



Inspiring Change

StarHub Ltd Annual Report 2017



OUR VISION

**Creating Happiness,
Inspiring Change**

OUR MISSION

**To deliver world-class
communication, information
and lifestyle services, to every
person, home and business.**

WHAT'S INSIDE

Overview

At a Glance	08
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Strategy

Chairman's Message	10
Significant Events	14
Value Creation	16
Enhancing the Customer Experience	18
Board of Directors	20
In Discussion with StarHub's Management	26
Senior Management's Profiles	34

StarHub's bringing the future closer to consumers through gigabit-class network upgrades and mesh networking systems, to enterprises through robotic business operations, digital SME trade platform and secure enterprise solutions and to the entire nation through service innovation and co-creation that drives Singapore's 'We Economy'.



Chairman's Message

We intend to broaden engagement with our customers, allowing us more insights into what customers need and want.



Hubbing in Review

Hubbing remains our over-arching business strategy and we are taking the Hubbing concept further – Hub+.



Sustainability

To us, sustainability means using our core strengths as a Company to help spread the benefits of our ICT solutions far and wide in Singapore.

Performance

HUBBING IN REVIEW	
– Consumer	38
– Enterprise	44

Governance

Corporate Governance	48
Directors' Particulars	71
Awards and Industry Honours	73
Investor Relations	74
Risk Management	76

Sustainability

Sustainability Report	80
Group Financial Review	120

Financials

Financial Statements 2017	125
Directors' Statement	126
Independent Auditors' Report	136
Statements of Financial Position	143
Income Statement	144
Statement of Comprehensive Income	145
Statements of Changes in Equity	146
Consolidated Cash Flow Statement	150
Notes to the Financial Statements	151

Others

Interested Person Transactions	207
Shareholding Information	208
Notice of Annual General Meeting	210
Corporate Information	214
Proxy Form	



Visit our website for the latest news and information-
starhub.com

We focus on people,

We leverage on our collective experience and strong data analytics to understand what our customers expect of us. This allows us to make timely and relevant recommendations to them.

Hub+ Experiences

Provide customers lifestyle experiences that money can't buy



CONCERT
PRIORITY
TICKETS



MEET
& GREET

CSISG Ratings



...connect enterprises to opportunities,

Our enterprise customers operate in an environment with greater IT complexities and we need to respond by providing them with more capabilities, and global and secure connectivity.



Curiosity Hub



Provides and monitors valuable social media insights and data analytics

Partnership with OCBC

To push Singapore's "We Economy"

Cyber Security Centre of Excellence

Strong Capabilities in Cyber Security

...and inspire change for the future.

The Smart Nation push will yield plenty of opportunities for enterprises, start-ups and application developers to come together and build attractive IoT business cases, underpinned by a level of inter-connectedness.

Hubtricity



To support Singapore's Smart Nation vision

Aethon TUG Robots

Tie-up with ST Kinetics to enhance hospitality operations

Nokia

Partnership to co-develop IoT ecosystem and launch innovative IoT applications and services

What We Offer

As Singapore's first fully integrated info-communications company, we offer world-class communication, information and lifestyle services to every person, every home and every business.



57%



CONSUMER

Mobile

A wide range of mobile services, enabling customers to call, text and access the internet, stream music and watch videos whether at home or travelling abroad.

Pay TV

A suite of international and local TV channels, and an OTT app *StarHub Go*, to catch the latest drama, education or sports programmes.

Broadband

A new approach to home WiFi system. Google WiFi points connect seamlessly to each other, you can add as many as you need without affecting your WiFi speed.

43%



ENTERPRISE

Telco Services

A rich variety of telco services for all your business needs from enterprise mobility to high speed internet connectivity to global VPN.

ICT Solutions

Extending the scope to include ICT solutions like IoT, cyber security, data centre and cloud services.

Digital Services

Develop digital platforms like the marketplace or application management with partners. For instance, the tie-up with Prudential for *Fasttrack Trade*.

Wholesale Services

Market and sell capacity on our core fixed network to Facilities-Based and Service-Based Operators.

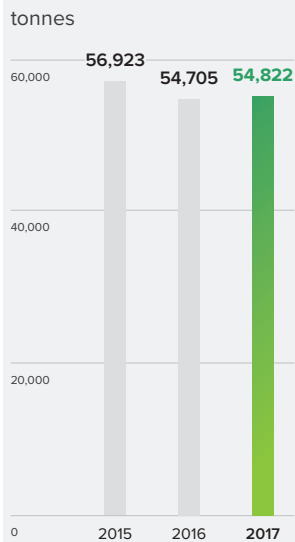
OO

We will expand and elevate our offerings beyond mere Hubbing packs to a Hub+ proposition. We can do more to become our customers' key lifestyle partner.



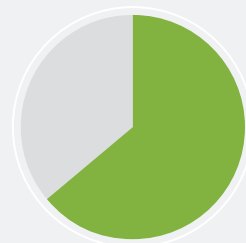
OUR SUSTAINABILITY EFFORTS

CO₂e Emissions Generated

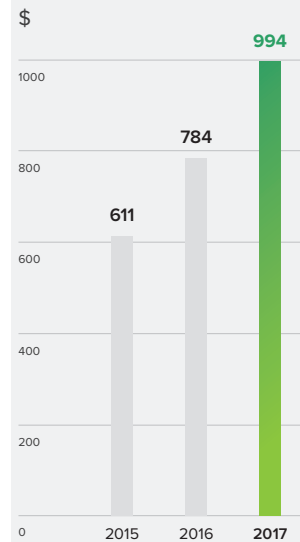


Gender Diversity

% of Senior Level



Training Expenditure Per Employee



A View from the Top

OO

For our industry, disruptive technologies, changing consumer preferences, and increasingly complex information technology requirements for businesses continue to challenge traditional business models.

Steven Terrell Clontz
Chairman

Service Revenue Mix



Mobile	54%
Pay TV	16%
Broadband	10%
Enterprised Fixed	20%

Hubbing remains our over-arching business strategy and we are taking the Hubbing concept even further. We intend to broaden engagement with our customers, allowing us more insights into what customers need and want.

Dear Shareholders,

Singapore's economy picked up in 2017. Certain industries surged ahead, while others, remained under pressure. For our industry, disruptive technologies, changing consumer preferences, and increasingly complex information technology requirements for businesses continue to challenge traditional business models. But those changes also offer new opportunities for growth. At StarHub, we know that to meet those challenges while also making the most of the opportunities, requires a passion for innovation that is ignited by a genuine desire to please our customers.

Over the years, we have ingrained the 'market-driven, customer-centric' culture into how we operate as a Company. This approach has worked well for us since our early days as a start-up company challenging the incumbents. We brought many "firsts" to market under the 'Hubbing' banner with Mobile, Pay TV and Broadband services, enabling StarHub to grow to the size we are today.

StarHub has a new corporate vision – *'inspiring digital innovation – for the best digital life has to offer'*. We believe there are numerous opportunities to bring innovative services to market that enhance the way that people interact, their entertainment options, and their worklife. The accelerating growth in data reservoirs and the ability to analyse that data, along with machines that quickly adapt and learn, offer new ways to make smarter decisions about how to please customers and use resources

more efficiently. Of course, the digital world introduces new challenges, disruptions, and threats. So, aggressively embracing this constantly changing digital world is the best strategy for remaining relevant.

For example, we have recently made key investments in strengthening our cyber security capabilities, as the cyber threat environment is ever changing and will continue to be a threat to networks and those connected to it for the foreseeable future. It is not just paramount for obvious reasons; there is value to all stakeholders in StarHub maintaining a secure network.

Hubbing remains our over-arching business strategy and we are taking the Hubbing concept even further. We intend to broaden engagement with our customers, allowing us more insights into what customers need and want. A combination of modern technologies, new ways of addressing the lifestyles our customers choose, and a fresh approach to building strong alliances and partnerships, brings a load of opportunities for delighting customers in ways that we could not have achieved before. And we are just at the very beginning of this journey.

For example, in October, we announced a landmark tie-up with OCBC Bank, where we offered promotions to each other's customers and are continuing to jointly explore exciting initiatives. StarHub's strategic investment in entertainment company mm2 Asia Ltd, has allowed us to

RECAP 2017



Sustainability

CORPORATE KNIGHTS' GLOBAL 100

Ranked in the list of the world's most sustainable company for five consecutive years



Enterprise

ASTL + D'Crypt

Acquired majority stake in ASTL and D'Crypt (as of January 2018); specialising in cyber security solutions



Leadership

2 New

Directors coming onboard providing diverse and invaluable insights with their experiences

CHAIRMAN'S MESSAGE

A View from the Top (cont'd)

offer hard-to-get tickets for music events and opportunities for interactions with celebrities.

We believe there are excellent opportunities to grow profitable revenue in our Enterprise Business division. We have put together new capabilities in data analytics, cyber security and enterprise data management. Also, by expanding StarHub's fibre connectivity, we are significantly growing our addressable market.

Having reliable access to IT and communications services is no longer enough. As markets change, a comprehensive suite of enterprise IT capabilities is by itself a business advantage. Without which, companies cannot transact with their own customers and partners securely. To underpin this vision, we have announced two major acquisitions. Our stake in Accel Systems & Technologies Pte. Ltd. (ASTL) gives us the in-house capabilities to be an end-to-end provider of cyber security solutions and services. The acquisition of D'Crypt Pte Ltd (D'Crypt) further broadens our capabilities in cryptographic and digital security, further differentiating StarHub's enterprise solutions.

Like our approach in the consumer business, we are also building an ecosystem of like-minded partners with complementary capabilities for our enterprise customers. In November, we announced a tie-up with leading insurer Prudential to launch a blockchain-based trading platform, where our customers can transact more efficiently with their own suppliers and customers.

Looking Ahead

In 2018, a fourth mobile network operator is expected to commence operations. We believe that by continuing to enhance the Hubbing experience we give customers, harnessing more useful customer insight through data analytics, and being more flexible and targeted in our service offerings, we will continue to give customers more reasons to remain with StarHub.

The year has been especially challenging on the Pay TV front. Inexpensive third-party set-top boxes are being sold in Singapore that provide free streaming of the same content that we offer on a paid subscription basis. Also, there is a growing number of websites, apps, and over-the-top (OTT) video services that dilute viewership of linear broadcast Pay TV content. A high percentage

of our TV revenue was paid for branded content to our overseas content providers, and we must recover that cost through subscriptions. Together with our content partners, we are raising our case in the appropriate forums to protect copyright owners' intellectual property rights. We understand that the legacy Pay TV model is changing rapidly, and we must adapt. To that end, we will introduce new packages that customers truly value being delivered over our networks. In addition, we are also improving on our own OTT app *StarHub Go*, to cater to our customers' evolving lifestyle needs.

The broadband market remains very competitive. We have held our ground, as customers appreciate the better value we offer. A good example is our unique offering of Google WiFi, which provides a multi-point mesh network, blanketing users' homes, and delivering seamless internet access for multiple devices.

With Singapore's Smart Nation and Digital Government push gaining momentum, there will be more enterprise projects for StarHub to pursue. We believe that our Enterprise business is better equipped to capture growth opportunities. We have also hired Dr Chong Yoke Sin to lead this exciting area of growth.

Sustainability

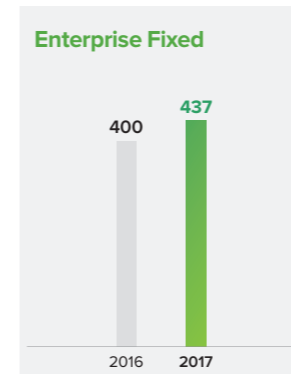
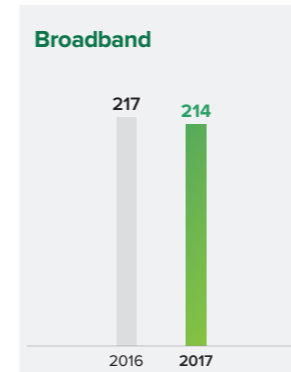
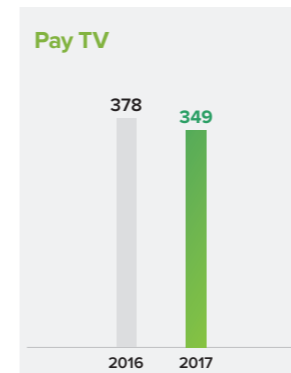
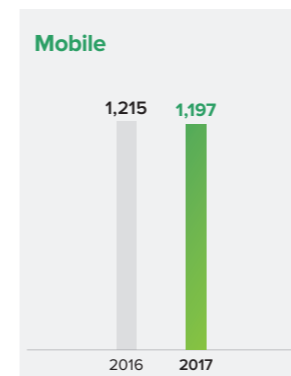
As we work hard to add new capabilities and grow our business, we will not compromise on what is required of us as a responsible corporate citizen who cares for the wider community and environment. In 2017, we redefined our approach towards sustainability to align with our new corporate vision, core business and the United Nations Sustainable Development Goals. We also had the 2017 Sustainability Report issued for the first time.

Our sustainability efforts are focused on five areas: the environment, social and digital inclusion, partnering for innovation, improving customer experience and supply chain integrity. Those are where our expertise and technology can create lasting positive impact and where we see opportunities to use digital solutions to address societal challenges.

Beneath these five areas is the foundation of how we conduct our business responsibly. This way, we have a clear purpose on how we can help our customers and society adapt to technological change and digital transformation.

○○
We believe that our Enterprise business is better equipped to capture growth opportunities.

Service Revenue Contribution



For instance, we have implemented a smart water metering system with a local shipping port to monitor water consumption and efficiency. We have also inked partnerships with several companies to provide 'robot-as-a-service' solutions. These solutions can streamline business processes and optimise efficiency for better productivity.

We have been rapidly improving our cyber security capabilities. For example, we are doubling the size of our Security Operations Centres with certified cyber security analysts and researchers.

Our approach to sustainability extends not only to customers but to our suppliers, employees and communities too. We have started to assess the risks in our supply chain and enhance our commitment towards responsible sourcing. We developed a Supplier Code of Conduct that references the United Nations Global Compact Ten Principles to make our commitment to sustainability clear to our suppliers and to work with them to build their sustainability performance. We also continue to encourage our employees to join us in our efforts to contribute to our communities through volunteering and providing monetary support.

While we are proud of what we have established and achieved this year, we are conscious that there is always more to do. In 2018, we will continue to refine our sustainability strategy, establish more tangible goals and measure our progress so that we can better report on how we are inspiring change.

As the Board continues to oversee the management and integration of sustainability, the Company continues to consider and understand the environmental, social and governance risks and opportunities that could impact the business during the execution of the Company's business strategy.

New Leader, New Era

In November 2017, we announced that Mr Tan Tong Hai, our Executive Director and CEO, will be stepping down from 1 May 2018. He joined StarHub in 2009 as our Chief Operating Officer before taking over the top job in March 2013.

A global search is well underway, and we expect to announce his successor soon.

During his watch, Tong Hai led many new initiatives which we benefit from today, especially launching a renewed Enterprise Business group that will serve as the foundation for growth. Both personally and professionally, we have all enjoyed working with Tong Hai. My fellow Directors and I thank him for his many contributions to StarHub.

Board Changes

This past year, we welcomed two new directors to our Board.

Ms Michelle Lee Guthrie, who is Managing Director of the Australian Broadcasting Corporation, joined us as an independent, non-executive director. She is a veteran in media management and content development for both traditional and digital media.

We also welcome Mr Naoki Wakai, President and CEO of NTT Singapore, as our newest non-executive director. With years of experience in the region's enterprise communications market, we expect to benefit from Wakai-san's experience and insights.

Mr Takeshi Kazami, who joined our Board in April 2012 has stepped down from our Board, as he returned to Japan after serving as President and CEO of NTT Singapore. We thank him for his contributions to StarHub and wish him well in his new role for NTT in Japan.

In 2017, the Board appointed Ms Rachel Eng as our Lead Independent Director. She also serves as Chairperson for the Nominating Committee.

Lastly, on behalf of everyone at StarHub, I look forward to your continued support. I want to thank you all for being part of our journey. See you at the coming Annual General Meeting.

Steven Terrell Clontz
Chairman

A Year Bursting With Activities

JUL

Acquired majority stake in ASTL to provide a full in-house suite of cyber security solutions

Acquisition will strengthen StarHub's cyber security portfolio, giving it the in-house capabilities to be an end-to-end provider of cyber security solutions and services



NOV

Prudential
Partnership to launch *Fasttrack Trade* - Singapore's first digital trade platform for Small and Medium-sized Enterprises (SMEs) using blockchain technology

MAR

Officially opened innovation centre and converged operations cockpit named 'Hubtricity'

58,000 square feet innovation centre and converged operations cockpit

Facility acts as a foundation to accelerate service innovation and co-creation with partners and customers



Hubtricity

OCT

OCBC Bank
Formation of Singapore's first bank-telco strategic partnership to drive Singapore's collaborative economy or 'We Economy'

Both companies will invest \$6 million over 12 months to build networks of partnerships across multiple industries and give customers better services, experiences and offers

NTUC
Partnership aimed to help working people in Singapore be future ready by tapping on NTUC's networks and StarHub's thought leadership in innovation



Prudential Fasttrack Trade



Hubtricity's operations cockpit

AUG

Upgraded 4G Network Capacity with TDD-LTE to boost the size of our data expressways that carry customers' data traffic by 30%

Introduced unlimited weekend data plans - suite of new mobile postpaid plans which offer free unlimited local data access on Saturdays and Sundays



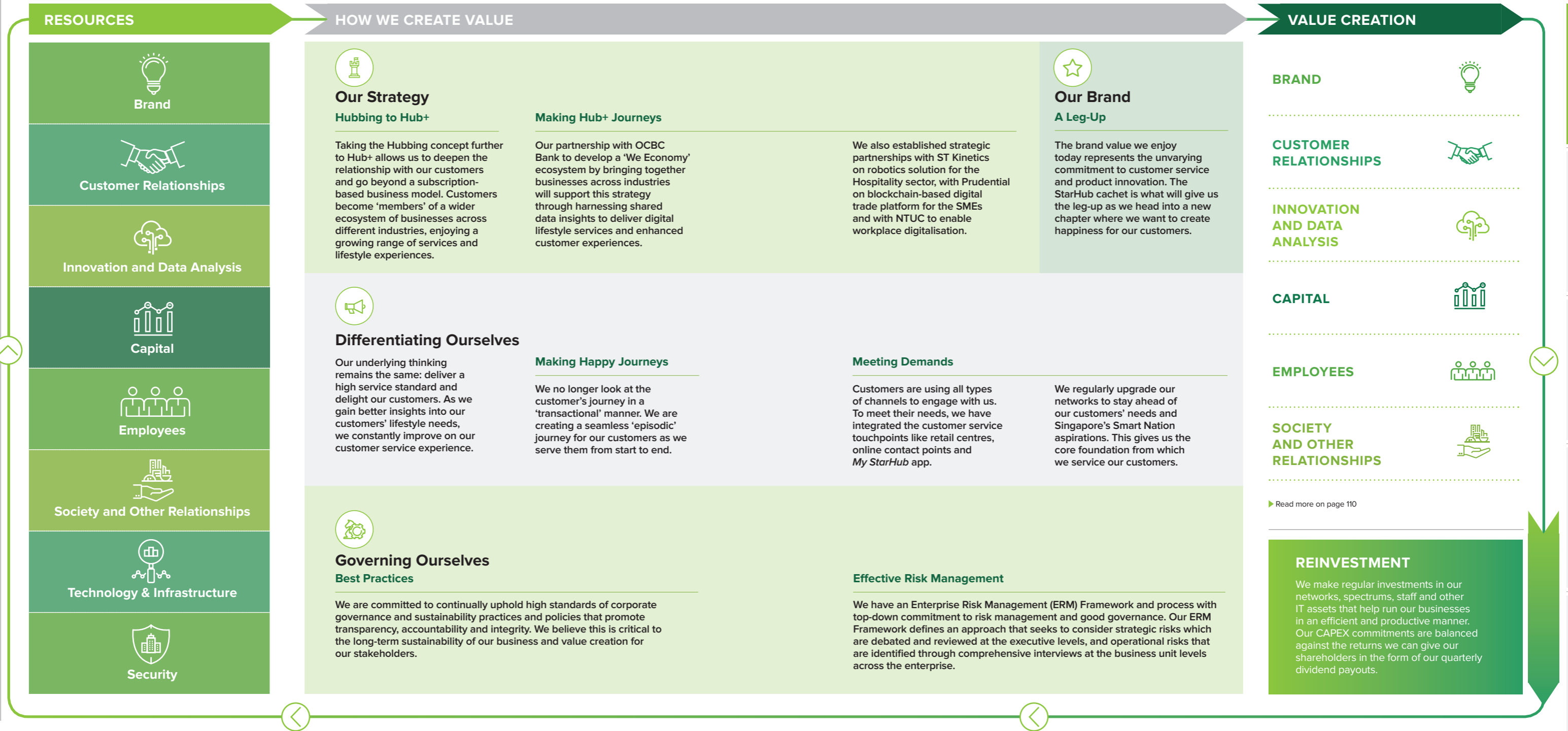
NTUC

DEC

Announced intention to acquire majority stake in D'Crypt to enhance capabilities in cryptographic and digital security, secure ICT and IoT solutions

How We at StarHub Create Value

We are more than a reliable provider of integrated communications and entertainment services. With our network of trusted business partners, we are in a good position to grow and create value together.



RESOURCES



Brand



Customer Relationships



Innovation and Data Analysis



Capital



Employees



Society and Other Relationships



Technology & Infrastructure



Security

HOW WE CREATE VALUE



Our Strategy

Hubbing to Hub+

Taking the Hubbing concept further to Hub+ allows us to deepen the relationship with our customers and go beyond a subscription-based business model. Customers become 'members' of a wider ecosystem of businesses across different industries, enjoying a growing range of services and lifestyle experiences.

Making Hub+ Journeys

Our partnership with OCBC Bank to develop a 'We Economy' ecosystem by bringing together businesses across industries will support this strategy through harnessing shared data insights to deliver digital lifestyle services and enhanced customer experiences.



Our Brand

A Leg-Up

The brand value we enjoy today represents the unvarying commitment to customer service and product innovation. The StarHub cachet is what will give us the leg-up as we head into a new chapter where we want to create happiness for our customers.



Differentiating Ourselves

Our underlying thinking remains the same: deliver a high service standard and delight our customers. As we gain better insights into our customers' lifestyle needs, we constantly improve on our customer service experience.

Making Happy Journeys

We no longer look at the customer's journey in a 'transactional' manner. We are creating a seamless 'episodic' journey for our customers as we serve them from start to end.

Meeting Demands

Customers are using all types of channels to engage with us. To meet their needs, we have integrated the customer service touchpoints like retail centres, online contact points and *My StarHub* app.

We regularly upgrade our networks to stay ahead of our customers' needs and Singapore's Smart Nation aspirations. This gives us the core foundation from which we service our customers.



Governing Ourselves

Best Practices

We are committed to continually uphold high standards of corporate governance and sustainability practices and policies that promote transparency, accountability and integrity. We believe this is critical to the long-term sustainability of our business and value creation for our stakeholders.

Effective Risk Management

We have an Enterprise Risk Management (ERM) Framework and process with top-down commitment to risk management and good governance. Our ERM Framework defines an approach that seeks to consider strategic risks which are debated and reviewed at the executive levels, and operational risks that are identified through comprehensive interviews at the business unit levels across the enterprise.

VALUE CREATION

BRAND



CUSTOMER RELATIONSHIPS



INNOVATION AND DATA ANALYSIS



CAPITAL



EMPLOYEES



SOCIETY AND OTHER RELATIONSHIPS



▶ Read more on page 110

REINVESTMENT

We make regular investments in our networks, spectrums, staff and other IT assets that help run our businesses in an efficient and productive manner. Our CAPEX commitments are balanced against the returns we can give our shareholders in the form of our quarterly dividend payouts.

What We Have Transformed



The customer experience enhancement journey in this dynamic landscape is an on-going one. What we have built and implemented thus far is a cumulation of the past few years of planning and execution. We trust the experience will get only better ahead.



Investment

\$6m

OCBC Bank and StarHub will invest S\$6 million to build networks of partnerships across multiple industries and give customers better services, experiences and offers



RENEW

An award-winning initiative aimed at encouraging the public to recycle e-waste.

+56%



92 tons of e-waste was recycled versus 59 tons a year ago

+23%



Added 76 more e-waste bins in 2017

Best Pay TV Service



2010
2017

By HWM + HardwareZone.com
Tech Awards 2017



Awards

Corporate Knights' Global 100

Ranked as one of the world's 100 most sustainable companies



5th Consecutive Years

LAUNCHED HUBTRICITY TO HELP ACCELERATE SMART NATION



And to showcase its deep capabilities in connectivity, cyber security and data analytics.



StarHub WeChat Go SIM

We introduced the StarHub WeChat Go SIM in response to the growing number of visitors from China. It gives them unlimited social messaging on the WeChat app.



Calls handled daily

+9,000



News

New Spectrum

2.5GHz TDD-LTE Spectrum

used at National Day Parade

+30%

improvement in network capacity

StarHub + ST Kinetics

Tie-up introduces TUG robots to help streamline manual laundry tasks



THREE Auto Steps



Two Acquisitions (as of January 2018)

To boost our cyber security expertise, we acquired

ASTL + D'Crypt

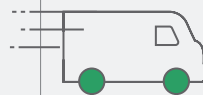


Customer Service



>470

CS Staff



>220

HubTroopers



>30

Retail Outlets



>24/7

CS Support

mm2 Asia

Gives the ability to provide customers with

Lifestyle



Experience




BOARD OF DIRECTORS

Board Diversity

Our Board believes in the benefits of diversity in its membership, including experience, skills and gender, and strives to maintain the right balance. It comprises individuals with deep knowledge and experience in core and diverse business sectors within local, international and global markets, bringing an insightful range of perspectives to the business.

Key to Committee membership:

A	Audit Committee
S	Strategy Committee
N	Nominating Committee
E	Executive Resource and Compensation Committee
R	Risk Committee
	Committee Chairman



Steven Terrell Clontz

Chairman

Member

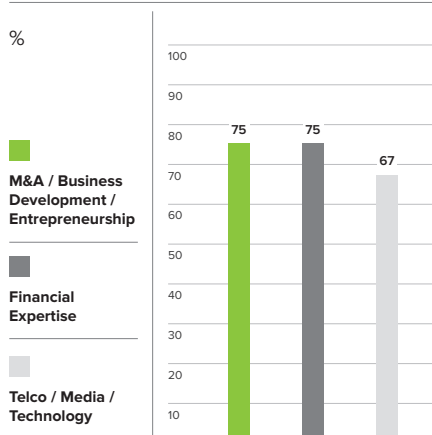
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Date of Appointment
8 December 1999
and Chairman on
15 July 2015

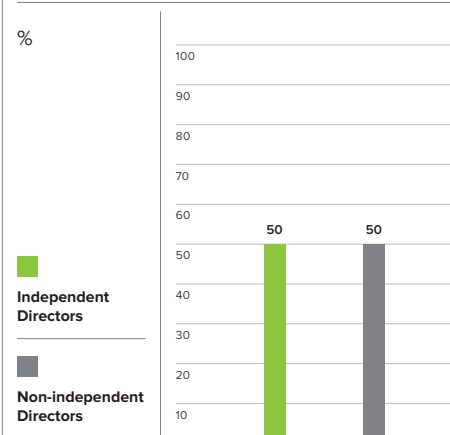
Last Re-elected
19 April 2016

Integrating Diverse Expertise

Skills



Independence



Tan Tong Hai

Executive Director and Chief Executive Officer

Member

R

Date of Appointment
1 March 2013

Last Re-elected
19 April 2016



Paul Ma Kah Woh

Independent Director

Member

A R

Date of Appointment
23 September 2015

Last Re-elected
19 April 2016



04. Nihal Vijaya Devadas Kaviratne CBE

Independent Director

Member S A

Date of Appointment	Last Re-elected
16 August 2004	19 April 2016



05. Rachel Eng Yaag Ngee

Lead Independent Director

Member N A

Date of Appointment	Last Re-elected
4 May 2015	19 April 2016



06. Teo Ek Tor

Independent Director

Member E N

Date of Appointment	Last Re-elected
16 August 2004	12 April 2017



07. Stephen Geoffrey Miller

Non-Executive Director

Member R S E

Date of Appointment	Last Re-elected
1 January 2017	12 April 2017



08. Liu Chee Ming

Independent Director

Member S

Date of Appointment	Last Re-elected
16 August 2004	28 April 2015



09. Michelle Lee Guthrie

Independent Director

Member S

Date of Appointment	Last Re-elected
25 August 2017	–

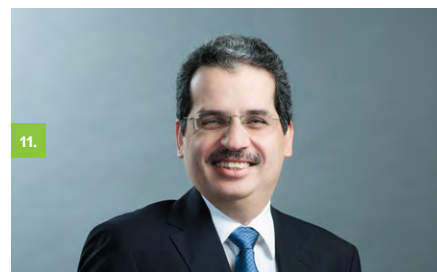


10. Lim Ming Seong

Non-Executive Director

Member A S E

Date of Appointment	Last Re-elected
14 December 2000	12 April 2017



11. Nasser Marafih

Non-Executive Director

Member

Date of Appointment	Last Re-elected
9 July 2007	19 April 2016



12. Naoki Wakai

Non-Executive Director

Member

Date of Appointment	Last Re-elected
30 August 2017	–

BOARD OF DIRECTORS

Integrating Diverse Expertise (cont'd)

01. Steven Terrell Clontz

Chairman

Terry is Senior Executive Vice-President, International, at Singapore Technologies Telemedia Pte Ltd (ST Telemedia). He is also a Director of PSA International Pte Ltd, Cloud9 Technologies LLC, STT GDC Pte. Ltd., Armor Defense Inc., Commerce Parent, Inc, Commerce Topco LLC and CenturyLink, Inc.. He served as the CEO of StarHub for 11 years before retiring on 1 January 2010. Terry is a well-regarded veteran in the telecommunications and media industry with over 43 years of extensive experience. He brings with him invaluable knowledge of the telecoms and media industry and extensive management expertise. During his 11 years at the helm of StarHub, Terry led StarHub in a number of major milestones including the transformation of StarHub from being Singapore's third mobile player in 2000 to a fully-integrated "quad-play" service provider; merging StarHub with the then StarHub Cable Vision in 2002; bringing StarHub public in 2004 on the Main Board of the Singapore Exchange; and advancing StarHub's market position to become Singapore's second largest mobile operator in 2005. Terry began his career in the USA. From 1996 to 1998, he served as the President and CEO of IPC Information Systems Inc., based in New York. Prior to that, Terry held senior executive positions at BellSouth International, Inc. He was the President of BellSouth International (Asia-Pacific), Inc. between 1991 and 1994. Terry holds a Bachelor of Science (Physics Major) from the University of North Carolina, USA.

02. Tan Tong Hai

Executive Director and Chief Executive Officer

Tong Hai joined StarHub in 2009 as its Chief Operating Officer, overseeing the day-to-day operations of StarHub. He has over 25 years of experience in the regional information technology, Internet and e-commerce industries and has had broad experience at top management levels. Tong Hai was previously the President and CEO of Singapore Computer Systems from August 2005 to December 2008, and the President and CEO of Pacific Internet (PacNet) from March 2001 to August 2005. He was instrumental in turning both companies around when he was at their helms. In addition, Tong Hai is currently the Chairman of Nanyang Polytechnic's Board of Governors. He holds a Bachelor of Electrical Engineering (Honours) from the National University of Singapore.

03. Paul Ma Kah Woh

Independent Director

Paul is a Director of Mapletree Investment Pte Ltd, Mapletree Greater China Commercial Trust Management Ltd and PACC Offshore Services Holdings Ltd. He is a member of the Advisory Board of The Asian Civilisations Museum. Paul was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice and Risk Management function until his retirement in September 2003. Paul is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Singapore Institute of Chartered Accountants.

04. Nihal Vijaya Devadas Kaviratne CBE

Independent Director

Nihal serves on the boards of DBS Bank Ltd, DBS Group Holdings Ltd and Olam International Limited in Singapore and GlaxoSmithKline Pharmaceuticals Limited in India. He is the Chairman of Caraway Pte. Ltd., a subsidiary of Olam International Limited. Nihal held various senior level management positions in the Unilever group across Asia, Europe and Latin America over forty years. Nihal was cited in the Queen's 2004 New Year Honours List in the UK and was awarded the CBE (Commander of the Order of British Empire) for services to UK business interests in Indonesia. He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the "25 leaders at the forefront of change". Nihal holds a Bachelor of Arts (Honours) with a major in Economics from Bombay University, India and has attended various management development programmes in India, Australia, the UK and the USA, including the Advanced Executive Programme conducted by Kellogg School of Management, Northwestern University and the Advanced Management Program at the Harvard Business School, USA.

○ ○

We are committed to communicating our strategy and activities to all our shareholders and listening to their questions and feedback.

05. Rachel Eng Yaag Ngee

Lead Independent Director

Rachel is the Deputy Chairman at WongPartnership LLP. She is a corporate lawyer with vast experience and expertise in equity and debt capital markets, real estate investment trusts and corporate finance. She serves on the Board of Olam International Ltd, SPH Reit Management Pte. Ltd., Certis CISCO Security Pte. Ltd. and the Public Utilities Board. Rachel also sits on the Board of Trustees of Singapore Institute of Technology and Council of the Singapore Business Federation, and is a member of the Corporate Governance Council. She was a member of the Committee on the Future Economy (CFE) Steering Committee, Ministry of Trade & Industry. Rachel holds a Bachelor of Law (Honours) from the National University of Singapore.

06. Teo Ek Tor

Independent Director

Ek Tor is the Chairman of PrimePartners Group Pte Ltd and Aris PrimePartners Asset Management Pte Ltd, a joint venture asset management company based in Singapore. Ek Tor has vast experience in investment banking, asset management and financial services in Asia, and brings with him in-depth financial and analytical expertise. He had contributed to, and been instrumental in the development of two major regional investment banking groups – Morgan Grenfell Asia (1980-1993) and BNP Prime Peregrine (1997-1999). Ek Tor held senior executive positions within the Morgan Grenfell Asia group and was the Regional Managing Director of BNP Prime Peregrine (Singapore) Ltd. He holds a Bachelor of Arts (Honours), with a major in Business Administration, from the University of Western Ontario, Canada.

BOARD OF DIRECTORS

Integrating Diverse Expertise (cont'd)

07. Stephen Geoffrey Miller

Non-Executive Director

Steve is the President & Chief Executive Officer of ST Telemedia and is also a member of ST Telemedia Board of Directors. He also serves on the Board of TeleChoice International Limited. Steve joined ST Telemedia in 2005 and held various senior positions including President & Chief Operating Officer and Chief Financial Officer. He played a crucial role in enhancing ST Telemedia's business competitiveness and asset portfolio while simultaneously maintaining prudent financial management. Prior to joining ST Telemedia, Steve was Financial Advisor to the company on the merger of its data centre business with Equinix and Pihana Pacific, creating one of the world's largest carrier-neutral data centre network. Steve has more than 25 years of global investment, financial management, strategic planning and CMT industry experience. He spent over 14 years of his career in investment banking with Credit Suisse, primarily heading its telecommunications and media group throughout Asia and the Pacific. Steve holds a Bachelor's Degree in Commerce, with First Class Honours in Economics and Finance, from the University of New South Wales, Australia.

08. Liu Chee Ming

Independent Director

Chee Ming is the Managing Director of Platinum Holdings Company Limited since 1996. Chee Ming also serves on the Board of Haitong Securities Co., Ltd. He is also an Independent Non-executive Director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd., which are the REIT Manager and Trustee-Manager respectively of OUE Hospitality Trust and STT GDC Pte. Ltd. He is also an Independent Supervisor of the Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd. He has over 40 years of experience within the financial services sector and has an invaluable network of contacts in the media industry. He is a member of the Takeovers Appeal Committee and Deputy Chairman of the Takeovers and Mergers Panel of the Securities and Futures Commission in Hong Kong. Chee Ming holds a Bachelor of Business Administration from the former University of Singapore.

09. Michelle Lee Guthrie

Independent Director

Michelle is Managing Director (MD) of the Australian Broadcasting Corporation, one of Australia's most valued creative and cultural institutions. Since becoming MD in May 2016, she has led the national broadcaster in a new strategic direction focused on digital transformation in a fast-changing, fragmented and increasingly global media market. Michelle has extensive experience and expertise in media management, content development, and a detailed knowledge of both traditional broadcasting and the new digital media landscape. Over the last 25 years, she has worked for a range of broadcasting and media organisations in Australia, Europe and Asia, including BSkyB, Star TV and Google. Michelle is well placed to guide StarHub's strategic development, with her extensive knowledge of the Asian media market, digital technology and digital disruption. Michelle currently serves on the Board of Auckland International Airport Limited. She holds a Bachelor of Arts and Law (Honours) from Sydney University.

10. Lim Ming Seong

Non-Executive Director

Ming Seong is the Chairman of CSE Global Limited and First Resources Ltd and serves on the boards of U Mobile Sdn Bhd and STT GDC Pte. Ltd. Ming Seong was with the Singapore Technologies ("ST") group from 1986 to 2002, where he left as Group Director. Prior to joining the ST group, Ming Seong served as the Deputy Secretary with the Ministry of Defence of Singapore. Ming Seong brings with him extensive accounting, management and technical expertise. He holds a Bachelor of Applied Science (Honours) with a major in Mechanical Engineering from the University of Toronto and a Diploma in Business Administration from the former University of Singapore. Ming Seong also participated in the Advanced Management Programs conducted by INSEAD and the Harvard Business School, USA.

11. Nasser Marafih

Non-Executive Director

Dr Nasser is a Member of the Ooredoo Group Board and Advisor to the Ooredoo Group Board's Chairman. He was the CEO of Ooredoo Group from 2006 until November 2015. He also served as CEO of Ooredoo Qatar from 2002 to 2011, a subsidiary of Ooredoo Q.S.C. Dr Nasser began his professional career at Ooredoo Qatar (then known as Qatar Telecom) in 1992 as an expert advisor from the University of Qatar, and later joined Ooredoo Qatar as the Director of Strategic Planning and Development. He was instrumental in many strategic initiatives and landmarks in Ooredoo Qatar's history, including the introduction of the first GSM service in the Middle East in 1994 and thereafter, the Internet service in Qatar in 1996, and the privatisation of Ooredoo Qatar in 1998. Under Dr Nasser's leadership, Ooredoo Qatar has evolved from being a local telecom provider to an international player, with strategic investments in the Asia Pacific region. Dr Nasser holds a Bachelor of Science in Electrical Engineering, a Master of Science and a PhD in Communication Engineering from the George Washington University, USA.

12. Naoki Wakai

Non-Executive Director

Wakai-san is the President and CEO of NTT Singapore Pte. Ltd., the regional headquarters of NTT Communications Corporation for the Asia Pacific region, since 1 July 2017. He joined Nippon Telegraph and Telephone Company (NTT) in 1989 and has 21 years' experience in international telecommunications and IT business. He was involved in the establishment of subsidiaries and branch offices in China, Taiwan, and Korea, and played a major role in the construction of international submarine cable systems. After serving as Senior Manager of IP Transit Business at NTT Com Asia (Hong Kong) and Director of International Business at Verio (USA), he became Head of Server Hosting Team in 2006, Head of Carrier Relations in 2008, and VP of Global IP Network in 2009. Prior to becoming the President and CEO of NTT Singapore, he served as Deputy Managing Director and COO of NTT Europe Limited for five years.

In Discussion with StarHub's Management



From left:

1

Catherine Chia
Senior Vice President,
Human Resource

2

Kee Yaw Yee
Chief Information
Officer

3

Dennis Chia
Chief Financial Officer

4

Jeannie Ong
Chief Strategic
Partnership Officer

5

Tan Tong Hai
Chief Executive Officer

6

Chong Siew Loong
Chief Technology Officer

7

Howie Lau
Chief Marketing Officer

8

Dr Chong Yoke Sin
Chief, Enterprise
Business Group

9

Veronica Lai
General Counsel &
Company Secretary

10

Tim Goodchild
SVP, Government &
Strategic Affairs

SENIOR MANAGEMENT

In Discussion with StarHub's Management (cont'd)



Tan Tong Hai
CEO

How has the year been for the businesses and what can StarHub do to remain competitive?

A: In 2017, the telecom industry experienced some intense headwinds including high-priced spectrum auction, heightened pricing competition with the return of unlimited data plans, and a more crowded marketplace with new Mobile Virtual Network Operators (MVNOs). In 2018, more competition is expected with the entry of a fourth mobile network operator into the market.

In this challenging environment, it is important for us to focus on customer-centricity by utilising customer insights to deliver innovative segment-specific propositions. We aim to provide the best service experience by engaging and servicing our customers based on their needs through omni-channel platforms.

We continued our multi-year Digital Transformation initiative, which drove improvements in service levels, better engagement with stakeholders and cost efficiencies across multiple functional areas of our business via digital technologies.

'Curiosity', our social and digital analytics hub, was set up to enhance our community management and social customer care. We also invested resources to drive increased end-to-end digital sales, optimise backend processes through automation and enhance customer support through deployment of chatbots.

Investment Activities



2

Acquisitions
(as of January 2018)

Mobility Activities



2.3m

Subscriber base

In the Consumer space, we are enhancing our Hubbing strategy to Hub+ to deliver lifestyle services alongside our existing connectivity and entertainment services. We understand our customers' needs are evolving beyond basic connectivity and so we intend to build a wide umbrella of highly relevant lifestyle services across major consumer spending categories through partnerships.

