

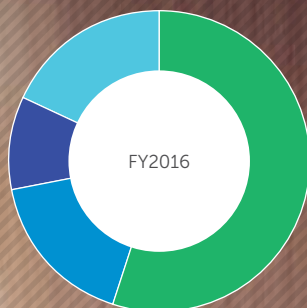
Chairman's Message

We are undergoing our own digital transformation which will enable us to offer a wider range of services with improved economics, and engage with customers in ways that are more meaningful to them.

Steven Terrell Clontz
Chairman



Service Revenue Mix



Mobile	55%
Pay TV	17%
Broadband	10%
Enterprise Fixed	18%

Operating Revenue
\$2.40b

Net Profit
\$341.4m

Recap 2016

A summary of the progress and events in 2016.

Our management team is executing strategies and operating plans to meet challenges and exploit new opportunities.

For more details, go to [page 28](#)

With greater number of apps, as more users share multi-media content, network quality is key to customer satisfaction.

For more details, go to [page 41](#)

In a market of many vendors serving business customers, we differentiate ourselves by investing heavily in our own capabilities and network infrastructure.

For more details, go to [page 51](#)

We will stay focused on delivering reliable services, ensuring competitive levels of network performance, and offering good value.

Dear Shareholders,

StarHub celebrated its 16th anniversary in 2016. Our 16-year journey has been sometimes very challenging, but always exciting. The pace of technological changes impacting the industry continues to accelerate. Likewise, customers' needs have changed dramatically over those years.

Looking ahead, we do not see that rapid pace of change letting up. As our industry continues to adapt to the change, legacy networks and services will always face new forms of competition.

The digital economy tends to not respect traditional boundaries, and can deliver new services with a fraction of the investment that used to be required. Life cycles are shorter, which in itself is a sobering matter for companies like StarHub who must take long-term views when investing in their networks. Indeed, almost every industry and every company is being impacted.

At StarHub, we have always been quick to embrace new technologies. In fact, we are undergoing our own digital transformation which will enable us to offer a wider range of services with improved economics, and engage with customers in ways that are more meaningful to them. This will allow us to better compete with emerging non-traditional competitors. It also requires us to re-think how we deploy our vast network assets in a more efficient manner.

But no matter what new technology arrives, we know how important it is to stay focused on certain fundamentals – delivering reliable services, ensuring competitive levels of network performance, and offering good value. This is why thousands of business customers and millions of consumers have come to trust and rely on StarHub for their info-communications needs.

Sustainability Reporting

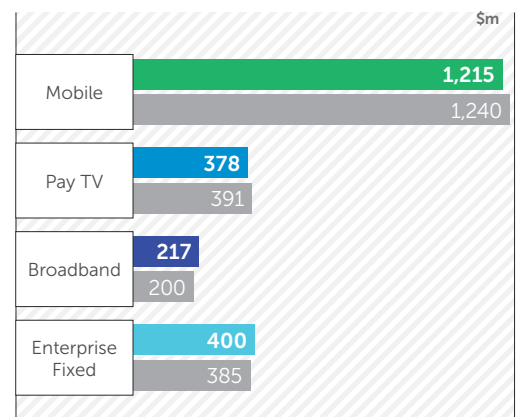
Under proposed changes to SGX listing rules, companies are moving from voluntarily reporting their sustainability performance, towards a more progressive 'comply or explain' basis. We are pleased to note StarHub is an early adopter of voluntary sustainability reporting.

This is our sixth annual report that contains an in-depth description of our environmental, social and governance performance.

We take sustainability seriously, and are proud to communicate our performance to all stakeholders, including customers, employees, partners, regulators, suppliers, and of course our shareholders.

StarHub has been recognised on the global stage for our sustainability performance. In 2016, we elevated our ranking on the annual Corporate Knights' Global 100 list to the 8th spot. This is a big leap from being ranked 66th in 2013. The list is a ranking of the world's 100 most sustainable companies with a market value of US\$2 billion and above.

Service Revenue Contribution



For the full year, service revenue was 0.3% lower YoY at \$2,209 million.

■ FY2016
 ■ FY2015

Chairman's Message

continued

Looking Ahead

Mobile service providers across the globe are finding that more and more third party smartphone applications are siphoning off segments of revenue that used to be enjoyed only by mobile operators. Those third parties provide what is referred to as over-the-top services or OTT for short.

The faster speeds and reliable mobile data services provided by network operators like StarHub provide an easy entry for OTT players, who provide alternative messaging, voice, and video services.

