1. INDEPENDENCE OF DIRECTORS

The Board of Directors (the "**Board**") had conducted an annual review of the independence of the Independent Directors in accordance with the Business Trusts Act, Chapter 31A of Singapore (the "**BTA**") and the Business Trusts Regulations 2005 (the "**BTR**").

NetLink NBN Management Pte. Ltd.

Having reviewed the independence of Mr Chaly Mah Chee Kheong, Mr Ang Teik Lim Eric, Ms Koh Kah Sek, Ms Ku Xian Hong and Mr Yeo Wico, as of the date of this document, the Board is satisfied that the independent Directors are independent from the Trustee-Manager and business relationships with the Trustee-Manager and from DBS Trustee Limited ("**DBS Trustee**"), the substantial shareholder of the Trustee-Manager, and its holding companies based on the reasons set out below.

Mr Chaly Mah Chee Kheong

As NetLink NBN Trust and its subsidiaries (collectively, the "**Group**") provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Chaly Mah Chee Kheong serves or had served as a director or an executive officer or partnership of which he was a partner, in the ordinary course of business.

The Board has determined that Mr Chaly Mah Chee Kheong is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Chaly Mah Chee Kheong's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

This page does not form part of the audited financial statements

Additional Information

Required under the Business Trusts Act, Chapter 31A of Singapore and the Business Trusts Regulations 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Mr Ang Teik Lim Eric

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Ang Teik Lim Eric serves or had served as a director, in the ordinary course of business.

Further, DBS Trustee holds all the shares in the Trustee-Manager. DBS Trustee is a wholly-owned subsidiary of DBS Bank Ltd ("**DBS Bank**"), which in turn is a wholly-owned subsidiary of DBS Group Holdings Ltd (together with its subsidiaries, the "**DBS Group**"). Mr Ang Teik Lim Eric had been employed by the DBS Group since 1978. On 1 June 2014, Mr Ang Teik Lim Eric ceased to be the Head of Capital Markets at DBS and assumed the role of Senior Executive Advisor reporting to the Chief Executive Officer. In his advisory role as Senior Executive Advisor, Mr Ang Teik Lim Eric is principally responsible for business origination and high level relationship building for the DBS Group. Mr Ang Teik Lim Eric retired from the DBS Group on 25 January 2020.

The DBS Group has engaged in transactions with, and/or performed services for the Trustee-Manager and its related corporations in the ordinary course of business and have, and may in the future, engage in commercial banking or investment banking transactions and/or other commercial transactions for which they have received or made payment of, or may in the future receive or make payment of, customary fees.

The Board has determined that Mr Ang Teik Lim Eric is independent from business relationships with the Trustee-Manager and its related corporations and independent from the DBS Group, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Ang Teik Lim Eric's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole;

- the Board noted that in holding the shares of the Trustee-Manager pursuant to the terms of the trust constituting the Singapore NBN Trust dated 21 February 2017 (the "**Share Trust Trust Deed**"), DBS Trustee is acting in its capacity as a professional trustee. In its role as a professional trustee, DBS Trustee will be acting in accordance with the powers and discretions set out in the Share Trust Trust Deed, and such powers and discretions are exercised in accordance with the terms of the Share Trust Trust Deed by employees of DBS Trustee, and not by the board of DBS Trustee nor by the shareholders of DBS Trustee. Mr Ang Teik Lim Eric is not a director nor an employee of DBS Trustee, and has confirmed that he is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of DBS Trustee; and

- the Board noted that while Mr Ang Teik Lim Eric was employed by the DBS Group in an advisory capacity and had on 25 January 2020 retired from the DBS Group, the DBS Group has engaged in transactions with, and/or performed services for the Trustee-Manager and its related corporations in the ordinary course of business, Mr Ang Teik Lim Eric is not a director of the DBS Group and does not take part in the management of the DBS Group on a day-to-day basis. In his advisory role, he maintains high level relationships with DBS Group's clients and the measures described in this paragraph will ensure that Mr Ang Teik Lim Eric will not be involved in any decision-making process which will involve the engagement of the DBS Group. Mr Ang Teik Lim Eric will abstain from the Board's decisions in relation to the engagement of the DBS Group for various matters. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of the Unitholders of NetLink NBN Trust as a whole or the best interests of the Trustee-Manager.

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Ms Koh Kah Sek

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Ms Koh Kah Sek serves or had served as a director or an executive officer, in the ordinary course of business.