Our partnership with OCBC Bank is a good example of how we can develop a 'We Economy' ecosystem by harnessing shared data insights to deliver digital lifestyle services and enhanced customer experiences.

We are applying the Hubbing strategy to the Enterprise space too as we focus on certain industry segments and offer specialised ICT solutions to help them combat the digital disruptions. We can enable the digital transformation of enterprises through our Hubbing suite of connectivity, data analytics, IoT, robotics, cyber security and managed solutions. Our Enterprise business will be a key growth driver of our overall business.

We also announced the opening of a 58,000 square feet innovation centre and converged operations cockpit named 'Hubtricity' in March 2017. The new facility acts as a foundation to accelerate service innovation and co-creation with partners and customers. It will enable us to work with local and global partners to build platforms, such as smart home, intelligent vehicles, connected buildings, virtual reality and smart retail, to meet the future needs of our customers.

Mobility

Mobility continues to be our largest contributor of revenue. We are the second largest mobile operator with a mobile subscriber base of 2.3 million. The global trend of declining voice, IDD and roaming



We announced the opening of a 58,000 square feet innovation centre and converged operations cockpit named 'Hubtricity' in March 2017.

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In 2017, we established strategic partnerships with ST Kinetics, Prudential, NTUC and OCBC Bank.

usages continued to dampen revenue growth, partially mitigated by increased usage of data and higher revenue from mobile value-added services (VAS).

In line with our customer-centric focus, we launched *Unlimited Weekend Data Plans* and VAS such as *DataJump* and *DataShare* that caters to our customers' growing appetite for data brought on by more advanced smartphones and pixel-heavy content. We have also started deploying TDD-LTE spectrum at key high traffic areas, starting from the Marina Bay area, to boost capacity for eventual gigabit-capable 4G services.

Pay TV & Broadband

In the pay TV space, we have seen the rapid proliferation of OTT players in the market. To address this, we are constantly improving our own online streaming service *StarHub Go* and also launched *StarHub TV d'Lite* packs for different content genres without having to subscribe to the Basic Groups, thereby giving our customers more flexible viewing options.

We have also seen a rise in the availability of alternative pirated content sources and will work closely with our content and government partners to protect the copyright owners' intellectual property rights. Finally, we remain committed to managing our content costs by optimising our content lineup based on the analytics of customers' viewing preferences.

In the Broadband segment, competition remains strong but we are tracking well as seen in our stable residential broadband customer base and revenue. We will continue to introduce unique offerings

Enterprise Fixed Activities



GROWTH
+9.2%
year-on-year



\$436.9m
revenue

like Google WiFi with our fibre broadband services to enhance our customers' home broadband experience.

Enterprise Fixed

We registered a healthy growth of 9.2% year-on-year in our Enterprise Fixed revenue to \$436.9 million, driven by managed services and the consolidation of ASTL's results. We continued to deepen our penetration into selected verticals and enhance our ICT service capabilities.

In 2017, we established strategic partnerships with ST Kinetics on robotics solution for the Hospitality sector, with Prudential on blockchain-based digital trade platform and with NTUC to enable workplace digitalisation. We also acquired ASTL and announced an intention to acquire D'Crypt to enhance our cyber security solution capabilities, making us well-placed to compete in major government and commercial tenders.

We also appointed Dr Chong Yoke Sin as Chief, Enterprise Business Group. Her extensive background helping ICT companies such as NCS and Integrated Health Information Systems will be instrumental in helping us to accelerate our growth in the enterprise business.

It is publicly known that I will be stepping down come end April 2018. This past nine over years at StarHub has been a fulfilling chapter of my career as I have achieved what I set out to do, which is to grow StarHub's Enterprise business. I have also instilled in the Company a culture dedicated to delivering happiness for our staff, shareholders and customers.

I believe my management team and I have laid a strong foundation as I pass on the baton to the next CEO to steer the Company onto the next level of success.

SENIOR MANAGEMENT

In Discussion with StarHub's Management (cont'd)



Dennis Chia
CFO

In 2016, you acquired a stake in mm2 Asia. This year, you looked at more acquisitions. Can you share your inorganic growth story?

A: The whole premise of our acquisitions is to complement and strengthen our existing service offerings to both our consumer and enterprise customers. With that in mind, we went on to increase our stake in mm2 Asia from the initial 8.8% in June 2016 to approximately 9.8% in July 2017.

Having a strategic stake allows us to offer hard-to-get premium tickets to top international music acts as well as exclusive meet-and-greet sessions to the stars, and sneak previews to blockbuster movies to our lucky customers as part of our Hubbing perks.

In 2017, we acquired an 80.4% stake in ASTL; a cyber security systems integrator specialising in the provision of security solutions, consulting and managed security services. Two weeks before the year ended, we also announced a deal to bring D'Crypt; a cryptographic and secure communications solutions provider, into our fold. With these two acquisitions, we have become more equipped to provide our enterprise customers with services in cryptography and cyber security.

We are confident that these purchases will pay off in a sustainable way for our shareholders as we arm ourselves with newer and additional enterprise capabilities, expertise and revenue-generating opportunities.

Financial Activities



PURCHASED
80.4%
stake in ASTL



ANNOUNCED
\$122m
D'Crypt deal

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We have always taken a balanced financial approach to acquisitions, CAPEX, and of course, dividends for our shareholders.

The 700MHz spectrum payment is likely to be due in 2018. Are there any other substantial CAPEX that you need to look at as well?

A: The licensing fee of \$282 million for the 700MHz spectrum, which we won in a bidding exercise in 2017, is expected to be paid six months before the regulator releases it for our use. Assuming the spectrum is available in January 2019, we are then required to pay the fee in July 2018. Other than the spectrum fee, we do not foresee any major CAPEX needs.

We have always taken a balanced financial approach to acquisitions, CAPEX and dividends. For dividend payments to shareholders, the Board takes a forward three-year view of our earnings, free cash flow, growth prospects, investment needs and an optimal balance sheets. Their preference is to make sustainable dividend payments.

For FY2018, the Board has recommended to pay four cents per quarter per ordinary share.

In 2018, we will see the adoption of new Singapore Financial Reporting Standards (International) or SFRS(I). What kind of financial impact do you see for the Group?

A: From 1 January 2018, Singapore listed companies will have to adopt the new mandatory SFRS(I), which are identical to International Financial Reporting Standards adopted by many global companies. At our Group level, we do not expect the application of the standards and interpretations to have a significant impact on our financial statements for FY2018, except for SFRS(I) 15 (Revenue from Contracts with Customers).

Under SFRS(I) 15, our service revenue is expected to decline as we must now attribute a 'fair value' to each element of a customer's contract, including the sale of handsets and equipment.

As we allocate a portion of our service revenue to sales of equipment revenue, you will see that the service revenue will be lower while sales of equipment revenue will be higher compared to the current accounting treatment. You will also see an increase in our total assets, as sales of equipment revenue will be recognised at the start of the contract when the equipment is transferred to the customer.

Accordingly, the group EBITDA margin as a % of service revenue is expected to be higher following the adoption of SFRS(I) 15. However, this does not have any impact on the Group's cash flow at all.



Dr Chong Yoke Sin
Chief, Enterprise Business Group

You were hired to grow a new ‘strategic pillar’ of StarHub. How do you expect to make this happen?



The relevant experience I bring to StarHub is managing technology solutions for industries such as banking, government, healthcare, hospitality and retail in Singapore and the region. My recent involvement in the healthcare sector where IT made a significant impact in the delivery of medicine and healthcare, in general, will help the development of industry practices for StarHub.

For both of my previous organisations, I devoted a large part of my effort in transforming them into strong service-oriented and technologically-sound organisations with deep domain expertise that understand our clients, to enable us to help with the transformation of their business successfully.

I believe in nurturing talent to fulfil the mission of StarHub. So, it is important to create the right vision and strategy, and then to execute with the right organisational enablement and passion for the customer’s success. Technologies evolve and so will demand, but the constant is the will of the Company to keep on innovating to provide solutions that make our customers successful.

The strategy for our Enterprise business is based on enhancing the current slew of telco and ICT solutions through Enterprise Hubbing, transforming organisations

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The healthcare sector is growing and can be made more efficient with the right IT solutions. Outside of the healthcare space, the enterprise market is big, dynamic and enlivening.

Enterprise Business Activities



ENABLED Enterprise Digital Hubbing

digitally through Digital Hubbing and addressing our business customers’ needs through Vertical Hubbing. Enterprise Hubbing includes cyber security, IoT and robotics, insights and artificial intelligence. They will complement our existing services like enterprise mobility, IT managed services and advertising solutions.

With the global and local companies placing an increasing interest in cyber security, we have made two bold acquisitions to boost our expertise in this field: ASTL and D’Crypt (as of January 2018). These acquisitions will help to widen and deepen our cyber security capabilities to capture a bigger and meaningful share of revenue in this space.

Next, we have enabled the Enterprise Digital Hubbing, which is essentially about creating marketplaces for enterprises to serve and target customers better. We believe that companies do not just want to come together and do business with each other, they also want to do so in the most efficient and secure platform possible.

To help create one such platform, together with Prudential, we introduced Singapore’s first digital trade platform for SMEs, the Fasttrack Trade (FTT). Built on blockchain technology, the transactions made on the FTT will be fast and secure. We expect more businesses and partners to come join the platform and make the FTT a livelier place.

Lastly, we created Vertical Hubbing as we want to stay focused on selected verticals like the government, financial services industry, hospitality, transport, SMEs, and of course, healthcare. Different industries have varying requirements and needs. We will make sure we have the relevant account managers with the necessary domain knowledge to provide the soundest advice and service to our customers in each of these verticals.

Underlying the three Hubbing layers will be complemented by a high level of customer service experience from us. We strongly believe that for our customers to enjoy the maximum value, the best technical expertise should be matched by the best customer service.

SENIOR MANAGEMENT

In Discussion with StarHub's Management (cont'd)



Chong Siew Loong
CTO

What were some of StarHub's networks innovation that took place in 2017?

A: My Networks colleagues and I have years of experience working with a group of leading technology partners and equipment vendors on our mobile, HFC (Hybrid Fibre Co-axial) and fixed networks. We are always on the lookout for technical capabilities that makes business sense for our customers and ourselves.

We also make sure our voice is heard as the entire telecommunications industry debates and create new technological standards. For example, we continue to undertake trials of new wireless standards with infrastructure partners such as Nokia, so that we can jointly test how the technologies and systems perform at actual events and locations.

One such pilot we did this past year was at the Marina Bay area, the venue for Singapore's National Day Parade. The tens of thousands of spectators and performers, each with their own mobile devices, was an ideal launchpad for our latest 4G equipment carrying the 2.5GHz TDD-LTE spectrum; a spectrum which we only acquired in July. We are pleased to report 30% improvement in network capacity. This means we can accommodate sudden, temporary spikes in data carrying capacity and that our mobile subscribers' usage experience remains good.

Another trial we conducted featured drones equipped with a small cell base station. Imagine a network of flying machines autonomously boosting mobile signals where needed, to ensure connectivity during mega events and emergencies.

The dawn of new possibilities excites us, and we will continue to deeply explore experimental technologies to serve our customers better.

The industry is gearing up for the rollout of the next big milestone: 5G. While exact industry standards have yet to be fully firmed up, we can expect many more different ways on how the much bigger mobile data bandwidth can be used. Various industry bodies and operators have marked 2020 as the year for 5G rollout and as this timeframe approaches, we look to introduce a lot more specific solutions and services making good use of this technology to improve the services our customers get to enjoy.

Over the last few years, as part of our progressive rollout and deployment of efficient, future-ready equipment, we have been transforming our backend using cloud and software-defined networking technologies. Our digital transformation allows us to drive efficiency in our IT backend and network management to cater to evolving customers' expectations and competition.

We have also introduced a wider coverage of 4G services carrying data up to the gigabit-level and beyond. Outside of higher-speed mobile services, we also see significant potential in the IoT space. Which we believe will gain popularity once the 700MHz spectrum is released for use by the regulator.

Lastly, to fuel the growth in the likes of wearables, robotics and sensors, we extended support for eSIM (embedded SIM), NB-IoT (Narrowband IoT) and LoRaWAN (Long Range Wide Area Network) standards last year.

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We have introduced a wider coverage of 4G services carrying data up to the gigabit-level and beyond.



Howie Lau
CMO

How is StarHub refining its marketing activities to make the StarHub brand a more meaningful one?

A: Customers today are flooded with traditional marketing messages wherever they turn. Information has been democratised and it is no longer sufficient to 'spray and pray' with marketing messages. It is increasingly important for brands to be able to engage their customers in meaningful ways.

Similarly, at StarHub, we hope to differentiate ourselves as more than just a service provider. We want to engage our customers beyond the transactional level; we hope to appeal to emotions, communicate that we care and we are here to make lives better, and in turn, happier.

A campaign we did in the past year was built on the theme "#LoveNoMatterWhat" in the context of PSLE (Primary School Leaving Examination) scores – something Singaporeans can empathise with. No fanfare, no special effects, no dizzy camera angles. Rather, we would capture the raw emotions of parents simply sharing their unconditional support and love for their children an hour before the actual PSLE results were released.

As Education Minister Ng Chee Ming shared on his Facebook about this video "Use your grades to guide you, not define you." This campaign was done in collaboration with the Ministry of Education and was intended to engage our customers on the theme, 'Love, No Matter What'.

Marketing Activities



#LOVENO MATTERWHAT Video Campaign



My StarHub App Online Customer Service

Another video campaign we produced for National Day 2017, "#RegardlessOfColour", was shown entirely in black and white with many scenes of Singaporeans living side by side regardless of our race or religion. It ties in with the message we are delivering: that Singapore is a multi-racial, multi-religious country in harmony.

We wielded a bit of artistic license here and juxtaposed the Martin Luther King, Jr's iconic speech "I Have a Dream" in our video. Half a century after his death, the US civil rights leader continues to inspire millions and generations to come. This campaign created many conversations on our amazing multi-cultural country we are very fortunate to have. We believe we were able to inspire a certain level of emotional connection with our customers.

Consumers are getting more demanding, competitors have also upped their game. What has StarHub done to keep its level of customer service ahead?

A: Our underlying thinking, which has served us well, remains the same: deliver a high service standard and delight our customers. As we gain better insights into our customers' lifestyle needs, we constantly improve on our customer service experience.

Customers of today are using all types of channels to engage with us; from offline ways like calling the hotline to online omni-channel means like on a social media platform. To meet their evolving needs, we have changed the way we are organised. We have integrated the various customer service touchpoints, starting from our physical retail centres, to our online contact points, such as our comprehensive My StarHub app.

We have also deliberately blurred job descriptions. Our technical support crew called 'Hubtroopers' are not just equipped with screwdrivers and devices for diagnostics, they have been empowered to make the relevant recommendations and sales of our products and services.

As we gain better insights into our customers' lifestyle needs, we constantly improve on our customer service experience.

The whole idea is to put ourselves from our customers' perspective; when they have a technical issue or a service need that requires help, why go through the various seemingly redundant, and at times, frustrating steps?

When new technologies are available, we are happy to introduce them as well. For example, with algorithms getting more sophisticated, we have introduced chatbots to answer simple questions which customers might have. If the queries happen to be more complicated or urgent, our customer service agents are always ready to jump in and take over.

We no longer look at the customer's journey with us from a transactional manner but a more holistic one. Instead of clearly demarcated processes, we are creating a seamless 'episodic' journey for our customers as we serve them from the start to end.

We are also using an efficient way to build a feedback loop to ensure that we are serving our customers right via the Net Promoter Score. When customers have their queries addressed or services subscribed, we seek feedback by sending them a simple SMS, with just four questions, to rate the service they have just received.

As a testament to our efforts on ensuring customer satisfaction, we are happy to have received top scores for Broadband and TV services, and retained second spot for Mobile service in the Customer Satisfaction Index of Singapore 2017.

Finally, with our all-inclusive loyalty and rewards program that extends 'money cannot buy' experiences to our customers like priority ticket bookings to top music acts, sneak previews to hit movies and privilege meet and greet sessions to popular TV stars, the various enhancements will help put the StarHub customer experience a notch above the competition.

Profiles

Tan Tong Hai
CEO

(Tong Hai's profile can be found on page 22 of this report.)

Dennis Chia
Chief Financial Officer (CFO)

Dennis oversees StarHub's financial health, develops key business strategies together with the core leadership team, ensures that business decisions are financially sound, and executes strategies through financial management.

Dennis was the Senior VP and CFO of STATS ChipPAC (Worldwide), a leading provider of advanced semiconductor packaging and test services. Prior to that role, he was with Lear Corporation as its VP of Finance, Asia Pacific Operations, where he oversaw 400 regional finance staff in 30 manufacturing and administrative locations across Asia. Previously, he was the CFO of Behringer Corporation and Frontline Technologies Corporation, leading their successful listings on the Singapore Exchange.

Dennis, a Chartered Accountant, has a Bachelor's (Honours) degree in Accountancy from the National University of Singapore and also holds a Master's degree in Business Administration from University of Hull, United Kingdom.

Dr Chong Yoke Sin
Chief, Enterprise Business Group

Yoke Sin leads the enterprise business group and is responsible for driving the next growth phase of the business and deepening the engagement with the enterprise community.

Yoke Sin is a veteran in the IT industry with more than 30 years of experience. She was the CEO of Integrated Health Information Systems, a subsidiary of Ministry of Health Holdings. She also led the healthcare IT industry as Chair of Healthcare Information and Management Systems Society (HIMSS) Asia Pacific Governing Council and was the first Asian Vice Chair on the HIMSS Board of Managers. HIMSS is the largest Healthcare Informatics society in the US and sets the benchmark for Hospital IT certification.

In her prior roles, Yoke Sin was CEO of National Computer Systems Pte Ltd. She was also the VP and a Fellow of the Singapore Computer Society. In addition, she is a Certified IT Project Manager (Senior).

Yoke Sin holds a PhD in Chemistry from the National University of Singapore and attended the Advanced Management Programme at Harvard University. She was conferred the Outstanding Alumni Award from National University of Singapore and the Hall of Fame from HIMSS for her contributions to the advancement of healthcare IT programmes in Asia Pacific.

Jeannie Ong

Chief Strategic Partnership Officer (CSPO)

Jeannie leads StarHub's efforts in establishing and maintaining strong strategic relationships with government agencies, content partners, key strategic partners and other complementary companies. She is also responsible for building StarHub's corporate reputation in the areas of Corporate Communications, Investor Relations (IR) and Corporate Sustainability.

Prior to her current role, Jeannie was the CMO. She joined StarHub in 2001 as its Head of Corporate Communications & Investor Relations, and helped bring the company public in 2004. Jeannie and her teams have won multiple awards, including Brand of the Year at the prestigious Hall of Fame Awards (2015 and 2014); The Green Award at the Asia Communications Awards (2015 and 2014), in recognition of StarHub's significant progress in environmental policies and programmes.

In IR, Jeannie was recognised as the Best IR Officer in Singapore by IR Magazine Awards – South East Asia thrice consecutively in 2014, 2013 and 2012. She and her team made it to the IR Global Top 50 list in 2014. They also clinched the Best IR award (Gold) at the Singapore Corporate Awards thrice (2016, 2013 and 2010).

Jeannie has over 20 years of experience in corporate, financial, marketing and community communications across different industries. She first commenced her communications career with the Civil Aviation Authority of Singapore. She also held senior IR and regional corporate and marketing communications positions at IPACS and Singapore Computer Systems.

Jeannie holds an honours degree from the University of London, where she majored in Economics and Marketing.

Howie Lau

Chief Marketing Officer (CMO)

Howie is responsible for charting StarHub's brand and marketing strategies across all marketing functions and ensuring overall marketing synergy and brand consistency. Customer value management also falls under his purview. In addition, he oversees StarHub's Mobile, Pay TV and Broadband businesses as well as its Content and Local Production teams.

Howie was the VP, Corporate Development of Lenovo's Worldwide Finance Organisation, where he oversaw Lenovo's end-to-end Post Merger Management and related Merger & Acquisition matters. Previously, he was Lenovo's VP of Marketing and Communications for Emerging Markets Group, and was responsible for the strategy and execution of marketing and communications in the ASEAN, China, Eastern Europe, Hong Kong, India, Korea, Latin America, Middle East, Russia and Taiwan markets.

Howie is currently the President of Singapore Computer Society's Executive Council, and is also on the management board for National University of Singapore Institute of System Science as well as the advisory committee for Nanyang Polytechnic School of IT and Anderson Junior College.

Howie holds a Bachelor of Business Administration from the National University of Singapore, majoring in Promotional Management and Consumer Behaviour.

SENIOR MANAGEMENT

Profiles (cont'd)

Chong Siew Loong

Chief Technology Officer (CTO)

Siew Loong leads the Network Engineering Division, overseeing network operations, development and transformation.

Siew Loong was one of the pioneers who played an instrumental role in the formative years of StarHub when the company won the licence to operate as Singapore's third telco in 1998. During his first 11 years with StarHub, he held various leadership roles within the Network Engineering Division. He set up and managed the Network and Systems Division at StarHub's wholly-owned subsidiary Nucleus Connect Pte Ltd when the telco won the bid in 2009 to become the Operating Company for Singapore's Nationwide Broadband Network. Before joining StarHub, Siew Loong worked at another telco in Singapore as well as the Defence Science Organisation.

Siew Loong received the "40 Under 40" award from the Global Telecoms Business in 2011, that recognised the telecoms industry's young leaders. He holds a Bachelor of Electronics Engineering from Southampton University, United Kingdom.

Veronica Lai

General Counsel & Company Secretary

Veronica advises the StarHub Group on all legal aspects of operations, strategy and compliance matters. She supports the Board of Directors on corporate secretarial matters. During her career with StarHub, she oversaw the legal aspects of the merger of StarHub and SCV, StarHub's successful IPO and the establishment of StarHub's \$2 billion MTN Programme.

Under her leadership, the StarHub Legal team was recognised with multiple awards, and is recognised by Legal 500 as one of the top in-house Legal Teams in Southeast Asia. Veronica was named by ALB as one of the Top 25 in-house counsels in Asia in 2010. In 2013, the team won the International Law Office's prestigious Global Counsel Award and Asia Pacific Counsel Award. The team also won the International Legal Alliance Gold Award for the Best Asian & South Pacific Legal Department in 2014. Veronica is listed in the Legal 500's General Counsel Powerlist for 2017. For her corporate secretariat portfolio, Veronica was recognised with the Asian Company Secretary 2013 Award for Singapore by Corporate Governance Asia.

Veronica graduated with a Bachelor of Laws (Honours) from the National University of Singapore. Prior to joining StarHub, she spent six years in practice with Rajah and Tann Asia.

Catherine Chia

SVP, Human Resource

Catherine is responsible for leading the overall HR strategy, programmes and services, to accelerate the growth and performance of StarHub.

Catherine has extensive HR experience spanning multiple industries and geographies. She has worked with multinational companies such as GE and Dell, and one of Singapore's leading banks UOB. Prior to joining StarHub, she was VP of People Operations & Development at LEGO. In her previous roles, Catherine has implemented organisational change and transformation initiatives as well as developed leadership capabilities through robust talent management programmes. She has also worked on mergers, acquisitions and integration, and led the start-up of call centres in India and China.

Catherine holds a Bachelor of Social Science (Honours) from the National University of Singapore.

Tim Goodchild

SVP, Government & Strategic Affairs

Tim and his team are responsible for managing StarHub's relationship with the regulators, and for providing regulatory support to StarHub's lines of business.

Tim joined StarHub in 2004, and has more than 25 years of experience in telecommunications regulatory issues. His working career has included time with Telecom New Zealand, the Telecommunications Authority of Singapore (now the Infocomm Media Development Authority of Singapore), Millicom International Cellular; and Equant Singapore. His career has given him exposure to regulatory regimes throughout the Asia-Pacific region.

Tim holds an honours degree in Economics from Victoria University.

Kee Yaw Yee

Chief Information Officer (CIO)

Yaw Yee heads up the CIO Division covering Information Systems, Business Excellence and Business Acceleration Office. He is responsible for the IT infrastructure, applications and systems, governance, policies and standards, certifications, as well as initiatives to accelerate business growth and improve operational effectiveness.

Yaw Yee has more than 22 years of IT and management consulting experience in IT and telecoms. He has worked in multinational companies like Accenture, AsialInfo and Hewlett-Packard. In his prior roles, he has consistently delivered large-scale transformational programmes for local and regional clients, using different technology solution suites. He has worked extensively in the region and was responsible for setting up the country office, innovation lab, offshore delivery centre, business collaborations and joint ventures in some of the countries he was based in.

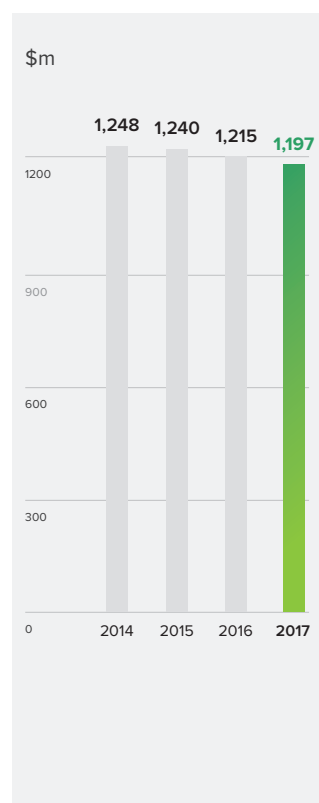
Yaw Yee holds a Bachelor of Electrical Engineering and Electronics (First Class Honours) from the University of Manchester Institute of Science and Technology in the United Kingdom. He has a Performers' Diploma in piano from the Trinity College of Music, London.

Consumer

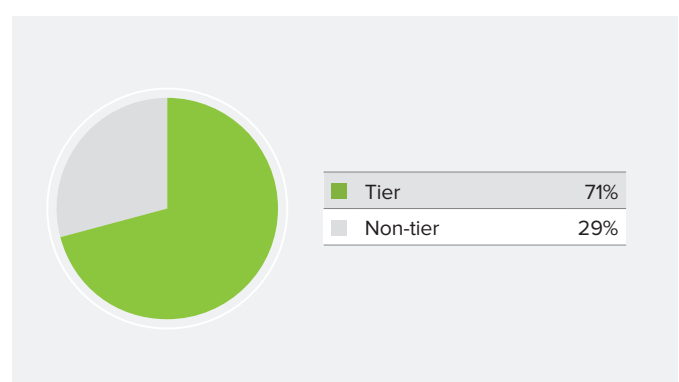


Amidst heightened competition, network quality remains a key differentiator. Growth would not be possible without a strong backbone, so we must not lose focus of providing reliable services on our networks. With a robust network, we are able to offer better value packages for our data-hungry mobile users.

Total Mobile Revenue



Tiered Plans Mix



Hub+ allows us to be more than a communications services provider; we want to be our customers' key lifestyle partner too.



Hub+ Experiences

The concept of Hub+ goes beyond entertainment. Industry silos are breaking down, some more clearly than others. We have built familiarity and trust with our customers. From this base, we are adding a network of strategic business partners.

This network, which we are building rapidly, is one that gives our customers greater variety, better offers, more relevant services and much more convenience.

Unlimited Weekend Data



In August, we offered even better value with our unlimited weekend data plans. StarHub Mobile customers can enjoy their weekends with their smartphones practically tethered to their hearts' content and not worry about exceeding their data bundles.

From Hubbing to Hub+

We have used Hubbing effectively as an overall strategy for years, and we have delivered value-for-money and convenient bundles of Mobile, Pay TV and Broadband to hundreds of thousands of Hubbing consumers. Hubbing was and still is the key to the hearts and minds of our customers and it has helped built StarHub into a household brand.

Now, as wider industry and technological trends emerge, consumers have new preferences and consumption behaviours. Amid this new landscape, we wish to expand and elevate our offerings beyond mere Hubbing packs; we wish to offer a Hub+ proposition. We can do more than just being an essential and reliable communications services provider; we want to be our customers' key lifestyle partner too.

For example, via our acquisition of a strategic stake in entertainment company mm2 Asia in 2016, we can now offer hard-to-get premium tickets to top global music acts to our customers as part of the Hubbing perks. We can also offer exclusive meet-and-greet sessions to the stars and sneak previews to blockbuster movies to our lucky customers. We do not just provide telco services; we also provide 'money cannot buy' experiences.

The concept of Hub+ goes beyond entertainment. Industry silos are breaking down, some more clearly than others. We have built familiarity and trust with our customers. From this base, we are adding a network of strategic business partners. This network, which we are building rapidly, is one that gives our customers greater variety, better offers, more relevant services and much more convenience.

We inked a deal with OCBC Bank to invest and build networks of partnerships using data insights from our customer bases. With these insights, we can build more seamless customer journeys and give customers better services, experiences and offers. This relationship marked the formation of Singapore's first bank-telco strategic partnership to drive Singapore's collaborative economy or the 'We Economy'.

Businesses globally are moving beyond conventional industry silos to an interconnected ecosystem to shape better business outcomes and customer experiences. The previously clear lines between different businesses and industries will eventually converge to meet customer needs in a unified manner and we are driving this along.

Mobile

In 2017, we saw a new MVNO coming into the marketplace and we expect more to emerge in 2018. We are also expecting a fourth mobile operator to commence operations. Amidst heightened competition, network quality remains a key differentiator. So, we must not lose focus of providing reliable services on our networks. Growth would not be possible without a strong backbone.

With a robust network, we are in a good place to offer better value packages for our data-hungry mobile users like *DataJump* and *DataShare*. *DataJump* lets postpaid customers supersize their local data bundle while *DataShare* allows them to share a portion of their local data bundle across multiple mobile lines under the same billing account.

DataShare users can easily adjust the proportion using the *My StarHub* app. It can even be used by customers who have upsized their data bundles using our popular *DataJump* VAS.

Utilising the spectrum secured at the last auction, we have since rolled out our gigabit 4G network for customers to enjoy a faster, smoother mobile experience. In August, we put our upgraded TDD-LTE equipment to work at Marina Bay. As the venue of the year's National Day Parade, we saw spikes in mobile traffic volume when thousands upon thousands thronged the area.

We are happy to note that the upgraded network could handle the surge in traffic with an improved efficiency of 30%. This means as we implement enhanced coverage throughout the rest of Singapore, our customers will be assured of a consistent and high-quality signal reception.

HUBBING IN REVIEW

Consumer (cont'd)

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Customer needs are moving beyond traditional services. We need to meet them in a unified manner and we are driving this along.

Consumer Sector

A summary of the progress and events in 2017.



Mobile

TDD-LTE

Enhanced network coverage for our customers to enjoy a faster, smoother mobile experience.



Pay TV

StarHub Go

Offers a single subscription for a wide variety of entertaining content.



Broadband

Google WiFi

Sole authorised retailer for Google's home mesh networking devices.

In the same month, we also started offering even better value with our unlimited weekend data plans. StarHub Mobile customers can enjoy their weekends with their smartphones practically tethered to their hands, to stream, to surf, to post to their hearts' content and not worry about exceeding their data bundles.

In September, we introduced two new prepaid SIMs, called the *StarHub WeChat Go* SIM. This is in response to the growing number of visitors from China to Singapore. This SIM card gives them unlimited social messaging on the popular *WeChat* app.

Delivering convenience at affordable rates, in November, we launched *DataTravel Global*, an enhancement to the initial *DataTravel Asia-Pacific* plan launched in 2016. This is a hassle-free solution for customers who hop between destinations frequently and over extended periods – a flat rate for data roaming in multiple destinations within 30 days.

The plan offers StarHub Mobile postpaid customers 2GB or 3GB bundles for use on all mobile networks across 50 destinations in Asia-Pacific, Europe and North America. As a unique advantage, *DataTravel* connects customers' phones to the strongest available mobile network signals. This means that customers can enjoy peace-of-mind, eliminating the likelihood of bill shock, as they need not manually search for or lock their phones to a specific preferred mobile network.

Also in November, the three local telcos jointly announced the implementation of Mobile Connect for the benefit of Singapore businesses and consumers. Mobile Connect is a digital identity solution that offers greater online security, privacy and improved user experience. This signals the industry's commitment to roll out a simple yet secure digital identity solution for Singapore.

The same month also saw us enhancing the existing SIM Only plans. By opting for the 12-month contract options, customers can get double the data at the same price. They also enjoy unlimited data access every weekend.

We have started laying the foundation for 5G. Together with our technology partners, we will be conducting more tests in 2018 to ensure that our network is ready for future demands.

Pay TV

In the pay TV space, we have seen the rapid proliferation of OTT players in the market. To address this, we are constantly improving our online streaming service *StarHub Go* to give our customers more flexible viewing options.

StarHub Go offers customers a single subscription for a wide variety of content from English entertainment to Korean dramas to documentaries and variety shows. In addition, StarHub Mobile postpaid customers can enjoy

content on *StarHub Go* without using their bundled mobile data.

We are also working with our content partners to seek legal avenues to protect their intellectual property rights from non-sanctioned websites streaming their content. Lastly, we continue to leverage on the data from our two-way set-top boxes to be smarter in managing our content costs. We know how valuable and well-appreciated each channel's content is by our TV viewers and we will pay appropriately.

In July, we started offering premium channels that need not come with Basic Groups. Called *StarHub TV d'Lite*, these premium channels (including movies and sports content) are available in eight packs to non-StarHub TV customers.

As a strategic investor in mm2 Asia, we have joined the company to be a co-producer of the hit singing competition 'The Voice'. To reflect the wide appeal of this popular singing competition, 'The Voice' aired on Hub E City in Singapore as well as Astro's AEC Channel in Malaysia, making it a truly regional collaboration. As a result, the competition was the highest rated programme across all our Asian channels in 2017.

We have introduced a TV audience measurement system, called *StarHub SmarTAM*, which can track both real-time and time-shift viewing of TV

Win a magical family experience.



Silver Anniversary

StarHub TV began in 1992 and was formerly known as Singapore Cable Vision.

In 2017, StarHub TV celebrated its 25th anniversary with a slew of lucky draws where prizes were in the form of holidays providing the experience of a lifetime. Fortunate StarHub customers got behind the scenes with studio tours, attended live show recordings and even met top celebrities up close.

StarHub WeChat Go SIM



According to Singapore Tourism Board, tourist arrivals from China increased 36% in 2016 from the year before. In a 2017 survey by Hotels.com, Singapore is the top Asia Pacific destination that Chinese travellers want to visit in the next 12 months.

StarHub WeChat Go SIM is designed to better meet the mobile needs of the growing number of visitors from China. Its users will be able to enjoy unlimited social messaging on the WeChat app.

content across our TV channels. To make better use of our data on hand, we have partnered with Nielsen, a leading global performance measurement company.

Under this partnership, we fused *StarHub SmartTAM* with Nielsen's data to provide advertisers and media agencies a wider range of variables to analyse their target audiences. They can slice and dice the data and analyse what is the most effective marketing campaign, and turn this into a science rather than an art.

TVB's Golden Anniversary

In 2017, we celebrated the silver anniversary of our partnership with Hong Kong's TVB. For 50 years, TVB has produced many memorable shows and many of our customers grew up watching the dramas. Generations of Hong Kong actors and actresses have become household names here too.

In October, we organised the annual StarHub TVB Awards – the eighth time this star-studded event has been held here. Ever-popular veterans such as Wayne Lai and Nancy Sit were conferred the 25th Anniversary Most Popular TVB Drama Male and Female Character awards for their timeless portrayals of iconic TV characters.

Deserving up-and-comers got their turn on stage too. The winners for My Favourite TVB Actor and Actress awards are Vincent Wong and Ali Lee respectively. Both won in this highly-coveted category for the first time.

Silver Anniversary

To translate our long-standing ties with partners into something tangible for our customers, we have roped the partners in to help celebrate StarHub TV's 25th anniversary. We organised lucky draws where prizes are in the form of holidays providing the experience of a lifetime. Such experiences for our customers are only made possible with the enthusiasm of these partners.

The winners get to go behind the scenes with studio tours, attend live show recordings and even a chance to meet the top celebrities up close. Examples of the top prizes are: round trip tickets to WrestleMania in New Orleans; Game of Thrones tour in Northern Ireland; tickets to The Voice S14 Finale LIVE in Los Angeles; passes to the Saturday Night Live Experience in Chicago; entry passes to the Isle of MTV Malta in Europe; tickets to visit the home of X Factor in London; studio tour in Korea organised by ONE and last but not least, a TVB City exclusive tour.

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Implementation of Mobile Connect signals the industry's commitment to roll out a simple yet secure digital identity solution for Singapore.

HUBBING IN REVIEW

Consumer (cont'd)

We appreciate the value of such exclusive partnerships. To mark such fruitful relationships, we have introduced the 'Only on StarHub' campaign, which highlights our unique offerings on StarHub TV with a slew of on-air promotions.

Go Local

We can do more than just showcasing our international offerings. We are actively promoting and creating our unique, and local content as well. During the year, we continued to tap on the Public Service Broadcast Contestable Funds Scheme offered by the regulator, IMDA.

The scheme allows us to commission and produce a variety of local programmes ranging from animations to sports to travelogues. The programmes are also shown via the *StarHub Go* app, where our customers can enjoy these local creations for free, and at their own leisure.

For example, there was a travel show, 'Let's go Gai Gai', where popular and bubbly host Michelle Chia helped fulfil the travel wishes of some under privileged families, bringing them to different parts around the world.

There was also the sports programme, 'Be Schooled' where former student athletes put their sporting skills and talent to the test as they compete against the current school team. The programme was nominated for 'Best Sports Programme' at the New York TV Festival held in April.

To help make our National Day celebration more meaningful, we started showing three other programmes in the month of August.

'Love In Transit' (下一站●爱), which has a total of ten episodes, is a beautiful sketch of special moments in the lives of the characters, as they go about using the different transport modes of Singapore. Some of the stories are comical, others will make us frown, but the attitudes and behaviours shown are real.

For the thousands of commuters out there, their daily journey might be a drudgery, but somewhere within that transient moment, there is always this special spark, that can somehow lighten up their lives in ways unexpected.



StarHub TV d'Lite

We seek to offer a wide range of both content and viewing options to cater to customers with different viewing appetites. With the new *d'Lite* Packs, customers with specific interests can zero in on their favourite content without having to subscribe to the Basic Groups.

StarHub TV customers can enjoy premium channels via the various packs offered along the content genres like Movies, Sports, Chinese, Malay and Tamil.

Focus on Value



To differentiate our broadband offerings from the crowd, we are always striving to offer something extra to our Broadband customers. For instance, we introduced the enhanced version of our network-based content filtering system called *JuniorProtect Plus*.

We also tied up with Linksys to offer customers the next generation Max-Stream EA7500v2 wireless router. This device allows not just connection for multiple devices, but supports concurrent video streaming at 4K and HD quality as well.



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We can do more than just showcasing international content. We are actively promoting and creating our unique and local content too.

'Timescapes' is a collection of five animated short films. Each film centres on life, love and home, and different characters' stories are unique in their own ways, but the common ground which we can all relate to: the stories are set against Singapore's past and present.

One of the five short films, the award-winning, 'The Violin', weaves a beautiful tale of a violin's 80 years in different hands from the banks of Boat Quay to the Victoria Concert Hall. The backdrops differ but the narrative remains firmly rooted to Singaporeans' passion for music and their country.

To round up this year's local programming, there was a short film called 'Paper House'. This film is an adaptation of the novel 'Paper City' by novelist Dave Chua and comic artist Koh Hong Teng.

The film's protagonist is an Indian teenager, who was shooting a documentary of the funeral of the grandfather of his best friend, a Chinese. The movie brings out the complex relations as a family interacts as they grieve. The movie is also a showcase of traditions and practices the family tries to adhere to.

In the same vein, many Singaporeans feel compelled to carry certain traditional practices; we are proud to carry the Singapore flag high and

give our passionate content creators a platform to tell their stories that are uniquely Singapore – and to pass on such traditions to a wider community.