Although running counter to global trends, Singapore will soon see the entry of a new Mobile Network Operator in an already saturated market. We are prepared. After all, StarHub grew up in a highly competitive market, and we will continue to work diligently at earning our customers' loyalty.

In the Pay TV business, OTT players are also making headway in video entertainment, which is impacting traditional cable TV providers. In addition, the industry faces growing threats from non-sanctioned TV boxes and websites streaming the latest blockbuster movies and popular TV shows. It is clear that the value of linear broadcasted TV content, offered over traditional networks, is not as valued as it once was.

As one example of how we are competing with OTT providers, we have launched *StarHub Go*, which allows customers to stream StarHub TV content on their mobile devices. We are also finding ways to lower our content costs. StarHub continues to evaluate the commercial value of each content offering and works to realign our packages and pricing in keeping with customers' needs.

We are happy to report that we have made progress with some content partners at lowering costs aligned with market realities. But we need more content providers to come around to the new realities.

StarHub's Broadband revenue has seen steady growth. We have held our ground against the newer broadband players. We have also successfully encouraged many customers to sign on to higher speeds, fibre-based, broadband services.

The Hubbing strategy has served us well for years. We have introduced multi-services packs like *HomeHub Go* and more recently, *SurfHub*. We expect these Hubbing packs to help increase loyalty to the StarHub brand and in turn, reduce churn.

The Government has put in place the necessary infrastructure and policies to build capabilities and a supportive ecosystem for a Smart Nation. With our extensive and diverse communications infrastructure, expertise in operating networks and willingness to work with like-minded partners, our Enterprise division is expected to capture a fair share of the opportunities.

For 16 years, StarHub has led with innovative mobile offerings, brought a whole new world of TV content beyond terrestrial broadcasting into our households, and delivered fast and reliable home internet access. Similarly, our business customers have relied on us for an ever-wider range of info-communications and IT-related services.

Regardless of the challenges ahead, Tan Tong Hai and his management team, are executing strategies and operating plans to meet those challenges and exploit new opportunities. We will continue to embrace new technologies and adapt as needed, with a sharp focus to deliver on customers' expectations, while managing and investing the Group's assets profitably.

Although running counter to global trends, Singapore will soon see the entry of a new Mobile Network Operator in an already saturated market.

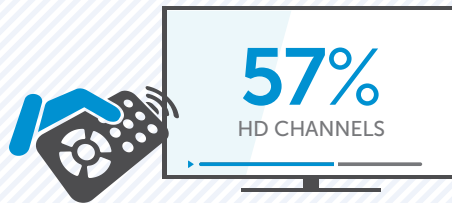
Mobile

119k
MOBILE NET ADDS



We stay on top of improvements in technology and have started exploring how 5G can be used to enrich our customers' lives.

Pay TV



We are glad hundreds of thousands of consumers turn to us to be entertained, informed, and to lead a 'smarter' lifestyle that is constantly on the go and at home.

Broadband



34%
YOY GROWTH IN FIBRE CUSTOMERS

We have held our ground against the newer broadband players.

Enterprise Fixed

3.9% YoY
REVENUE GROWTH

In line with growing demand for international bandwidth, we launched services over the new Asia-Pacific Gateway (APG) submarine cable network system.



Corporate Governance

In 2016, Mr Peter Seah Lim Huat, Mr Robert J. Sachs and Mr Sio Tat Hiang, retired from the Board.

We are particularly grateful for their service and guidance through the transformational merger with Singapore Cable Vision, and our IPO, 12 years ago, as well as their excellent counsel in strategy formulation throughout the many dynamic developments in the industry during their terms. Being highly practised at, and fully committed to, excellent corporate governance, they have been outstanding stewards of the Company.

We have appointed a new non-executive Director: Mr Stephen Geoffrey Miller, President and CEO of our strategic shareholder, ST Telemedia.

Mr Miller, a former investment banker, joined ST Telemedia in 2005. He is no stranger to StarHub, and has supported StarHub over the years in his role as a senior executive at ST Telemedia. Further, Mr Miller has extensive international experience advising companies and boards in our industry. We look forward to working with him as a new Director.

In January, we appointed new Chairpersons for three committees. Mr Miller assumes Chair of the Risk Committee. Mr Teo Ek Tor, an independent Director, is now Chair of the Executive Resource and Compensation Committee. Ms Rachel Eng, an independent Director, is now Chair of the Nominating Committee.

I thank you for your support and look forward to seeing you at the upcoming Annual General Meeting.

Steven Terrell Clontz
Chairman