Ms Koh Kah Sek is the Executive Director and Chief Financial Officer of Far East Organization and is on the board of directors of various entities within the Far East Organization group and the Sino Group, which entities operate within the real estate, food and beverage and/or hospitality industries (the "**FEO/Sino Entities**"). The FEO/Sino Entities have engaged in commercial transactions with, and/or performed services for, the Trustee-Manager and its (current and future) related corporations in the ordinary course of business and may in the future engage in similar commercial transactions and/or perform similar services, for which they have received, or may in the future receive, fees in respect of such transactions and/or services.

The Board has determined that Ms Koh Kah Sek is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Ms Koh Kah Sek's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole; and

- while Ms Koh Kah Sek is the Executive Director and Chief Financial Officer of Far East Organization and is on the board of directors of the FEO/Sino Entities which have engaged in commercial transactions with, and/or performed services for, the Trustee-Manager and its (current and future) related corporations, (i) such transactions and/or services were on an ad hoc basis and conducted on an arm's length basis and in the ordinary course of business; (ii) Ms Koh Kah Sek was not and will not be involved in any decision-making process for the entering into of such commercial transactions and/or receipt of services involving the FEO/Sino Entities; and (iii) the aggregate payments received by the FEO/Sino Entities in respect of such transactions and/or services did not exceed $10,000 for the financial year ended 31 March 2021.

Ms Ku Xian Hong

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Ms Ku Xian Hong serves or had served as an executive officer in the ordinary course of business.

The Board has determined that Ms Ku Xian Hong is independent from business relationships with the Group and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reason:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Ms Ku Xian Hong's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

Additional Information

Required under the Business Trusts Act, Chapter 31A of Singapore and the Business Trusts Regulations 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Mr Yeo Wico

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Yeo Wico serves or had served as a director or partnership of which he is a partner, in the ordinary course of business.

Mr Yeo Wico is a partner at Allen & Gledhill LLP, a Singapore law firm which has provided corporate secretarial and legal services to the Trustee-Manager and its related corporations, and continues to do so from time to time.

Mr Yeo Wico is the non-executive and independent director and chairman of Vicplas International Ltd ("**VIL**") (which is the parent of a subsidiary which may from time to time supply piping products to NetLink Trust on an arm's length basis and in the ordinary course of business). Mr Yeo Wico also holds shares and share options in VIL, being less than 5% of the issued share capital of VIL.

Accordingly, the Board has determined that Mr Yeo Wico is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Yeo Wico's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole;

- while Allen & Gledhill LLP has provided corporate secretarial and/or legal services from time to time to the Trustee-Manager and its related corporations, Mr Yeo Wico has a less than 5 per cent stake in Allen & Gledhill LLP and the measures described in this paragraph will ensure that Mr Yeo Wico will not be involved in any decision-making process which will involve the appointment of Allen & Gledhill LLP. Mr Yeo Wico will abstain from the Board's decisions in relation to the choice of legal counsel for NetLink NBN Trust, where Allen & Gledhill LLP is involved, for various matters. Regardless of whether Mr Yeo Wico is a Director, the Group will appoint its legal counsel based on their expertise and decide on their fees based on market rates. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of the Unitholders of NetLink NBN Trust as a whole or the best interest of the Trustee-Manager; and

- Mr Yeo Wico does not hold an executive position and is not involved in the day-to-day management of the operations of VIL nor its subsidiaries and will abstain from voting at VIL on any matters in relation to the provisions of products to NetLink Trust. The amount of shares and share options that Mr Yeo Wico holds in VIL are less than 5% of the issued share capital of VIL

Mr Sean Patrick Slattery and Mr William Woo Siew Wing are considered to be non-independent Directors under the BTA and the BTR as they are the management representatives of Singapore Telecommunications Limited, a substantial Unitholder of NetLink NBN Trust.

Mr Tong Yew Heng is the Chief Executive Officer of the Trustee-Manager. As an Executive Director of the Trustee-Manager, he is considered to be non-independent under the BTA and the BTR.