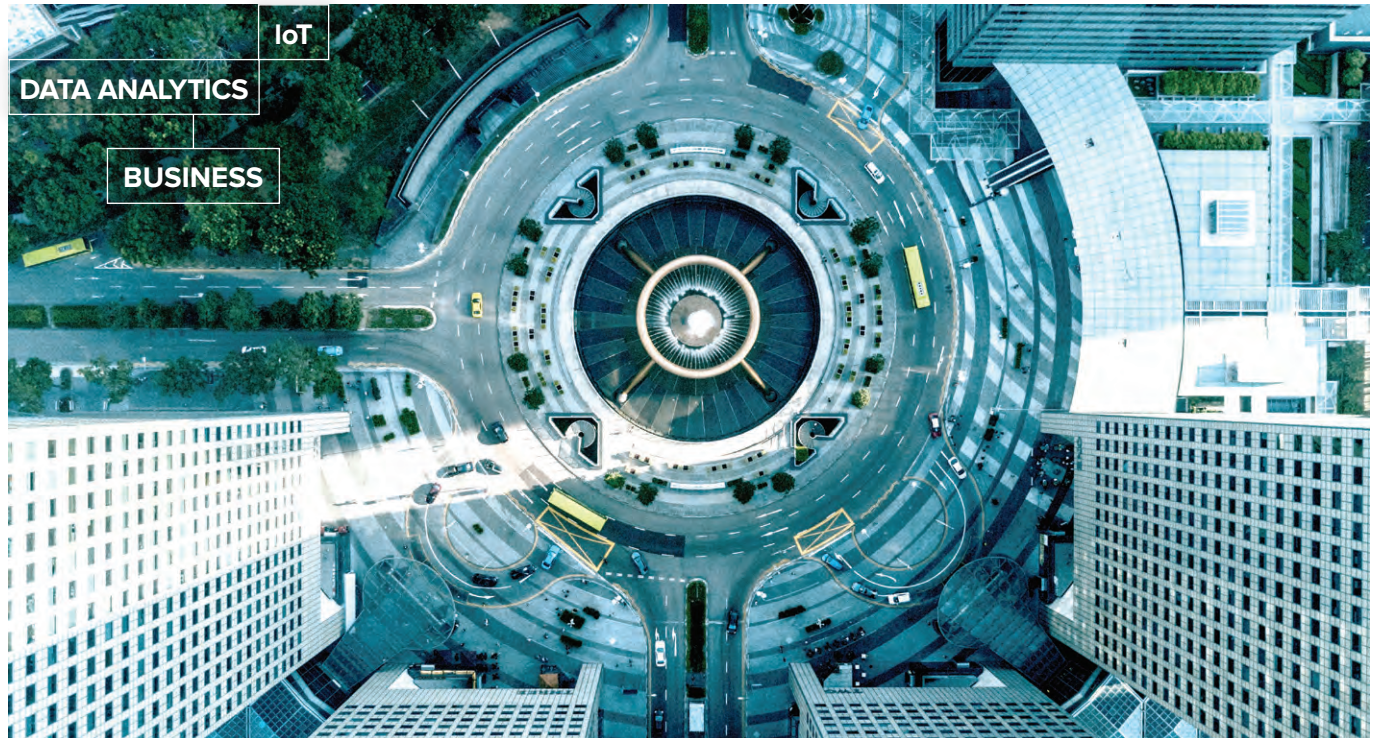
Residential Broadband

On the Broadband front, we endeavour to remain a competitive broadband provider. For a few years now, we have been competing with the newer, smaller players. To differentiate our broadband offerings from the crowd, we are always striving to offer something extra. For example, in March, we introduced the enhanced version of our network-based content filtering system (which works for smartphones too) called *JuniorProtect Plus*.

In July, we announced a tie-up with leading networking equipment vendor Linksys to offer our broadband customers access to the next generation Max-Stream EA7500v2 wireless router. This device allows not just connection for multiple devices, but supports concurrent video streaming at 4K and HD quality as well.

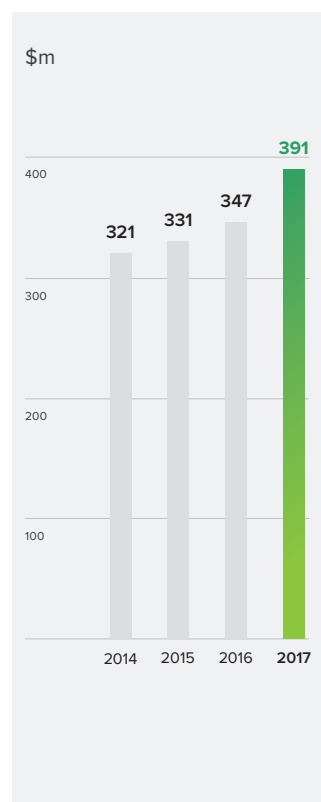
In August, we started offering the Google WiFi home mesh networking devices for our customers, as sole authorised retailer. Each basic pack of these three hockey-puck like devices weave a seamless home WiFi network, cleverly managing signal coverage and balancing usage required across the home.

Enterprise

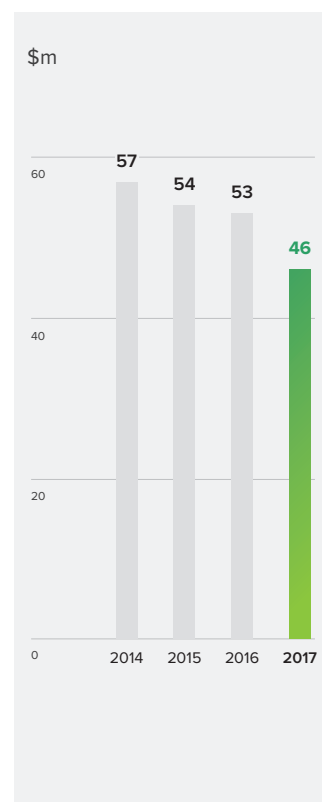


We have formed alliances with like-minded industry partners and have made acquisitions to beef up our capabilities in the fast-growing area of cyber security. Before we become part of a Smart Nation, we want to be a Smart Company first.

Data & Internet Revenue



Voice Revenue



OO

With our own robust fixed network and ever-improving mobile coverage, we are well positioned to provide Smart Nation services.



Hubtricity

The new facility acts as a foundation to accelerate service innovation and co-creation with partners and customers. The centrepiece is the converged command cockpit, where we can monitor how our fixed, mobile and pay TV networks and services are performing and understand how customers are using and responding to our service offerings through call-centre metrics and social media analytics. This state-of-the-art system provides us with the real-time data needed to deliver the highest service level to customers.

We will help transform Singapore into a vibrant and connected Smart Nation, enhancing people's everyday lives, strengthening enterprise capabilities and deepening Singapore's international connectivity.

Innovation via Digital Engagement



We have announced joint projects with like-minded partners that are eager to start building up capabilities in this new digital economy.

Some examples included a MoU with the NTUC aimed to enable working people to embrace workplace digitalisation and support on-the-go learning, our partnership with leading engineering firm ST Kinetics to deploy robots that can help save on manpower and make necessary chores such as laundry a more efficient one, and the launch of 'Fasttrack Trade', Singapore's first digital trade platform for SMEs using blockchain technology, with leading insurer Prudential.

Over the years, we have been investing and rolling out our own fibre network to better capture new opportunities in the enterprise space. We have formed alliances with like-minded industry partners and we have made acquisitions to beef up our capabilities in the fast-growing area of cyber security. Before we become part of a Smart Nation, we want to be a Smart Company first.

The enterprise market for IT and communications is huge, and it is also enjoying a new lease of life as both private companies and public organisations invest more in their own digital transformation. Those who have done it, reap the rewards from having the ability to do things cost-effectively and smartly.

Technology consultancy firm Forrester forecasted that the worldwide enterprise IT market will grow by about 5% to hit US\$3.2 trillion between 2018 and 2019. Software and services will continue to be the biggest tech categories, with cloud being the primary growth enabler. On the local front, with Singapore's Smart Nation push, the enterprise IT market will remain as one of the larger technology markets in this region. By end of March 2018, the Singapore government would have awarded some \$2.4 billion worth of info-comm and technology contracts.

With our own continuously-expanding fixed network and ever-improving mobile coverage, StarHub, as a leading communications provider, is perfectly positioned to provide the base on which all manners of Smart Nation applications and services are to be built on.

Hubtricity

To deliver the full potential of our networks, we have invested in a facility for our partners and ourselves to come together and create new services and applications for the Smart Nation. Dubbed the 'Hubtricity', the 58,000 sq ft innovation centre was officially launched in March.

Hubtricity is derived from three words: Hubbing – our core communications offerings; Tri – the three core networks powering Hubbing; and City – where we operate and where we serve. The core function of Hubtricity is our command cockpit, where we monitor how our mobile, pay TV and fixed networks and services are performing.

As we do so, we understand better how customers are using and responding to our service offerings through call-centre metrics, and social media and digital analytics from our 'Curiosity' hub. By gathering and parsing such real-time data, we are in a good position to deliver the highest service level possible to our customers.

Like-minded Partners

In 2017, we have announced joint projects with like-minded partners that are eager to start building up capabilities in this new digital economy.

In October, we signed a Memorandum of Understanding with the NTUC aimed to enable working people to embrace workplace digitalisation and support on-the-go learning. This three-year partnership leverages on NTUC's networks in reaching out to all working people in Singapore, as well as StarHub's thought leadership as an innovative info-communications provider, to empower working people to be future-ready.

In November, we announced a partnership with leading engineering firm ST Kinetics. The partnership is to deploy robots that can help save on manpower and make necessary chores such as laundry a more efficient one. The robots, called the TUG, are made by Aethon, which is a US-based robot making subsidiary of ST Engineering, the parent company of ST Kinetics. The robots are managed via a corporate WiFi network.

HUBBING IN REVIEW

Enterprise (cont'd)

For us, this partnership with ST Kinetics is part of our Connected Building initiative to provide IoT solutions that help companies implement green, productivity or safety concepts in business environments. By deploying TUG, what was previously a seven-step manual process has been cut down to just three automated ones. We are ready to support a wider adoption among other users.

Within the same month of November, we also announced two other partnerships. First, with leading insurer Prudential, we have jointly launched a partnership to introduce 'Fasttrack Trade' (FTT) - Singapore's first digital trade platform for SMEs using blockchain technology. Proponents of the blockchain technology have cited fail-safe authentication, security and better convenience as reasons for its popularity.

The FTT aims to help SMEs suss out business partners and distributors, to buy and sell goods, track shipments, receive and make payments, access financing and buy insurance via this single platform, which is developed by fintech start-up Cites Gestion and with funding from Prudential.

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We understand better how customers are responding to our service offerings through call-centre metrics, and social media and digital analytics.

While we sign up new business partners, we continue to build on long-time ties. We announced a collaboration with Nokia to push forward with IoT ecosystem development in Singapore at a quicker pace. We have an ambitious plan to offer related commercial services in 2018.

Under the partnership, Nokia, with its expertise in mobile networking, will support our ecosystem partners and us in the development of use cases. Applications are likely to include smart parking, environmental sensors and video analytics. Nokia will also help StarHub promote the benefits of IoT technology through various activities, including developer outreach programmes and participation in IoT-related events.

In addition, Nokia Bell Labs, their deep expertise centre, will provide added consultancy services to StarHub and our enterprise customers. The Singapore IoT market is gaining momentum; we hope to give this a leg up with our combined expertise and reach.

New Acquisitions, New Capabilities

While we are glad to work with many trusted and long-time industry partners,



Cyber Security Strengthened

We acquired two cyber security companies (as of January 2018), putting us in a stronger position to deliver secure Smart Nation, mission-critical ICT and digital solutions.

The unique combination of ASTL's end-to-end cyber security solutions and our telco-centric, network-based capabilities, will make us one of the few providers who can offer customers integrated cyber security solutions specially catered to their needs.

D'Crypt is a great asset with proven technology and R&D capabilities, and its cryptographic experience complements our Cyber Security Centre of Excellence in terms of delivering effective solutions to meet an emerging generation of security and vulnerability threats.

IoT Ecosystem



We announced a collaboration with Nokia to push forward with IoT ecosystem development in Singapore at a quicker pace. Under the partnership, Nokia, with its expertise in mobile networking, will support our ecosystem partners and us in the development of use cases.

In addition, Nokia Bell Labs, their deep expertise centre, will provide added consultancy services to our enterprise customers and us. The Singapore IoT market is gaining momentum; we hope to give this a leg up with our combined expertise and reach.

Enterprise Sector



Hubbing

Enterprise

To include an expanded range of new services and solutions to complement our existing offers.



Hubbing

Digital

Creating marketplaces for enterprises to serve and target customers better.



Hubbing

Vertical

Stay focused on selected verticals like the government, financial services, hospitality, transport, SMEs, and healthcare.

it makes sense to build up our own strengths too. This is especially relevant as the industry changes rapidly and enterprise customers require tailored solutions. We are anticipating that certain capabilities will enjoy fast-growing demand. In this light, we need to take decisive steps to bring such skills and expertise on board if we are to be a reliable and meaningful player in the enterprise IT market.

To this end, we made two significant acquisitions as of January 2018. First, we acquired a majority stake in ASTL with a plan to buy the remaining shares in 2020. ASTL is a cyber security systems integrator specialising in the provision of security solutions, consulting and managed security services. With them, we can now offer the full spectrum of cyber security solutions, making us well placed to meet this demand. Furthermore, the unique combination of ASTL's end-to-end cyber

security solutions and our telco-centric, network-based capabilities will make us one of the few providers who can offer customers integrated cyber security solutions specially catered to their needs.

In December, we made the other bold move. We announced the intention to acquire the cryptographic and secure communications solutions provider, D'Crypt. D'Crypt is a great asset with proven technology and R&D capabilities, and its cryptographic experience complements our Cyber Security Centre of Excellence in terms of delivering effective solutions to meet an emerging generation of security and vulnerability threats.

These two companies are a welcome addition to the StarHub family, putting us in a stronger position to deliver secure Smart Nation, mission-critical ICT and digital solutions.



To stay relevant as the industry changes rapidly and enterprise customers require tailored solutions, we must build up our own strengths.

How We Govern Ourselves

Corporate Governance Statement

StarHub is committed to continually uphold corporate governance and sustainability practices and policies that promote transparency, accountability and integrity. We believe this is critical to the long-term sustainability of our business and value creation for our stakeholders.

Corporate Governance Report 2017

StarHub has complied, in all material respects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012, and in some areas, has made improvements, for the year ended 31 December 2017 (FY2017). The disclosures in this report sets out our compliance of the corporate governance framework, policies and practices for FY2017.

Strengthening StarHub's business practices and culture through transparency, accountability and integrity.

1. BOARD MATTERS The Board's Conduct of Affairs

The Board's Role

The Board oversees the business performance and affairs of the Group. The Board leads, directs and works closely with Management, to ensure alignment of interests of the Board and Management with that of the shareholders, so as to achieve the long-term sustainable success of the various businesses of the Group.

The Board's key roles and responsibilities are as follows:

- Provide entrepreneurial leadership and guidance to Management and steer the Group through its strategy and corporate plan;
- Ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed in order to safeguard shareholders' interests and StarHub's assets. This framework is supported by clear and robust procedures and delegated authorities;
- Regularly review the performance of Senior Management and the remuneration framework of the Board and Senior Management;
- Review and approve key operational and business initiatives, major funding and investment proposals, acquisitions and divestments;
- Recognise that the perceptions of key stakeholder groups affect StarHub's reputation, identify the key stakeholder groups (which include customers, suppliers and business partners) and guide Management in StarHub's strategy and approach in addressing the concerns of these key stakeholder groups;

- Set StarHub's values and standards (including ethical standards), to ensure that the Group's obligations to shareholders and stakeholders are well-understood and duly met;
- Provide guidance on the social, ethical and environmental impact of the Group's activities and monitor compliance with StarHub's sustainability policies and practices; and
- Ensure the Group's compliance with all relevant laws and regulations.

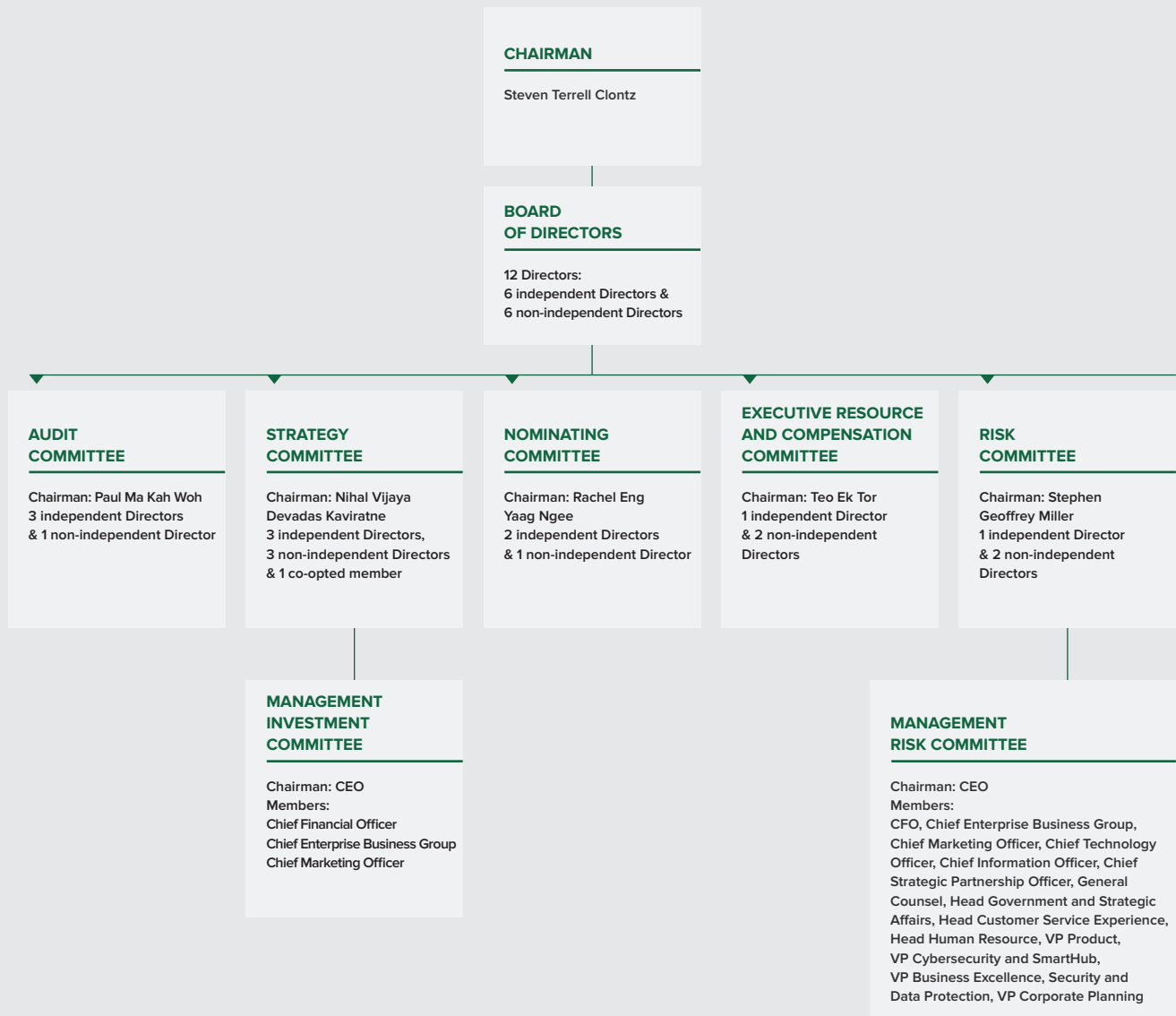
The Board and individual Directors act in good faith and make decisions objectively in the best interests of StarHub and all its shareholders.

The Board has established a framework on authorisation and approval limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency.

Board Committees

The Board has constituted the following Board committees (Board Committees) to assist the Board in the discharge of its functions:

- the Audit Committee (AC);
- the Strategy Committee (SC);
- the Nominating Committee (NC);
- the Executive Resource and Compensation Committee (ERCC); and
- the Risk Committee (RC).



The composition of the Board Committees and their specific responsibilities and authority are set out in the relevant sections of this Report. The detailed Terms of Reference of the respective Board Committees are available on the StarHub Investor Relations (IR) website. Each Board Committee is required to operate and make decisions on matters within its Terms of Reference.

Additional Board committees may be formed to undertake specific duties if necessitated by business requirements.

The Board receives updates from the Board Committee Chairmen at Board meetings, on key matters raised and/or decisions made at the last-held meeting of the respective Board Committees. For any matter which requires the Board's approval, the Board Committees would recommend the course of action to

the Board for its consideration and decision. Minutes of the meetings of the AC, SC, NC and RC are also circulated to the Board for its information, while the minutes of the meetings of the ERCC are available to the Directors on request.

Board Meetings

For FY2017, the Board held a total of five meetings. In keeping with past practice, the annual full-day Board Strategy offsite meeting was held to conduct an in-depth review and discussion on the Group's strategic direction and to consider the Group's budget for the upcoming financial year.

Throughout the financial year, as and when deemed necessary by the Board, additional Board meetings may be convened to consider urgent proposals or matters that

require the Board's review and approval. StarHub's Constitution allows Board meetings to be held via audio and video conferencing to facilitate the Board's decision-making process.

Board meetings for the upcoming financial year are scheduled in advance before the end of the current financial year to enable Directors to plan ahead and attend the upcoming financial year's Board meetings according to the respective meeting schedules.

A summary of the number of Board and Board Committee meetings held in FY2017 and the attendance of the Directors at these meetings as well as the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM) held in FY2017, is set out in the table in the following page:

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

Table 1 (Directors' Attendance at Board/General Meetings During FY2017)

	Board Meetings	Board Committee Meetings					AGM & EGM
		AC	SC	NC	ERCC	RC	
No. of Meetings Held	5	4	4	2	5	2	1
Steven Terrell Clontz	5	–	4	2	–	–	1
Tan Tong Hai	5	–	–	–	–	1	1
Paul Ma Kah Woh	5	4	–	–	–	2	1
Nihal Vijaya Devadas Kaviratne CBE	5	4	4	–	–	–	1
Rachel Eng Yaag Ngee ⁽¹⁾	5	4	–	2	–	–	1
Teo Ek Tor	5	–	–	2	5	–	1
Stephen Geoffrey Miller	5	–	4	–	5	2	1
Liu Chee Ming	5	–	4	–	–	–	1
Michelle Lee Guthrie ⁽²⁾	1	–	1	–	–	–	–
Lim Ming Seong	5	4	4	–	4	–	1
Nasser Marafih	5	–	–	–	–	–	1
Naoki Wakai ⁽³⁾	1	–	–	–	–	–	–

Notes:

- (1) Ms Rachel Eng Yaag Ngee was appointed as lead independent Director with effect from 8 August 2017.
 (2) Ms Michelle Lee Guthrie was appointed as a non-executive Independent Director with effect from 25 August 2017 and a SC Member with effect from 1 November 2017.
 (3) Mr Naoki Wakai was appointed as a non-executive Director with effect from 30 August 2017.
 (4) Mr Takeshi Kazami stepped down from the Board with effect from 4 August 2017. He attended all Board meetings during his tenure of service in 2017.

Board Orientation and Continual Training & Development

StarHub has a comprehensive induction programme for all newly-appointed Directors that is bespoke for the Group's business and operations. Briefings are conducted by Management for the newly-appointed Directors to familiarise with the Group's business activities, strategic directions, financials, policies, governance practices, corporate culture as well as key regulatory, legal and industry developments which affect the Group. The induction programme also includes meetings with the CEO and Senior Management.

Each Director is issued a tablet which he or she can use to access the StarHub Board Portal. The StarHub Board Portal is specifically designed to provide relevant information and up-to-date guidelines and policies that will help Directors to discharge their duties properly, including:

- Board meeting information and Board papers;

- information on Directors' duties and how to discharge those duties;
- the contact details of the Board and Senior Management;
- the terms of reference of the respective Board Committees; and
- the insider trading policy and Directors' share trading policy of StarHub.

The Board encourages the Directors to continually develop and refresh their professional knowledge and skills, and keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates.

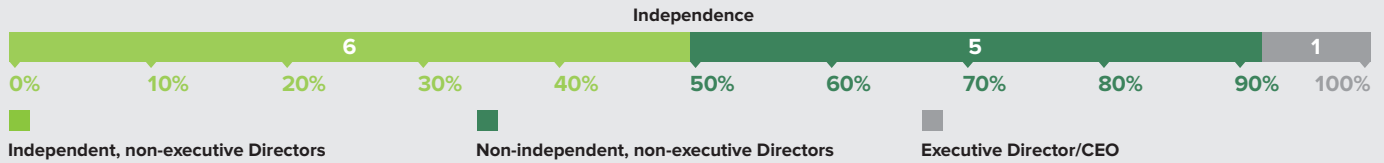
To this end, the Company Secretary facilitates the arrangement of internal briefings as well as external seminars and trainings for the Directors (including those conducted by StarHub's panel of law firms and the Singapore Institute of Directors in conjunction with the SGX-ST).

In addition, the Company Secretary and members of Senior Management also provide regular updates to the Directors

during Board meetings, and through emails and the StarHub Board Portal, on key legal, regulatory, industry and accounting changes which affect the Group. In FY2017, the Directors participated in a Digital Transformation training session, organised by industry members.

In addition, the Directors are free to conduct independent or collective discussions with Management and subject matter experts on any area of interest or concern. Where needed, operational site visits are organised to enable the Directors to have a clear understanding of issues faced by the Group.

Board Composition and Guidance



Independent, Non-Executive Directors	Non-Independent, Non-Executive Directors	Executive Director/CEO
<p>Ms Rachel Eng Yaag Ngee (NC Chairman and Lead Independent Director)</p> <p>Mr Paul Ma Kah Woh (AC Chairman)</p> <p>Mr Nihal Vijaya Devadas Kaviratne CBE (SC Chairman)</p> <p>Mr Teo Ek Tor (ERCC Chairman)</p> <p>Mr Liu Chee Ming</p> <p>Ms Michelle Lee Guthrie</p>	<p>Mr Steven Terrell Clontz (Chairman)</p> <p>Mr Stephen Geoffrey Miller (RC Chairman)</p> <p>Mr Lim Ming Seong</p> <p>Dr Nasser Marafih</p> <p>Mr Naoki Wakai</p>	<p>Mr Tan Tong Hai</p>

The Board comprises 12 Directors, of which half are non-executive independent Directors. The Chairman, Mr Steven Terrell Clontz, is not an independent Director within the meaning of the Code given his executive position at Singapore Technologies Telemedia Pte Ltd.

The Board has appointed Ms Eng as the lead independent Director, whose role includes:

- ensuring she is available to shareholders for consultation and direct communication, where they have concerns on matters which contact via the normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate;
- serving as a liaison between the Chairman and the independent Directors; and
- having the authority to call for and lead meetings of independent Directors without the presence of other Directors and provide feedback to the Chairman. No independent Directors' meeting was held in FY2017. However, at least one independent Directors' meeting will be held in the financial year ending 31 December 2018.

Mr Tan Tong Hai, the CEO, remains the sole executive Director on the Board. It was

announced in November 2017 that Mr Tan will be stepping down as executive Director and CEO on 1 May 2018. The Group is conducting a global executive search for its new CEO.

The individual profile of the Directors and the principal directorships and chairmanships in any listed companies held by the Directors currently and in the preceding three years, are found in the 'Board of Directors' and 'Directors' Particulars' sections of the Annual Report.

The NC assesses the independence of each non-executive Director annually, particularly those who have served more than nine years. As at 1 January 2018, three independent Directors, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming, have served on the Board for more than nine years. After careful rigorous review, the NC recommends, and the Board is of the firm view, that for FY2017, Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming¹ have each demonstrated the essential independence of mind and objectivity of judgement to act honestly and in the best interests of the Group in the discharge of their Directors' duties, and therefore considers them to be independent. In addition, the NC

recommends, and the Board is of the firm view, that for FY2018, Mr Kaviratne and Mr Teo are independent in mind and objectivity. When assessing objectivity and independent judgement, the NC and the Board would consider, *inter alia*, the approach, character and attitude of each non-executive Director, including whether such Director:

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group; and
- has any material contractual relationship with the Group other than as a Director.

Any Director who has an interest or relationship which is likely to impact on his/her independence or conflict with a subject under discussion by the Board is required to immediately declare his/her interest or relationship to the Board, remove himself/herself from the information flow, and abstain from participating in any further discussion or voting on the subject matter.

The Board, through the NC, annually examines its size and composition to ensure

⁽¹⁾ Mr Liu Chee Ming will be retiring as a non-executive Director and will not be offering himself for re-election at the AGM in 2018.

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

its overall effectiveness. Given the scope and nature of the Group's operations, the Board is of the view that its current size of 12 is conducive and facilitates effective decision-making. In this regard, the Board has also taken into account the complexity and requirements of the Group's business.

The Board consists of Directors who are business leaders and professionals of high calibre and integrity. They possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning experience, and customer-based experience and knowledge. The Board, as a group, constantly seeks to identify areas of focus and maintain an appropriate mix of expertise, experience (both local and international), knowledge, gender, culture and nationality. The NC has developed a skills matrix which is reviewed by the Board on a regular basis, as one criteria for Director appointments. The NC also considers gender diversity in relation to the Board composition. Following the appointment of Ms Michelle Lee Guthrie in FY2017, the Board currently comprises 2 female Directors out of 12 Directors. StarHub believes that a well-balanced Board with diversified skills encourages robust and quality deliberations among the Directors, and mitigates 'group thinking' in decision-making. The Board enjoys the unique contribution that each Director brings to the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges during discussions. The immense network of contacts across the industries which such diversity provides has proven invaluable to StarHub.

The Chairman and Directors support the CEO in stakeholder engagements, including with shareholders, business partners and regulators.

In furtherance of their duties, the Directors are given access to independent professional advice at StarHub's expense should they deem such advice necessary. At least once a year, non-executive Directors meet to discuss, *inter alia*, Management's performance without the presence of Management.

Chairman and CEO

In StarHub, there is a clear division in responsibilities between the leadership of the Board and Management. The Chairman and the CEO of StarHub are separate persons, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions. No one individual holds considerable concentration of power within the Group.

The Chairman is Mr Steven Terrell Clontz, who is a non-executive Director and unrelated to the CEO. He:

- leads the Board to ensure its effectiveness on all aspects of its role;
- sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promotes a culture of openness and constructive debate at the Board;
- ensures that the Directors receive complete, adequate and timely information. He works with the CEO in relation to the Board's requirements for information in order to contribute effectively to the Board decision-making process;
- encourages effective communication with shareholders;
- encourages constructive relations within the Board and between the Board and Management. As the primary link between the Board and Management, he provides continuity between Board meetings and thereby oversees the effective implementation of the Board's decisions;
- facilitates the effective contribution of non-executive Directors; and
- promotes high standards of corporate governance.

The CEO is Mr Tan Tong Hai. He leads the Management and has full executive responsibility for the day-to-day running of

the Group's business operations as well as the effective implementation of the Group's strategies and policies.

Board Membership

StarHub has instituted a formal and transparent process for the selection, appointment and re-appointment of Directors to the Board. To this end, the Board established the NC to lead and facilitate this process with written terms of reference that clearly set out its authority and duties.

Nominating Committee (NC)

Membership

Ms Rachel Eng Yaag Ngee, NC Chairman and lead independent Director
Mr Steven Terrell Clontz, non-executive Chairman of the Board
Mr Teo Ek Tor, independent Director

Key Responsibilities

- To lead and facilitate the process for the selection, appointment and re-appointment of Directors to the Board
- To make sure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effectively discharging its responsibilities and to have oversight of all matters relating to corporate governance

All the NC members are non-executive Directors who are independent of Management. During FY2017, the NC held 2 meetings.

The Board notes that Mr Steven Terrell Clontz is regarded as non-independent under the Code in view of his executive role at Singapore Technologies Telemedia Pte Ltd. However, after due consideration, the Board and the NC are of the view that his appointment does not interfere with the exercise of his independent business judgement or prevent him from acting objectively in the best interests of the Group in carrying out his duties. The Board and the NC further note that Mr Clontz is not involved in the day-to-day running of the Group's business and operations, and is

independent of Management, with a clear separation of role between Management and the deliberations of the NC.

In proposing a Director as a candidate for appointment or re-election, the NC considers several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are subject to the approval of StarHub's regulator, namely the Info-communications Media Development Authority of Singapore.

In accordance with StarHub's Constitution, all Directors who are appointed by the Board during the financial year are required to retire and stand for election by shareholders at the first AGM of StarHub after their appointment. The Code requires all Directors to retire and stand for re-election by shareholders at least once in every three-year period.

The NC reviews and considers the independence of each Director on an annual basis. If the NC considers that a Director is independent notwithstanding the existence of specific relationships or circumstances described in the Code that may potentially affect the Director's independent status, the NC will provide its view to the Board for the Board's determination. The NC will consider factors such as the Director's independent business judgement, objectivity, integrity and conduct in acting honestly in the best interests of the Group. Conversely, the NC has the discretion to consider that a Director is not independent even in the absence of specific relationships or circumstances described in the Code, and will similarly provide its views to the Board for the Board's determination. The NC has considered and is of the view that all the independent Directors are sufficiently

independent and are able to objectively exercise their judgement in the best interests of the Group.

Directors with multiple board representations and/or other principal commitments (as defined in the Code) must ensure that they are able to devote sufficient time and attention to the affairs of StarHub to adequately carry out their duties as Directors of StarHub. The NC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of StarHub and have properly discharged their duties for FY2017, and will continue to do so in FY2018. Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director with multiple board representations may hold, the NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub.

The Board does not have any alternate Directors. All Directors dedicate their personal time and attention to the affairs of StarHub.

Board Performance

StarHub believes that Board performance is ultimately reflected in the performance of the Group. The NC has the responsibility of assessing the effectiveness of the Board as a whole, and the contribution of the Board Committees and each Director to the effectiveness of the Board.

For FY2017, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd (Aon Hewitt) as independent external consultants to facilitate the annual evaluation of the performance of the Board and the Board Committees. The evaluation process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular:

- the adequacy of the Board composition, including the Board size, the degree

of Board independence and the mix and diversity of skills, experience and knowledge of the Board;

- information management and Board processes, including level and timeliness of information provided to the Board;
- integrity and corporate social responsibility of StarHub;
- managing StarHub's performance;
- the effectiveness of Board Committees;
- CEO performance and succession planning;
- Director development and management; and
- risk management.

As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the key areas. Individual interviews with each Director were carried out.

The annual review process facilitates consideration by the Board of its membership, including renewal considerations. The results of the performance evaluation exercise are collected, analysed and presented to the NC, in consultation with the Chairman. The NC reviews and recommends to the Board the follow-up actions required to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of StarHub. Where appropriate, Management may also be involved in the review process, and will assist in implementing the necessary measures.

Access to Information

At least five (5) business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are encrypted with passwords to safeguard security. Throughout the financial year, the Board also receives

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

monthly management and financial reports providing updates on key performance indicators and a financial analysis of the Group, and regular analysts' reports and media articles on StarHub and the industry. Collectively, such reports enable the Directors to constantly keep abreast of key issues and developments in the industry as well as challenges and opportunities for the Group, thereby facilitating informed and sound decisions.

Independent of the information provided to the Directors as described above, Management is available at all times to answer any queries raised by the Directors. Frequent dialogue and interactions take place between Management and the Directors. Consequently, the Directors are able to gain a deeper understanding of StarHub's operations and information, allowing them to better strategise and guide StarHub in their role as Directors.

Furthermore, the StarHub Board Portal allows the Directors to securely access and read Board and Board Committee papers and materials electronically, using tablet devices provided by StarHub at their convenience.

The Directors have separate and independent access to the Company Secretaries, who are trained in legal and company secretarial practices. The Company Secretaries administer, attend and prepare minutes of all Board meetings and are responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, they facilitate good information flows within the Board and its Board Committees, between the Board and Management, and advise the Board on all legal and corporate governance matters. The Company Secretaries are the primary channel of communication between StarHub and the SGX. The Company Secretaries also facilitate the orientation of new Directors and assist in arranging professional development and training for the Directors as required. The appointment and the removal of the Company Secretaries are subject to the Board's approval.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

The Board has instituted a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors. The Board has established the ERCC to ensure that this is duly implemented.

Executive Resource and Compensation Committee (ERCC)

Membership

Mr Teo Ek Tor, ERCC Chairman and independent Director
Mr Stephen Geoffrey Miller, non-executive Director
Mr Lim Ming Seong, non-executive Director

Key Responsibilities

- Ensure the implementation of a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors
- Succession planning for the CEO, the CFO and other key management personnel. Potential candidates for immediate, medium and long-term needs are identified each year
- Assessing and approving performance share awards and restricted stock awards under StarHub's approved share plans, and recommending the grant of share awards to Directors and key management personnel for the Board's approval
- Assessing and approving candidates for key appointments
- Overseeing the development of Management and reviewing succession plans for key positions in the Group

The ERCC comprises three non-executive Directors who are independent of Management, with the ERCC Chairman being an independent Director. During FY2017, the ERCC held 5 meetings.

The Board notes that Mr Stephen Geoffrey Miller and Mr Lim Ming Seong are regarded as non-independent under the Code in view of Mr Miller's executive role and Mr Lim's directorship at Singapore Technologies Telemedia Pte Ltd. However, after due consideration, the Board and the NC are of the view that such appointments do not interfere with the exercise of independent judgement by Mr Miller and Mr Lim on the Board or prevent them from acting objectively in the best interests of the Group in carrying out their duties. The Board and the NC further note that Mr Miller and Mr Lim are not involved in the day-to-day running of the Group's business and operations, and are independent of Management, with a clear separation of role between Management and the deliberations of the ERCC.

In overseeing StarHub's remuneration policies, the ERCC's key duties are to review and recommend the following to the Board for endorsement:

- the general remuneration framework and specific remuneration packages for key management personnel (as defined in the Code); and
- the remuneration framework for each Director (including Director's fees, allowances and share-based awards).

When reviewing and recommending the remuneration framework and packages, the ERCC covers all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind. The framework and packages are linked to:

- the performance of StarHub, the Group and the relevant individual;
- industry practices and compensation norms; and

- the need to attract key management personnel in order to ensure the continuing development of talent and the renewal of strong leadership for StarHub.

With regards to the CEO and key management personnel, the ERCC ensures that the remuneration paid to them is strongly linked to the achievement of business and individual performance targets. The performance targets are determined by the ERCC based on realistic yet stretch levels each year to motivate them to achieve a high degree of business performance with emphasis on both short and long-term quantifiable objectives.

All decisions by the ERCC are made by a majority of votes of the ERCC members present and voting.

No ERCC member or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to such individual, or where there are conflicts of interests. The CEO is present at all ERCC discussions on the compensation and incentive policies for StarHub's key staff, such as share awards, bonus framework, salary and other incentive schemes, save for ERCC discussions which relate to the CEO's own compensation, terms and conditions of service or the review of his performance, of which he absents himself.

The ERCC has access to expert professional advice on remuneration of the Board and executives. The ERCC has appointed Aon Hewitt as its remuneration consultant for FY2017 and is satisfied that the independence and objectivity of Aon Hewitt is not affected by any relationship between StarHub and Aon Hewitt respectively.

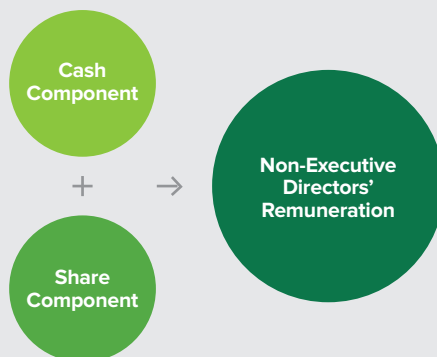
The ERCC reviews StarHub's obligations arising in the event of termination of an executive Director's and/or any key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses. The ERCC aims to be fair and avoid rewarding poor performance. Prior to any such termination, the ERCC's approval is required.

During FY2017, the ERCC engaged Aon Hewitt to conduct a Pay-for-Performance Alignment Study. The results showed that there was sufficient evidence indicating Pay-For-Performance Alignment for StarHub in both absolute and relative terms over the four-year period from the financial year 2013 to the financial year 2016. Additionally, the ERCC also took into consideration the challenges in the industry/market as well as the job complexity and found the CEO's total compensation to be aligned to the performance of StarHub. Aon Hewitt also conducted a Compensation Risk Assessment. The ERCC reviewed the various compensation risks that may arise and introduced mitigating policies to better manage the risk exposure that was identified. The ERCC has been undertaking periodic reviews of the compensation-related risks.

Level and Mix of Remuneration Disclosure on Remuneration

Non-Executive Directors' Remuneration

Non-executive Directors receive 70% of their Directors' remuneration in cash and the remaining 30% in share awards granted pursuant to the StarHub Restricted Stock Plan. This remuneration structure encourages non-executive Directors to hold shares in StarHub so as to better align the interests of the non-executive Directors with the interests of shareholders and the long-term interests of StarHub.



Cash Component

Each non-executive Director receives a basic retainer fee, attendance fee and travel allowance (for overseas Directors). Non-executive Directors who perform additional services in Board Committees receive additional fees. The Board Chairman and the Chairman of each Board Committee also receive a higher fee compared with the members of the Board and the respective Board Committees, in view of their greater responsibilities.

Share Component

The restricted share awards consist of the outright grant of fully-paid shares, without any vesting conditions attached. However, in order to encourage the alignment of the interests of the non-executive Directors and shareholders, non-executive Directors who receive the restricted share awards are required to hold a minimum number of shares in StarHub with a value equivalent to the prevailing annual basic retainer fee, or the aggregate of (a) the total number of StarHub shares awarded as part of their remuneration for the financial year ended 31 December 2011 and each subsequent financial year thereafter and (b) 50% of the total number of shares awarded from the financial year ended 31 December 2007 to 31 December 2010, whichever is lower. Non-executive Directors can only dispose of all their shares in StarHub one year after ceasing to be a Director. The number of shares to be awarded to a participating non-executive Director will be determined by reference to the volume weighted average price of a share on the SGX-ST over the 14 trading days commencing on the ex-dividend date that immediately follows the forthcoming AGM. The number of shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining shares arising.

The non-executive Directors' remuneration for FY2017 will be subject to shareholders' approval at the upcoming AGM in FY2018.

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

Table 2 (Annual Fees for the Board and the Board Committees)

Annual Fees for the Board		
Board Chairman:		\$165,000
Non-Executive Director:		\$65,000

Additional Annual Fees for the Board Committees		
Type of Committee	Chairman	Member
Audit Committee	\$43,000	\$25,000
Strategy Committee	\$30,000	\$16,000
Nominating Committee	\$24,000	\$15,000
Executive Resource and Compensation Committee	\$30,000	\$16,000
Risk Committee	\$30,000	\$16,000

Breakdown of Directors' Remuneration

The following shows the composition of Directors' remuneration for FY2017:

Name of Executive Director	Executive Director's Remuneration				Total (\$)
	Fixed ⁽¹⁾ (\$)	Variable ⁽²⁾ (\$)	Benefits ⁽³⁾ (\$)	Share-based Compensation ⁽⁴⁾ (\$)	
Tan Tong Hai	995,615	1,210,700	79,862	2,050,297	4,336,474 ⁽⁵⁾
Total paid, including shares vested based on actual performance					2,543,942

Name of Non-Executive Director	Non-Executive Directors' Remuneration		Total (\$)
	Cash-based (\$)	Share-based (\$)	
Steven Terrell Clontz ^(a)	188,650.00	80,850.00	269,500.00
Paul Ma Kah Woh	110,950.00	47,550.00	158,500.00
Nihal Vijaya Devadas Kaviratne CBE	124,950.00	53,550.00	178,500.00
Rachel Eng Yaag Ngee ^(b)	103,950.00	44,550.00	148,500.00
Teo Ek Tor	103,068.00	44,172.00	147,240.00
Stephen Geoffrey Miller ^(a)	119,532.00	51,228.00	170,760.00
Liu Chee Ming	91,000.00	39,000.00	130,000.00
Michelle Lee Guthrie ^(c)	26,002.90	11,144.10	37,147.00
Lim Ming Seong	117,250.00	50,250.00	167,500.00
Nasser Marafih	89,250.00	38,250.00	127,500.00
Naoki Wakai ^{(a)(d)}	18,607.40	–	18,607.40

Non-Executive Director who resigned during FY2017		
Takeshi Kazami ^{(a)(e)}	33,101.60	33,101.60

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2017.

(2) Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2017. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards StarHub's employees for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under the EVA scheme, each of StarHub's employees is given clear objectives on his personal scorecard, which are aligned to StarHub's overall strategic objectives of growth and profitability, creating customer value, operational efficiency, excellence and optimal customer management, and developing a motivated and well-trained workforce. A notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him for each year is credited. One-third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

(3) Benefits are stated on the basis of direct costs to StarHub, and include tax equalisation, housing and other non-cash benefits such as leave, medical scheme and club membership.

(4) Shares awards granted to the Executive Director, Mr Tan Tong Hai, under the StarHub Restricted Stock Plan (RSP) and the StarHub Performance Share Plan (PSP) are subject to pre-determined performance targets set over a one-year and three-year performance periods respectively. The figures shown are based on the fair value of the shares at 100% of each of the RSP and PSP conditional awards. They may not be indicative of the actual value at vesting which can range from 0% to 100% of the RSP conditional award and 0% to 150% of the PSP conditional award. Over the last two financial years 2015 and 2016, the average number of shares vested to

participants of the RSP and the PSP has been less than 100% of the conditional awards granted. Time-based share awards were also granted under the RSP, with a vesting period of two years.

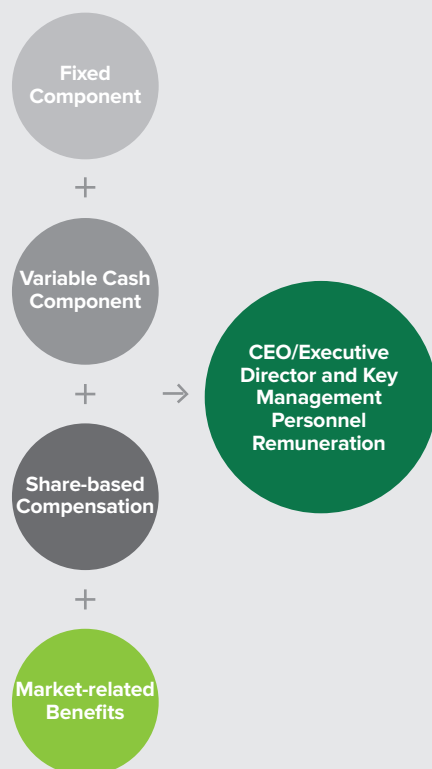
- (5) Refers to total remuneration including contingent shares granted but not vested, subject to performance.
- (a) Fees are payable to Director's employer company.
- (b) No additional fees were paid to Ms Rachel Eng Yaag Ngee in her capacity as lead independent Director.
- (c) Ms Michelle Lee Guthrie was appointed as non-executive Director on 25 August 2017.
- (d) Mr Naoki Wakai was appointed as non-executive Director on 30 August 2017. He had declined the share award and will only receive the cash component of his remuneration. Mr Wakai does not hold any share in StarHub.
- (e) Mr Takeshi Kazami stepped down from the Board with effect from 4 August 2017. Mr Kazami had earlier declined the share award and will only receive the cash component of his remuneration in the amount of \$33,101.60 for FY2017. Mr Kazami does not hold any share in StarHub.

Details of the share awards granted by StarHub to the non-executive Directors under the StarHub Restricted Stock Plan can be found in the Directors' Statement.

CEO/Executive Director and Key Management Personnel Remuneration

The ERCC seeks to ensure that the level and mix of remuneration for the CEO and key management personnel are competitive and relevant, aligned with shareholders' interests and promote the long-term success of the Group.

Remuneration for the CEO² and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits:



A. Fixed Component:

The fixed component comprises the base salary, Annual Wage Supplement (AWS) and fixed allowances.

B. Variable Cash Component:

The variable cash component includes the Annual Variable Bonus and Economic Value Added (EVA) Incentive Plan.

Annual Variable Bonus (AVB)

The AVB is a cash-based incentive for the CEO and key management personnel, which is linked to the achievement of annual performance targets.

Individual performance objectives are set at the beginning of each financial year. The objectives are aligned to the overall strategic, financial and operational goals of the Group, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of the Group, StarHub and the individual. While the performance objectives are different for each executive, they are assessed on the same principles across the following four broad categories of targets:

- Business;
- Customer;
- Process; and
- People

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 Group's performance at the end of each financial year. The final AVB payout can range from 0 to 1.5 times of the target payout.

EVA Incentive Plan (EIP)

The EIP rewards employees for sustainable shareholder value creation over the medium-term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of the Group's business. A portion of the annual performance-related bonus of the key management personnel is tied to the EVA achieved by the Group in the financial year.

Under the EIP, one-third of the accumulated EVA performance bonus, comprising the EVA performance bonus declared for the current financial year and the balance brought forward from preceding financial years, is paid out in cash each financial year. The remaining two-thirds are carried forward in the individual key management personnel's EVA bank account. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years. This mechanism encourages the CEO and key management personnel to work for sustainable EVA generation and adopt strategies that are aligned with the long-term interests of the Group.

Based on the ERCC's assessment that the actual performance of the Group in FY2017 had partially met the pre-determined targets, the resulting annual payout under EVA was adjusted accordingly to reflect the performance level achieved.

C. Share-based Compensation: StarHub Performance Share Plan (PSP)

The PSP serves as a long-term incentive to motivate the key management personnel to strive for superior performance and to align their interests with that of shareholders.

(2) As an executive Director, the CEO is remunerated as a key management personnel of StarHub. He does not receive Directors' fees for his Board directorship with StarHub.

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

Pursuant to the PSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on meeting targets set for a three-year performance period. The performance measures used in PSP grants during FY2017 are:

- Returns on Capital Invested (ROIC) growth; and
- Absolute Total Shareholder Return (TSR) against Cost of Equity hurdles (i.e. measure of Wealth Added).

A minimum threshold performance is required for any performance shares to be released to the recipient at the end of the performance period. The actual number of performance shares released will depend on the achievement of set targets over the performance period. For the performance measure of ROIC, the achievement factor ranges from 0 to 1.5 times of 35% of the conditional award. For the performance measure of Absolute TSR, the achievement factor ranges from 0 to 1.5 times of the conditional award.

The final PSP award is conditional on the vesting of the shares under the Restricted Stock Plan (RSP) which have the same performance end period.

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance levels for PSP awards granted in FY2015 based on the performance period from 2015 to 2017.

StarHub Restricted Stock Plan (RSP)

The RSP is established with the objective of motivating managers and key talent to strive for sustained long-term growth and superior performance of the Group. It also aims to foster a share ownership culture among employees within the Group and to better align employees' incentives with shareholders' interests.

Pursuant to the RSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on the achievement of annual performance targets. The objectives are aligned to the overall strategic, financial and operational goals of the Group.

A minimum threshold performance is required for any restricted shares to be released to the recipient at the end of the performance period. The actual number of shares released will depend on the achievement of the pre-determined target performance levels over the performance period, and will be determined by the ERCC at the end of the performance period,

capped at 1.0 times of the conditional award. The shares will be released in three tranches of 50%, 25% and 25% over three consecutive years.

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance level for RSP awards granted in FY2016 based on the performance period from 2016 to 2017. However, the Group has attained an achievement factor which is reflective of meeting the pre-determined target performance levels for RSP awards granted in FY2017 based on the performance period of 2017. The resulting shares vested were adjusted accordingly to reflect the performance level achieved.

D. Market-related Benefits:

The benefits provided are comparable with local market practices.

Remuneration of the Top Five Key Management Personnel

The details of the remuneration of the top five key management personnel (who are not also Directors or the CEO) are set out in Table 3 below (in bands of \$250,000 and percentage terms for the services rendered by them to the Group for FY2017).

Table 3

	Fixed ⁽¹⁾ (%)	Variable ⁽²⁾ (%)	Benefits ⁽³⁾ (%)	Share-based Compensation ⁽⁴⁾ (%)	Total (%)	Remuneration bands ⁽⁵⁾
Dennis Chia	36	21	3	39	100	C
Chong Yoke Sin	27	6	2	65	100	C ⁽⁶⁾
Howie Lau	59	19	6	16	100	A
Jeannie Ong	39	19	3	39	100	B
Veronica Lai	41	18	4	37	100	B
Total including contingent shares granted but not vested, subject to performance					\$6,555,767	
Total paid, including shares vested based on actual performance					\$4,287,445	

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2017.

(2) Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2017. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards StarHub's employees for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. A notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him for each year is credited. One-third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

(3) Benefits are stated on the basis of direct costs to StarHub, and include tax equalisation, housing and other non-cash benefits such as leave, medical scheme and club membership.

(4) Share awards granted under the StarHub Restricted Stock Plan (RSP) and the StarHub Performance Share Plan (PSP) are subject to pre-determined performance targets set over a one-year and three-year performance periods respectively. The figures shown are based on the fair value of the shares at 100% of each of the RSP and PSP conditional awards. They may not be indicative of the actual value at vesting which can range from 0% to 100% of the RSP conditional award and 0% to 150% of the PSP conditional award. Time-based share awards were also granted under the RSP, with a vesting period of two years.

(5) Remuneration bands:

"A" refers to remuneration between \$750,001 and \$1,000,000 per annum

"B" refers to remuneration between \$1,000,001 and \$1,250,000 per annum

"C" refers to remuneration between \$1,500,001 and \$1,750,000 per annum

(6) Dr Chong Yoke Sin joined StarHub with effect from 3 April 2017. Accordingly, the amount of actual compensation received was based on the period from 3 April 2017 to 31 December 2017. There was share-based compensation granted to Dr Chong Yoke Sin as a one-off time-based restricted award of 400,000 shares.

If an executive Director or any key management personnel of StarHub is involved in fraud or misconduct, which results in a re-statement of StarHub's financial results or financial loss to StarHub, the Board may reclaim the unvested components of remuneration from such executive Director or key management personnel under all incentive plans for the relevant period, to the extent such incentive has been earned but not yet released or disbursed. The Board, taking into account the ERCC's recommendation, may decide whether and to what extent, such recoupment of the incentive is appropriate, based on the specific facts and circumstances of the case. No such fraud or misconduct occurred in FY2017.

During FY2017, no employee of the Group whose remuneration exceeded \$50,000 per annum was an immediate family member of any Director or the CEO.

3. STRATEGIC MATTERS

The SC supports, advises and provides direction to the Group on the formulation, review and execution of the Group's strategies.

The SC comprises 6 non-executive Directors and a co-opted member who are independent of Management. The SC members possess deep knowledge of the converging info-communications and media industries in which the Group is operating in, and collectively have relevant expertise and experience in finance, mergers and acquisitions, legal, regulatory, technical, management, consumer enterprise and strategic planning experience. This enables the SC to fulfil its oversight responsibilities relating to the Group's intermediate and long-term strategy development and implementation.

The SC is assisted by the Management Investment Committee (MIC), comprising the CEO, Chief Financial Officer, Chief Marketing Officer and Chief Enterprise Business Group.

As part of the SC's key functions, the SC guides Management on the strategic planning process to ensure that the Group's strategic plan is developed with measurable goals and time targets, and is appropriately implemented. It reviews both organic and inorganic growth

opportunities, and evaluates the impact of external developments and factors, such as emerging or evolving competitive activity, disruptive technologies and regulatory developments, on the Group's strategy and execution. This enables the Group to adjust its strategic plan as needed accordingly.

The SC tracks the Group's progress against strategic goals; and provides constructive challenge and advice on the strategic options. These include the acquisition strategy, capital strategy, market capabilities and resource requirement, as well as the transformation strategy aimed at sustaining growth, competitiveness and innovation into the future.

During FY2017, the SC held 4 meetings (including a full-day strategy meeting).

4. ACCOUNTABILITY AND AUDIT Accountability

The Board provides a balanced and informed assessment of the Group's performance, position and prospects to shareholders in the Group's quarterly and full-year operating performance and financial results which are released via SGXNET, together with the associated press releases and presentation slides relating to the financial results.

For FY2017, the Board has received written assurance from the CEO and the CFO that the financial statements give a true and fair view of the Group's operations and finances. For the quarterly financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the requirements of the SGX-ST Listing Manual. StarHub recognises that prompt and full compliance with statutory reporting requirements is imperative in maintaining shareholder confidence and trust.

Management updates the Board with monthly management and financial reports which explain StarHub's performance (in comparison with its forecasted performance and budget) and financial position on a timely basis. Other related business reports are also provided to the Board regularly and upon request by the Board from time to time.

StarHub has also procured the undertakings to comply with the SGX-ST Listing Rules from all Directors and executive officers, in compliance with SGX-ST Listing Rule 720(1).

Strategy Committee (SC)

Membership

Mr Nihal Vijaya Devadas Kaviratne CBE, SC Chairman and independent Director
 Mr Steven Terrell Clontz, non-executive Chairman of the Board
 Mr Stephen Geoffrey Miller, non-executive Director
 Mr Liu Chee Ming, independent Director
 Ms Michelle Lee Guthrie, independent Director
 Mr Lim Ming Seong, non-executive Director
 Mr Nikhil O. J. Eapen, co-opted SC member

Key Responsibilities

- Identifying and assessing significant intermediate and long-term opportunities (in terms of new frontiers of organic and inorganic growth) and threats in the Group's business areas and operations (including technology, competition, regulatory and financial) and the industry
- Providing constructive input and recommendations to the Board on any strategic matter reviewed by the SC which requires the Board's approval

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

Risk Management and Internal Controls

The Board takes responsibility for the governance of risks and to this end, has established and maintains a sound system of risk management and internal controls to safeguard shareholders' interests and StarHub's assets. The RC assists the Board in its discharge of this responsibility.

Risk Committee (RC)

Membership

Mr Stephen Geoffrey Miller, RC Chairman
Mr Tan Tong Hai, CEO and executive Director
Mr Paul Ma Kah Woh, independent Director

Key Responsibilities

- Review and recommend to the Board the type and level of business risk that the Group undertakes in achieving its business strategy, and the appropriate risk management framework and policies for managing StarHub's risk
- Provide oversight in the design, implementation and monitoring of the risk management framework, and system of internal controls (including operational, compliance and information technology controls), and to ensure that Management puts in place action plans to mitigate the identified risks where possible
- Review the adequacy and effectiveness of StarHub's risk management system and system of internal controls (including operational, compliance and information technology controls)
- Review policies and procedures for timely risk identification and containment
- Set and instill in StarHub an appropriate risk-aware culture for effective risk governance

The RC comprises 2 non-executive Directors who are independent of Management, as well as the CEO who is an executive Director. During FY2017, the RC held 2 meetings. The RC is assisted by the Management Risk Committee (MRC), comprising relevant members of Senior Management. The MRC oversees, co-ordinates and monitors the implementation of the enterprise-wide risk management policies and procedures across the Group, including the Group's insurance programme and the facilitation of self-assessment exercise required of significant business units on an annual basis. The MRC also proactively identifies existing and emerging significant risks, and manages them at the enterprise level within StarHub on an ongoing basis. The MRC reports to the RC on a regular basis.

In FY2017, the Group revamped its Enterprise Risk Management (ERM) programme to one that is centred on being inclusive, multi-disciplinary and focuses on risks and opportunities that are pertinent to the Group's business activities and that are aligned to the Group's strategic objectives. The Group seeks to embed risk management in its decision-making processes and key business activities at all levels and adopts a comprehensive and practical approach to mitigating the Group's risks.

To improve risk management and mitigation, StarHub has identified certain top risks for tracking and monitoring. These risks are aligned with the Group's strategic priorities, and were identified and prioritised in consultation with the RC and MRC. They are also supported by bottom-up risk assessments conducted by the respective business unit managers. The identified top risks are also subject to in-depth discussions at quarterly MRC meetings and bi-annual RC meetings.

The RC has authority to investigate any matter within its terms of reference, and has full access to and co-operation from Management. The RC will also have full discretion to invite any Director or executive officer to attend its meetings, and to require Management to provide it with reasonable resources to enable it to discharge its functions properly.

In terms of internal controls, independent audits are conducted by the external and internal auditors on the effectiveness of the Group's key internal control systems. The AC is responsible for reviewing the audit reports and assessing the effectiveness of the actions taken by Management in resolving any lapses or weaknesses in accordance with the recommendations made by the external and internal auditors, and taking into account Management's views.

For FY2017, the Board has received written assurance from the CEO and the CFO that: (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations.

Based on the risk management system and internal controls established and maintained by the Group, the reviews performed by Management as supported by audit findings of the external and internal auditors and the relevant written assurance from the CEO and the CFO, the Board (with the concurrence of the AC and the RC) is of the opinion that the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as the risk management objectives which the Group considers relevant and material to its current business environment and scope of operations.

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

Audit Committee

Audit Committee (AC)

Membership

Mr Paul Ma Kah Woh, AC Chairman and independent Director
Mr Nihal Vijaya Devadas Kaviratne CBE, independent Director
Ms Rachel Eng Yaag Ngee, lead independent Director
Mr Lim Ming Seong, non-executive Director

Key Responsibilities

- Reviewing and approving quarterly and year-end financial results announcements and financial statements, before recommending to the Board for approval
- Monitoring compliance with relevant statutory and listing requirements to ensure the integrity of the Group's financial statements, including the relevance and consistency of the accounting principles adopted
- Reviewing and reporting to the Board at least annually on the adequacy and effectiveness of StarHub's internal controls (including financial controls, operational controls which impact financial controls, compliance with accounting and listing rules and regulations, as well as information technology controls relating to financial systems)
- Reviewing the effectiveness of the Group's internal audit function
- Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors (taking into account the nature, extent and cost of non-audit services provided by the external auditors during the financial year)
- Reviewing interested person transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate for Interested Person Transactions that is renewable annually
- Making recommendations to the Board on the proposals to the shareholders for the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditor
- Commissioning and reviewing findings of internal investigations into suspected fraud, irregularity, failure of internal controls or violation of any law that is likely to have a material impact on the Group's results
- Reviewing reports made under StarHub's Whistle Blowing Policy, and where appropriate, directing the investigation of such matters and the follow-up of any actions to be taken

The AC comprises 4 non-executive Directors, with a majority (including the AC Chairman) being independent Directors. The AC members are appropriately qualified to discharge their responsibilities and collectively have strong accounting and related financial and legal management expertise and experience. They keep abreast of changes to accounting standards and issues which affect the Group, through, *inter alia*, consultation with the external and internal auditors and seminars (including those organised by SID).

During FY2017, the AC held 4 meetings and met with the external auditors without Management at least once.

The significant areas of focus by the AC in relation to the financial statements for FY2017 are key areas of Management's estimates and judgement applied for key financial issues, including (a) revenue recognition, (b) accruals, (c) impairment assessment of goodwill, (d) valuation of trade receivables, (e) acquisition of Accel Systems & Technologies Pte. Ltd.

(ASTPL) - purchase price allocation and (f) critical accounting policies that might affect the integrity of the financial statements. During FY2017, the AC received updates from Management on the status of these areas, reviewed and discussed with the external auditors on the results of their audit, including their findings on the key areas of audit focus. Significant matters that were discussed with Management and the external auditors have been included as Key Audit Matters (KAMs) in the Independent Auditors' Report on pages 136 to 142 of the Annual Report.

In assessing the KAMs, the AC took into consideration the appropriateness of revenue recognition, basis and estimates in deriving accruals, appropriateness of the assumptions and estimates made in goodwill impairment assessment, estimates used in determining allowance for doubtful debts for trade receivables, as well as the key assumptions applied in purchase price allocation in the valuation of assets acquired and liabilities assumed in the acquisition of ASTPL. In addition to the views from the external auditors, subject matter experts, such as independent valuers, were consulted where necessary. The AC concluded that Management's accounting treatment and estimates in each of the KAMs were appropriate.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and co-operation from Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings, and to require Management to provide it with reasonable resources to enable it to discharge its functions properly.

The AC has performed a review of the independence and objectivity of the external auditors, as well as the volume and type of non-audit services provided by the external auditors during FY2017. The aggregate amount of external auditors' fees paid for FY2017 and the breakdown for the audit and non-audit services are set out in Note 22.3 to the Financial Statements of the Annual Report.

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

Based on such review, the AC is satisfied that the independence of the external auditors has not been compromised by the provision of the non-audit services and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The external auditors have also confirmed their independence. Accordingly, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment as the Group's external auditors at the upcoming AGM. To further maintain the independence of KPMG LLP, the AC ensures that the audit partner in-charge of the Group is rotated every five years. None of the Directors (including the AC members) or Senior Management is or has in the past two years been a former partner, director or employee of the Group's external auditors.

Internal Audit

The internal audit function of the Group for FY2017 was carried out by two independent firms, RSM Risk Advisory Pte. Ltd. ("RSM") and PricewaterhouseCoopers Risk Services Pte. Ltd. ("PWC"). RSM ceased to be an internal auditor of the Group with effect from 2 May 2017 and PWC was appointed with effect from 5 January 2017. The internal auditor is guided by the Standards for the Professional Practice of Internal Auditing, prescribed by the Institute of Internal Auditors.

The internal auditor reports to the AC functionally, and to the CEO and the CFO administratively. The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor has unfettered access to all of StarHub's documents, records, properties and personnel, including access to the AC.

The internal auditor adopts a risk-based auditing approach in developing the annual internal audit plan, which focuses on material internal controls, including financial, operational, compliance and information technology controls, across the Group's business. The internal audit plan is submitted to the AC for its review and approval at the start of each financial year. Periodic internal audit reports are submitted to the AC detailing the internal auditor's progress in executing the internal audit plan and any

major findings and corrective actions taken by Management.

The AC conducts a review of the adequacy and effectiveness of the internal audit function annually, to ensure that StarHub maintains an effective internal audit function that is adequately staffed and independent of the audited activities.

During FY2017, the AC met with the internal auditor once without the presence of Management.

5. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

StarHub respects shareholders' rights and promotes the fair and equitable treatment of all shareholders. StarHub keeps all of its shareholders sufficiently informed of its corporate affairs and activities, including any changes to StarHub or its business which may materially affect the price or value of StarHub shares, on a timely basis.

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via SGXNET, which are also posted on the StarHub IR website. StarHub recognises that the release of timely and relevant information is central to good corporate governance and assists shareholders to make informed investment decisions.

All shareholders are entitled to attend and vote at general meetings and are afforded the opportunity to participate effectively in the general meetings. Shareholders are allowed to appoint up to two proxies to attend, speak and vote in their place at general meetings. Under StarHub's Constitution and pursuant to the Companies (Amendment) Act 2014, shareholders who are nominee companies, custodian banks or Central Provident Fund agent banks (Relevant Intermediaries) may appoint more than two proxies to attend, speak and vote at the upcoming AGM and at subsequent general meetings.

6. COMMUNICATION WITH SHAREHOLDERS

StarHub protects and facilitates the exercise of shareholders' rights. StarHub reaches out

to its shareholders through regular, effective and non-discriminatory communication with shareholders.

StarHub provides regular and timely information to the investment community regarding the Group's performance, progress and prospects as well as major industry and corporate developments and other relevant information. StarHub solicits and considers the views of shareholders via: (a) periodic analyst and media briefings throughout the year, (b) regular meetings between the CEO, the StarHub IR team and institutional investors through international road shows and conferences organised by major brokerage firms and (c) third-party perception studies on StarHub.

Apart from SGXNET announcements and the annual report, the StarHub IR website at www.starhub.com/ir, which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, as well as other corporate information relating to the Group. Investors may also elect to be notified of any new updates via an e-mail alert service. However, new material price-sensitive information such as financial results are released via SGXNET before being posted on the StarHub IR website or before any media or analyst conferences are conducted. This ensures fair and non-selective disclosure of information to all shareholders.

Shareholders may direct their queries and concerns to the StarHub IR team at the contact particulars given at the StarHub IR website. The StarHub IR team is also prompt in keeping Management fully apprised of shareholder views and sentiments.

StarHub declares dividends on a quarterly basis, and informs its shareholders of the dividend payments in the respective quarterly and full year financial results announcements via SGXNET.

7. CONDUCT OF SHAREHOLDER MEETINGS

At general meetings, StarHub encourages

shareholder participation through active discussion at the question and answer session.

Notices of the AGM and the annual reports are generally issued to all shareholders (including foreign shareholders) at least 21 days prior to the scheduled AGM. This provides ample time for shareholders to review the notice of AGM and annual reports before the AGM and appoint their proxies to attend the AGM if they wish. As part of StarHub's commitment towards more environmentally-friendly and sustainable practices, StarHub will discontinue the practice of mailing out CD-ROMs for our annual reports and circulars and will notify shareholders that the electronic documents are available on the StarHub IR website. Physical copies of StarHub's annual report and circulars will be made available upon request.

All Directors (in particular the Chairman of the Board and the respective Chairmen of the Board Committees) and Senior Management attend all general meetings to address shareholders' queries.

The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Registered shareholders are invited to attend and participate actively in such general meetings, including seeking clarification and/or querying the Group's strategic direction, business, operations, performance and proposed resolutions.

StarHub ensures that there will be separate resolutions at general meetings on each substantially separate issue. Voting is carried out systematically and all resolutions passed are properly recorded. To enhance transparency and efficiency in the voting process and results, electronic poll voting is conducted. The results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET on the same day of the general meeting.

Minutes of general meetings are made available on the StarHub IR website.

8. OTHER CORPORATE GOVERNANCE PRACTICES AND POLICIES

Interested Person Transactions

Interested person transactions (IPTs) entered into by any of the entities in the Group are governed by the Shareholders' Mandate for Interested Person Transactions as approved by shareholders each year at StarHub's EGM, as well as the disclosure and shareholder approval requirements under Chapter 9 of the SGX-ST Listing Manual. Review procedures have been established by StarHub to ensure that all IPTs are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of StarHub and its minority shareholders. Under the review procedures, the IPT terms and pricing are to be (a) consistent with StarHub's usual business practices and policies and no more favourable to the interested persons than those extended to unrelated third parties; and (b) fair and reasonable. StarHub will also consider factors such as specification compliance, track record, experience and expertise, as well as preferential rates/ discounts for bulk purchase. An authorised senior officer who does not have any conflict of interest in relation to the IPT will determine whether the price and terms are fair and reasonable. Where possible, competitive quotations or tenders for purchase transactions are procured.

In FY2017, there were no IPTs or related party transactions that can be classified as financial assistance to entities other than StarHub's subsidiary companies as well as associated company, SHINE Systems Assets Pte. Ltd.

StarHub does not provide loans to Directors as a matter of corporate policy and therefore no loans have been provided by StarHub to the Directors in FY2017.

Securities Dealings

StarHub has adopted an enhanced insider trading policy with respect to dealings in the securities of StarHub by the Directors and employees of the Group. The policy imposes trading blackout periods which exceed the requirements of the SGX-ST Listing Manual, pursuant to which:

- All Directors and employees of the Group are prohibited from dealing in StarHub's securities during the period:

(a) commencing two weeks prior to the announcement of the Group's results for each of the first three quarters of its financial year and ending on the date of announcement of the relevant results; and

(b) commencing one month prior to the announcement of the Group's full year results and ending on the date of announcement of the relevant results.

- All Management and employees directly involved in the preparation of the Group's quarterly and full year results are prohibited from dealing in StarHub's securities during the period commencing one month prior to the announcement of each of the Group's quarterly and full year results and ending on the date of announcement of the relevant results.

All Directors, Management and employees are notified by email prior to the start of each trading blackout period and the restrictions are only lifted after the announcement of the respective financial results. The policy also discourages trading on short-term considerations and reminds Directors, Management and employees of their obligations under insider trading laws.

In addition, StarHub has also adopted a share trading policy for Directors which requires Directors and Senior Management to give prior notice of their intended dealing in StarHub's securities to the Chairman, CEO and the Head of Investor Relations through the Company Secretary, in order to facilitate compliance by the Directors and Senior Management.

StarHub has also adopted a policy against acquiring any of its shares pursuant to its Share Purchase Mandate where a price-sensitive development has occurred or been the subject of a decision, until the development has been publicly announced.

While the SGX-ST Listing Manual permits the Board to seek a general mandate from StarHub's shareholders to allot and issue up to 20% of StarHub's total issued share capital, the Board has decided to limit the mandate to 15% only.

CORPORATE GOVERNANCE

How We Govern Ourselves (cont'd)

In addition, for the specific mandate from StarHub's shareholders to allot and issue Shares under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan, the Board has limited the aggregate number of Shares available for grant under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan to 8% of StarHub's total issued share capital (instead of the permitted 15% under the SGX-ST Listing Manual), taking into account any outstanding unvested share awards.

Whistle Blowing Policy

StarHub does not tolerate ethical and legal violations. The Group has instituted a robust procedure which provides accessible channels for employees and external parties (such as our customers, suppliers, contractors and other stakeholders who may have a business relationship with the Group) to report any concern or complaint in relation to any irregularity, inappropriate behavior, legal or ethical violation or other serious breaches of internal processes in a responsible manner. Such reporting channels include a dedicated whistle blowing email and the direct channel to AC Chairman and the General Counsel (via email and/or mail).

All complaints raised will be promptly and thoroughly investigated and the investigation will be dealt with in confidence and on a need-to-know basis. The investigation outcome together with a recommendation on the necessary actions to be taken will be reported to the AC Chairman and the General Counsel, for a decision on the appropriate course of action. On a quarterly basis, a consolidated report of all whistle blowing cases for the quarter (if any) will be submitted for review by the AC.

The Group's whistle-blowing policy aims to encourage the reporting of such matters in good faith, by lending confidence that employees and other persons making such reports will be treated fairly and accorded with due protection against any reprisals. The Group's whistle-blowing policy is available on StarHub's intranet and corporate website for easy access by all employees and members of the public.

Employee Code of Conduct and Rules on Business Conduct

To guide employees in carrying out their duties and responsibilities with high standards of personal and corporate integrity when dealing with StarHub, its competitors, customers, suppliers and the community, StarHub has put in place the following:

- StarHub's Employee Code of Conduct and Ethics;
- Corporate Gift and Hospitality Policy;
- Terms & Conditions - Business Partner and Vendor Relationships;
- Purchasing Procedure; and
- Request for Proposal/Tender Procedure.

These policies and procedures cover business conduct (including employees' compliance with anti-corruption and anti-bribery laws), conduct in the workplace, protection of StarHub's assets, proprietary and confidential information, intellectual property, conflict of interest, non-solicitation of customers and employees, and workplace health and safety. In parallel, the Purchasing Procedure and Request for Proposal/Tender Procedure cover internal controls on tenders, vendor selection and purchasing to ensure transparency, objectivity and compliance.

The Employee Code of Conduct and Ethics, the Corporate Gift and Hospitality Policy, the Purchasing Procedure and the Request for Proposal/Tender Procedure are available on StarHub's intranet, while the Terms & Conditions - Business Partner and Vendor Relationships are available on StarHub's intranet and corporate website for easy access by all employees and members of the public.

Document Classification Policy

StarHub has a document classification policy to guide employees in their handling of information and documents relating to the Group's business, activities and operations. Such information and documents are required to be classified as

"Confidential", "For Internal Use" or "For Public Distribution". This helps to safeguard the information and documents, ensures that only appropriate persons have access to that information and that access is on a need-to-know basis only.

Compliance Leave Policy

StarHub has a Compliance Leave Policy which applies to employees who hold Senior Manager positions and above, finance advocates and employees with sensitive job functions such as handling monies, inventories, payroll processing and approvals, risk management and purchasing of goods and services. Under the Compliance Leave Policy, such employees are required to go on mandatory block leave for a period of at least five consecutive working days each calendar year. This arrangement allows covering officers to fully step into the duties of the employee on leave, as an additional check and balance against any breaches. This is an additional risk mitigation measure voluntarily put in place to enhance corporate governance.

9. ACCOLADES AND AWARDS

As a testament to our unwavering commitment to continually uphold high standards of corporate governance, StarHub has been the proud recipient of numerous awards and accolades from the investment community over the years. In FY2017, StarHub was the only Singaporean company to be listed on Equileap's 2017 Gender Equality Global Report and Ranking, for our policies and commitment to gender equality. Other significant awards received by StarHub include the Best Stakeholder Engagement and Materiality in the Sustainable Business Awards Singapore 2017, the Most Profitable Company (*Transport/Storage/Communications Category*) in the The Edge Singapore Billion Dollar Club 2017, the Runner-up – Singapore Corporate Governance Award (*Telecommunication Services Category*) and the Sustainability Award in the SIAS 17th Investors' Choice Award.

DISCLOSURE GUIDE – CODE OF CORPORATE GOVERNANCE 2012

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	StarHub has complied, in all material aspects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Board has established a framework on authorisation and approval limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency. Board approval is required for all transactions which exceed the relevant authorisation and approval limits.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board recognises the importance and value of diversity. It constantly seeks to maintain an appropriate mix of expertise, experience (both local and international), knowledge, gender, culture and nationality in its composition. With Board diversity, each Director is able to bring in his or her unique contribution to the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges during discussions.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board consists of Directors who possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning experience, and customer-based experience and knowledge. Gender diversity is also considered in relation to the Board composition. Following the appointment of Ms Michelle Lee Guthrie in FY2017, the Board currently contains 2 female Directors out of 12 Directors. The individual profile of the Directors can be found in the 'Board of Directors' section of the Annual Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	In proposing a Director as a candidate for appointment or re-election, the NC considers several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary.

CORPORATE GOVERNANCE

Disclosure Guide (cont'd)

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	The NC leads the process for the selection and appointment of new Directors and re-election of incumbent Directors, with written terms of reference that clearly set out its authority and duties. It takes into account several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are subject to the approval of StarHub's regulator, namely the Info-communications Media Development Authority of Singapore.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, new Directors are given formal training.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	<p>(i) StarHub has a comprehensive induction programme for all newly-appointed Directors that is bespoke for the Group's business and operations. Briefings are conducted by Management for the newly-appointed Directors to familiarise with the Group's business activities, strategic directions, financials, policies, governance practices, corporate culture as well as key regulatory, legal and industry developments which affect the Group. The induction program includes meetings with the CEO and Senior Management.</p> <p>(ii) Existing Directors are provided with regular updates on key legal, regulatory, industry and accounting changes which affect the Group. The updates are given by the Company Secretary and members of Senior Management during Board meetings, and through emails and the StarHub Board Portal. Directors are also encouraged to attend external seminars and trainings (including those conducted by StarHub's panel of law firms and the Singapore Institute of Directors in conjunction with the SGX-ST). In FY2017, the Directors participated in a Digital Transformation training session, organised by industry members.</p>
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	StarHub has not prescribed a maximum number of listed company board representations that a Director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	The NC is responsible for determining whether each Director is able to adequately devote sufficient time and attention to discharge their responsibilities to the Company. The NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub. The table of attendance can be found in the Corporate Governance Report.
	(c) What are the specific considerations in deciding on the capacity of directors?	The specific considerations are as set out in (b) above.

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>For FY2017, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd as independent external consultants to facilitate the annual evaluation of the performance of the Board and the Board Committees. The evaluation process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular (i) the adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, experience and knowledge of the Board, (ii) information management and Board processes, including level and timeliness of information provided to the Board, (iii) integrity and corporate social responsibility of StarHub, (iv) managing StarHub's performance, (v) the effectiveness of Board Committees, (vi) CEO performance and succession planning, (vii) Director's training and development and (viii) risk management. As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the key areas. Individual interviews with each Director were carried out.</p> <p>Feedback and comments received from the Directors are reviewed by the NC in consultation with the Board Chairman, and tabled to the Board for discussion.</p>
	(b) Has the Board met its performance objectives?	Based on the NC's review, the Board and the various Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The current StarHub Board comprises 12 Directors, of which half are non-executive independent Directors.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	There is no Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	As at 1 January 2018, three independent Directors, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming, have served on the Board for more than nine years. After careful rigorous review, the NC recommends, and the Board is of the firm view, that for FY2017, Mr Kaviratne, Mr Teo and Mr Liu have each demonstrated the essential independence of mind and objectivity of judgement to act honestly and in the best interests of the Group in the discharge of their Directors' duties, and therefore considers them to be independent. When assessing objectivity and independent judgement, the NC and the Board would consider, <i>inter alia</i> , the approach, character and attitude of each non-executive Director, including whether such Director (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group and (ii) has any material contractual relationship with the Group other than as a Director. Mr Liu will be retiring as a non-executive Director and will not be offering himself for re-election at the AGM in 2018. The NC recommends, and the Board is of the firm view, that for FY2018, Mr Kaviratne and Mr Teo are independent in mind and objectivity. Three additional independent Directors, Mr Paul Ma Kah Woh, Ms Rachel Eng Yaag Ngee and Ms Michelle Lee Guthrie, were appointed between FY2015 and FY2017.

CORPORATE GOVERNANCE

Disclosure Guide (cont'd)

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, the details of each Director's and the CEO's remuneration are fully disclosed.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, the details of each key management personnel's remuneration are fully disclosed.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) is as disclosed in the Corporate Governance Report.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The ERCC seeks to ensure that the level and mix of remuneration for the CEO (Executive Director) and key management personnel are competitive and relevant, aligned with shareholders' interests and promote the long-term success of the Group. Remuneration for the CEO and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits. The performance targets are determined by the ERCC based on realistic yet stretched levels each year to motivate them to achieve a high degree of business performance with emphasis on both short and long-term quantifiable objectives.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to the performance conditions used to determine the CEO's and key management personnel's entitlement under the short-term and long-term incentive schemes as set out in the Corporate Governance Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Not all performance conditions were met. The reason was due to declining performance of Total Shareholder Return (TSR).

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	<p>What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</p>	<p>Throughout the financial year, the Board receives monthly management and financial reports providing updates on key performance indicators and a financial analysis of the Group, and regular analysts' reports and media articles on StarHub and the industry. Other related business reports are also provided to the Board regularly and upon request by the Board from time to time. Collectively, such reports enable the Directors to constantly keep abreast of key issues and developments in the industry as well as challenges and opportunities for the Group, thereby facilitating informed and sound decisions.</p> <p>At least 5 business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed. The Board also receives updates from the Board Committee Chairmen at Board meetings on key matters raised and/or decisions made at the last-held meeting of the respective Board Committees. For any matter which requires the Board's approval, the Board Committees would recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, SC, NC and RC are also circulated to the Board for its information, while the minutes of the meetings of the ERCC are available to the Directors on request.</p> <p>The Board has access to Management at all times to answer any queries raised by the Directors. Frequent dialogue and interactions take place between Management and the Directors.</p>
Guideline 13.1	<p>Does the Company have an internal audit function? If not, please explain why.</p>	<p>Yes, the Company has an internal audit function.</p>
Guideline 11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p>	<p>The Board's view on the adequacy and effectiveness of the internal controls and risk management systems (including financial, operational, compliance and information technology controls) established and maintained by the Group is made with the concurrence of the AC and the RC based on the reviews performed by Management as supported by audit findings of the external and internal auditors and the relevant written assurance from the CEO and the CFO.</p> <p>In assessing the adequacy and effectiveness of the internal controls, the Board ensures that material assets are properly safeguarded, integrity and availability of critical information and systems (including accounting records) are maintained, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.</p>

CORPORATE GOVERNANCE

Disclosure Guide (cont'd)

Guideline	Questions	How has the Company complied?
Guideline 11.3	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes. For FY2017, the Board has received written assurance from the CEO and the CFO that: (i) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and (ii) the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations. In addition, Management has implemented an enhanced process to sign off assurance to the CEO and the CFO, in order to enhance the current processes for supporting the Board's opinion on the adequacy and effectiveness of the risk management system and internal controls of the Group.</p> <p>Based on the risk management system and internal controls established and maintained by the Group, the reviews performed by Management as supported by audit findings of the external and internal auditors and the relevant assurance from the CEO and the CFO, the Board (with the concurrence of the AC and the RC) is of the opinion that the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as risk management objectives which the Group considers relevant and material to its current business environment and scope of operations.</p>
Guideline 12.6	<p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>	<p>The aggregate amount of external auditors' fees for FY2017 and the breakdown for the audit and non-audit services are set out in Note 22.3 to the Financial Statements of the Annual Report.</p> <p>Non-audit fees amount to less than 50% of the total fees paid to the external auditor of StarHub in FY2017. The AC has also reviewed the volume and type of non-audit services provided by the external auditors. Based on such review, the AC is satisfied that the independence of the external auditors has not been compromised by the provision of the non-audit services and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The external auditors have also confirmed their independence.</p>
Communication with Shareholders		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>StarHub, through its Investor Relations (IR) team, communicates regularly with shareholders and the investment community through regular, effective and non-discriminatory communication including regular dialogues and timely disclosures of material and other pertinent information via SGXNET announcements.</p> <p>Yes, StarHub has a dedicated IR team.</p> <p>Apart from SGXNET announcements and the annual report, the StarHub IR website at www.starhub.com/ir, which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, as well as other corporate information relating to the Group. Investors may also elect to be notified of any new updates via an e-mail alert service.</p> <p>The CEO and the StarHub IR team also have regular meetings with institutional investors through international road shows and conferences organised by major brokerage firms.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. StarHub has been paying dividends on a quarterly basis for FY2017.