This page does not form part of the audited financial statements

2. STATEMENT OF POLICIES AND PROCEDURES REQUIRED UNDER BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

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

- the trust property of NetLink NBN Trust is properly accounted for and the trust property is kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its personal capacity and in its capacity as the Trustee-Manager of NetLink NBN Trust;

- the Board reviews the business operations of NetLink NBN Trust to ensure it focuses on, (i) investing, directly or indirectly, in, and operating, the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities (the "**D&M Business**"), and the ownership, installation, operation and maintenance of the passive portion of the Next Generation Nationwide Broadband Network for the purposes of providing services under its licence to provide facilities-based operations granted by the IMDA (the "**Fibre Business**"), (ii) selling, leasing or otherwise disposing of the D&M Business and the Fibre Business and exploring any opportunities for the foregoing purposes; and (iii) any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in (i) and (ii) as set out in the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018 and the Second Amending and Restating Deed dated 28 September 2020) constituting NetLink NBN Trust (collectively, the "**Trust Deed**");

- the Trustee-Manager identifies potential conflicts between the interests of the Trustee-Manager and the interests of the Unitholders of NetLink NBN Trust and reviews the measures taken to manage conflicts or potential conflicts and will appoint independent advisors whenever necessary to provide required advice. Non-independent Directors of the Trustee-Manager will abstain from voting whenever there are any conflicts or potential conflicts of interest;

- the Trustee-Manager identifies Interested Person Transactions ("**IPTs**") in relation to NetLink NBN Trust. IPTs are properly accounted for and the IPTs are transacted on normal commercial terms as those extended to third parties. The Audit Committee examines the reports to satisfy themselves that all IPTs are conducted in accordance with applicable requirements of the BTA and any other guidelines as may be applicable. IPTs in relation to NetLink NBN Trust during the financial year ended 31 March 2020 are disclosed on page 174;

- the expenses payable to the Trustee-Manager of NetLink NBN Trust out of trust property are appropriate and in accordance with the Trust Deed dated 19 June 2017 and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses charged to NetLink NBN Trust by NetLink NBN Management Pte. Ltd. out of the trust property are disclosed in Note 34 of the financial statements and in paragraph 3 on page 174; and

- the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the Act and the Listing Manual of the Singapore Exchange Securities Trading Limited.

This page does not form part of the audited financial statements

Additional Information

Required under the Business Trusts Act, Chapter 31A of Singapore and the Business Trusts Regulations 2005

3. INTERESTED PERSON TRANSACTIONS

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

	Group	
	2021 $'000	2020 $'000
NetLink NBN Management Pte. Ltd.:		
- Management fees	900	900
- Reimbursement of expenses	124	98
	1,024	998

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

This page does not form part of the audited financial statements

TRUSTEE-MANAGER
Financial Statements

CONTENTS

NETLINK NBN MANAGEMENT PTE. LTD.

Directors' Statement

For the Financial Year Ended 31 March 2021

The Directors of NetLink NBN Management Pte. Ltd. (the "Company") are pleased to present their statement together with the audited financial statements of the Company for the financial year ended 31 March 2021.

In the opinion of the Directors, the accompanying financial statements of the Company as set out on pages 180 to 192 are drawn up to give a true and fair view of the financial position of the Company as at 31 March 2021, and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the Directors who held office at the end of the financial year had an interest in shares or debentures of the Company and related corporations either at the beginning or at the end of the financial year.

SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company were granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of financial year, there were no unissued shares of the Company under option.

Directors' Statement

For the Financial Year Ended 31 March 2021

AUDITORS

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

On behalf of the directors,

Chaly Mah Chee Kheong
Chairman

Tong Yew Heng
Director

Singapore
11 May 2021

NETLINK NBN MANAGEMENT PTE. LTD.

Independent Auditor's Report

To the Members of NetLink NBN Management Pte. Ltd.
For the Financial Year Ended 31 March 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of NetLink NBN Management Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 180 to 192.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 176 to 177.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Independent Auditor's Report

To the Members of NetLink NBN Management Pte. Ltd.
For the Financial Year Ended 31 March 2021

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

11 May 2021

NETLINK NBN MANAGEMENT PTE. LTD.

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 March 2021

	Note	2021 $	2020 $
Revenue	4	1,007,533	985,869
Operating expenses		(936,883)	(961,974)
Foreign exchange loss		(238)	-
Profit before tax	5	**70,412**	**23,895**
Income tax expenses	6	(5,560)	(916)
Profit after tax representing total comprehensive income for the financial year		**64,852**	**22,979**

The accompanying notes on pages 184 to 192 form an integral part of these financial statements. Independent Auditor's Report – Pages 178 to 179.

NETLINK NBN MANAGEMENT PTE. LTD.