DIRECTORS' PARTICULARS

Director	Age in Year 2018	Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 31 Dec 2014 to 30 Dec 2017)
Steven Terrell Clontz	68	PSA International Pte Ltd STT GDC Pte. Ltd. Cloud9 Technologies, LLC CenturyLink, Inc. Commerce Topco, LLC	InterDigital, Inc. Jasper Technologies, Inc
Tan Tong Hai	55	StarHub Cable Vision Ltd. StarHub Internet Pte Ltd StarHub Mobile Pte Ltd StarHub Online Pte Ltd Chairman of Board of Governors – Nanyang Polytechnic	Board Member – Workforce Singapore
Paul Ma Kah Woh	71	Mapletree Investments Pte Ltd Mapletree Greater China Commercial Trust Management Ltd PACC Offshore Services Holdings Ltd	Mapletree Logistics Trust Management Limited National University of Singapore
Nihal Vijaya Devadas Kaviratne CBE	74	DBS Bank Ltd Olam International Limited Caraway Pte. Ltd. GlaxoSmithKline Pharmaceuticals Limited Bain & Company South East Asia (Indonesia)	PT TVS Motor Company Indonesia TVS Motor (Singapore) Pte. Ltd. SATS Ltd. Akzo Nobel India Limited
Rachel Eng Yaag Ngee	50	Olam International Limited SPH REIT Management Pte Ltd Certis CISCO Security Pte. Ltd. Board Member – Public Utilities Board Board Member – Singapore Institute of Technology	Governor – Raffles Girls' School (Secondary) Member of CMFAS Examination Board – The Institute of Banking & Finance Board Member – APREA (Asia Pacific Real Estate Association) Singapore Chapter
Teo Ek Tor	65	PrimeFounders Pte Ltd PrimePartners Group Pte Ltd PrimePartners Corporate Finance Pte Ltd Aris PrimePartners Asset Management Pte Ltd WhiteRock Medical Company Pte Ltd	–
Stephen Geoffrey Miller	55	Singapore Technologies Telemedia Pte Ltd Asia Mobile Holdings Pte. Ltd. STT GDC Pte. Ltd. Telechoice International Limited	–

DIRECTORS' PARTICULARS

(cont'd)

Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years			
Director	Age in Year 2018	Present Principal Directorships/ Chairmanships & Appointments	Past Principal Directorships/ Chairmanships & Appointments (from 31 Dec 2014 to 30 Dec 2017)
Liu Chee Ming	67	Haitong Securites Co., Ltd OUE Hospitality REIT Management Pte. Ltd. OUE Hospitality Trust Management Pte. Ltd. STT GDC Pte. Ltd. Platinum Holdings Company Limited	Kader Holdings Company Limited Founder BEA Trust Co., Ltd. Japfa Ltd
Michelle Lee Guthrie	53	Australian Broadcasting Corporation Auckland International Airport Limited	Pacific Star Network Modern Times Group Plan International
Lim Ming Seong	71	CSE Global Limited First Resources Ltd Singapore Technologies Telemedia Pte Limited Amplus Communications Pte Limited STT GDC Pte. Ltd.	Singapore Technologies Kinetics Limited
Nasser Marafih	57	Ooredoo Q.S.C.	–
Naoki Wakai	53	President & CEO – NTT Singapore Pte Ltd.	Emerio Globesoft Pte Ltd NTT Communications (Vietnam) Ltd. NTT MSC Sdn. Bhd. (Malaysia) PT. NTT Indonesia

AWARDS AND INDUSTRY HONOURS

Advertising | Branding | Marketing

Hall of Fame Awards 2017

- **SILVER:** Best Use of Data Campaign of the Year (DataJump)

HWM+HardwareZone.com Tech Awards 2017

- Best Pay TV Service (Singapore)
- Seventh win in a row

Loyalty & Engagement Awards 2017

- **SILVER:** Best Partnership in a Loyalty Programme
- **SILVER:** Best Use of Technology (HubTreats)
- **BRONZE:** Most Innovative Loyalty Programme (HubTreats)

New York Festivals 2017

- **GOLD:** Sports Programme Promotion (US Open 2016)
- Nominated as a finalist in five other categories

PromaxBDA Asia Awards 2017

- **GOLD:** Best Sports Campaign
- Three **SILVERS:** Best Entertainment Campaign, Best Out-of-House Station Image and Best Use of Design

The Mob-Ex Awards 2017

- **BRONZE:** Best App – Consumer Brand (StarHub Go)

Technology

NetworkWorld Asia Readers' Choice Product Excellence 2017

- **WINNER:** IP Services Infrastructure, for the third consecutive year

Corporate

2017 Corporate Knights' Global 100

- Ranked 69th in the list of the world's most sustainable company
- Listed on the ranking for five consecutive years

Equileap's 2017 Gender Equality Global Report and Ranking

- Ranked 117th for its policies and commitment to gender equality
- Only Singaporean company to be listed

IR Magazine Awards & Conference – South East Asia 2017

- **SECOND RUNNER-UP:** Best Investor Event

National Volunteer & Philanthropy Centre's Inaugural Champions of Good 2017/18

- One of 45 companies recognised as catalysts of change for corporate giving

SIAS 18th Investors' Choice Award 2017

- **RUNNER-UP:** Corporate Governance Award (Telecommunication Services category)
- Sustainability Award

Singapore Computer Society's IT Leader Awards 2017

- **IT Professional of the Year:** Dr Lim Woo Lip

Sustainable Business Awards Singapore 2017

- **Best Stakeholder Engagement and Materiality:** StarHub

The Edge Singapore Billion Dollar Club 2017

- Most Profitable Company in the Transport/Storage/Communications category

A well-run Company overseen by a Board committed to corporate governance excellence and a strong management team that has rich experience in execution.



Our Investor Calendar FY2017

1Q17

- FY2016 results
- Singapore**
 - Investor Roadshows
 - HSBC ASEAN Conference
 - Maybank Kim Eng Invest ASEAN
 - Deutsche Bank Smart Nation Day
- Bangkok**
 - CLSA ASEAN Forum
- Hong Kong**
 - Credit Suisse Asian Investment Conference

2Q17

- 1Q17 Results
- Singapore**
 - Investor Roadshows
 - dbAccess Asia Conference
 - StarHub Smart Nation Tour for Deutsche Bank
 - Citi ASEAN C-Suite Conference

3Q17

- 1H2017 Results
- Singapore**
 - StarHub Smart Nation Tour for HSBC
 - Investor Roadshows
 - StarHub Smart Nation Tour for Sell-side Analysts
- Kuala Lumpur**
 - SGX-Maybank Kim Eng Conference
- Hong Kong**
 - CLSA Investors' Forum

4Q17

- 3Q17 Results
- London**
 - SGX-UBS Singapore Corporate Day
- Singapore**
 - UOB Kay Hian Asian Gems Conference
 - Investor Roadshows
 - Morgan Stanley APAC Summit
- Tokyo**
 - SGX- Maybank-Mizuho Singapore Corporate Day

In Conversation with **Jeannie Ong** CSPO

Q: Why should StarHub be part of any investors' portfolio?

A: We are a well-run Company overseen by a Board that is committed to corporate governance excellence; a strong management team that has rich experience in execution, backed by the team of talented StarHubbers who are passionate about our cause. We are the only local telco that pays dividends quarterly since 2005 and our dividend yield is one of the highest in the local market.

In addition, we have a strong balance sheet and we are able and willing to invest so that we can capture new growth areas. As of January 2018, we have made two major acquisitions (ASTL and D'Crypt), adding new capabilities that complements our enterprise offerings. This makes us the only real contender to the incumbent in the enterprise market. We made our name capturing

and holding our fair share of the mobile, TV and broadband markets. Coupled with our own nationwide fibre backbone and undersea submarine cable landing stations, we are ready to repeat the same feat in the enterprise market.

Lastly, we are focused on sustainability. We constantly measure and assess the impact of the landscape and stakeholders on the Company and vice versa. As our customers benefit from our better-quality services, we will be in a better position to deliver a long-term positive impact on our wider community with our focus on five key areas; the environment, supporting youth and social inclusion, partnering for innovation, improving customer experience and supply chain integrity.

Q: What is your approach in engaging the investment community?

A: We have put in place a comprehensive and proactive IR engagement programme. They include non-deal roadshows, investor conferences and one-on-one meetings held locally, regionally as well as in Europe and USA. Over the past year, we have chalked up more than 150 engagements with the investment community.

We also organise an 'Investor Day' whenever we have new technologies and strategies to share. For the year, we partnered with two foreign broking houses to organise 'StarHub Smart Nation' tours at 'Hubtricity'. We held one for the sell-side analysts too.

The investment community has largely seen us through 'consumer lens' and so there is a need to remind and educate them that the Enterprise business is our next growth engine. The tours allowed us to showcase our capabilities in cyber security, data analytics, connected buildings and smart retail services. It also provided the opportunity to introduce Dr Chong Yoke Sin, our Chief of Enterprise Business Group to the investors and hear her enterprise strategies. Lastly, we got to display Hubtricity.

Hubtricity is our recently launched 58,000 square feet innovation centre and converged operations cockpit. The centre demonstrates our extensive connectivity and deep competency in data analytics and cyber security. It is also a co-working space for partners and start-up companies to create solutions for a Smart Nation.

We always tell our investment story in a forthcoming manner, engaging investors through good and bad times to ensure consistency. We also ensure that we are always responsive and pre-emptive in our approach. Besides that, we are attuned to changing ways in how we are seen by the wider community.

For example, sustainability is no longer a 'nice-to-have' consideration. We are early in recognising this as we are now in our seventh annual sustainability report and have been part of Corporate Knights' Global 100 ranking of the world's 100 most sustainable companies for five consecutive years.

Over the past year, we have redefined our approach towards sustainability by looking at the supply chain management as we want to be mindful of the effect we have on our environment, community, partners, customers and employees.

Q: What are the top three questions usually asked by investors?

A: The top two questions are on the competitive and structural challenges, and the last is on our dividend payment policy.

Most sell-side analysts are bearish on the Singapore telco sector because of a fourth mobile entrant and the possible disruptions it may cause. But what they may have overlooked are the practical challenges that the new entrant is facing in rolling out their network in two countries simultaneously. Furthermore, we expect more MVNOs to come into play in 2018 and compete directly with the fourth entrant.

It is no secret that TV customers have changed the way that they are consuming content. Most are using OTT apps or visiting non-sanctioned websites to view content; from sports to movies to dramas. Offering

StarHub Go (OTT service) and the use of analytics to understand which content is valuable, are ways that we are managing the business. We are also working with content partners on various forums to protect their intellectual property rights.

Since 2005, the Company has been paying quarterly dividends based on the principle that the Board believes in returning cash to shareholders as soon as practical. As the info-communications industry tends to produce lumpy quarterly earnings and to provide certainty to investors, it makes sense for us to announce an absolute dividend payout amount at the beginning of the year rather than a payout ratio based on earnings.

To this end, the Board takes a forward three-year view of our earnings, free cash flow, growth prospects, investment needs and an optimal balance sheets. Our preference is to make sustainable dividend payments. The Board has recommended to pay four cents per quarter per ordinary share in FY2018.

Our Approach to Enterprise Risk Management

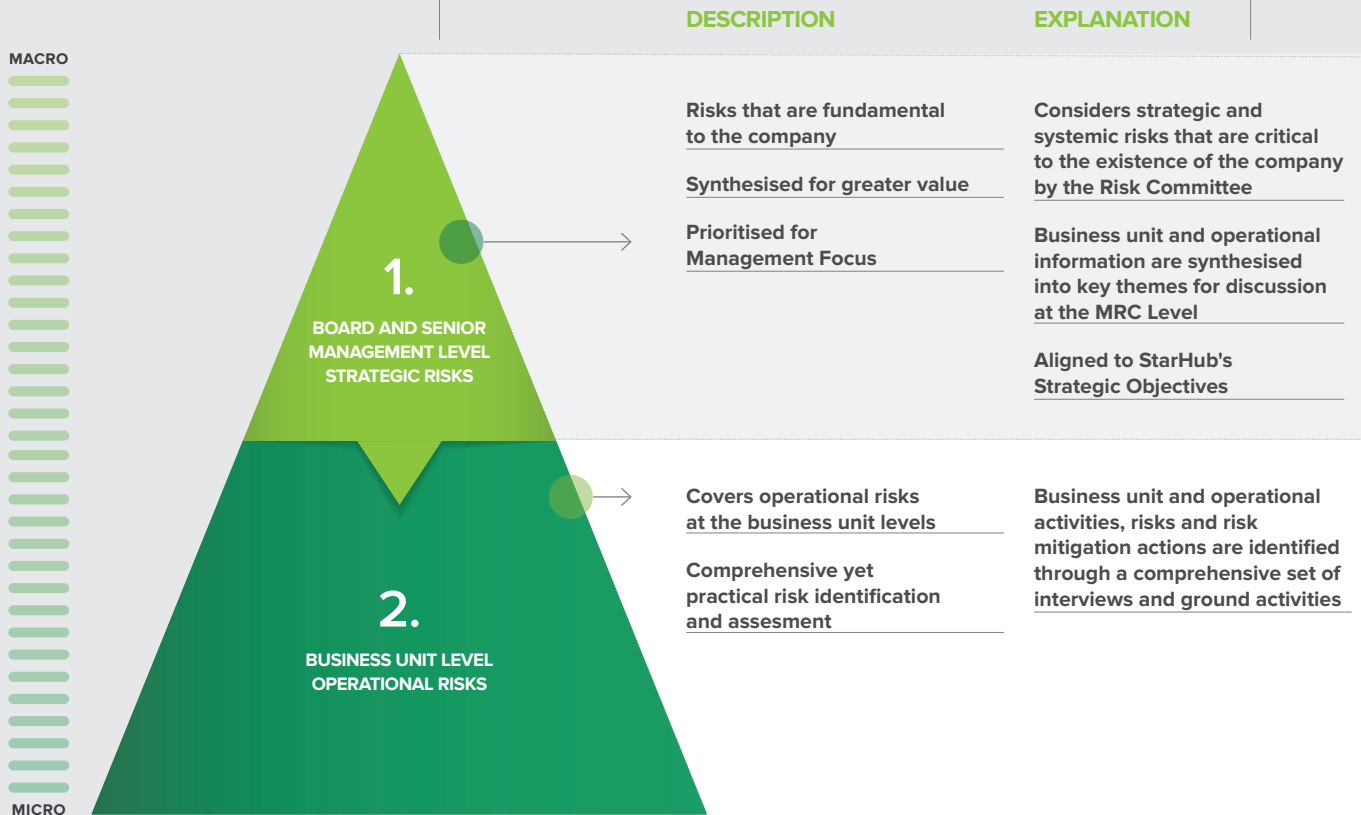
The StarHub Group’s Enterprise Risk Management (ERM) program is centered on being exhaustive, multi-disciplinary and focuses on risks and opportunities that are pertinent to our business activities both from an operational and execution basis as well as being aligned to our company’s strategic objectives. The Group seeks to embed risk management in its decision making processes and key business activities at all levels and adopts a comprehensive and practical approach to mitigating our risks.

StarHub’s Enterprise Risk Management Framework

Through our Enterprise Risk Management framework, we seek to:

- Achieve an accurate, comprehensive understanding of StarHub’s key risks and opportunities through a combined top-down and bottom-up approach to identifying and mitigating our risks;
- Identify and prioritise key risks and opportunities which are aligned to our business activities and strategic objectives;
- Promote a culture of risk management which entails awareness, accountability and ownership of risk and risk mitigation;
- Maintain consistent oversight of StarHub’s Top Risks at the Board and Management Levels.

These are illustrated in the diagram below:



StarHub's Top Risks

To improve risk management and mitigation, StarHub has identified Top Risks for tracking and monitoring. These risks are aligned with the company's strategic priorities, and were identified and prioritised in consultation with the Risk Committee and Management Risk Committee. They are also supported by bottom-up risk assessments conducted by the respective business unit managers.

Key risks are also subject to in-depth discussions at quarterly Management Risk Committee Meetings, bi-annual Risk Committee Meetings and other appropriate Board Committees.

StarHub's Risk Management framework has identified the following strategic risk parameters and is summarised in the table below:

KEY RISK	RISK DESCRIPTION	MITIGATION
Customer Experience	StarHub continues to face competition in retaining and attracting customers in the telecommunications, media and technology space as consumers have rising expectations of network capacity, coverage speeds, superior customer service and overall value for money.	<p>StarHub's focus is to be a leader in providing a superior customer experience across all of its service lines.</p> <ul style="list-style-type: none"> To help gauge StarHub's performance across customer touch points, StarHub adopts the Net Promoter Score (NPS) metric to measure satisfaction across a customer's journey. StarHub benchmarks itself against the Customer Satisfaction Index of Singapore (CSISG). In Q1'2017's edition of the CSISG survey, StarHub scored the highest in the Broadband and Pay TV sub-sector. StarHub utilises data analytics to gain insights and to better understand customer profiles, needs and behaviors. Through these insights, StarHub conducts targeted marketing and promotional activities to reward loyal customers and ensures that its offerings exceeds customer needs and expectations.
Trusted Provider	<p>StarHub needs to ensure availability and resilience of its network infrastructure and systems.</p> <p>Additionally, as custodians of customer data, StarHub needs to ensure adequate and effective data privacy and security measures are in place.</p>	<ul style="list-style-type: none"> StarHub has policies, guidelines and procedures in place to ensure that network infrastructure and information systems are up-to-date, reliable and secure. StarHub ensures strict compliance with Info-Communications and Media Development Authority of Singapore (IMDA) Resiliency Codes of Practices and is subjected to rigorous independent external audits on its network infrastructure. StarHub has a centralised Personal Data Protection Office with defined Personal Data and Protection procedures and guidelines to ensure strict compliance with legislations from the Singapore Personal Data Protection Act and to mitigate breach of data and privacy risks.

RISK MANAGEMENT

(cont'd)

KEY RISK	RISK DESCRIPTION	MITIGATION
<p>Growth in New and Adjacent Businesses</p>	<p>The increasingly saturated telecommunications market has seen a need for StarHub to extend out into new business areas to remain competitive and meet our customers' broader requirements. Such initiatives are challenged by crowded markets, competition from other potential investors, legal and regulatory restrictions and other socio-political factors.</p> <p>With the acquisition of new businesses, StarHub faces the challenge of identifying suitable targets, integrating newly acquired businesses into our operations, and generating synergies from these acquisitions.</p>	<ul style="list-style-type: none"> StarHub has entered into new areas such as cyber security, data analytics, over-the-top (OTT) and ICT managed services to generate additional sources of revenue. For example, StarHub's SmartHub "Analytics-as-a-Service" offering enables businesses to leverage big data analytics to gain valuable customer insights for better decision-making. StarHub has begun to look for investment opportunities to augment its existing business and to find new sources of revenue. More recently, StarHub acquired Accel Systems & Technologies in July 2017 and D'Crypt in January 2018 to strengthen its value proposition in the areas of cyber security, cryptographic and digital security, secure info-communications (ICT) and the Internet of Things (IoT); areas vital to Singapore's vision of a robust, secure Smart Nation platform. To mitigate risks associated with the acquisition of businesses, StarHub has implemented systematic processes in the evaluation and decision-making of investment leads. These are augmented with clear post-integration plans, with business and corporate involvement.
<p>Increasing Competition and Technological Disruption</p>	<p>StarHub operates in a highly competitive environment with the impending entry of a fourth Mobile Operator, Mobile Virtual Network Operators (MVNO) and OTT providers in the media distribution space.</p>	<p>StarHub differentiates itself through superior network performance and the provision of innovative products, solutions and offerings that protect and enable organisations.</p> <ul style="list-style-type: none"> To enhance its mobile network coverage and provide unparalleled network performance StarHub invested in acquiring 700MHz, 900MHz and 2.5GHz spectrum bands in the IMDA auction held in April 2017. StarHub has also rolled out 2.5GHz TDD-LTE technology in populated areas such as the CBD area, Orchard Road, Changi Airport, Marina Bay and the various transport hubs in Singapore. This allows significantly higher download and upload mobile data speeds in congested areas. StarHub has pledged its support to Singapore's Smart Nation vision by opening a 58,000 square feet innovation centre and converged operations cockpit named Hubtricity. This facility enables StarHub to showcase its deep competencies in data analytics and cyber security, accelerate innovation and support the tech start-up ecosystem. StarHub continues to enhance and refine its enterprise propositions by offering digital solutions such as Analytics-as-a-Service, cloud platforms, cyber security solutions and next-generation connectivity solutions such as connected buildings, connected cars and connected living.

KEY RISK	RISK DESCRIPTION	MITIGATION
People and Talent Management	With increasing competition for talent from new entrants in the Telecommunications sector, StarHub continues to face the key risk of attracting and retaining talent.	<ul style="list-style-type: none"> StarHub benchmarks its Human Resource practices by taking part in multi-industry studies such as the Aon Hewitt Best Employee Survey to identify key areas for improvement. Additionally, StarHub has its own internal employee experience surveys with follow-up focus group discussions to better understand and address employee concerns.
	The increased pace of technological disruption, digitalisation of business processes and the ventures into new business environments have resulted in the need to attract and retain human talent with the skill sets and capabilities required to drive the business forward.	<ul style="list-style-type: none"> StarHub continues to place strong emphasis on attracting, hiring and retaining talent with competitive remuneration packages, recognition and award and talent development programs. StarHub has a defined learning and development roadmap for its employees. Employees are encouraged to enrol in personal development courses conducted by internal and external training providers, aligned with their own development roadmap. StarHub has a robust succession plan in place to ensure leadership continuity and the transfer of necessary knowledge and information.
Cyber Security Threats to StarHub's Critical Information Infrastructure	As owners of Critical Information Infrastructure (CII), StarHub is exposed to the spectrum of cyber security-related threats prevalent in the digital era.	<ul style="list-style-type: none"> StarHub has implemented security policies, procedures and systems based on international standards such as ISO 27001. We will continue to benchmark ourselves against relevant frameworks to minimize the risk of security incidents.
	<p>A cyber incident on StarHub's Critical Information Infrastructure could potentially cause:</p> <ul style="list-style-type: none"> ▶ Disruptions to StarHub's network; ▶ Interruptions to services provided to customers; ▶ Leakage of sensitive and/or confidential information; and ▶ Significant regulatory fines and penalties. 	<ul style="list-style-type: none"> StarHub regularly conducts rigorous penetration testing and vulnerability assessments on its networks and systems to ensure that vulnerabilities detected and resolved in a timely and effective manner. StarHub has defined business continuity management procedures and disaster recovery plans and conducts regular crisis exercises to ensure operational readiness in the event of a disruption. StarHub has provided submissions to the government on the new Cyber Security Act and also implemented policies, procedures and training to ensure that StarHub is compliant with the new Act.
Evolving Regulatory and Legal Landscapes	StarHub's business is subjected to the fast moving regulatory landscape that reflects the dynamic nature of the telecommunications industry. Apart from complying with prevailing legislations and regulatory requirements, radical regulatory and legislative changes may result in a significant impact to StarHub's business.	<ul style="list-style-type: none"> StarHub's regulatory team reviews regulatory requirements on a consistent basis and proactively engages IMDA where necessary. StarHub's regulatory team has regular engagements with internal business units to provide advice on IMDA requirements and to monitor compliance with existing obligations. StarHub has robust internal policies, guidelines and procedures to ensure compliance with prevailing laws and regulations.

Our Vision for the Future

oo
Inspiring an inclusive, cohesive community built on a carbon-lite economy.



>92

tonnes of e-waste recycled through RENEW



>2,000

beneficiaries from StarHub's community investment

Sustainability Contents

Introduction	
Sustainability at StarHub	82
Supporting the UN Sustainable Development Goals	82
Engagement with Stakeholders	84
Sustainability Material Topics	84
Delivering Our Sustainability Strategy	85
ENVIRONMENT	
Addressing Environmental Challenges	
Commitment	86
Environmental Strategy	86
Energy Consumption	87
Emissions	87
Waste Management	87
Water Consumption	87
Environmental Data	88
SOCIAL	
Supporting Youth, Social and Digital Inclusion	
Approach to Youth, Social and Digital Inclusion	90
Safe Online Environment	90
Contributions in-Summary	90
Social Inclusion	91
Youth and Employability	92
Airtime Sponsorship for Social Campaigns	93
MARKETPLACE	
Partnering for Innovation	
Enabling Resource Efficiency	94
Enabling Innovation to Manage Digital Transformation	94
Improving Customer Experience	
Responsible Marketing	96
Pricing and Billing	97
Service Quality	97
Protection and Privacy of Customer Data	98
Cyber Security	98
Promoting Supply Chain Integrity	
Commitment	100
Code of Conduct	100
Risk Assessment	101
GOVERNANCE	
Being a Responsible Business	
Corporate Governance	102
Anti-corruption	102
Fair and Competitive Market	102
CULTURE	
Employees	103
Workplace Health and Safety	107
Employee Data	107
Appendix	
About this Report	108
Materiality Process	108
Material Topics Boundaries	109
StarHub Value Creation Scorecard	110
Memberships and Associations	111
GRI Content Index	112
Independent Limited Assurance Report	116

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Introduction

At StarHub, we do not just connect people to products and services. We connect people to people, people to the things they love, and people with life. Our company culture and our technology have the power to enable sustainability for ourselves and for others.

At StarHub, we do not only create happiness by providing special moments in homes, we also inspire change by improving the lives of people in our communities and the operations of our businesses in Singapore.

Sustainability at StarHub

For StarHub, sustainability means using our core strengths as a company to help spread the benefits of our ICT solutions far and wide in Singapore, while strengthening our business and upholding the highest standards of responsible business conduct.

Our approach to sustainability is centred around five main pillars as shown below.

Supporting the UN Sustainable Development Goals

Our sustainability strategy is designed to support our business and global efforts to address some of the world's biggest challenges: growing inequality, high youth unemployment, market disruption caused by technology and artificial intelligence, and pressure on our natural resources.

The good news is that the world has agreed on a plan to put us on a more sustainable path and ensure that no one is left behind.

In 2015, UN Member States set out the 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals (SDGs), and the Paris Agreement to tackle climate change.

We have an opportunity and responsibility to play our part in delivering these landmark agreements. By supporting the SDGs, we will help create a better world in which our business can grow and we can more effectively achieve our mission to help people improve their lives through learning.

For StarHub, operating responsibly is an important first step in supporting the SDGs. Beyond that, we have identified eight SDGs where we believe we have an opportunity to make the biggest impact through our business practices, products and services, programmes, and partnerships. The SDGs we focus on are closely aligned with the issues we have identified as material to our business.

► page 84 for more on our material issues

Inspiring Change & Driving Transparency



Addressing Environmental Challenges

01.



Supporting Youth, Social and Digital Inclusion

02.



Partnering for Innovation

03.



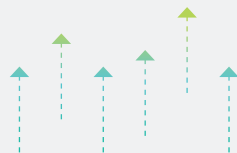
Improving Customer Experience

04.



Promoting Supply Chain Integrity

05.



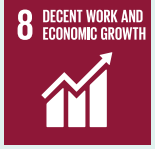
Responsible Business Practices





How StarHub supports SDG 5

Although there is no mandatory gender quota for women in leadership positions in Singapore, the Code of Corporate Governance requires companies to consider diversity as part of the Board nomination process. At StarHub, we make a conscious effort to embed gender diversity and equality considerations in our businesses processes. In 2017, 42% of permanent employees were women with 36% of senior roles being filled by women. Within our Board, two directors are women, an increase of one from 2016.



How StarHub supports SDG 8

Communication networks and high-speed internet have changed the way we live, work and play. It also has the potential to help us transit to a more efficient economy. At StarHub, we have been investing in our infrastructure to build one of the most advanced telecommunications, wireless and fibre networks in Singapore while also taking into consideration how we can reduce our energy requirements. At the same time, StarHub's Machine-to-Machine (M2M) solutions are helping customers to drive productivity and efficiency with automated intelligence while reducing their environmental footprint.



How StarHub supports SDG 9

As an ICT company, the need for quality, reliable, sustainable and resilient infrastructure is evident. At StarHub, we work with governments and businesses to constantly improve the access and coverage of our networks. We continue to upgrade our infrastructure and acquire wireless spectrums to ensure that StarHub provides fast and reliable connections resilient to any externalities that may impede our customers from a seamless experience.

See how we are improving customers' experience through building faster, more reliable and resilient network infrastructure.

▶ page 97



How StarHub supports SDG 10

StarHub aims to reduce inequality by offering equal remuneration, hiring opportunities and career advancements based on merit and performance regardless of gender, age, ethnicity and disability.

About gender: The average salary ratio for female to male is 1:1.1.

About disability: We employed two persons with physical disabilities in 2017.

StarHub Sparks Fund: StarHub's community investment arm, the StarHub Sparks Fund aims to enhance the employability, life skills and connectivity needs of the less privileged, whereby over 2,000 people have benefited in 2017.



How StarHub supports SDG 11

Through StarHub's mobile and broadband services, we have connected more than 2.7 million customers on our network in 2017. We continue to commit our resources to improve the resilience and security of our infrastructure for customers connected through our networks. StarHub is also working with partners to innovate IoT (Internet of Things) solutions to optimise city operations and infrastructure to address environmental sustainability.

See how we are working with a local shipping port to identify water consumption patterns, detect abnormalities and minimise water loss

▶ page 94



How StarHub supports SDG 12

Consumers are often disposing their older gadgets for newer and more sophisticated mobile phones, laptops and/or electronic devices. As a result, the amount of electronic waste (e-waste) generated is growing rapidly. As an ICT company, StarHub inevitably handles and disposes electronic equipment and devices. We commit to collecting all our e-waste and have it recycled by licenced e-waste contractors. Through our flagship e-waste recycling programme, RENEW, we encourage the Singapore public to recycle their unwanted electronic products.

See how much e-waste has been collected from the recycling bins all over Singapore and recycled.

▶ page 87



How StarHub supports SDG 13

The Singapore government is placing strong emphasis on reducing the nation's emissions to combat climate change. At StarHub, we commit to doing our part in addressing climate change by reducing our energy consumption.

More importantly, StarHub is expanding its digital and IoT solutions to help business customers to monitor and improve their energy consumption and emissions.

See how we are enabling customers to reduce their energy consumption through our IoT solutions

▶ page 95

See how we are trialling new energy reduction initiatives in our networks and infrastructure

▶ page 87



How StarHub supports SDG 17

Pursuing sustainable development cannot be done alone but in partnerships with other organisations. Leveraging on StarHub's expertise and resources, we partner with non-governmental organisations (NGOs) to support youth, social and digital inclusion in Singapore.

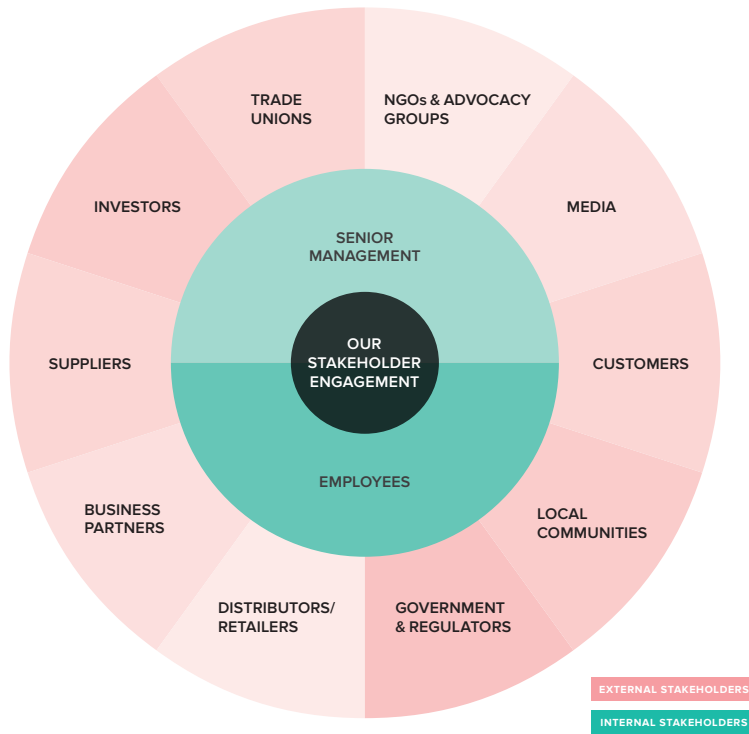
As a signatory of the UN Global Compact and member of the Global Compact Network Singapore, StarHub seeks to partner like-minded corporations to drive positive change.

See how we are partnering with public agencies, non-profit and civil organisations in Singapore on youth, social and digital inclusion

▶ page 90

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Engagement with Stakeholders

Many different people inside and outside of StarHub have a stake in our business. Everyone from our suppliers, investors and employees are impacted by the actions we take.

We are committed to listening to our stakeholders and responding to their needs. We believe their perspectives offer valuable insights for improving our business, implementing our sustainability strategy, and meeting our goal to deliver our sustainability vision.

In 2017, we worked with an external consultant to conduct a survey of our employees in order to better understand their expectations from StarHub on sustainability issues. We also engaged with our senior management, to collect their feedback and views which represent that of the markets, on our sustainability initiatives and identify new areas of risks and opportunities for StarHub.

In 2018, we will continue to find the most effective channels for interacting with other stakeholder groups and to expand our stakeholder engagement to include suppliers.

Sustainability Material Topics

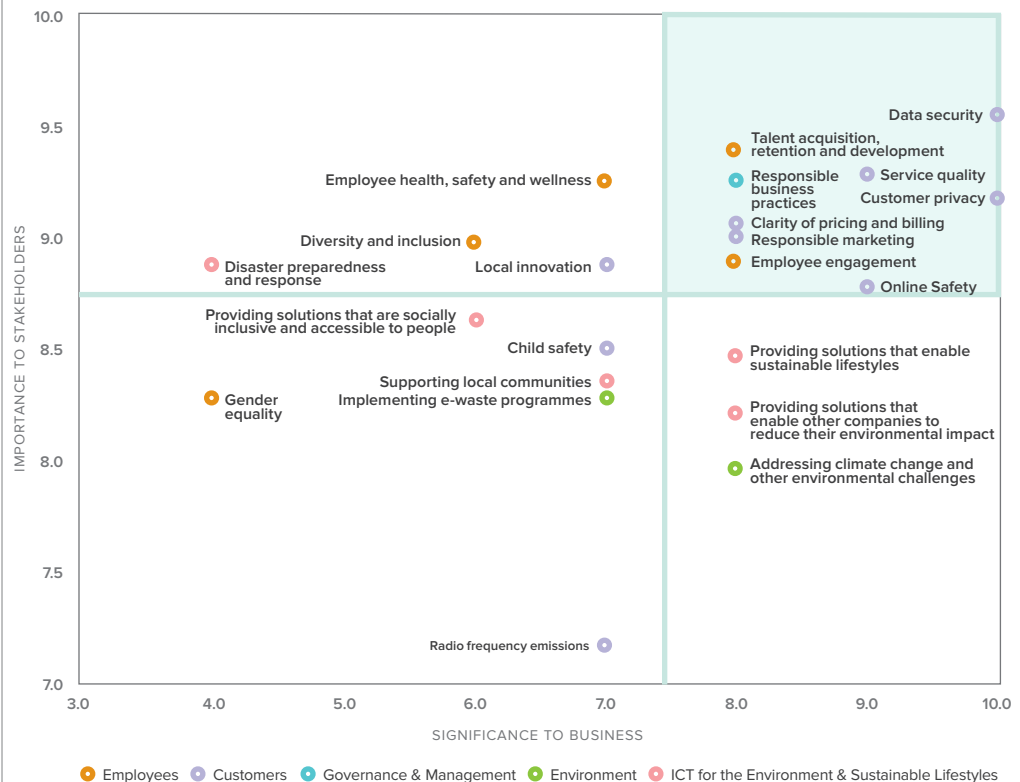
With our sustainability plan and approach to reporting, we focus on the topics that matter most to our business and our stakeholders.

For the purpose of the report, we undertook a comprehensive materiality assessment in 2017, following best practice outlined by the international reporting standard, the Global Reporting Initiative (GRI).

Based on consultation and an analysis of the areas that are most important to our employees, we identified a shortlist of 22 topics that are most relevant to the sustainability of our business. Through further consultation with senior leaders at StarHub, we narrowed these down to 13 topics we believe are most material at this time.

► More details about our materiality assessment process are on pages 108-109 of the appendix.

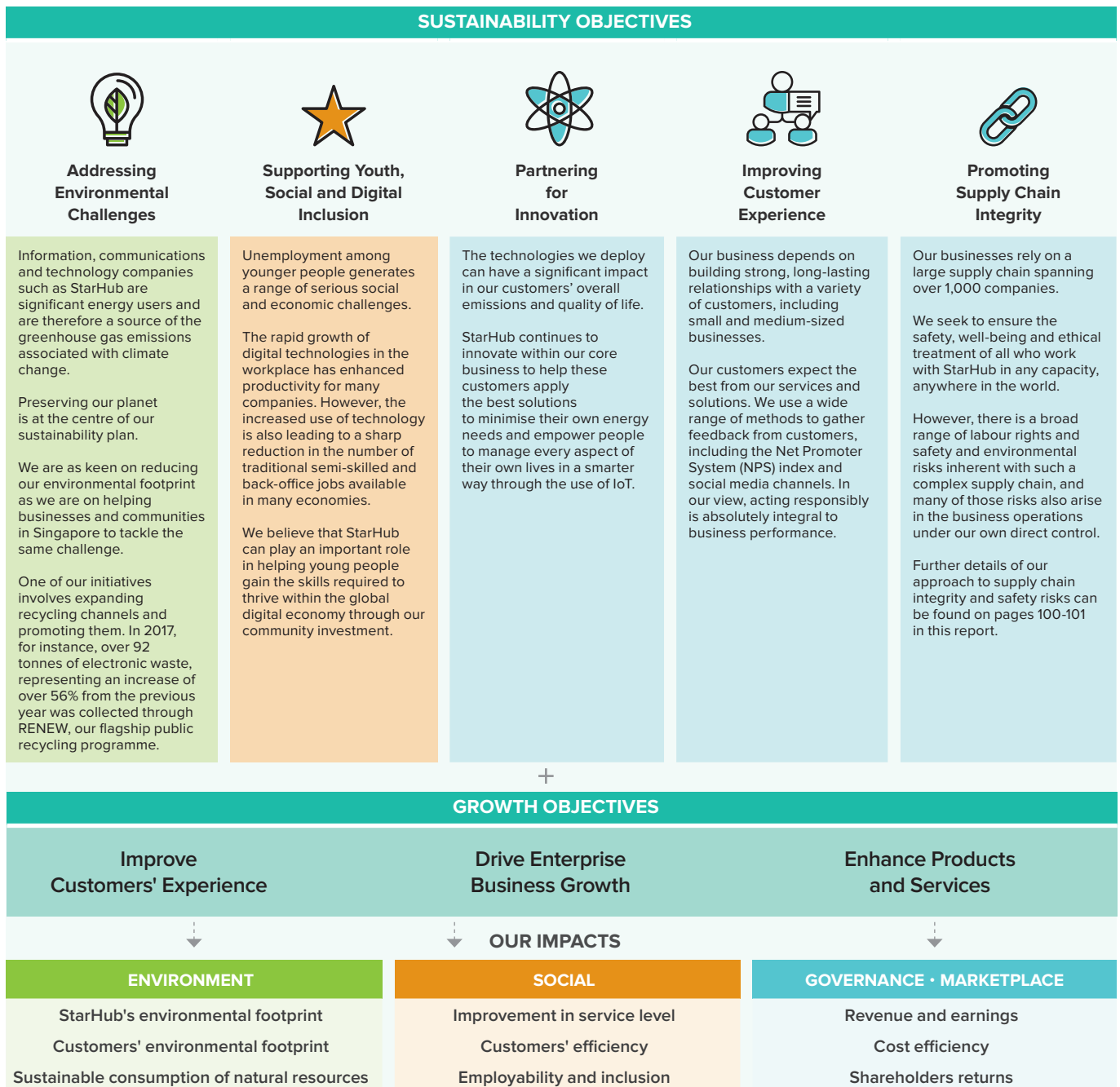
Materiality Matrix



Delivering Our Sustainability Strategy

Our intention to inspire change and drive transparency is at the centre of our sustainable business strategy. Each of our five objectives has the potential to deliver meaningful benefits for our customers and the wider society; and each one will be achieved by means of our business objectives.

In 2017, StarHub reviewed its approach to sustainability, aligning to its business objectives and creating the foundation for supply chain integrity. As part of the review, we are also undertaking a target-setting exercise that is geared towards aligning action plans with overall business strategy and priorities, driven and owned across functions. Looking forward, StarHub shall communicate clear targets along with each objective and report the progress made to meet these targets.



SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Addressing Environmental Challenges

At StarHub, we are conscious of the need to understand and minimise our environmental impact as we continue to enhance our competitiveness and expand our business and network infrastructure.

Commitment

Our six-point commitment to our environmental policy guides our approach to conducting our business in an environmentally responsible manner. We focus on monitoring and managing our energy consumption, greenhouse gas emissions and waste. We continue to motivate employees, customers and communities to respect the environment and encourage them to apply the same in their personal lives. Our Corporate Sustainability Advocate works with cross-functional representatives to implement various environmental initiatives.

Environmental Strategy

StarHub is working on a strategy with targets which aims to reduce the impact of our activity, while providing solutions to the environmental challenges of our times using digital technology.

StarHub's Six-Point Commitment to the Environment

<p>1</p> <p>Minimising environmental impact of our operations and continually reviewing our environmental goals and commitment</p> 	<p>2</p> <p>Adhere to environmental recommendations by the relevant authorities</p> 	<p>3</p> <p>Reduce environmental loads through efficient resource use, waste reduction and recycling and minimising emissions</p> 
<p>4</p> <p>Adopt environmentally friendly technologies, where possible</p> 	<p>5</p> <p>Implement employee education programmes to raise awareness on environmental issues and our Green Policy</p> 	<p>6</p> <p>Disclosing environmental information and supporting environmental conservation initiatives</p> 



WASTE MANAGEMENT

Reducing waste generation, through reduction, recycling and reuse

ENERGY CONSUMPTION & EMISSIONS

Striving for energy-efficient operations and adopting energy-efficient technologies, while consistently monitoring and implementing initiatives to reduce energy consumption

ENVIRONMENTAL STEWARDSHIP

Innovative paths to reducing carbon footprints, raising awareness and promoting action by employees

Energy Consumption

Our technical centres such as data centres and base stations form the basis of our products and services which are also the main energy consumption sources. As such, we focus on operating our technical centres in an energy-efficient manner and adopting energy-efficient technologies.

Despite a decrease in our fuel consumption, our total energy consumption increased this year as we expanded the measurement of our energy consumption to include three technical centres and the opening of a new StarHub shop at Changi Airport Terminal 3 that operates round-the-clock.

We are trialling an “intelligent power saving mode” on our 3G base transceiver stations (BTS) that will be activated during low traffic hours between 12am and 5am daily. During this period, the number of frequency carriers being transmitted is reduced resulting in an observed energy reduction of 10%. We will be scaling up our trial on 4G BTS in 2018.

We have also switched the fluorescent lighting to LED lighting in our data centres and replaced the existing air-conditioning systems with new systems that use the inverter technology which provides more control on the cooling output of the air-conditioning system compared to traditional ones, thus reducing energy consumption and operating cost.

Emissions

Singapore has pledged to reduce national emission intensity by 36% from 2005 levels by 2030 and to stabilise the country’s emissions with the aim of peaking around 2030. Singapore has introduced a carbon tax in 2019 that will impact large direct emitters which produce over 25,000 tonnes of carbon dioxide equivalent of greenhouse gases a year. Companies impacted are also required to submit emissions reports and monitoring plans that are verified by an independent third party annually.

The carbon tax will drive companies to improve their environmental practices and for StarHub, our approach to reduce our emissions is by implementing initiatives that reduce our energy consumption and improve energy efficiency.

We constantly monitor our emissions and seek to increasingly track emissions from additional sources that were not tracked previously to help us better understand our carbon footprint.

These include instituting a robust measurement of refrigerant gases and expanding the coverage to business travel emissions in 2018.

Moving forward, we will continue to evaluate opportunities to reduce our emissions.

Waste Management

We strive to reduce waste generation through prevention, reduction, recycling and reuse. Our main types of waste include electronic waste (e-waste) and general waste such as paper and packaging waste.

We generated 241.7 tonnes of e-waste from our operations. All e-waste generated are collected and recycled by licensed e-waste contractors. Thanks to the effort of raising employees’ awareness of conserving the environment, we recycled 24 tonnes of

paper in 2017, the equivalent of saving 411 trees. This is a significant increase of 8 tonnes from 2016.

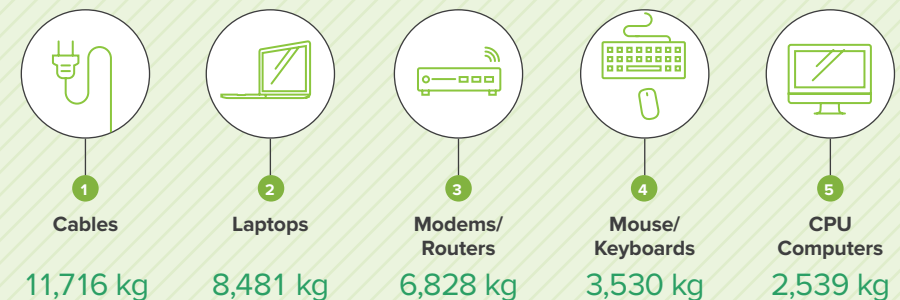
REcycling Nation’s Electronic Waste (RENEW) is StarHub’s flagship e-waste recycling programme launched in 2012 that encouraged the Singapore community to recycle their unwanted electronic products.

RENEW expanded in 2014 when we started our collaboration with DHL and TES providing more opportunities for the public to recycle simply by depositing their unwanted electronic products into the RENEW bins. DHL collects the e-waste from all bins in Singapore and delivers to TES’s e-waste recycling facility. We have been expanding the initiative and the amount of e-waste collected increased every year. As of 2017, there were 401 bins in 356 locations. Over 92 tonnes of e-waste were collected from the public.

Water Consumption

As a service provider, our water consumption, drawn from municipal sources is almost limited to within our offices, shops and data centres. The impact of our operations on water conservation is limited, however we see it as integral to our environmental practices. Our head office building was awarded Green Mark Gold by the Building & Construction Authority. Based on our utilities bills, our water consumption in 2017 was 27,633m³.

Top five items recycled through RENEW



SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Environmental Data

Energy Consumption

gigajoules



- StarHub
- Additional Technical Centres

Energy Intensity

gigajoules per \$million revenue



Emissions Intensity

tonnes CO₂e per \$million revenue



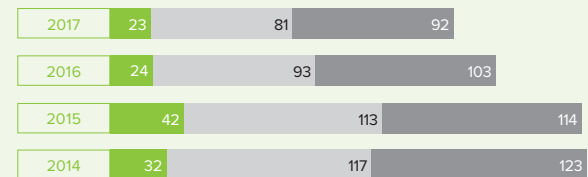
Electricity Use

million kWh



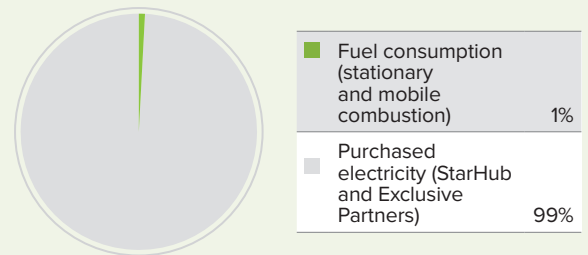
Fuel Consumption

thousand litres



- Diesel (stationary combustion)
- Diesel (mobile combustion)
- Petrol (mobile combustion)

Emission Sources



Water Consumption

cubic meters



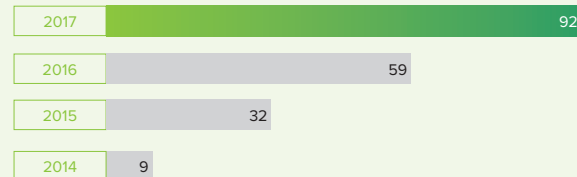
Electronic Waste Generated from Operations

tonnes



Electronic Waste Collected Through RENEW

tonnes



EMISSION SOURCES ¹	FY2017	FY2016	FY2015
Scope 1			
Stationary combustion	61	65	112
Mobile combustion	426	487	568
Fugitive emissions (refrigerant gases)	–	9	1,252
Total Scope 1 emissions (tonnes CO₂e)	487	561	1,932
Scope 2			
Purchased electricity	54,145	53,957	54,774
Total Scope 2 emissions (tonnes CO₂e)	54,145	53,957	54,774
Scope 3			
Electricity consumption by Exclusive Partners	190	187	217
Total Scope 3 emissions (tonnes CO₂e)	190	187	217
Total emissions (tonnes CO₂e)	54,822	54,705	56,923

¹ The CO₂ equivalent emissions for fossil fuel sources are calculated based on the United Kingdom Greenhouse Gas Inventory that is compiled according to the Intergovernmental Panel on Climate Change (2006) Guidelines. The CO₂ equivalent emissions for electricity purchased is calculated based on the Singapore Energy Statistics 2017 by Energy Market Authority.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Supporting Youth, Social and Digital Inclusion

At StarHub, we believe the digital communications revolution represents a profound social good: our networks and services play a critically important role in hundreds of millions of people's lives, empowering individuals and enhancing businesses. However, we also recognise the consequences of digital disruption from an employment perspective, hence we believe we should do what we can to help ensure employability and bridge the digital divide.

Approach to Youth, Social and Digital Inclusion

Supporting youth and social inclusion is one of our five main goals in our sustainability strategy for several reasons.

Firstly, we aim to help younger internet users in Singapore make the most of the online world and deal with any potential challenges and risks. With the internet now as one of the most important sources of information, education and entertainment for many people, it is vital that we help children and young people use the internet in a safe and responsible way.

Secondly, we consider that ICT, when accessible and available, can serve as critical enablers that allow persons with disabilities to realise full and effective opportunities to participate, on the basis of equality, in all aspects of society and development. Our technologies can help persons with disabilities gain a greater access to knowledge and independent living.

We also believe that employability gives persons with disabilities increased financial independence and a sense of self-worth when they are a contributing member of the society. A number of our programmes are geared towards preparing people with disabilities or special needs for employment.

We partner with innovative organisations and government agencies to effect strong positive outcomes for segments of the community. As much as possible, we raise awareness of these issues through engaging our customers and business partners in our community investment effort.

Safe Online Environment

Staying connected is becoming a norm and, children and young people are getting their first mobile device at a younger age. Therefore, protecting children from harm when using digital media is an important issue to us and we want to create a safe online experience for them.

We provide JuniorProtect Service as a Value-Added Service that parents may subscribe to protect their children from accessing inappropriate content on their mobile device or home broadband. StarHub has pre-defined categories that parents can choose to block for children between 7-12 and 13-16 years old. In addition, JuniorProtect Service also allows parents to track their children's location through their mobile phone, set surfing curfew and restrict data access. In particular, restricting data access prevents children from overconsuming data resulting in excessive costs. JuniorProtect Service provides parents with a peace of mind knowing their children are surfing the digital world safely.

Contributions in-Summary

In 2017, StarHub donated a total of \$730,840 to 13 voluntary welfare organisations or non-profit organisations in various programmes that aim to enhance connectivity, employability and critical life skills of less privileged youth and families. Together with employees, customers and business partners, we supported several community outreach initiatives that promote social and economic integration.



\$730,840

invested
in local community
programmes in 2017



13 charity
partners

2,105
people

have benefited from
programmes supported
by StarHub

Social Inclusion

We raised \$200,000 through the StarHub Open, an annual charity golf event for corporate clients. Through Community Chest, this was donated to three non-profit organisations that support beneficiaries with intellectual or developmental disabilities and mental health issues to live independently. Beneficiaries were equipped with life skills and vocational skills that enable them to be ready for employment and be integrated into the community.

1. **Metta School** – Metta students are supported through a specialised programme for those with intellectual disability to gain employability and life skills to help them integrate better into society. 375 Metta students were supported through the school's specialised programme to gain employability and life skills to help them integrate better into society.
2. **MINDS Towner Garden School** – The school programmes cater to special needs students with moderate intellectual or developmental disability and autism. 204 MINDS students currently enrolled are preparing for employment and are taught skills that enable them to be functionally independent.
3. **Singapore Anglican Community Services (SACS)** – StarHub funded the employment internship programme by SACS in 2017. This programme provides vocational and social skills training for people afflicted with mental health issues (PMHIs). StarHub's Finance e-bills team contributed \$6,300 worth of in-kind donation. 52 employers and co-workers were trained to enhance their knowledge and skills on working with PMHIs, and creating a conducive work environment for them. Five PMHIs were assessed to be ready for employment and all five are employed.

We piloted a project with SG Enable, an agency dedicated to enabling persons with disabilities, to enhance the mobility and connectivity of 40 graduating students from Special Education (SPED) schools by contributing \$15,000 in the form of providing SIM cards and mobile plans for a year. The SIM cards are placed in tracking devices to allow caregivers and parents to monitor their locations and students to travel more independently.

We have been supporting the Nurture programme run by the Central Singapore Community Development Council (CDC) since 2011 and contributed \$120,000 this year. The programme supported 16 Nurture Centres and 481 underprivileged children in their academic study, expanding their learning platforms and opportunities to build character and values that would encourage them to give back to the community.

CASE STUDY EXAMPLE

Nurture 3.0, Central Singapore CDC

Hanis (10 years old)

Hanis stays in a 2-room rental unit with a family of five. She was a very quiet and shy girl. After attending the Nurture Class – Problem Solving module, she became more confident and was able to work out the answers by herself. She has become more open to sharing with her classmates and teachers as well.

Ryan (10 years old)

Ryan first joined the programme in 2014 and he was observed to be struggling in following basic instructions as well as having poor academic ability in terms of language and writing. However, through attending the Nurture programme regularly, he has improved tremendously in his academic abilities and has become more confident in public speaking.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Youth and Employability

Since April 2017, StarHub has partnered with Care Corner Crossroad Youth Hub to engage at-risk youth aged between 12 and 18 years old, who lack meaningful engagement at home and at school. The objective is to keep these children away from delinquency and provide them with after-school programmes and services, teaching critical life skills development and offering study support. We contributed \$50,000 to the programme, enrolling 33 new youth into the programme and remaining crime-free. 158 youth were also engaged during the street outreaches that raise awareness amongst youth on counselling, programmes and support available.

StarHub contributed \$130,000 to fund the Employment Support Programme (ESP) by SPD (formerly known as Society for the Physically Disabled). ESP equips persons with disabilities (PWDs) with Microsoft Office skills as well as job matching or sheltered workshop options after the completion of the course. 111 PWDs were trained, of whom 39 were successfully and purposefully employed. Client satisfaction is measured at the end of every module. 94% of the PWDs trained were satisfied with the training received and felt that they could apply what they learnt to their future job. StarHub's sponsorship of the programme was acknowledged in the SPD Charity Show 2017.

CASE STUDY EXAMPLE

Employment Support Programme, SPD

Nurul

Nurul was born with hearing impairment relying only on the partial hearing she has on her right ear through a cochlear implant to help her in her communication. On top of her hearing challenges, she suffered from vision loss in her left eye at a young age due to cataract and was unable to see well. She is unable to participate in any strenuous activities due to a heart condition too.

She worked full time as a banquet server after graduating from ITE but was keen to secure a better job so that she can also help to contribute and support her family. Nurul approached SPD in March 2017 for employment assistance and was enrolled into the Employment Support Programme to attend training courses to better equip her with skills necessary for a successful employment. She attended the Skills Enabling Training and ICDL Online Essentials modules where she learnt about transiting from school to work, communication techniques and preparing for job interviews.

Shortly after attending modules, she was matched to a bank clerk job opening with UOB Scan Hub and was shortlisted for the interview. She was offered the job following the interview and started working as a bank clerk. The training she receives in the modules helped her to carry out the tasks efficiently and communicate better with her colleagues despite her hearing disability. Recognising her efforts and willingness to learn, the management has decided to rotate her to other departments to pick up new skills and knowledge.

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The training at SPD has equipped me with skills for admin work. I am happy to be able to find a better job so I can now support myself and contribute to my family.

Nurul

Since 2010, StarHub has been working with Connect Centre Pte Ltd and subsequently, Agape Connecting People Pte Ltd (Agape). Both are social enterprises with missions to reintegrate ex-offenders and inmates to mainstream society by equipping them with business skills. We do so by engaging them to perform a portion of our telesales operations, a small function of customer service.

In running the in-prison call centre, we require both organisations to work closely with the authorities to meet the rigorous security measures put in place within the facility, and to adhere to our workflow processes. Inmates undergo stringent screening by prison authorities before they qualify as agents. Only minimal personal information is given to the agents, and no paper and pen are allowed into the call centre premises. All conversations are recorded for quality as well as security purposes as an added safeguard.

Engaging in productive call centre work has also enabled inmates to focus on the present and future, instead of dwelling on their past. This has transformed lives, and even paved way for the restoration and reunification of family ties for some.

As testament to the impact, an ex-inmate who was involved in StarHub Telesales work for two years, has joined Agape upon his release. He has been an important asset, being instrumental in improving the service quality of the Agape operations. Working with such high-impact social organisations is something we believe is aligned to building a more inclusive society.

CASE STUDY EXAMPLE

Customer Engagement Programmes

StarHub also invites its customers to support environmental and social causes. Through the StarHub Rewards Redemption for Charity Programme, customers may redeem their reward points to make a donation to participating non-profit organisations that StarHub specifies. In 2017, customers may contribute to MINDS Towner Garden School, Care Corner Counselling Centre and WWF Singapore. A total of \$72,100 was donated based on the number of redemptions made by customers in 2017.

Airtime Sponsorship for Social Campaigns

Leveraging on our business, our in-kind donations in the form of TV commercial spots for social and environmental campaigns amounted to \$700,000 in 2017. The campaigns included WWF's Earth Hour and President's Challenge. This helped the non-profit organisations reach a wider audience, raising awareness of various causes.

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SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Partnering for Innovation

As a service provider of digital solutions, we want to inspire positive changes in our customers' operations. Our aim is to offer these advantages to as many customers as possible that enable them to be more efficient and sustainable.

Enabling Resource Efficiency

In a natural resource-scarce country like Singapore, the supply of water and energy sources are not infinite. As such, the government is implementing regulations that require businesses to be accountable for their water and energy consumption and to implement initiatives to reduce consumption.

Our smart metering solutions help businesses enhance their capability to monitor water and electricity consumption. With the aid of smart meters, businesses have access to accurate and real-time information on how water and electricity are used in their operations and be notified when abnormalities are detected so that immediate actions can be taken to address the abnormalities.

We have implemented a smart water metering system with a shipping port that will help them uncover leaks, unauthorised usage and faulty equipment that may not be operating optimally with the aim of reducing leakage and improving water use efficiency. With the smart meters, they will be able to monitor the water consumption and efficiency to understand the positive impact of the system.

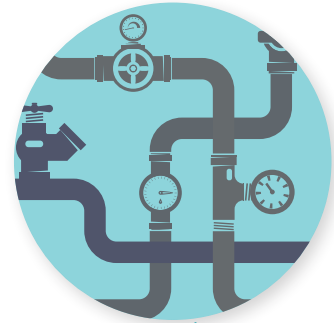
As we strive to expand the uptake of these solutions in Singapore, we will also work with our customers to track and measure the collective reduction of consumption and improvement in efficiency to demonstrate our collective contribution towards SDG 12.

SOLUTION

Our battery-powered wireless modems connect to any smart meter, collecting consumption data and storing them in our cloud for analysis.

KEY FEATURES

- Water consumption profile visualised over a variety of time periods (ie. half hourly, hourly, daily, monthly, etc.)
- Alerts when unauthorised usage and leaks are detected
- Automated reports configured to be sent either daily, weekly or monthly
- User-specific reports downloadable in Comma Separated Values (CSV) and Excel
- Option to upload files (e.g. water, balance chart, Water Efficiency Management Plan, etc)
- Option to transmit data to PUB
- Able to accommodate up to five user-accounts on basic plan
- Option to transmit data to third-party system via RESTful web service



Accurate, real-time & granular data available on an easy-to-use cloud-based platform

Enabling Innovation to Manage Digital Transformation

In expanding our Internet of Things (IoT) strategy, we take a best-fit technology approach, offering IoT connectivity and working solutions based on our customers' business requirements. For example, we have deployed robotic solutions for several companies to help them streamline business processes and optimise efficiency, bringing about gains in productivity with the same number of employees.

On 6 November 2017, we announced our partnership with ST Kinetics to deploy heavy-lifting autonomous TUG robots that would help automate the movement of materials in business environments. Providing this solution on an as-a-service business model takes away the complexity of maintaining the robots for the customers. The deployment of these robots enables our customers to manage repetitive and tedious tasks efficiently, thus freeing up staff to focus on their core tasks. This helps to boost productivity and alleviate manpower crunch.

In partnership with Laundry Network and Republic Polytechnic, we are piloting the use of TUG robots as part of an innovation solution in three hotels to help streamline hospitality laundry and housekeeping operations, reducing a seven-step manual process to a three-step automated one. This revolutionary solution which has received support from the Singapore Tourism Board, involves the use of different technologies such as RFID, robotics, and sensors, as well as an overhauled redesign of the housekeeping laundry cart in a hotel. Central to the solution is the use of advanced autonomous robots to transport linen.

Building on the success of Savioke's Relay service delivery robot first deployed in 2016 at M Social Singapore, we have in 2017, expanded this to four other hotels in the Millennium & Copthorne Hotels and two hotels in the Hotel Jen collection belonging to Shangri-La Group in Singapore. We integrated the robot into the hotels' existing systems for seamless workflows,

and we provide 24/7 support and maintenance services. In addition, StarHub and Savioke can analyse the data generated from the automated processes and provide specific insights that are valuable for the customers' operations. These are part of StarHub's Connected Building initiative to provide solutions that help companies implement green, productivity or safety concepts in their business environments.

In 2018, we can look forward to more partnerships in the area of collaborative robotics, sensor networks and augmented intelligence platforms that further anchors StarHub in the space of realisable and actionable IoT, resulting in positive outcomes that change the paradigm of the industry for our customers.



TUG Robot in operation

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Improving Customer Experience

Customer experience starts from the very first touch point with our customers, be it through various media channels or interactions with our service staff to creating safe, secure and reliable environments for our customers to access and use our services to providing aftersales service support. In order to create happiness through their experience with us, we strive to listen to their needs and recommend best fit solutions accordingly, through service innovation and excellence at every touch point.

Responsible Marketing

StarHub is committed to communicating and advertising our products and services responsibly. We comply with relevant local regulations and guidelines such as the TV Advertising Code and the Television Programme Sponsorship Code.

Our Data Protection Office oversees the adherence to our Do Not Call (DNC)

Policy that guides and ensures that we comply with the Singapore Personal Data Protection Act (PDPA) – Do Not Call Registry. This means targeted marketing messages will not be sent to any Singapore mobile number unless explicit consent has been received from the recipient.

Our Customer Communication Guidelines provide support to our DNC Policy and further guidance on our customer communication materials. We use a combination of local regulations and guidelines as well as internal policies and guidelines when working with external creative and media agencies. In 2017, StarHub had zero incidence of non-compliance with regulations concerning marketing communications including advertising and promotion.

As an info-communications company, we are cognisant of our ability to promote social cohesion through our products and services. We see cause-related marketing as part of our direction towards responsible marketing. On an annual basis, we celebrate our nation's independence with the launch of a commemorative

video that highlights different segments of our society and championing various social causes. #RegardlessOfColour was 2017's theme of the commemorative video highlighting the importance of Singapore's racial diversity and harmony. We also took the opportunity to engage our customers in redeeming their points on the Rewards Redemption platform to gift 500 disadvantaged families movie tickets in our festive year-end campaign.

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We are continuously developing our customer service to provide a seamless experience across all touchpoints, sales and service transactions.



Providing personalised offerings to customers

Pricing and Billing

We strive to make our bills clear and easy to read so that we can build a relationship of trust with our customers. Our customer service staff are provided with training to clearly communicate to our customers on pricing structure and contract terms, in particular with the launch of new products and services.

Customers may also access our Finance and Billing page on our website for details on understanding, managing and paying their bills. Illustrations and explanations are provided for various scenarios, products and services on the website.

Service Quality

In a highly competitive environment, providing quality service from network service to front-facing customer service plays an ever-growing role to maintaining customer interest and loyalty. Living in a fast-paced society that demands faster and better coverage with minimal interruptions requires continuous upgrading of infrastructure to provide stable, reliable and high-speed data and network services to our customers.

We continue to invest in infrastructural upgrades for our mobile, broadband, and TV infrastructure that would:

1. Improve the resilience of our network services that allow customers to surf the internet and stream videos faster even during peak hours and mega events (for example National Day Parade, Formula 1 Singapore Grand Prix and New Year's Eve Countdown)
2. Make our networks faster and more efficient to enhance connectivity for the IoT age, support Singapore's Smart Nation initiatives and to prepare for next generation mobile services (5G)
3. Provide better quality of service, pricing and capability to StarHub's customers with the transition to StarHub's own fibre-optic network
4. Ensure prompt service recovery with minimum human intervention in the unfortunate event of service disruption
5. Optimise our service delivery lead time

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We use the Net Promoter System (NPS) index to gauge customers' overall satisfaction of our products and services as well as customers' loyalty and follow up with those who have submitted unfavourable ratings for our products or services, to address their concerns.

We are continuously developing our customer service to provide a seamless experience across all touchpoints, sales and service transactions. New or improved features were added to *My StarHub* App for the convenience of customers and to encourage higher use. Some of these include enhancements in the Bills section to include options to view recurring payment methods and updating of credit card expiry, *DataShare* options to share unused data with other mobile lines and to encourage higher use. Some of these include enhancements in the Bills section to include options to view recurring payment methods and updating of credit card expiry, *DataTravel* roaming data balance, amongst many others.

We also take customer feedback seriously as it is an important mechanism for us to understand consumer preferences and enhance our product and service offerings. We have strengthened the Social Media team to better handle queries and foster greater engagement with customers across all social media platforms.

We use the Net Promoter System (NPS) index to gauge customers' overall satisfaction of our products and services as well as customers' loyalty and follow up with those who have submitted unfavourable ratings for our products or services, to address their concerns.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

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In 2017, there were zero identified leaks, thefts or losses of customer data. We have also received inputs from external security vendors which we have reviewed and taken the necessary actions to enhance our control measures.

Protection and Privacy of Customer Data

Keeping our customers' data secure means protecting the data and the infrastructure that stores the data as well as supporting customers to keep their own data secured.

We take customers' privacy seriously and our target is to achieve zero customer data breaches. We expect all our employees to comply with the Singapore Personal Data Protection Act (PDPA) and apply our Personal Data Protection Policy in the course of their daily work. This includes (and not limited to) contractors, telemarketers, service providers and temporary staff.

We have a Data Protection Office which oversees the Singapore Personal Data Protection Programme within StarHub to achieve compliance with PDPA. The Data Protection Office together with the Regulatory and Legal departments monitor the upcoming legislative changes and ensures that the operations are aligned. Our Internal Audit serves as the monitoring arm to provide assurance to management on the effectiveness of the control measures.

In 2017, there were zero identified leaks, thefts or losses of customer data. We have also received inputs from external security vendors which we have reviewed and taken the necessary actions to enhance our control measures. One of the inputs received and actioned was to enhance our implementation of CAPTCHA, a programme that protects websites against bots by generating and grading tests that humans can pass, on the StarHub DNC portal.

The public may refer to our Data Protection Policy webpage that helps interested parties to understand how StarHub manages the collection, usage and disclosure of personal data.

Cyber Security

Our charter is to ensure cyber security resilience, protection of data and compliance to the upcoming Cyber Security Bill.

Our Security Team references the ISO27001 ISMS security standard to create the relevant security policies including the Information Security Policy, Vendor Security Policy and Mobile Device Security Policy, and ensures its implementation. All employees need to comply with these policies which are supplemented with procedures, guidelines and checklists in ensuring the confidentiality, integrity and availability of our assets.

We conduct an annual review of our employees' eligibility to access restricted areas including data centres based on their job responsibilities. We also set specific targets for security incidents. In 2017, all incidents detected were mitigated.

These incidents include Distributed Denial-of-Service (DDoS), failed login, vulnerability scan, trojan and malware, hacking tool activity.

Some of our service offerings (Argonar Cloud, Security Operations Centre) are ISO27001 certified.

StarHub's newly launched Cyber Threat Intelligence (CTI) is a subscription-based service that delivers customised real-time threat alerts targeting Singapore, with details from a sectoral view to organisations with security operations centre or an internal security team. Based on the intelligence reports or real-time alerts received, customers can take precautionary actions or improve the response time to counter imminent and prevailing threats. For instance, in May 2017, we observed increased levels of suspicious port 445 activities in Singapore, two weeks before the outbreak of the WannaCry ransomware. This allowed us to provide early warning to our customers and urged firms that had yet to apply security patches to their Windows systems to do so.

We acquired a 80.4% stake in Accel Systems & Technologies Pte. Ltd. strengthening our cyber security portfolio, giving it the in-house capabilities to be an end-to-end provider of cyber security solutions and services. In addition to the acquisition, we have announced a commitment to invest up to S\$10 million over two years to boost our round-the-clock cyberthreat detection. This means doubling the size of our Security Operations Centres and certified cyber security analysts and researchers.

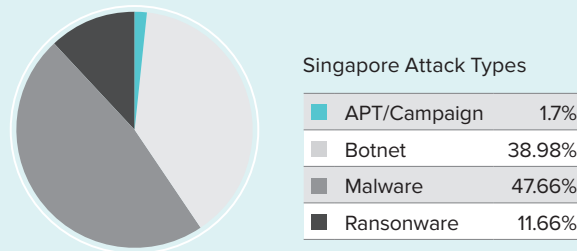


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StarHub Cyber Security CTI

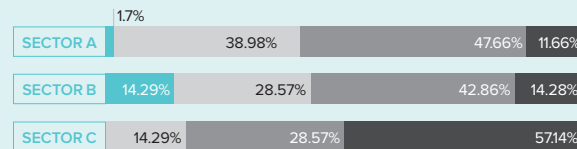
Visibility on a National Level

Singapore overview of real-time situation awareness and visibility

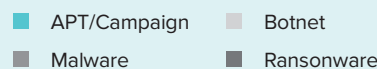


Visibility on a Sectoral Level

Granular view of attack types in vertical sectors



Alert Type



Statistics shown are for illustration purposes only

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)



Promoting Supply Chain Integrity

In order to make significant progress on environmental and social issues, we must understand that our organisation is part of a larger system.

StarHub's business relies on international supply chains that span multiple tiers and are complex to manage. The risks in these supply chains range from environmental issues to human right abuses in electronic factories or in the mining of metal and minerals.

This year, we have reviewed our approach on supplier management to ensure that companies supplying StarHub with products or services share our values and strive to meet the standards that we mandate across our own business.

Commitment

As a signatory to the United Nations Global Compact initiative, StarHub is committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout its business operations.

In order to make this commitment clear to employees, suppliers, customers and other stakeholders, StarHub developed a Supplier Code of Conduct (Code) this year. This Code is based on the United Nations Global Compact Ten Principles and shall be publicly available.

Code of Conduct

StarHub is committed to corporate sustainability and responsible sourcing to ensure safe working conditions, respect of worker rights, and environmentally-conscious business operations. We strive to uphold the highest level of honesty and integrity in our business and expect these shared values from our partners.

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This year, we have reviewed our approach on supplier management to ensure that companies supplying StarHub with products or services share our values and strive to meet the standards that we mandate across our own business.

Our Code is based on the core conventions of the International Labour Organization (ILO) Conventions on Labour Standards, the United Nations Universal Declaration of Human Rights and the UN Convention on the Rights of the Child, local laws and universally accepted fundamental principles.

All StarHub suppliers shall comply with this Code and other applicable local laws. We encourage our suppliers to adhere to the highest level of compliance and adopt a proactive approach to continuous improvement. Suppliers are also encouraged to communicate and share this Code to their next tier suppliers, agents, and third-party partners to ensure alignment of CSR expectations throughout the supply chain.

StarHub understands the challenges in the space that we and our business partners operate in and do not expect perfection in all aspects. We value transparency and partnership, and will continuously work to support our suppliers in overcoming challenges and share industry best practices.

Code of Conduct Implementation

All StarHub suppliers need to adhere to our Code, at a minimum. Where local laws or national regulations are more stringent in the location that the business operates in, suppliers shall meet the highest requirement.

Moving forward, any new StarHub supplier would be required to disclose their approach towards ethical, labour and environmental risks and other areas that form the focus of our Code. These suppliers would also need to acknowledge their understanding and acceptance of our Code, and confirm they will comply with those requirements.

In some instances, we may require suppliers to provide evidence to support their disclosure.

From 2018, our procurement team will be trained to actively promote and implement our Code and help identify possible issues during their engagement with suppliers and their representatives.

Risk Assessment

StarHub's level of influence over companies varies and we have the greatest influence over our tier 1 direct suppliers and vendors whom we have contractual agreements with.

This year, we initiated a supplier risk assessment process to analyse and categorise our suppliers based on the level of risk they pose to our organisation. Our intention is to ensure that our relationships with suppliers does not only consider commercial goals but also focuses on the identified risks. This assessment exercise is critical to prioritising our decisions and actions towards responsible sourcing.

STEP 1

A COMPREHENSIVE INVENTORY OF SUPPLIERS

As a first step on this process, StarHub has conducted a review of its tier 1 suppliers and vendors, what activities it performs and how each of them interacts with their own suppliers. To monitor supplier risk successfully, StarHub also had to identify the relevant issues for each category of suppliers and determine the relative weight and importance of each one.

This phase is also critical for StarHub to ensure that moving forward, our business units have a systematic way of tracking our suppliers, making it easier to compare and collate them across our entire organisation.

STEP 2

A RISK-BASED SEGMENTATION

Once StarHub completed its inventory of suppliers, we proceeded with the segmentation of our suppliers by risk level.

We have observed that with a large majority of our suppliers based in Singapore, over 90% of our relationships are low-risks. On the other hand, this segmentation allowed us to identify 47 suppliers that require special attention, with whom StarHub will conduct additional due diligence in 2018.

STEP 3

DUE DILIGENCE, GOVERNANCE AND ESCALATION PROCESS

Moving forward, StarHub will align specific due diligence activities with the risk category identified by the risk-based segmentation. Our suppliers in the high-risk category will be subject to further due diligence investigations.

Organisational alignment is also important when decision-making rights are spread across a range of businesses and functions. Our next priority is therefore to establish governance structures and processes to address any possible misalignments.

Finally, StarHub will need to define an escalation framework to resolve future possible issues, such as managing requests for exceptions and the resolution of third-party breaches.

Our Vision for the Future (cont'd)



Being a Responsible Business

Running a business responsibly and with integrity is expected by all our stakeholders. The trust of our stakeholders needs to be earned and that is why it is critical that we uphold the highest ethical standard in our conduct of business and seek to promote openness and transparency to our stakeholders.

Corporate Governance

As a public company listed on the Singapore Exchange, we adhere to the listing requirements as well as the Code of Governance 2012. The Singapore Governance and Transparency Index (SGTI) is the leading index for assessing corporate governance practices of Singapore-listed companies. As a testament to our commitment to responsible corporate governance, our SGTI score has been increasing every year to 94 out of 100 points in 2017. For more details, please refer to our Corporate Governance Report on pages 48-70.

Anti-corruption

We do not tolerate ethical and legal violations including corruption. We have put in place an Employee Code of Conduct and Ethics (Code) as well as Corporate Gift and Hospitality Policy and Terms & Conditions – Business Partner and Vendor Relationships (HR and Corporate Policies) that set out the standards of behaviour and procedures for employees when dealing with customers, business associates and stakeholders. These are accessible to all employees on the StarHub intranet. Employees are also required to disclose personal relationships and business activities with StarHub’s vendors and business partners, and with personnel employed by such vendors and business partners.

Errant employees will be subject to appropriate disciplinary and legal actions (including dismissal), for any non-compliance with the Code or the applicable HR and Corporate policies. We are pleased to report that there was no incidence of corruption in 2017.

Our whistleblowing policy aims to encourage responsible and secure reporting of suspected unethical, illegal, irregular or inappropriate conduct or activities in good faith, by lending confidence that whistle-blowers will be treated fairly and accorded with due protection against any reprisals. Our reporting channels include a dedicated whistleblowing email and a discreet channel to the Audit Committee Chairman and the General Counsel (via email and/or mail).

Fair and Competitive Market

Apart from our customers and employees, our industry peers are also a driving force for us to pursue new development of products and service excellence to improve our performance. As such, we respect and comply with relevant legislation, licence obligations and codes of practice.

Sustainability Governance Structure



Our Risk Committee provides guidance on sustainability topics to be identified as material to the business and ensures the alignment and integration of our sustainability strategy and approach with our business model.



The Management Risk Committee comprising StarHub’s Senior Leadership Team is responsible for reviewing and determining material sustainability topics, developing sustainability strategy, considering stakeholder feedback and expectations, and establishing priorities, goals and targets.



The Corporate Sustainability Advocate is responsible for developing, implementing and coordinating programmes and initiatives with the support of cross-functional representatives.

We are pleased to report that there was no legal actions taken against StarHub for anti-competitive behaviour in 2017.

Employees

Our policies promote merit-based hiring and remuneration, teamwork, safe and healthy working conditions, diversity, reward and recognition for performance, people development, career growth, work-life balance, and employee volunteering. StarHub management regularly reviews HR policies and performance including hiring, diversity and equal opportunity, training, performance management and occupational health and safety.

Our workforce consists of 2,541 permanent employees.

Employee Benefits

We offer employees competitive remuneration packages commensurate with experience, performance and job responsibilities. Benefits exclusive to StarHub's permanent employees, include product benefits, comprehensive Health Screening, additional insurance coverages other than Work Injury Compensation insurance coverage, medical and dental coverages, transport allowance, training, claim for professional fees for joining professional associations, Long Service Award, entry passes for places of interest and tokens for special occasions.

In 2017, we enhanced the healthcare benefits for employees, to provide greater protection to our employees. We launched a mobile application (app) providing employees easy and secured access to healthcare benefits. The ability to submit paperless healthcare claims on-the-go further enhances efficiency and productivity.

Parental Leave

StarHub employees also enjoy other benefits which include maternity leave, paternity leave and shared parental leave. Eligible working fathers are entitled to two weeks of paid paternity leave, and up to four weeks of shared parental

leave. In 2017, 143 of our employees took the above-mentioned leave with 98% return rate.

MOU with Employee Union

We have signed a Memorandum of Understanding (MOU) with Singapore Industrial and Services Employees' Union (SISEU) which allows rank and file employees to participate in recreational and social activities organised by SISEU. We maintain a collaborative partnership and have open and timely dialogues with SISEU.

We will continue to work closely with SISEU to ensure that our employees' skills stay relevant as we undergo business transformation.

Career Development and Training

The need for highly skilled employees with learning agility in the info-communications sector will continue to grow as our business continues to implement new technology to enhance our services and prepare for the next generation of technology such as the 5G network and the "Internet of Things". Our management approach is to invest in people development to build a high performing organisation.

Our Learning & Development Framework is focused on ensuring that our employees have the relevant learning and development opportunities to build functional and technical skills to succeed in their jobs, and the management and leadership skills to inspire and engage teams to perform effectively.

We have established partnerships with multiple government agencies such as SkillsFuture Singapore, the IMDA, and the Economic Development Board to maximise learning and funding opportunities for our employees.

We continued to collaborate in 2017, with post-secondary educational institutions, namely Institute of Technical Education, Nanyang Polytechnic and Republic Polytechnic. The scope of collaboration includes offering relevant

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We launched a mobile application (app) providing employees easy and secured access to healthcare benefits.

enhanced internship placements in two key functions in the organisation, jointly developing and implementing the planned training program and assessments that are aligned with the learning outcomes, and providing on-the-job training and career guidance, as well as mentoring of interns.

We continued to roll out learning programmes that are targeted to equip our managers with coaching, management and change management skills. We recognise that rapid changes are shaping our business landscape. Therefore, it is critical that our employees are equipped with skills that are aligned with our strategic imperatives and business needs such as cyber security, cloud services and analytics.

We invested \$2.5 million on training in 2017, up from \$2.1 million spent in the previous year. We received \$306,937 in training subsidy from various government agencies. In total, we provided 43,372 hours of training. Training expenditure per employee was \$994.

StarHub employees received regular performance and career development reviews in 2017 as part of our performance management system. Managers are equipped with relevant skills to conduct effective performance and career development conversations with their teams. In order to support our employees' career development efforts, we continue to organise internal Career Coaching sessions.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Employee Engagement

Our vision of “Creating Happiness, Inspiring Change” applies not only to our external stakeholders but also to our employees as we believe that happy and engaged employees lead to happy customers.

It is therefore important to take the opinions of our employees into consideration if we want to keep building a happy and engaged workforce while growing our business.

In 2017, our employees took part in the biennial StarHub Employee Experience Survey to solicit feedback on their experience at work and to help the organisation identify key action areas in order to build an engaged and high-performance culture. The survey, which was conducted by Aon Hewitt, a global leader in human resource consulting, saw 83% response rate from the employees.

Company efforts to address the previous key areas cited in last survey have paid off as satisfaction scores pertaining to Learning & Development, Performance Management and Collaboration have improved. However, we need to continue to focus on areas such as Enabling Processes and Career Development.

Recreational Activities

As employees spend a significant amount of time at work, our recreational club committee, also known as the STAR Team, is hard at work all year round to organise fun social events and activities to engage employees both inside and outside of work. These include the ever-popular Fruits Fiesta, dragon-boating events, rock climbing, calligraphy and baking workshops, Bring Your Kids to Work Day, amongst others.



Fruit Fiesta



'Bring your kids to work' Day

Engaging and Enabling Employees Digitally

In the area of internal communication, we are embracing digital technology to reach out to our employees more effectively and meaningfully. Through social media channels such as Instagram and Twitter, employees are encouraged to share their videos and photos during themed campaigns and quizzes. For instance, during the one-week campaign #HealthyStarHubbers, participants got to share their photos on what they do to stay healthy at work.