Statement of Financial Position

As at 31 March 2021

	Note	2021 $	2020 $
ASSET			
Current assets			
Cash and bank balances	7	395,411	349,690
Prepayments		13,416	12,109
Trade receivable from a related party	8	38,808	18,499
		447,635	380,298
LIABILITY			
Current liabilities			
Other payables		17,047	18,475
Accrued operating expenses		256,942	256,983
Income tax payable		5,560	1,606
		279,549	277,064
Net assets		**168,086**	**103,234**
SHAREHOLDER'S EQUITY			
Share capital	9	5	5
Accumulated profits		168,081	103,229
Total equity		**168,086**	**103,234**

The accompanying notes on pages 184 to 192 form an integral part of these financial statements. Independent Auditor's Report – Pages 178 to 179.

NETLINK NBN MANAGEMENT PTE. LTD.

Statement of Changes in Equity

For the Financial Year Ended 31 March 2021

2021

	Share capital (Note 9)	Accumulated profits	Total
	$	$	$
Balance as at 1 April 2020	5	103,229	103,234
Profit for the year representing total comprehensive income for the financial year	-	64,852	64,852
Balance as at 31 March 2021	**5**	**168,081**	**168,086**

2020

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

The accompanying notes on pages 184 to 192 form an integral part of these financial statements. Independent Auditor's Report – Pages 178 to 179.

NETLINK NBN MANAGEMENT PTE. LTD.

Statement of Cash Flows

For the Financial Year Ended 31 March 2021

	Note	2021 $	2020 $
Operating activities			
Profit before tax		70,412	23,895
Operating cash flows before working capital changes		**70,412**	**23,895**
Changes in working capital:			
- Prepayments		(1,307)	936
- Trade receivable from a related party		(20,309)	272,778
- Other payables		(1,428)	18,475
- Accrued operating expenses		(41)	20,868
Cash generated from operations		**47,327**	**336,952**
Income tax paid		(1,606)	(2,344)
Net cash generated from operating activities		**45,721**	**334,608**
Net increase in cash and cash equivalents		45,721	334,608
Cash and cash equivalents at beginning of financial year		349,690	15,082
Cash and cash equivalents at end of financial year	7	**395,411**	**349,690**

The accompanying notes on pages 184 to 192 form an integral part of these financial statements. Independent Auditor's Report – Pages 178 to 179.

NETLINK NBN MANAGEMENT PTE. LTD.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

1. GENERAL

The Company (Registration No. 201704783K) was incorporated in the Republic of Singapore with its principal place of business and registered office at 750E Chai Chee Road, #07-03, ESR BizPark @ Chai Chee, Singapore 469005.

The principal activity of the Company is to act as Trustee-Manager of NetLink NBN Trust (the “Trust”). The Trust is a business trust constituted by a trust deed and regulated by the Business Trust Act, Chapter 31A of Singapore and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017.

DBS Trustee Limited (as share trustee of Singapore NBN Trust) holds all shares of the Company (being the trustee-manager of the Trust) on trust for the benefit of the beneficiaries of Singapore NBN Trust (being the unitholders of the Trust), each of whom has an undivided interest in the Company in proportion to their respective percentage of units held or owned by each of them in the Trust. Singapore NBN Trust is a business trust constituted by a trust deed dated 21 February 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore (“FRSs”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

2.2 ADOPTION OF NEW AND REVISED STANDARDS

In the current financial year, the Company has adopted all the new and revised FRSs pronouncements that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs pronouncements does not result in changes to the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current year or prior years.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, there are no FRSs, INT FRSs and amendments to FRS issued but not yet effective that will have a material impact on the financial statements in the period of their initial application.

2.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables from a related party that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

2.4.1 Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

NETLINK NBN MANAGEMENT PTE. LTD.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on trade receivable from a related party. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivable from a related party. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets which the simplified approach was used.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit or loss.

2.4.2 Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Other payables and accrued operating expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

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

The accompanying notes on pages 184 to 192 form an integral part of these financial statements. Independent Auditor's Report – Pages 178 to 179.

NETLINK NBN MANAGEMENT PTE. LTD.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

2.5 OFFSETTING ARRANGEMENTS

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.6 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are taken to equity as a deduction, net of tax, from the proceeds.

2.7 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

2.8 REVENUE RECOGNITION

The Company acts as the Trustee-Manager of NetLink NBN Trust in accordance with the Trust Deed dated 19 June 2017 which constituted NetLink NBN Trust.

The Company recognises revenue from the provision of management services and revenue relates to the management fees and reimbursement of expenses in accordance with the Trust Deed. Revenue is recognised over the period which management services are being rendered.