Through quarterly e-news bulletins, employees are kept updated on the latest corporate happenings and important topics such as workplace safety and health promotion. In 2017, we started a HubbaBlog, an internal blogging platform where a community of writers can share their views openly on various topics on a weekly basis. This greatly helps to facilitate greater interaction and open new conversations and idea exchanges among employees.

We are also active on LinkedIn to reach out to the increasing pool of digitally savvy jobseekers. Other than attracting potential candidates, the platform is apt for promoting employee advocacy and thought leadership. Employees can connect with key StarHub leaders and follow their corporate activities in real time. Regular updates of company news, achievements and employee profiles help to further enhance the employer branding.



HubbaBlog initiated in 2017

Employee Volunteering

We encourage our employees to volunteer their time and skills in community initiatives. All employees are entitled to up to two (paid) days of volunteering leave. To encourage employees to get involved in social causes, StarHub contributed \$500 to the ASPN Centre for Adults (capped at \$100,000) for each employee who had taken the volunteer leave. 179 employees volunteered 101 days in 2017, raising \$89,500 for the voluntary welfare organisation.

Employees participated in company-wide social outreach activities that provide opportunities to contribute to our society. Such activities include helping out at soup kitchens, interacting with special needs students from MINDS Towner Garden School through an art-and-craft session, engaging with youth at-risk at a community event with Care Corner Crossroad Youth Hub.

Employees also participated in our Green Learning Journeys and workshops

that raise employees' awareness on environmental issues and the natural landscape. Such activities include a bottle lamp upcycling workshop followed by a dragon-boating experience to gain awareness and insights on waste management and water conservation, an upcycling workshop together with 52 Nurture children on World Environment Day and a guided nature walk at Lower Peirce Reservoir to explore biodiversity and its link to corporate management.

Post-volunteering survey results showed that most respondents felt that the volunteering opportunities were useful in enriching their knowledge about environmental and social issues. They are likely to take some form of environmental action in their personal time and are happy to be able to contribute to society with their time.

More details about our community initiatives and community partners that we work with can be read in the section on Supporting Youth, Social and Digital Inclusion.

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Quotes from StarHubbers

○○

The green learning journey helped open our eyes to the diversity of flora and fauna that could be found in Singapore. It was coupled with some valuable insights about how Nature could teach us lessons in corporate life. Overall, it was a great experience!

Jude Tan, Enterprise Business Group



Learning about nature and upcycling with children from Nurture programme



Dishing out and packing food at Willing Hearts Soup Kitchen

○○

We learned a valuable lesson out in nature and experienced a hands-on upcycling session with children under the Nurture programme. Together, we created a plant and pencil holder from recycled wood. The children showed bouts of curiosity and the accomplished smiles on their faces made all that hard work worthwhile.

Chow Xin Ying,
Corporate Communications



Learning about biodiversity and business sustainability at Lower Peirce Reservoir Park

Workplace Health and Safety

We associate the safety and health of our employees as one of the factors that contributes towards their performance in the company. As such, we have a responsibility to create a workplace environment that ensures the safety and promotes the health of our employees.

Our management approach is to ensure workplace health and safety by taking preventive measures based on risk assessment and creating employee awareness. StarHub's Workplace Safety and Health Committee, represented by management and employees, periodically reviews policies, procedures and practices relating to occupational health and safety. Nominated Risk Management Champions across the organisation work closely with the Risk Assessment team to assess risks for every work activity and process carried out at the workplace.

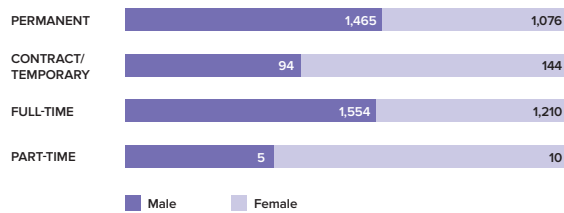
StarHub continues to be a certified bizSafe Level 3 organisation, awarded by the Workplace Safety and Health (WSH) Council Singapore based on an independent audit. We continue to grow our pool of first-aid trained employees to deal in emergency situations.

We adopt the WSH Council's calculation methodology for our safety and health indicators. Incidences are only tracked when they are reported to the Ministry of Manpower or insurers for claims processing. In 2017, there were zero fatalities and zero reported incidences.

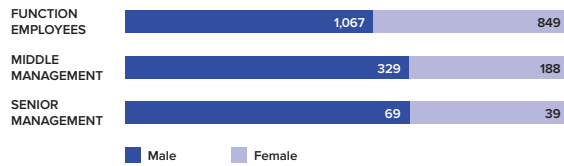
Employees may provide feedback on safety and health matters via the Workplace Safety and Health Feedback Form on our company intranet.

Employee Data

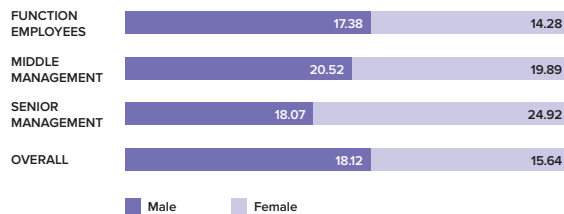
Employment Term by Gender



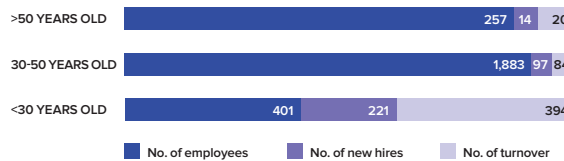
Seniority of Permanent Employees



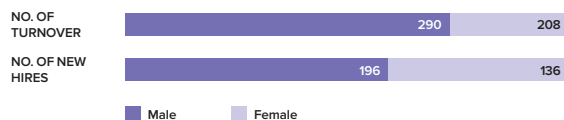
Employees' Average Training Hours



Permanent Employees by Age



Turnover & New Hire by Gender



SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

Appendix

About This Report

This is StarHub's seventh annual sustainability report. The information in this report covers StarHub's Financial Year 2017 period (1 January to 31 December 2017). The scope of the report content covers all business units, StarHub shops (excluding Exclusive Partners unless otherwise stated), data centres and subsidiaries (excluding Accel Systems & Technologies Pte. Ltd., a new subsidiary acquired in 2017).

This report is also prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards): Core option. The GRI content index can be found at the end of this sustainability report. Please refer to pages 112-115. As in our previous reports, we have followed the GRI principles for defining the sustainability report content and quality. We have determined the report content using the principles of stakeholder inclusiveness, sustainability context, materiality and completeness. To ensure quality of the report, we have applied the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness.

This report also adheres to Singapore Exchange's ("SGX") Listing Rule 711A on preparing an annual sustainability report which describes our sustainability practices with reference to the primary components set out in Listing Rule 711B. Under SGX's Listing Rule 711A and 711B, all companies listed on the SGX are required to report their environmental, social and governance practices for any financial year ending on or after 31 December 2017.

There are no restatements of previously published information.

For the first time, StarHub has sought an independent limited assurance for this sustainability report to provide greater confidence to our readers on the accuracy of the information reported. Please refer to pages 116-119 for the assurance statement and scope of data assured. The findings of the assurance procedures are shared with StarHub's Board.

Share with us your feedback on our sustainability practices by contacting starhubcsr@starhub.com.

Materiality Process

1.

IDENTIFYING SUSTAINABILITY TOPICS

22 sustainability topics were identified for consideration from a range of sources including industry peer materiality assessment benchmark and Global e-Sustainability Initiative (GeSI)

2.

ASSESSING THE MATERIALITY OF EACH SUSTAINABILITY TOPIC

Each sustainability topic was assessed whether it is material based on the importance of the topic to stakeholders and significance of the topic to the business

3.

INTERNAL STAKEHOLDER ENGAGEMENT

Employees were engaged to determine whether each sustainability topic is material through the following methods:

1. A survey where almost 70 employees across functions and business units scored each sustainability topic based on importance to them as stakeholders
2. StarHub Sustainability Team scored each sustainability topic based on significance to the business and the Senior Leadership Team validated the scores
3. Eight interviews were conducted with the Senior Leadership Team to understand their views on possible sustainability-related risks and opportunities for StarHub

4.

IDENTIFYING MATERIAL SUSTAINABILITY TOPICS

The materiality threshold is defined by the average scores of all topics for (1) the stakeholders and (2) the business. Sustainability topics with scores above both average scores are material to StarHub

Material Topics Boundaries

Sustainability Topics	Government and Regulators	Customers	Employees	Suppliers	Distributors and Retailers	Investors	Local Community	Trade Associations	Trade Unions	NGOs
Online Safety		X					X			X
Service Quality		X		X	X					
Customer Privacy	X	X					X			
Data Security	X	X		X	X					
Clarity of Pricing and Billing	X	X			X			X		
Responsible Marketing	X	X					X			
Talent Acquisition, Retention and Development	X		X						X	X
Employee Health, Safety and Wellness	X		X						X	
Supporting Local Communities			X		X		X			X
Employee Engagement			X		X	X			X	
Responsible Business Practices	X		X				X			
Addressing Climate Change and Other Environmental Challenges	X		X					X		X
Implementing E-waste Programmes	X	X					X			X

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

StarHub Value Creation Scorecard

PERFORMANCE INDICATORS	FY2017	FY2016	FY2015
Environmental			
CO ₂ e emissions generated (tonnes)	54,822	54,705	56,923
Carbon emission intensity per \$million revenue (tonnes CO ₂ e)	22.8	22.7	23.2
Energy intensity per \$million revenue (gigajoules)	195	183	183
Water consumption (cubic metres)	27,633	28,421	27,500
Internal e-waste recycled (tonnes)	242	379	117
Paper recycled (kilogrammes)	24,230	16,012	19,295
Electricity used (million kWh)	128.0	119.9	121.7
Social			
Employees			
Permanent employees	2,541	2,685	2,758
Local employees (Singapore citizens)	75%	75%	75%
New hires	332	283	320
Female employees	42%	42%	43%
Female managers (% of Senior level)	36%	37%	36%
Female managers (% of Middle level)	36%	36%	38%
Females Heads of Department (% of HODs)	30%	33%	33%
Average training hours per employee	17	19	20
Training expenditure per employee	\$994	\$784	\$611
Employee turnover rate	20%¹	12%	12%
Number of reported work injuries	0	2	2
Fatal Accidents	0	0	0
Community			
Employee volunteerism participation	7%	5%	5%
Community investment and donations to charities (\$million)	0.7	0.8	1.1
Financial			
Revenue (\$million)	2,401	2,397	2,444
Net profit (\$million)	250	341	372
Dividends paid to shareholders (\$million)	294	346	346
Suppliers			
Share of local suppliers as % of total supplier payments	93%²	86%	89%
Proportion of local suppliers	84%²	85%	82.7%

¹ Figures include voluntary and involuntary turnover

² Figures for all purchase orders raised during the year, except for those related to content acquisition. The majority of our procurement is done through purchase orders. Suppliers are classified as local if the purchase order is raised for an entity located in Singapore, as these entities contribute to Singapore's economy, for example, through employment and taxes. As far as possible, we try to support local suppliers.

Memberships and Associations

A list of StarHub's memberships and associations is provided here:

Advertising Standards Authority of Singapore (ASAS)

American Chamber of Commerce in Singapore (AmCham)

Asia Digital Marketing Association (ADMA)

Asia Pacific Network Information Centre (APNIC)

ASME (Association of Small & Medium Enterprises)

Association of Media Owners (Singapore)

British Chamber of Commerce, Singapore (BritCham)

Business China Singapore

Cable Television Laboratories (CableLabs)

CASBAA

Cloud Security Alliance Singapore Chapter

Conexus Mobile Alliance

Consumers Association of Singapore (CASE)

Contact Centre Association of Singapore (CCAS)

CPA

Global Compact Network Singapore (GCNS)

Global TD-LTE Initiative

GSMA

Institute of Advertising Singapore

Institute of Singapore Chartered Accountants

Institute of Service Excellence at SMU

Investor Relations Professionals Association of Singapore (IRPAS)

Law Society of Singapore

Lawnet for Legal Research

Pacific Telecommunications Council (PTC)

Promax Asia

Singapore Academy of Law

Singapore Advanced Research & Education Network (SingAREN)

Singapore Advertisers Association

Singapore Association of the Institute of Chartered Secretaries & Administrators

Singapore Business Federation (SBF)

Singapore Chinese Chamber of Commerce & Industry (SCCCI)

Singapore Computer Society (SCS)

Singapore Corporate Counsel Association

Singapore Hotel Association (SHA)

Singapore Human Resource Institute (SHRI)

Singapore Indian Chamber of Commerce & Industry (SICCI)

Singapore InfoComm Technology Federation (SiTF)

Singapore Institute of Directors

Singapore Institute of Management (SIM)

Singapore International Chamber of Commerce (SICC)

Singapore Manufacturers Federation (SMF)

Singapore National Employers' Federation (SNEF)

Singapore Retailers Association (SRA)

Singapore Training & Development Association (STADA)

Singapore-German Chamber

Singapore-Guangdong Collaboration Council (SGCC)

TM Forum

Wireless Broadband Alliance (WBA)

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

GRI Content Index

GRI STANDARD	GRI DISCLOSURE		Page(s)
General Disclosures			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	StarHub Ltd
	102-2	Activities, brands, products, and services	8-9
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Mainly Singapore
	102-5	Ownership and legal form	208-209
	102-6	Markets served	8-9
	102-7	Scale of the organisation	8-9, 103
	102-8	Information on employees and other workers	103, 107
	102-9	Supply chain	100-101
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary principle of approach	76-79
	102-12	External initiatives	100, 102-103, 107-108
	102-13	Membership of associations	111
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	10-13
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behaviour	64, 102-103
GRI 102: General Disclosures 2016	102-18	Governance structure	48-72
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	84
	102-41	Collective bargaining agreements	103
	102-42	Identifying and selecting stakeholders	84
	102-43	Approach to stakeholder engagement	84, 108
	102-44	Key topics and concerns raised	84
	102-45	Entities included in the consolidated financial statements	175
	102-46	Defining report content and topic boundaries	108-109
	102-47	List of material topics	84
	102-48	Restatements of information	108
	102-49	Changes in reporting	108
	102-50	Reporting period	108
	102-51	Date of most recent report	108
	102-52	Reporting cycle	108
	102-53	Contact point for questions regarding the report	108
	102-54	Claims of reporting in accordance with the GRI Standards	108
	102-55	GRI Content Index	112-115
	102-56	External assurance	116-119

GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-specific Disclosures			
Addressing Climate Change and Other Environmental Challenges			
GRI 103:	103-1	Explanation of the material topic and its boundary	86
Management Approach 2016	103-2	The management approach and its components	86
	103-3	Evaluation of the management approach	86
GRI 302:	302-1	Energy consumption within and outside the organisation	88
Energy 2016	302-2		
	302-3	Energy intensity	88
	302-4	Reduction of energy consumption	87
GRI 303:	303-1	Water withdrawal by source	87
Water 2016			
GRI 305:	305-1	Direct (Scope 1) GHG emissions	89
Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	89
	305-3	Other indirect (Scope 3) GHG emissions	89
	305-4	GHG emissions intensity	88
Implementing E-waste Programmes			
GRI 103:	103-1	Explanation of the material topic and its boundary	87
Management Approach 2016	103-2	The management approach and its components	87
	103-3	Evaluation of the management approach	87
GRI 306:	306-2	Waste by type and disposal method	87
Effluents and Waste 2016			
Supporting Local Communities			
GRI 103:	103-1	Explanation of the material topic and its boundary	90
Management Approach 2016	103-2	The management approach and its components	90
	103-3	Evaluation of the management approach	90
GRI 413:	413-1	Operations with local community engagement, impact assessments, and development programs	91-93
Local Communities 2016			

SUSTAINABILITY REPORT

Our Vision for the Future (cont'd)

GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-specific Disclosures			
Online Safety			
GRI 103:	103-1	Explanation of the material topic and its boundary	90
Management Approach 2016	103-2	The management approach and its components	90
	103-3	Evaluation of the management approach	90
Responsible Marketing and Clarity of Pricing and Billing			
GRI 103:	103-1	Explanation of the material topic and its boundary	96-97
Management Approach 2016	103-2	The management approach and its components	96-97
	103-3	Evaluation of the management approach	96-97
GRI 417:	417-3	Incidents of non-compliance concerning marketing communications	96
Marketing and Labelling 2016			
Data Security and Customer Privacy			
GRI 103:	103-1	Explanation of the material topic and its boundary	98
Management Approach 2016	103-2	The management approach and its components	98
	103-3	Evaluation of the management approach	98
GRI 418:	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	98
Customer Privacy 2016			
Service Quality			
GRI 103:	103-1	Explanation of the material topic and its boundary	97
Management Approach 2016	103-2	The management approach and its components	97
	103-3	Evaluation of the management approach	97

GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-specific Disclosures			
Responsible Business Practice			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	102
	103-2	The management approach and its components	102
	103-3	Evaluation of the management approach	102
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	102
	205-3	Confirmed incidents of corruption and actions taken	102
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	102
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	110
Talent Acquisition, Retention and Development and Employee Engagement			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	103
	103-2	The management approach and its components	103
	103-3	Evaluation of the management approach	103
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	107
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	103
	401-3	Parental leave	103
GRI 404: Training and Education 2016	404-1	Average hours of training per employee	107
	404-2	Programmes for updating employee skills and transition assistance programs	103
	404-3	Percentage of employees receiving regular performance and career development reviews	103
Employee Health, Safety and Wellness			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	107
	103-2	The management approach and its components	107
	103-3	Evaluation of the management approach	107
GRI 403: Occupational Health & Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	107
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	107

To the Directors of StarHub Ltd

Conclusion

We were engaged by the Board of Directors of StarHub Ltd (the Company) to provide limited assurance on the accompanying StarHub Sustainability Report 2017 for the year ended 31 December 2017 (the Report), as set on pages 80 to 115, and the selected Global Reporting Initiative Sustainability Reporting Standards disclosures (Selected GRI Disclosures) as identified below.

Based on the evidence we obtained from the procedures performed as described in the *Auditors' Responsibilities* section of our report, nothing has come to our attention that causes us to believe that:

- (a) the Report has not described the sustainability practices on a comply-or-explain basis with reference to the following components as listed under Rule 711B of the Singapore Exchange's (SGX) Listing Manual;
 - Material environmental, social and governance factors;
 - Policies, practices and performance;
 - Targets;
 - Sustainability reporting framework; and
 - Board statement;
- (b) the Report is not presented, in all material respects, in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards); and
- (c) the Selected GRI Disclosures as identified in the table below, are not calculated, in all material respects, in accordance with the relevant topic-specific disclosures requirements in the GRI Standards.

Selected GRI Disclosures

MATERIAL TOPIC	GRI STANDARDS	TOPIC-SPECIFIC DISCLOSURE	SELECTED GRI DISCLOSURES		
Energy	GRI 302-1	Energy consumption within the organisation and outside of the organisation	468,020 gigajoules (GJ)		
	GRI 302-2				
	GRI 302-3	Energy intensity	195 GJ per \$million revenue (including Exclusive Partners)		
Water	GRI 303-1	Water withdrawal by source	27,633 cubic metres		
Emissions	GRI 305-1	Direct (Scope 1) GHG emissions	487 tonnes CO ₂ e		
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	54,145 tonnes CO ₂ e		
	GRI 305-3	Other indirect (Scope 3) GHG emissions	190 tonnes CO ₂ e		
	GRI 305-4	GHG emissions intensity	22.8 tonnes CO ₂ e per \$million revenue		
Effluents and Waste	GRI 306-2	Waste by type and disposal method	Internal e-waste recycled: 242 tonnes Paper recycled: 24,230 kilograms		
Employment	GRI 401-1	New employee hires and employee turnover		Male	Female
			Number of new employee hires	196	136
			Number of employee turnover	290	208
Training and Education	GRI 401-1	Average hours of training per year per employee		Male	Female
			Function employees	17.38	14.28
			Middle management	20.52	19.89
			Senior management	18.07	24.92
			Overall	18.12	15.64
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Number of work-related injuries: 0 Number of fatal accidents: 0		
Procurement Practices	GRI 204-1	Proportion of spending on local suppliers	Share of local suppliers as a percentage of total supplier payments: 93% Proportion of local suppliers as a percentage of total suppliers: 84%		

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Singapore Standard on Assurance Engagement 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (SSAE 3000). Our responsibilities are further described in the *Auditors' Responsibilities* section of our report.

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of Management

Management is responsible for:

- preparing and presenting the Report in accordance with the GRI Standards and Rule 711B of the SGX Listing Manual, and the information and assertions contained within it;
- determining StarHub's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues;
- establishing and maintaining appropriate internal control systems that enable the preparation and presentation of the Report and the selected GRI disclosures that are free from material misstatement, whether due to fraud or error;
- preventing and detecting fraud and for identifying and ensuring that the

Company complies with laws and regulations applicable to its activities; and

- ensuring that staff involved with the preparation and presentation of the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant reporting units.

The directors' responsibilities include overseeing the Company's sustainability reporting process.

Auditors' Responsibilities

Our responsibility is to carry out a limited assurance engagement in accordance with SSAE 3000 and to express a conclusion based on the work performed. SSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. The extent of our work performed depended on our professional judgement and our assessment of the engagement risk.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of StarHub's processes for determining the material issues for StarHub's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Visits to offices and data centres operating in Singapore selected on the

basis of a risk analysis including the consideration of both quantitative and qualitative criteria.

- Enquires about the design and implementation of the systems and methods used to collect and report on the GRI Disclosures, including the aggregation of the reported information.
- Comparing the GRI Disclosures presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been appropriately included in the GRI Disclosures.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Restriction on Use

This report has been prepared for the Directors of StarHub Ltd for the purpose of providing an assurance conclusion on the Report and Selected GRI Disclosures and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of StarHub Ltd, or for any other purpose than that for which it was prepared.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 February 2018

Group Financial Review

1.1 Revenue

	Year ended 31 December					
	2017 \$m	2017 %	2016 \$m	2016 %	Incr/(Decr) \$m	%
Mobile revenue	1,196.9	49.9	1,214.6	50.7	(17.8)	(1.5)
Pay TV revenue	348.9	14.5	377.8	15.8	(28.9)	(7.6)
Broadband revenue	214.0	8.9	216.8	9.0	(2.9)	(1.3)
Enterprise Fixed revenue	436.9	18.2	400.0	16.7	36.9	9.2
Total service revenue	2,196.6	91.5	2,209.2	92.2	(12.6)	(0.6)
Sales of equipment	204.0	8.5	187.5	7.8	16.5	8.8
Total	2,400.7	100.0	2,396.7	100.0	4.0	0.2

Numbers may not add up due to rounding.

The Group's total revenue of S\$2,400.7 million remained stable with higher revenue from Enterprise Fixed services and sales of equipment, offset by lower revenue from Mobile, Pay TV and Broadband services.

Mobile service revenue decreased by 1.5% due to lower voice, IDD and roaming usage, coupled with lower plan subscription and interconnect revenues. This was partly offset by higher mobile VAS subscription and higher data and Enterprise SMS usage.

Pay TV and Broadband service revenues decreased 7.6% and 1.3% year-on-year (YoY) respectively, primarily due to lower subscriber base.

Compared to last year, Enterprise Fixed service revenue grew by 9.2%, mainly driven by managed services and the consolidation of Accel Systems & Technologies Pte Ltd's (ASTL) results. Excluding ASTL's results, Enterprise Fixed service revenue would be higher by 6.0%.

Revenue from sales of equipment increased by 8.8%, primarily due to higher sales of premium handsets.

1.2 Operating Expenses

	Year ended 31 December			
	2017 \$m	2016 \$m	Incr/(Decr) \$m	%
Cost of sales	1,040.9	974.6	66.3	6.8
Other operating expenses	1,030.7	1,029.2	1.5	0.1
Total	2,071.6	2,003.8	67.8	3.4

Numbers may not add up due to rounding.

The Group's total operating expenses grew by 3.4% due to higher cost of sales and other operating expenses.

A breakdown of total operating expenses is as follows:

(i) Cost of Sales

	Year ended 31 December			
	2017 \$m	2016 \$m	Incr/(Decr) \$m	%
Cost of equipment sold	475.6	447.8	27.8	6.2
Cost of services	464.4	409.5	55.0	13.4
Traffic expenses	100.9	117.3	(16.4)	(14.0)
Total	1,040.9	974.6	66.3	6.8

Numbers may not add up due to rounding.

Cost of sales in 2017 was higher by 6.8%. This was attributed to higher cost of equipment sold and cost of services, partially mitigated by lower traffic expenses.

The increase in cost of equipment sold was due to higher cost for premium handsets, while the increase in cost of services was primarily driven by higher managed services and fibre broadband cost.

Traffic expenses were lower mainly due to decreases in domestic and international traffic volume.

(ii) Other Operating Expenses

	Year ended 31 December			
	2017 \$m	2016 \$m	Incr/(Decr) \$m	%
Staff costs	282.5	281.4	1.1	0.4
Operating leases	129.2	116.1	13.1	11.3
Marketing and promotions	122.1	133.7	(11.6)	(8.6)
Allowance for doubtful receivables	17.4	21.0	(3.6)	(17.3)
Repair and maintenance	99.1	96.9	2.3	2.3
Other expenses	100.0	115.1	(15.1)	(13.1)
Subtotal	750.4	764.2	(13.9)	(1.8)
Depreciation and amortisation (net of asset grants)	280.4	265.0	15.4	5.8
Total	1,030.7	1,029.2	1.5	0.1

Numbers may not add up due to rounding.

Total other operating expenses remained stable in 2017. Other operating expenses as a percentage of total revenue remained unchanged at 42.9%.

Analysis of major variances in other operating expenses is provided below:

Staff costs

Staff costs expense in 2017 included provisions for certain staff benefits in order to rationalise and retain talent in recognition of the business challenges and operating conditions. Excluding this one-time provision and reversal of prior year accruals no longer required, staff costs expense would have decreased by 1.3%. The decline in staff cost expense was due to lower headcount and bonus expenses.

Operating leases

The increase in operating leases expense was mainly due to a one-off provision in 2017 and reversal of accruals no longer required in 2016. The one-off provision was for a leasing contract related to the cable network. Given plans to migrate cable customers to fibre broadband and IPTV services, the economic benefits expected from the lease is lower than the contractual cost. Excluding this one-off provision, operating leases expense was lower by 10.7%, mainly from lower duct lease rental.

Marketing and promotions

The marketing and promotions expense decreased by 8.6% primarily driven by cost reduction initiatives to optimise marketing and promotions expense.

Allowance for doubtful receivables

Allowance for doubtful receivables was lower by S\$3.6 million driven by improved collections.

Repair and maintenance

Repair and maintenance expense increased by S\$2.3 million, mainly driven by maintenance cost for new systems and network infrastructure.

Other expenses

Other expenses were lower by S\$15.1 million or 13.1%, mainly due to lower licence fees, higher miscellaneous income and lower foreign exchange loss.

Depreciation and amortisation

Depreciation and amortisation expense was higher mainly due to the addition of 4G spectrum rights and the higher additions of intangible assets in 2017.

GROUP FINANCIAL REVIEW

(cont'd)

1.3 Profitability

	Year ended 31 December			
	2017	2016	Incr/(Decr)	
	\$m	\$m	\$m	%
Total revenue	2,400.7	2,396.7	4.0	0.2
Operating expenses	(2,071.6)	(2,003.8)	67.8	3.4
Other income	4.4	32.2	(27.8)	(86.3)
Profit from operations	333.5	425.1	(91.6)	(21.6)
Finance income	3.7	3.5	0.2	5.4
Finance expense	(29.9)	(26.2)	3.7	14.3
	307.3	402.4	(95.1)	(23.6)
Non-operating (loss) / income	(0.7)	9.5	(10.1)	107.0
Share of loss of associate (net of tax)	(2.2)	(1.6)	0.6	36.7
Profit before taxation	304.4	410.3	(105.9)	(25.8)
Taxation	(54.8)	(68.9)	(14.1)	(20.4)
Profit for the year	249.6	341.4	(91.8)	(26.9)
EBITDA	613.9	690.1	(76.2)	(11.0)
Service revenue	2,196.6	2,209.2	(12.6)	(0.6)
EBITDA as a % of service revenue	27.9%	31.2%	-3.3% pts	

Numbers may not add up due to rounding.

Profit from operations decreased by S\$91.6 million in 2017 to S\$333.5 million. The decrease was mainly due to lower income grants and higher operating expenses, partially offset by higher total revenue.

In 2017, EBITDA was lower by S\$76.2 million YoY. Correspondingly, EBITDA margin as a percentage of service revenue declined 3.3% points to 27.9% when compared to 31.2% last year.

The finance income in 2017 increased by S\$0.2 million YoY. Finance expenses increased S\$3.7 million or 14.3% mainly due to the issuance of S\$300.0 million medium term notes in 2Q2016.

The share of loss from associate was higher by S\$0.6 million in 2017 when compared to last year.

Profit before taxation decreased by S\$105.9 million or 25.8% to S\$304.4 million due to lower profits from operations, a one-time fair value gain of S\$9.5 million in 2Q2016 and a fair value loss of S\$0.7 million in 3Q2017 from the additional investment in mm2 Asia Ltd ("mm2"). As a result, taxation was correspondingly lower at S\$54.8 million.

1.4 Liquidity and Resources

	Year ended 31 December	
	2017 \$m	2016 \$m
Profit before taxation	304.4	410.3
Non-cash items & net finance expense adjustments	310.4	257.8
Changes in operating assets and liabilities	(32.3)	(63.7)
Income tax paid	(65.3)	(53.7)
Net cash from operating activities	517.2	550.7
Net cash used in investing activities	(327.1)	(389.3)
Net cash used in financing activities	(130.1)	(49.6)
Net change in cash and cash equivalents	60.0	111.8
Cash and cash equivalents at beginning of the year	285.2	173.4
Cash and cash equivalents at end of the year	345.2	285.2
Free Cash Flow ⁽¹⁾	221.3	184.0

⁽¹⁾ Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement.

The Group's net cash from operating activities of S\$517.2 million was S\$33.5 million lower YoY. This was largely due to lower cash flow from operations and tax refund received in 4Q2016, partially offset by lower working capital needs.

In 2017, the negative working capital changes of S\$32.3 million were mainly due to higher trade receivables and inventories, coupled with lower other payables and net balances due to related parties. This was partially offset by higher trade payables and lower other receivables, deposits and prepayments.

Net cash used in investing activities of S\$327.1 million was lower by S\$62.2 million as a result of lower purchase of property, plant and equipment, partially offset by investment in ASTL in 3Q2017.

The Group's CAPEX payments amounted to S\$295.9 million, representing 12.3% of total revenue. Excluding spectrum payments of S\$69.3 million, CAPEX payments as a percentage of total revenue would have been 9.4% in 2017.

Free cash flow was higher at S\$221.3 million, compared to S\$184.0 million last year. The improvement was mainly due to lower CAPEX payments.

Net cash used in financing activities was S\$80.5 million higher at S\$130.1 million, largely from lower funds raised in 2017.

The resulting net cash generated was a surplus of S\$60.0 million in 2017. As a result, cash and cash equivalents balance was higher at S\$345.2 million, up from S\$285.2 million a year ago.

GROUP FINANCIAL REVIEW

(cont'd)

1.5 Financial Position

	As at 31 December	
	2017 \$m	2016 \$m
Non-current assets	1,519.3	1,455.3
Current assets	832.7	741.0
Less: Current liabilities	992.9	855.5
Less: Non-current liabilities	1,014.2	1,145.9
Net assets	344.9	194.9
Shareholders' equity	344.9	194.9
Attributable to owners of the Company	340.5	194.9
Non-controlling interests	4.4	–

As of 31 December 2017, the Group's total non-current assets were S\$64.0 million higher at S\$1,519.3 million compared to 31 December 2016. The increase was primarily due to higher intangible assets and available-for-sale financial assets stated at fair value arising from increased stake in mm2 in July 2017. This was partially offset by lower property, plant and equipment.

Total current assets were higher at S\$832.7 million as of 31 December 2017, up from S\$741.0 million as of 31 December 2016. The increase was mainly from higher cash and cash equivalents, inventories and trade receivables, partially offset by lower other receivables, deposits and prepayments.

Total current liabilities increased by S\$137.4 million as of 31 December 2017 when compared to S\$855.5 million as of 31 December 2016. The higher current liabilities were due to higher trade and other payables and reclassification of borrowings from non-current to current liabilities.

As a result of the reclassification of borrowings and lower deferred tax liabilities, total non-current liabilities were lower by S\$131.7 million to S\$1,014.2 million as of 31 December 2017.

The Group's shareholders' equity grew by S\$145.6 million to S\$340.5 million as of 31 December 2017 (excluding non-controlling interests of S\$4.4 million). The increase was mainly due to the issuance of S\$200.0 million of subordinated perpetual capital securities (S\$199.6 million net of transaction expense) in 2017.

Gearing

The Group's unsecured borrowing was lower by S\$10.0 million at S\$977.5 million as of 31 December 2017.

On the account of a higher cash and cash equivalent balance and lower total borrowings, net debt was S\$70.0 million lower at S\$632.3 million as of 31 December 2017 compared to S\$702.3 million as of 31 December 2016. As a ratio of the past 12 months' EBITDA, the Group's net debt was higher at 1.03 times as of 31 December 2017, up from 1.02 times as of 31 December 2016.

Financial Statements 2017

Financials

Directors' Statement	126
Independent Auditors' Report	136
Statements of Financial Position	143
Income Statement	144
Statement of Comprehensive Income	145
Statements of Changes in Equity	146
Consolidated Cash Flow Statement	150
Notes to the Financial Statements	151

Directors' Statement

Year ended 31 December 2017

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

- (a) the financial statements set out on pages 143 to 206 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance and the cash flows of the Group, and changes in equity of the Group and of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Steven Terrell Clontz	(Chairman)
Tan Tong Hai	(Chief Executive Officer)
Ma Kah Woh	
Nihal Vijaya Devadas Kaviratne CBE	
Rachel Eng Yaag Ngee	
Teo Ek Tor	
Stephen Geoffrey Miller	
Liu Chee Ming	
Michelle Lee Guthrie	(Appointed on 25 August 2017)
Lim Ming Seong	
Nasser Marafih	
Naoki Wakai	(Appointed on 30 August 2017)

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants, share options and share awards in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
<i>Ordinary shares</i>		
Steven Terrell Clontz	80,700	107,700

Directors' Interests (continued)

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
<i>Ordinary shares</i>		
Tan Tong Hai	1,343,530	531,424
Ma Kah Woh	81,780	96,580
Nihal Vijaya Devadas Kaviratne CBE	19,000	23,000
Rachel Eng Yaag Ngee	6,900	19,800
Teo Ek Tor	168,738	186,438
Liu Chee Ming	191,584 ⁺	204,984 ⁺
Lim Ming Seong	237,136	255,436
Nasser Marafih	66,330	77,930
Related Corporations		
Olam International Limited		
Euro Medium Term Note Programme		
Nihal Vijaya Devadas Kaviratne CBE	US\$200,000 ⁽¹⁾	US\$200,000 ⁽¹⁾
Singapore Technologies Engineering Ltd		
<i>Ordinary Shares</i>		
Lim Ming Seong	98,336	8,336
Singapore Telecommunications Limited		
<i>Ordinary Shares</i>		
Ma Kah Woh	380	380
TeleChoice International Limited		
<i>Ordinary Shares</i>		
Lim Ming Seong	60,000	60,000

⁺ Held (partly or wholly) by a nominee.

⁽¹⁾ US\$200,000 of the US\$300,000,000 in principal amount of 4.5% fixed rate notes due 2020 under Olam International Limited's Euro Medium Term Note Programme.

Directors' Statement

Year ended 31 December 2017

Directors' Interests (continued)

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
<i>Conditional awards of shares under StarHub Performance Share Plan</i>		
Tan Tong Hai	278,600 ⁽²⁾	–
<i>Conditional awards of shares under StarHub Performance Share Plan 2014</i>		
Tan Tong Hai	261,200 ⁽³⁾	261,200 ⁽³⁾
	261,200 ⁽⁴⁾	261,200 ⁽⁴⁾
	–	559,000 ⁽⁵⁾
<i>Conditional awards of shares under StarHub Restricted Stock Plan</i>		
Tan Tong Hai	64,464 ⁽⁶⁾	–
<i>Conditional awards of shares under StarHub Restricted Stock Plan 2014</i>		
Tan Tong Hai	156,200 ⁽⁷⁾	–
	156,200 ⁽⁸⁾	156,200 ⁽⁸⁾
	–	23,430 ⁽⁹⁾
	–	210,000 ⁽¹⁰⁾

⁽²⁾ A conditional award was granted in March 2014. The award lapsed in 2017 as the threshold performance targets were not achieved during the performance period from 2014 to 2016.

⁽³⁾ A conditional award was granted in March 2015. The performance period was from 2015 to 2017. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded.

⁽⁴⁾ A conditional award was granted in March 2016. The performance period is from 2016 to 2018. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded.

⁽⁵⁾ A conditional award was granted in April 2017. The performance period is from 2017 to 2019. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded.

⁽⁶⁾ A conditional award was granted in March 2014. The performance period was from 2014 to 2015. The final award was granted in March 2016 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2016, and the balance was delivered in 2017.

⁽⁷⁾ A conditional award was granted in March 2015. The award lapsed in 2017 as the threshold performance targets were not achieved during the performance period from 2015 to 2016.

⁽⁸⁾ A conditional award was granted in March 2016. The performance period was from 2016 to 2017. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

⁽⁹⁾ A time-based share award was granted in March 2017. The shares under the award were partially delivered in 2017 and the balance will be delivered in 2018.

⁽¹⁰⁾ A conditional award was granted in April 2017. The performance period was over the one year of 2017. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.0 time the number of shares that are the subject of the award will be delivered if the target performance level of the pre-determined targets are met or exceeded.

Directors' Interests *(continued)*

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share awards of the Company, or of its related corporations, either at the beginning of the financial year or at date of appointment if later, or at the end of the financial year.

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2018.

Except as disclosed under the "Share-based Payments" section of this statement, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share-based Payments

The Company has in place the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, "StarHub Share Plans 2014", and each, "StarHub PSP 2014" and "StarHub RSP 2014" respectively).

The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting ("EGM") of the Company held on 14 April 2014, in replacement of the then existing StarHub Performance Share Plan and the StarHub Restricted Stock Plan which were adopted by the Company on 16 August 2004 (collectively, "StarHub Share Plans 2004", and each, "StarHub PSP 2004" and "StarHub RSP 2004" respectively).

The StarHub Share Plans 2004 together with the StarHub Share Option Plan 2004 were terminated at the EGM of the Company held on 14 April 2014. The Company had also in 2000 adopted the StarHub Pte Ltd Share Option Plan ("StarHub Share Option Plan 2000") and terminated the same in 2004. Since 31 May 2015, there were no outstanding or unexercised options under the StarHub Share Option Plan 2000 and StarHub Share Option Plan 2004 (collectively "StarHub Share Option Plans").

The StarHub Share Plans 2014, the StarHub Share Plans 2004, the StarHub Share Option Plan 2004 and the StarHub Share Option Plan 2000 (collectively, "Plans") are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising three directors, namely Teo Ek Tor, Stephen Geoffrey Miller and Lim Ming Seong.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company ("Parent Company") for purposes of the Plans.

StarHub Share Plans 2014 and StarHub Share Plans 2004 (collectively, the "StarHub Share Plans")

- (i) The StarHub Share Plans were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.
- (ii) The termination of the StarHub Share Plans 2004 was without prejudice to the rights of holders of awards accepted and outstanding under the StarHub Share Plans 2004 as at the date of termination. The outstanding awards under the StarHub Share Plans 2004 were vested according to the terms of the StarHub Share Plans 2004 and the respective grants.

Directors' Statement

Year ended 31 December 2017

Share-based Payments *(continued)*

- (iii) The following persons were/shall be eligible to participate in the StarHub Share Plans, respectively at the absolute discretion of the ERCC:
- (1) employees (including executive directors) and non-executive directors of the Group;
 - (2) employees (including executive directors) and non-executive directors of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as an employee of the Group for the purposes of the StarHub Share Plans; and
 - (3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.
- (iv) Under the StarHub PSP 2004 and the StarHub PSP 2014, awards of shares are granted on an annual basis, conditional on targets set for a performance period, currently prescribed to be a three-year period. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives.

Awards are released once the ERCC is satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period.

Since the commencement of the StarHub PSP 2004 to the financial year ended 31 December 2017, conditional awards aggregating 9,050,250 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2013, no shares will be delivered if the threshold performance targets are not achieved, while up to twice the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. For share awards granted during and after the financial year ended 31 December 2014, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Since the commencement of the StarHub PSP 2014 to the financial year ended 31 December 2017, conditional awards aggregating 2,406,900 shares have been granted under the aforesaid plan. For share awards granted during and after the financial year ended 31 December 2016, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) Returns on Invested Capital ("ROIC"), and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Share-based Payments (continued)

Details of share awards granted under the StarHub PSP 2004 and StarHub PSP 2014 (collectively, the “StarHub PSP Share Plans”) are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub PSP Share Plans to 31 December 2017	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2017
StarHub PSP 2004				
Executive director:				
Tan Tong Hai	–	960,400	–	–
Key executives	–	7,178,650	–	–
Total	–	8,139,050	–	–
StarHub PSP 2014				
Executive director:				
Tan Tong Hai	559,000	1,081,400	–	1,081,400
Key executives	656,900	1,325,500	–	1,164,083
Total	1,215,900	2,406,900	–	2,245,483

- (v) Under the StarHub RSP 2004 and the StarHub RSP 2014, awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related, after a further period of service beyond the performance period (performance-based restricted awards).