2.9 INCOME TAX

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of accounting department within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

The accompanying notes on pages 184 to 192 form an integral part of these financial statements. Independent Auditor's Report – Pages 178 to 179.

2.10 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements of the Company are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

Transactions in currencies other than the Company's functional currency ("foreign currencies") are recognised at the bank rates of exchange prevailing on the dates of the transaction. At end of the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has not made any critical judgement which may have a significant effect on the amounts recognised in the financial statements.

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. REVENUE

	2021 $	2020 $
Management fees	900,000	900,000
Reimbursement of expenses	107,533	85,869
	1,007,533	985,869

Reimbursement of expenses include fees and expenses of professional advisers engaged by the Trustee-Manager in the performance of its obligations and duties under the Trust Deed and expenses incurred by DBS Trustee Limited in the administering of Singapore NBN Trust.

5. PROFIT BEFORE TAX

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

	2021 $	2020 $
Directors' fees	829,350	873,000

NETLINK NBN MANAGEMENT PTE. LTD.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

6. INCOME TAX EXPENSES

The income tax on the results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	2021 $	2020 $
Profit before tax	70,412	23,895
Tax calculated at a tax rate of 17%	11,970	4,062
Overprovision in prior years	-	(691)
Effect of tax relief	(6,410)	(2,455)
	5,560	916

7. CASH AND CASH EQUIVALENTS

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

	2021 $	2020 $
Cash and bank balances	395,411	349,690

8. TRADE RECEIVABLE FROM A RELATED PARTY

The receivable is from NetLink NBN Trust. The receivable is trade in nature, non-interest bearing and on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In determining the expected credit losses ("ECL"), management has taken into account the financial position of NetLink NBN Trust, adjusted for factors that are specific to NetLink NBN Trust and general economic conditions of the industry NetLink NBN Trust operates, in establishing the probability of default. Management determines that the probability of default is low and ECL is not material.

There has been no change in the estimate techniques or significant assumptions made during the current and previous reporting period.

The accompanying notes on pages 184 to 192 form an integral part of these financial statements. Independent Auditor's Report – Pages 178 to 179.

9. SHARE CAPITAL

Issued and paid up ordinary share capital

	2021 Shares and $	2020 Shares and $
Balance at beginning financial year and end of financial year	5	5

All issued shares are fully paid, have no par value, and carry one vote per share and a right to dividends as and when declared by the Company.

10. RELATED PARTY TRANSACTIONS

	2021 $	2020 $
Management fees and reimbursement of expenses received/receivable from NetLink NBN Trust	1,007,533	985,869

11. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

	2021 $	2020 $
Financial assets		
Financial assets at amortised cost	434,219	368,189
Financial liabilities		
Financial liabilities at amortised cost	273,989	275,458

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Board reviews and manages each of these risks and they are summarised below:

(a) *Credit risk management*

The Company develops and maintains its credit risk ratings to categorise exposures according to their degree of risk of default. The Company uses its trading records to rate its revenue from NetLink NBN Trust. The Company's current risk rating framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the customer is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

NETLINK NBN MANAGEMENT PTE. LTD.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2021

11. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(a) *Credit risk management (cont'd)*

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades using the simplified approach in FRS 109 *Financial Instruments* to measure the loss allowance at lifetime ECL:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$	$	$
2021						
Trade receivable from a related party	8	Performing	Lifetime ECL	38,808	-	38,808
2020						
Trade receivable from a related party	8	Performing	Lifetime ECL	18,499	-	18,499

(b) *Liquidity risk management*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

(c) *Foreign currency risk management*

The Company's transactions are mostly transacted in Singapore Dollars. There is no significant foreign currency risk.

(d) *Capital risk management*

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital requirements of the capital structure of the Company consists of equity attributable to shareholders, comprising share capital and accumulated profits.

(e) *Fair values*

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of trade receivable from a related party, other payables and accrued operating expenses reasonably approximate their fair values because they are mostly short-term in nature.

12. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 11 May 2021.

Statistics of Unitholdings

As at 28 May 2021

ISSUED AND FULLY PAID UNITS

3,896,971,100 Units (Voting rights: 1 vote per Unit)
There is only one class of units in NetLink NBN Trust

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	5	0.02	55	0.00
100 – 1,000	3,847	12.77	3,537,248	0.09
1,001 -10,000	17,202	57.10	80,531,958	2.07
10,001 – 1,000,000	9,009	29.91	444,281,633	11.40
1,000,001 and above	61	0.20	3,368,620,206	86.44
Total	**30,124**	**100.00**	**3,896,971,100**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1.	SINGTEL INTERACTIVE PTE. LTD.	965,999,999	24.79
2.	DBS NOMINEES (PRIVATE) LIMITED	862,843,133	22.14
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	707,153,241	18.15
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	286,033,355	7.34
5.	RAFFLES NOMINEES (PTE.) LIMITED	151,680,625	3.89
6.	DBSN SERVICES PTE. LTD.	97,601,035	2.50
7.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	42,778,300	1.10
8.	OCBC SECURITIES PRIVATE LIMITED	18,777,600	0.48
9.	GUTHRIE VENTURE PTE LTD	17,400,000	0.45
10.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	16,846,000	0.43
11.	PHILLIP SECURITIES PTE LTD	16,441,996	0.42
12.	LIEW CHEE KONG	13,540,000	0.35
13.	DB NOMINEES (SINGAPORE) PTE LTD	13,250,700	0.34
14.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	12,943,090	0.33
15.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,195,701	0.31
16.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	11,484,800	0.29
17.	UOB KAY HIAN PRIVATE LIMITED	10,926,200	0.28
18.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	10,399,298	0.27
19.	INDIA INTERNATIONAL INSURANCE PTE LTD - SIF	8,305,000	0.21
20.	IFAST FINANCIAL PTE. LTD.	8,065,800	0.21
Total		**3,284,665,873**	**84.28**

Statistics of Unitholdings

As at 28 May 2021

SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 28 May 2021, the Substantial Unitholders of NetLink NBN Trust and their interests in the Units of NetLink NBN Trust are as follows:

	Direct interest		Deemed interest	
Name	**No. of Units**	**%**	**No. of Units**	**%**
Singtel Interactive Pte. Ltd.	965,999,999	24.79	-	-
Singapore Telecommunications Limited[1]	-	-	965,999,999	24.79
Temasek Holdings (Private) Limited[2]	-	-	1,037,826,696	26.63

Notes:

1 Singtel Interactive Pte. Ltd. is a wholly-owned subsidiary of Singtel Telecommunications Limited ("**Singtel**"). Accordingly, Singtel is deemed to have an interest in the 965,999,999 units of NetLink NBN Trust that Singtel Interactive Pte. Ltd. holds.

2 Singtel is a subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Accordingly, Temasek is deemed to be interested in the 965,999,999 units in which Singtel has a deemed interest. In addition, under the Securities and Futures Act, Chapter 289 of Singapore, Temasek is deemed to be interested in a further 71,826,697 units in which its other subsidiaries and associated companies have or are deemed to have an interest. Singtel and the other subsidiaries and associated companies referred to above are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in units of NetLink NBN Trust.

PUBLIC UNITHOLDERS

Based on the information available to the Trustee-Manager as at 28 May 2021, approximately 73.31% of the issued Units in NetLink NBN Trust is held by the public and therefore, pursuant to Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in NetLink NBN Trust is at all times held by the public.

As at 28 May 2021, there are no treasury units held and there are no subsidiary holding.

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Corporate Information

BOARD OF DIRECTORS
Mr Chaly Mah Chee Kheong
(Chairman)

Mr Eric Ang Teik Lim

Ms Koh Kah Sek

Ms Ku Xian Hong

Mr Yeo Wico

Mr Sean Patrick Slattery

Mr William Woo Siew Wing

Mr Tong Yew Heng

AUDIT COMMITTEE
Ms Koh Kah Sek
(Chairman)

Mr Eric Ang Teik Lim

Mr Yeo Wico

NOMINATING COMMITTEE
Mr Eric Ang Teik Lim
(Chairman)

Mr Chaly Mah Chee Kheong

Mr William Woo Siew Wing

REMUNERATION COMMITTEE
Mr Chaly Mah Chee Kheong
(Chairman)

Ms Ku Xian Hong

Mr Yeo Wico

RISK AND REGULATORY COMMITTEE
Mr Sean Patrick Slattery
(Chairman)

Mr Chaly Mah Chee Kheong

Ms Ku Xian Hong

COMPANY SECRETARIES
Mr Chester Leong Chang Hong

Mr Albert Lim Aik Seng

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Tel: 6224 8288
Fax: 6538 6166
Partner-in-charge: Mr Yang Chi Chih
(Appointed with effect from 25 July 2018)

IR CONTACT
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business performance, contact
the Investor Relations team at
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NetLink NBN Trust

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