No minimum vesting periods are prescribed under the StarHub RSP 2004 and the StarHub RSP 2014 and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the StarHub PSP 2004 and the StarHub PSP 2014 in that an extended vesting period is imposed beyond the performance period.

The performance-based restricted awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets. The actual number of shares to be released depends on the level of attainment of the performance targets over the performance period.

For performance-based restricted awards granted prior to and during the financial year ended 31 December 2007, (a) the first performance target benchmarks the performance of the Company’s TSR measured against the Straits Times Index (“STI”) over the performance period; and (b) the second performance target used is measured against Free Cash Flow (“FCF”).

For performance-based restricted awards granted during and from financial year ended 31 December 2008 to financial year ended 31 December 2013, the performance targets used are measured against the Return on Invested Capital (“ROIC”) and the FCF respectively.

For performance-based restricted awards granted during and from financial year ended 31 December 2014 to financial year ended 31 December 2016, the performance targets used are measured against the Return on Invested Capital (“ROIC”) and the Earnings Before Interest, Taxation, Depreciation and Amortisation (“EBITDA”).

For performance-based restricted awards granted during and from financial year ended 31 December 2016 onwards, the performance targets used are aligned to the overall strategic financial and operational goals of the Group.

Directors' Statement

Year ended 31 December 2017

Share-based Payments *(continued)*

Since the commencement of the StarHub RSP 2004 to the financial year ended 31 December 2017:

- (1) performance-based restricted awards aggregating 17,413,000 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times or as the case may be 1.5 times, the number of shares that are the subject of the award, will be delivered if the stretch performance targets are met or exceeded;
- (2) a time-based restricted award of 100,000 shares has been granted on 15 January 2009. The shares under this award were vested in three equal tranches over a 3-year period from 1 January 2009 to 31 December 2011 according to a specified vesting schedule;
- (3) a time-based restricted award of 213,000 shares has been granted on 17 May 2010. The shares under this award were vested in May 2011 upon the participants' continued tenure as non-executive directors of the Company for a full one-year period from the date of grant;
- (4) a restricted award of 155,900 shares has been granted on 7 June 2012. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2011 and were vested immediately without any further vesting period;
- (5) a restricted award of 99,400 shares has been granted on 10 May 2013. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2012 and were vested immediately without any further vesting period; and
- (6) a time-based restricted award of 30,000 shares has been granted on 10 March 2014. The shares under this award were vested in two equal tranches over a 2-year period from 1 January 2015 to 31 December 2016 according to a specified vesting schedule.

Since the commencement of the StarHub RSP 2014 to the financial year ended 31 December 2017:

- (1) performance-based restricted awards aggregating 7,075,400 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times, the number of shares that are the subject of the award, will be delivered if the stretch performance targets are met or exceeded;
- (2) restricted awards aggregating 544,200 shares have been vested to non-executive directors of the Company as part of their directors' remuneration, and were vested immediately upon grant;
- (3) a time-based restricted award of 32,500 shares has been granted on 8 July 2015. The shares under this award were vested in two equal tranches over a 2-year period from 8 July 2015 to 7 July 2017 according to a specified vesting schedule;
- (4) a time-based restricted award of 240,000 shares has been granted on 20 May 2016. The shares under this award were vested in two equal tranches over a period from 20 May 2016 to 7 July 2017 according to a specified vesting schedule;
- (5) a time-based restricted award of 592,590 shares has been granted on 15 March 2017. The shares under this award will vest in two equal tranches over a period from 15 March 2017 to 15 January 2018; and
- (6) a time-based restricted award of 400,000 shares has been granted on 6 April 2017. The shares under this award will vest in three tranches over a 3-year period from 13 April 2018 to 15 April 2020.

Share-based Payments (continued)

Details of share awards granted under the StarHub RSP 2004 and the StarHub RSP 2014 (collectively, the “StarHub RSP Plans”) are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub RSP Share Plans to 31 December 2017	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2017
StarHub RSP 2004				
Non-executive directors:				
Steven Terrell Clontz	–	40,100	–	–
Nihal Vijaya Devadas Kaviratne CBE	–	103,700	–	–
Teo Ek Tor	–	91,100	–	–
Liu Chee Ming	–	76,100	–	–
Lim Ming Seong	–	106,900	–	–
Nasser Marafih	–	50,400	–	–
Executive director:				
Tan Tong Hai	–	739,400	64,464	–
Key employees	–	15,143,700	611,530	–
StarHub RSP 2014				
Non-executive directors:				
Steven Terrell Clontz	27,000	67,600	27,000	–
Ma Kah Woh	14,800	18,000	14,800	–
Nihal Vijaya Devadas Kaviratne CBE	19,100	61,100	19,100	–
Rachel Eng Yaag Ngee	12,900	19,800	12,900	–
Teo Ek Tor	17,700	55,800	17,700	–
Liu Chee Ming	13,400	43,300	13,400	–
Lim Ming Seong	18,300	57,200	18,300	–
Nasser Marafih	11,600	34,900	11,600	–
Executive director:				
Tan Tong Hai	256,860	569,260	23,430	389,630
Key employees	3,053,030	7,771,230	409,065	4,627,782

Directors' Statement

Year ended 31 December 2017

Share-based Payments *(continued)*

During the financial year, a total of 1,306,589 treasury shares were transferred pursuant to the StarHub Share Plans.

As at 31 December 2017, no participant has been granted and/or received shares pursuant to the release of awards granted under the StarHub Share Plans, which, in aggregate, represents 5% or more of the aggregate of:

- (a) the total number of new shares available under the StarHub Share Option Plans and the StarHub Share Plans collectively; and
- (b) the total number of existing shares delivered pursuant to options exercised under the StarHub Share Option Plans and awards released under the StarHub Share Plans collectively.

Audit Committee

The members of the Audit Committee as at the date of this statement are as follows:

Ma Kah Woh, independent non-executive director (Chairman)
Nihal Vijaya Devadas Kaviratne CBE, independent non-executive director
Rachel Eng Yaag Ngee, lead independent non-executive director
Lim Ming Seong, non-executive director

The Audit Committee has held four meetings since the last directors' statement. In performing its functions in accordance with Section 201B of the Singapore Companies Act, Chapter 50, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee has also reviewed the following:

- (1) assistance provided by the Company's officers to the internal and external auditors;
- (2) financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- (3) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and its subsidiaries and the Company's compliance with the review procedures of such transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

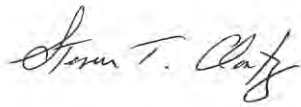
The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied that the independence, objectivity and effectiveness of the external auditors are not compromised as a result thereof, and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



Steven Terrell Clontz
Director



Tan Tong Hai
Director

Singapore

14 February 2018

Independent Auditors' Report

Members of the Company
StarHub Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of StarHub Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 143 to 206.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity 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 *'Auditors' 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 ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Revenue recognition (\$2,400.7 million) <i>(Refer to note 3.11 'Significant accounting policies' and note 21 'Revenue')</i>	
The key audit matter	How the matter was addressed in our audit
<p>The Group's revenue streams are derived from the provision of Mobile, Pay TV, Broadband, Enterprise Fixed services and sales of equipment.</p> <p>In addition, numerous products and services offered with promotional rates and discounts add to the complexities. Judgement is required to determine the amount and timing of revenue to be recognised.</p> <p>Information used to recognise revenue is based on data captured in network switches, which are interfaced with billing and management IT reporting systems.</p> <p>Impact of product and service variety, different pricing models, together with complexities in telecommunication systems and related configurations of system generated information give rise to the risk that revenue may not be accurately recorded.</p>	<p>Our audit approach was performed with a high reliance on the Group's IT systems and key manual controls.</p> <p>They included in particular:</p> <ul style="list-style-type: none"> • Testing the design and implementation, and operating effectiveness of controls over the capture and recording of revenue transactions from network switches to the billing system, and subsequently to the accounting system. Our IT specialists tested the relevant automated controls, including interface controls between different IT applications. • Testing the design and implementation, and operating effectiveness of relevant manual controls over initiation, authorisation, recording, and processing of revenue transactions. • Performing test calls to check completeness and accuracy of revenue transactions transmitted from the source systems to the accounting systems. • Testing key manual reconciliation controls used by management of certain revenue streams over revenue recognition. • Assessing the appropriateness of revenue recognition policy for the products and services offered by the Group.
<p>Findings</p> <p>We noted no significant issues on the completeness, existence and accuracy of revenue recorded in the year.</p>	

Accruals (\$498.8 million) <i>(Refer to note 3.6(i) 'Significant accounting policies' and note 14 'Trade and other payables')</i>	
The key audit matter	How the matter was addressed in our audit
<p>The Group incurs significant costs in its operations.</p> <p>Due to complexities in the telecommunication industry, negotiations with suppliers and other various parties for payments of certain transactions may take a significant amount of time to complete. Judgement is required in determining the level of accruals needed.</p> <p>Management performed a detailed review of each of its significant accrual accounts relying on historical trend of observable claims and actual costs to assess the sufficiency of these accruals.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessed management's process and basis for making accruals. • Reading contracts of certain significant accruals and considering the accounting treatment and timing of recognition. • Testing the accruals utilised during the year to actual invoices and checking that the utilisation of accruals have been correctly accounted for. • Testing key reconciliations used by management to assess the completeness and accuracy of liabilities and accruals. • Assessing management's basis for reversal of significant accruals resulting from changes in management's assessment. • Assessing the reasonableness of basis and key assumptions used by management in deriving certain accruals by comparing the assumptions to historical performance, future business plans and external market information.
<p>Findings</p> <p>We found over-accruals in the estimates used by management. The effects of these over-accruals were not found to be significant to the income statement for the year.</p>	

Independent Auditors' Report

Members of the Company

StarHub Ltd

Impairment assessment of goodwill (\$239.5 million)

(Refer to note 3.7 (ii) 'Significant accounting policies' and note 5 'Intangible assets')

The key audit matter

Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. The determination of the recoverable amount of the cash-generating unit ("CGU") requires judgement on the part of management in both identifying and valuing the CGU.

Included in the Group's goodwill of \$239.5 million at 31 December 2017, is the goodwill of \$220.3 million which arose from the acquisition of StarHub Cable Vision Ltd ("SCV") in 2002. Management considers SCV to be an essential part of the Group's fully integrated info-communications business. Hence, for impairment testing purposes, management has allocated the goodwill to the CGU comprising the Group's integrated fixed, mobile, cable and broadband operations.

The remaining goodwill of \$19.2 million arose through acquisition of Accel Systems & Technologies Pte. Ltd. in 2017.

Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGUs. Key assumptions for the value-in-use calculations are the discount rates, growth rates and taking into consideration the competitive pressures on EBITDA margins. These estimates require judgement and the determination of the recoverable amount is a key focus area for our audit.

How the matter was addressed in our audit

Our audit procedures included:

- Evaluating management's determination of CGU based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group.
- Assessing key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports.
- Independently deriving applicable discount rates from available industry data and comparing these with those used by management.
- Performing stress tests using plausible range of key assumptions or discount rates, and analysing the impact to the carrying amount.
- Considering the adequacy of the Group's disclosures in respect of impairment testing, including those in respect of the sensitivities of the recoverable amount to variations in assumptions.

Findings

The Group has a basis to determine the CGU for goodwill allocation purpose.

We found that the assumptions and resulting estimates used in the discounted cash flow projections for material CGU were within acceptable range.

We found the Group's disclosure in the financial statements to be compliant with financial reporting standards.

Valuation of trade receivables (\$201.5 million) <i>(Refer to note 3.7 (i) 'Significant accounting policies' and note 11 'Trade receivables')</i>	
The key audit matter	How the matter was addressed in our audit
<p>The Group has a policy to provide allowances for trade receivables on specific individual balances and on its receivables portfolio collectively.</p> <p>Determining the amount of allowance requires management's judgement on overdue debts and the amount of collection default based on past collection trends.</p> <p>There is a risk that the allowance of doubtful debts recognised may be insufficient.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Performing tests of controls over the Group's collection procedures, and the Group's assessment of the provision required at every period end. • Assessing the suitability of its policy for the allowance of doubtful debts. • Evaluating the ageing profile of trade receivables and critically assessing the Group's provision levels by considering the historical cash collection trends. • Discussing with management on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisioning. • Considering the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the provision.
<p>Findings</p> <p>We found that the level of allowance of doubtful debts as at 31 December 2017 to be adequate. We have considered the Group's disclosures about the degree of estimation involved in deriving the allowance to be sufficient.</p>	

Independent Auditors' Report

Members of the Company
StarHub Ltd

Acquisition of Accel Systems & Technologies Pte. Ltd. – Purchase Price Allocation

(Refer to note 3.1 'Significant accounting policies' and note 32 'Acquisition of subsidiary')

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial year, the Group acquired a total of 80.4% interest in Accel Systems & Technologies Pte. Ltd. ("ASTPL") over two phases.</p> <p>FRS 103 Business Combinations requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill.</p> <p>Management engaged an external firm of specialists to perform the purchase price allocation, including valuation of the identified assets and liabilities.</p> <p>There is judgement and inherent uncertainty involved in the identification and valuation of these assets and liabilities.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">• Examining the terms and conditions of the sale and purchase agreements and interviewed key management personnel to understand the commercial substance of the transaction.• Considering the objectivity, independence and competency of the external specialists, and the scope of their engagement.• Discussing with management and the external specialists on the purchase price allocation, including the identification and valuation of intangible assets acquired. We compared the methodologies and key assumptions used in determining the fair values assigned to the identifiable assets acquired and liabilities assumed to generally accepted market practices and market data.• Reviewing the appropriateness of the useful lives assigned to the identified intangible assets, having regard to the expected use of these assets.• Considering the disclosures for the acquisition.
<p>Findings</p> <p>We noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed to be within a reasonable range.</p> <p>We found the disclosures of the acquisition to be appropriate.</p>	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Report other than the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we have obtained prior to the date of this auditor's report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we will 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 Annual Report, 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 actions in accordance with SSAs. We have nothing to report in this regard with respect to the Directors' Statement.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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:

- 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

Members of the Company
StarHub Ltd

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 controls that we identify during our audit.

We also provide the directors 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, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude 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 Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

14 February 2018

Statements of Financial Position

As at 31 December 2017

	Note	Group		Company	
		2017 \$m	2016 \$m	2017 \$m	2016 \$m
Non-current assets					
Property, plant and equipment	4	870.1	918.0	425.2	431.0
Intangible assets	5	557.6	463.8	92.3	78.3
Subsidiaries	6	–	–	2,507.8	2,472.8
Associate	7	23.7	25.9	27.8	27.8
Available-for-sale financial assets	8	60.0	40.0	60.0	40.0
Amounts due from related parties	9	7.9	7.6	7.9	7.6
		1,519.3	1,455.3	3,121.0	3,057.5
Current assets					
Inventories	10	71.9	49.6	0.7	0.7
Trade receivables	11	201.5	172.2	167.7	141.7
Other receivables, deposits and prepayments	12	183.5	212.2	47.2	43.6
Amounts due from related parties	9	30.6	21.8	24.8	19.4
Cash and cash equivalents	13	345.2	285.2	321.1	236.0
		832.7	741.0	561.5	441.4
Current liabilities					
Trade and other payables	14	(736.5)	(707.9)	(334.2)	(309.4)
Amounts due to related parties	9	(64.8)	(67.1)	(334.3)	(356.5)
Borrowings	15	(120.0)	(10.0)	(120.0)	(10.0)
Provision for taxation		(71.6)	(70.5)	(20.7)	(15.4)
		(992.9)	(855.5)	(809.2)	(691.3)
Net current liabilities		(160.2)	(114.5)	(247.7)	(249.9)
Non-current liabilities					
Trade and other payables	14	(22.4)	(21.6)	(22.5)	(21.6)
Borrowings	15	(857.5)	(977.5)	(857.5)	(977.5)
Deferred income	16	(0.9)	(1.4)	(0.9)	(1.4)
Deferred tax liabilities	17	(133.4)	(145.4)	(73.9)	(73.5)
		(1,014.2)	(1,145.9)	(954.8)	(1,074.0)
Net assets		344.9	194.9	1,918.5	1,733.6
Equity					
Share capital	18	299.7	299.7	299.7	299.7
Perpetual capital securities	19	199.9	–	199.9	–
Reserves	20	(159.1)	(104.8)	1,418.9	1,433.9
Equity attributable to owners of the Company		340.5	194.9	1,918.5	1,733.6
Non-controlling interests		4.4	–	–	–
Total equity		344.9	194.9	1,918.5	1,733.6

The accompanying notes form an integral part of these financial statements.

Income Statement

Year ended 31 December 2017

	Note	Group	
		2017 \$m	2016 \$m
Revenue	21	2,400.7	2,396.7
Operating expenses	22	(2,071.6)	(2,003.8)
Other income	23	4.4	32.2
Profit from operations		333.5	425.1
Finance income	24	3.7	3.5
Finance expense	24	(29.9)	(26.2)
Net finance costs		(26.2)	(22.7)
Non-operating (loss)/income	25	(0.7)	9.5
Share of loss of associate, net of tax	7	(2.2)	(1.6)
Profit before taxation		304.4	410.3
Taxation	26	(54.8)	(68.9)
Profit for the year		249.6	341.4
Profit attributable to:			
Owners of the Company		249.0	341.4
Non-controlling interests		0.6	–
Profit for the year		249.6	341.4
Earnings per share (in cents)			
- Basic	27	14.2	19.8
- Diluted	27	14.1	19.7
EBITDA	28	613.9	690.1

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

Year ended 31 December 2017

	Group	
	2017 \$m	2016 \$m
Profit for the year	249.6	341.4
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Change in fair value of available-for-sale financial assets, net of taxation	5.6	12.5
Foreign currency translation differences	0.1	–
Effective portion of changes in fair value of cash flow hedges, net of taxation	(14.5)	3.9
Other comprehensive (loss)/income for the year, net of taxation	(8.8)	16.4
Total comprehensive income for the year	240.8	357.8
Total comprehensive income attributable to:		
Owners of the Company	240.2	357.8
Non-controlling interests	0.6	–
Total comprehensive income for the year	240.8	357.8

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year ended 31 December 2017

Group	Share capital \$m	Perpetual capital securities \$m	Treasury shares \$m	Goodwill written off \$m	Share-based payments reserve \$m	Fair value reserve \$m	Hedging reserve \$m	Translation reserve \$m	Retained profits \$m	Total reserves \$m	Non-controlling interests \$m	Total equity \$m
At 1 January 2017	299.7	–	(12.3)	(276.3)	14.1	12.5	4.4	1.3	151.5	(104.8)	–	194.9
Total comprehensive income for the year												
Profit for the year	–	–	–	–	–	–	–	–	249.0	249.0	0.6	249.6
Other comprehensive income/(loss)												
Net change in fair value of available-for-sale financial assets	–	–	–	–	–	5.6	–	–	–	5.6	–	5.6
Foreign currency translation differences	–	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	–	(14.5)	–	–	(14.5)	–	(14.5)
Total comprehensive income/(loss) for the year	–	–	–	–	–	5.6	(14.5)	0.1	249.0	240.2	0.6	240.8
Transactions with equity holders of the Company, recognised directly in equity												
<i>Contributions by and distributions to equity holders of the Company</i>												
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	–	–	3.8	3.8
Issue of Perpetual capital securities	–	199.6	–	–	–	–	–	–	–	–	–	199.6
Accrued Perpetual capital securities distribution	–	4.3	–	–	–	–	–	–	(4.3)	(4.3)	–	–
Perpetual capital securities distribution paid	–	(4.0)	–	–	–	–	–	–	0.7	0.7	–	(3.3)
Issue of shares pursuant to share plans	–	–	4.1	–	(4.1)	–	–	–	–	–	–	–
Share-based payment expenses	–	–	–	–	3.4	–	–	–	–	3.4	–	3.4
Tax impact on transfer of treasury shares	–	–	–	–	(0.4)	–	–	–	–	(0.4)	–	(0.4)
Dividends paid (Note 30)	–	–	–	–	–	–	–	–	(293.9)	(293.9)	–	(293.9)
Total transactions with equity holders of the Company	–	199.9	4.1	–	(1.1)	–	–	–	(297.5)	(294.5)	3.8	(90.8)
At 31 December 2017	299.7	199.9	(8.2)	(276.3)	13.0	18.1	(10.1)	1.4	103.0	(159.1)	4.4	344.9

The accompanying notes form an integral part of these financial statements.

Group	Share capital \$m	Treasury shares \$m	Goodwill written off \$m	Share-based payments reserve \$m	Fair value reserve \$m	Hedging reserve \$m	Translation reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At 1 January 2016	293.5	–	(276.3)	12.3	–	0.5	1.3	156.3	(105.9)	187.6
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	–	341.4	341.4	341.4
Other comprehensive income										
Net change in fair value of available-for-sale financial assets	–	–	–	–	12.5	–	–	–	12.5	12.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	3.9	–	–	3.9	3.9
Total comprehensive income for the year	–	–	–	–	12.5	3.9	–	341.4	357.8	357.8
Transactions with equity holders of the Company, recognised directly in equity										
<i>Contributions by and distributions to equity holders of the Company</i>										
Treasury shares purchased by the Company	–	(12.3)	–	–	–	–	–	–	(12.3)	(12.3)
Issue of shares pursuant to share plans	6.2	–	–	(6.2)	–	–	–	–	(6.2)	–
Share-based payment expenses	–	–	–	7.2	–	–	–	–	7.2	7.2
Tax impact on transfer of treasury shares	–	–	–	0.8	–	–	–	–	0.8	0.8
Dividends paid (Note 30)	–	–	–	–	–	–	–	(346.2)	(346.2)	(346.2)
Total transactions with equity holders of the Company	6.2	(12.3)	–	1.8	–	–	–	(346.2)	(356.7)	(350.5)
At 31 December 2016	299.7	(12.3)	(276.3)	14.1	12.5	4.4	1.3	151.5	(104.8)	194.9

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity (continued)

Year ended 31 December 2017

Company	Share capital \$m	Perpetual capital securities \$m	Treasury shares \$m	Merger/ capital reserve \$m	Share-based payments reserve \$m	Fair value reserve \$m	Hedging reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At 1 January 2017	299.7	–	(12.3)	276.5	14.1	12.5	–	1,143.1	1,433.9	1,733.6
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	–	273.9	273.9	273.9
Other comprehensive income										
Net change in fair value of available-for-sale financial assets	–	–	–	–	–	5.6	–	–	5.6	5.6
Total comprehensive income for the year	–	–	–	–	–	5.6	–	273.9	279.5	279.5
Transactions with equity holders of the Company, recognised directly in equity										
<i>Contributions by and distributions to equity holders of the Company</i>										
Issue of Perpetual capital securities	–	199.6	–	–	–	–	–	–	–	199.6
Accrued Perpetual capital securities distribution	–	4.3	–	–	–	–	–	(4.3)	(4.3)	–
Perpetual capital securities distribution paid	–	(4.0)	–	–	–	–	–	0.7	0.7	(3.3)
Issue of shares pursuant to share plans	–	–	4.1	–	(4.1)	–	–	–	–	–
Share-based payment expenses	–	–	–	–	3.4	–	–	–	3.4	3.4
Tax impact on transfer of treasury shares	–	–	–	–	(0.4)	–	–	–	(0.4)	(0.4)
Dividends paid (Note 30)	–	–	–	–	–	–	–	(293.9)	(293.9)	(293.9)
Total transactions with equity holders of the Company	–	199.9	4.1	–	(1.1)	–	–	(297.5)	(294.5)	(94.6)
At 31 December 2017	299.7	199.9	(8.2)	276.5	13.0	18.1	–	1,119.5	1,418.9	1,918.5

The accompanying notes form an integral part of these financial statements.

Company	Share capital \$m	Treasury shares \$m	Merger/ capital reserve \$m	Share-based payments reserve \$m	Fair value reserve \$m	Hedging reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At 1 January 2016	293.5	–	276.5	12.3	–	0.5	992.2	1,281.5	1,575.0
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	497.1	497.1	497.1
Other comprehensive income/(loss)									
Net change in fair value of available-for-sale financial assets	–	–	–	–	12.5	–	–	12.5	12.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	(0.5)	–	(0.5)	(0.5)
Total comprehensive income/(loss) for the year	–	–	–	–	12.5	(0.5)	497.1	509.1	509.1
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Treasury shares purchased by the Company	–	(12.3)	–	–	–	–	–	(12.3)	(12.3)
Issue of shares pursuant to share plans	6.2	–	–	(6.2)	–	–	–	(6.2)	–
Share-based payment expenses	–	–	–	7.2	–	–	–	7.2	7.2
Tax impact on transfer of treasury shares	–	–	–	0.8	–	–	–	0.8	0.8
Dividends paid (Note 30)	–	–	–	–	–	–	(346.2)	(346.2)	(346.2)
Total transactions with equity holders of the Company	6.2	(12.3)	–	1.8	–	–	(346.2)	(356.7)	(350.5)
At 31 December 2016	299.7	(12.3)	276.5	14.1	12.5	–	1,143.1	1,433.9	1,733.6

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2017

	2017	2016
	\$m	\$m
Cash flow from operating activities		
Profit before taxation	304.4	410.3
Adjustments for:		
Depreciation and amortisation, net of asset grants	280.4	265.0
Income related grants	(4.4)	(32.0)
Share-based payments	3.4	7.2
Changes in fair value of financial instruments	–	1.2
Net finance costs	26.2	22.7
Non-operating loss/(income)	0.7	(9.5)
Share of loss of associate, net of tax	2.2	1.6
Others	1.9	1.6
	614.8	668.1
Changes in:		
Inventories	(22.3)	4.7
Trade receivables	(24.8)	(18.9)
Other receivables, deposits and prepayments	22.2	(19.3)
Trade and other payables	9.3	19.9
Amounts due from related parties	(9.9)	5.3
Amounts due to related parties	(6.8)	(55.4)
Cash generated from operations	582.5	604.4
Income tax paid	(65.3)	(53.7)
Net cash from operating activities	517.2	550.7
Cash flow from investing activities		
Interest received	3.4	3.3
Proceeds from disposal of property, plant and equipment and intangible assets	1.9	0.8
Purchase of property, plant and equipment and intangible assets	(295.9)	(366.7)
Purchase of available-for-sale financial assets	(15.0)	(18.0)
Acquisition of subsidiary, net of cash acquired (Note 32)	(22.6)	–
Repayment of loan from/(loan to) an associate	1.1	(8.7)
Net cash used in investing activities	(327.1)	(389.3)
Cash flow from financing activities		
Net proceeds from issue of Perpetual capital securities	199.6	–
Treasury shares purchased by the Company	–	(12.3)
Grants received	8.2	34.0
Proceeds from issue of medium term notes	–	300.0
Repayment of bank loans	(10.0)	–
Dividend paid to owners of the Company	(293.9)	(346.2)
Perpetual capital securities distribution paid	(4.0)	–
Interest paid	(30.0)	(25.1)
Net cash used in financing activities	(130.1)	(49.6)
Net change in cash and cash equivalents	60.0	111.8
Cash and cash equivalents at beginning of year	285.2	173.4
Cash and cash equivalents at end of year (Note 13)	345.2	285.2

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of StarHub Ltd on 14 February 2018.

1 Domicile and Activities

StarHub Ltd (“StarHub” or the “Company”) is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together the “Group” and individually as “Group entities”), and the Group’s interest in its equity-accounted investee.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value as disclosed in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements in the application of accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported income and expenses during the financial year. These estimates are based on management’s best knowledge and judgement of current events and environment. Actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Financial Statements

Year ended 31 December 2017

2 Basis of Preparation *(continued)*

2.4 Significant accounting estimates and judgements *(continued)*

In the application of the Group's accounting policies, which are described in Note 3, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Measurement of recoverable amounts relating to goodwill impairment

The carrying value of the Group's goodwill is assessed for impairment annually or more frequently if there are indications that the goodwill might be impaired. The impairment assessment requires an estimation of the value-in-use of the cash generating unit ("CGU") to which the goodwill is allocated.

Assessing the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and apply an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations (see Note 5).

- Measurement of impairment losses on investments in subsidiaries and recoverable amounts of loans to subsidiaries

The carrying values of investments in subsidiaries are reviewed for impairment whenever there is any indication that the investment is impaired. This determination requires significant judgement. The Group's fixed, mobile, cable and broadband operations are integrated and generate interdependent cash flows, the assessment is performed on the same CGU determined for purposes of assessing impairment of goodwill (see Note 5). Accel Systems & Technologies Pte. Ltd. ("ASTPL"), a newly acquired subsidiary is a separate CGU on its own.

- Measurement of recoverable amounts of trade receivables and amounts owing from related parties

The Group evaluates whether there is any objective evidence that trade receivables and amounts owing from related parties are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the receivables balance, credit worthiness of the debtors and historical write-off experience. The Group has a policy to provide allowance for receivable balances on specific individual balances and on its receivables portfolio collectively. If financial conditions of the debtors were to deteriorate, actual write-offs would be higher than that estimated.

- Adequacy of accruals

Assessing the adequacy of accruals made at the reporting date requires the Group to make judgements in determining the level of accruals needed for costs that span the year end where settlement has not been fully and finally made. Due to the complexities in the telecommunication industry, agreement on amounts payable to suppliers may take a significant amount of time. The Group determines the sufficiency of these accruals based on historical trend of observable claims and actual costs. Actual payments may differ from these estimates when the final settlements are reached between the parties.

- Acquisition of subsidiary – determination of fair value of consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed (see Note 32).

2 Basis of Preparation (continued)

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see Note 15).

2.6 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards

Applicable to 2018 financial statements

(a) Convergence with SFRS(I)

Summary of the requirements

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

Potential impact on the financial statements

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements:

(i) Investments in subsidiaries at deemed cost

The Group, through its "Hubbing" strategy, operates and delivers its Mobile, Pay TV, Broadband and Enterprise Fixed services on an operationally integrated network, customer service, sales, marketing and administration support. However, the cost of investment in the subsidiaries held by the Company is not reflective of the real business value of the respective subsidiaries. As such, the optional exemption under SFRS(I) 1 which allows the use of fair value as the deemed cost as at the date of transition will be elected to reflect the appropriate fair value of the Company's investment in subsidiaries through the fair value of its subsidiaries.

The Company expects the carrying value of investments in subsidiaries to increase with a corresponding increase in retained earnings as at 1 January 2017.

Notes to the Financial Statements

Year ended 31 December 2017

2 Basis of Preparation *(continued)*

2.6 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards *(continued)*

Applicable to 2018 financial statements *(continued)*

(a) Convergence with SFRS(I) *(continued)*

Potential impact on the financial statements *(continued)*

(ii) Merger/capital reserve

The Company's merger/capital reserve arose from the acquisition of StarHub Cable Vision Ltd. ("SCV") in 2002 (see Note 20).

The Company will transfer the merger/capital reserve to retained earnings upon adoption of SFRS(I).

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I) are effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- *Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15.

(b) SFRS(I) 15 *Revenue from Contracts with Customers*

Summary of the requirements

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

SFRS(I) 15 provides a five-step model for revenue recognition arising from contracts with customers which requires revenue be recognised at an amount that reflects the consideration which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

This new standard will supersede all current revenue recognition requirements under FRS. A full retrospective application is required for annual periods beginning on or after 1 January 2018 in alignment with SFRS(I) 1 *First time Adoption of SFRS(I)*.

2 Basis of Preparation *(continued)*

2.6 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards *(continued)*

Applicable to 2018 financial statements *(continued)*

(b) SFRS(I) 15 Revenue from Contracts with Customers *(continued)*

Summary of the requirements *(continued)*

The key elements of SFRS(I) 15 that have material impact on the Group's revenue and cost recognition are as follows:

Bundled products and services

Under SFRS(I) 15, revenue will be allocated to the individual elements within bundled products and services based on their relative standalone selling prices at contract inception.

Variable consideration

Certain contracts with customers include variable considerations like right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Under SFRS(I) 15, such provisions will be estimated at contract inception and every reporting period, and adjusted against revenue.

Material Right

Under SFRS(I) 15, options to acquire additional goods or services represent separate performance obligations if they provide the customer a material right that the customer would not otherwise receive. In these cases, revenue from the contract is deferred and recognised when future goods and services are transferred or when the option expires. The transaction price is allocated to performance obligations (including the option) based on relative standalone selling prices.

Contract modification

Changes in scope or price (or both) of a contract that is approved by parties to the contract are contract modifications. SFRS(I) 15 prescribes the treatments of contract modifications depending on the attributes of the modification and the remaining goods and/or services.

Contract cost

SFRS(I) 15 requires the incremental costs of obtaining a contract to be recognised as an asset if the entity expects to recover those costs. Those incremental costs are limited to the costs that the entity would not have incurred if the contract had not been successfully obtained. A practical expedient is available, allowing the incremental costs of obtaining a contract to be expensed if the associated amortisation period would be 12 months or less.

Transition

The following practical expedients are available when applying SFRS(I) 15 retrospectively.

For completed contracts, an entity need not restate contracts that begin and end within the same annual reporting period or are completed contracts at the beginning of the earliest period presented, and for those with variable consideration, the use of transaction price of the variable consideration at the date the contract was completed is allowed. For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented.

For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

Notes to the Financial Statements

Year ended 31 December 2017

2 Basis of Preparation *(continued)*

2.6 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards *(continued)*

Applicable to 2018 financial statements *(continued)*

(b) SFRS(I) 15 Revenue from Contracts with Customers *(continued)*

Potential impact on the financial statements

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, and the comparative period presented in the 2018 financial statements will be restated.

Summary of the potential impact from the adoption of SFRS(I) 15 are as follows:

The Group expects an increase in the revenue allocated to sales of equipment and a corresponding reduction in the revenue allocated to services under SFRS(I) 15. Due to the requirement to estimate and account for variable consideration and material rights, deferral of service revenue is expected.

The Group expects operating expenses to be lower at initial adoption of standard due to deferral of the recognition of the cost of acquiring customers over the contract duration. The Group plans to adopt the practical expedient to expense the incremental costs of obtaining a contract that has a contract period of less than 12 months.

The Group expects an increase in total assets at initial adoption due to the recognition of contract assets arising mainly from allocation of revenue to sale of equipment and deferral of cost of acquiring customers.

The Group plans to apply all the practical expedients available.

(c) SFRS(I) 9 Financial Instruments

Summary of the requirements

SFRS(I) 9 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

Potential impact on the financial statements

SFRS(I) 9 will impact the classification and measurement of the Group's financial instruments and will require certain additional disclosures. Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below:

- The Group plans to adopt the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

2 Basis of Preparation (continued)

2.6 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (continued)

Applicable to 2018 financial statements (continued)

(c) SFRS(I) 9 Financial Instruments (continued)

Potential impact on the financial statements (continued)

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018:
 - The determination of the business model within which a financial asset is held.
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 *Financial Instruments: Recognition and Measurement* at 31 December 2017 that meet the criteria for hedge accounting under SFRS(I) 9 at 1 January 2018 will be regarded as continuing hedging relationships.

Classification and measurement

For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under SFRS(I) 9. The Group plans to elect to present in other comprehensive income the changes in fair value of its available-for-sale (“AFS”) equity securities that are held by the Group and the Company because these investments are not held for trading.

As at 1 January 2018, the Group and the Company does not expect any material changes in the carrying amount of financial assets and liabilities.

Impairment

SFRS(I) 9 replaces the current ‘incurred loss’ model with a forward-looking expected credit loss (“ECL”) model. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income (“FVOCI”), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group and Company do not expect any material impact.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Income tax consequences of payments on financial instruments classified as equity* (Amendments to IAS 12)#

Except for those marked as #, the ASC has issued the above new SFRS(I), amendments to and interpretations of IFRS as SFRS(I). The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group’s preliminary assessment of SFRS(I) 16, which is relevant and have a more significant impact to the Group, is as described below.

Notes to the Financial Statements

Year ended 31 December 2017

2 Basis of Preparation *(continued)*

2.6 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards *(continued)*

Applicable to 2019 financial statements and thereafter *(continued)*

(d) SFRS(I) 16 Leases

Summary of the requirements

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases-Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.

Potential impact on the financial statements

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under SFRS(I) 16. The Group is currently assessing the quantitative impact on the financial statements.

The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2018.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in income statement.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquirees' employees (acquirees' awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date fair value, unless another measurement basis is required by FRSs.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

Notes to the Financial Statements

Year ended 31 December 2017

3 Significant Accounting Policies *(continued)*

3.1 Basis of consolidation *(continued)*

(ii) Subsidiaries *(continued)*

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities were recorded at their existing carrying amounts. The consolidated financial statements included the results of operations, and the assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of the shares issued in consideration for these transactions exceeded the par value of the shares held by the related corporations, the difference was recognised as a merger reserve in the Group's financial statements.

(iii) Loss of control

When control over a subsidiary is lost as a result of a transaction, event or other circumstances, the Group derecognises all assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. Any remaining interest in the previous subsidiary is recognised at its fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associates is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income statement and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Significant Accounting Policies *(continued)*

3.2 Foreign currencies

(i) **Foreign currencies transactions**

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the income statement, except for the following differences which are recognised in other comprehensive income arising on the translation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to the income statement); or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) **Foreign operations**

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at average rates during the year.

Foreign currency translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign subsidiary is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign subsidiary is transferred to the income statement as an adjustment to profit or loss arising on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.3 Property, plant and equipment

(i) **Recognition and measurement**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, and when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised borrowing costs.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

(ii) **Subsequent costs**

Subsequent expenditure relating to existing property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Notes to the Financial Statements

Year ended 31 December 2017

3 Significant Accounting Policies *(continued)*

3.3 Property, plant and equipment *(continued)*

(iii) Depreciation

Depreciation is provided on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment as follows:

Leasehold buildings	-	30 years to 42 years
Leasehold improvements	-	Shorter of lease term or 5 years
Network equipment and infrastructure	-	2 years to 15 years
Office equipment, computers and furniture and fittings	-	2 years to 5 years
Motor vehicles	-	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting date.

No depreciation is provided on freehold property or in respect of property, plant and equipment under construction.

3.4 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Acquisitions prior to 1 January 2001

Goodwill arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was written off against reserves in the year of acquisition and has not been retrospectively capitalised and amortised.

Acquisitions occurring between 1 January 2001 and 31 December 2009

Goodwill arising on acquisitions represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in Note 3.7(ii).

Goodwill that has previously been taken to the reserves is not taken to the income statement when the business is disposed of or the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to the income statement when the business is disposed.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

3 Significant Accounting Policies *(continued)*

3.4 Intangible assets *(continued)*

(ii) **Telecommunications and spectrum licences**

Telecommunications and spectrum licences costs incurred are measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over the period of the licence, being 10 years to 21 years, commencing from the effective date of the licence.

(iii) **Computer software**

Computer software comprises software purchased from third parties, and also the cost of internally developed software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 2 years to 5 years.

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

(iv) **Customer contracts and relationships**

Customer contracts and relationships are acquired in business combinations and carried at fair value at the date of acquisition, and amortised to the income statement using the straight-line method over the estimated useful lives of 3 to 14.5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5 Inventories

Inventories comprise goods held for resale and reserved telephone numbers. Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Reserved telephone numbers are stated at cost and accounted for using the specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

3.6 Financial instruments

(i) **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables (including amounts due from related parties), cash and bank balances, trade and other payables (including amounts due to related parties), and borrowings.

Cash and cash equivalents comprise cash balances, deposits with financial institutions with maturities of three months or less, and bank overdrafts. For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfer substantially all the risks and rewards of ownership of the asset. On disposal of a financial asset, the difference between the sale proceeds and the carrying amount is recognised in the income statement. Any amount in the fair value reserve relating to that asset is reclassified to the income statement. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset.

Notes to the Financial Statements

Year ended 31 December 2017

3 Significant Accounting Policies *(continued)*

3.6 Financial instruments *(continued)*

(i) Non-derivative financial instruments *(continued)*

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (including amounts due from related parties, excluding prepayments).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value (normally the transaction price) plus any directly attributable transaction costs.

When the fair value at initial recognition differs from the transaction price, for fair value evidenced by a quoted price in an active market, the difference will be recognised as a gain or loss in the income statement. For all other cases, the difference would be recognised to other comprehensive income.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to the income statement.

Available-for-sale financial assets comprise equity securities.

Trade and other payables

Trade and other payables (including amounts due to related parties, excluding deferred income, unearned revenue, marked-to-market financial instruments, net GST payable and employee benefits) are carried at amortised cost using the effective interest method.

Borrowings

Borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transactions costs) and the settlement or redemption of borrowings is recognised in the income statement over the period of the borrowings.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

(ii) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

Where share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

Perpetual Capital Securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual capital securities issue. The perpetual securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

(iii) Derivative financial instruments, including hedge accounting

The Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at reporting date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described below.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

Notes to the Financial Statements

Year ended 31 December 2017

3 Significant Accounting Policies *(continued)*

3.6 Financial instruments *(continued)*

(iii) **Derivative financial instruments, including hedge accounting** *(continued)*

Cash flow hedges *(continued)*

For other cash flow hedges, the associated cumulative gain or loss that was recognised in other comprehensive income is removed and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the income statement.

3.7 Impairment

(i) **Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables at both specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical write-off patterns and ageing of receivables. Bad debts are written off when incurred.

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the income statement. An impairment loss in respect of on the cumulative loss that is reclassified from equity to the income statement is the difference between the acquisition cost, and the current fair value, less any impairment loss recognised previously in the income statement. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income and presented in the fair value reserve in equity.

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7(ii). An impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amounts.

The recoverable amount of an asset or its CGU is the greater of its value-in-use and its fair value less costs to sell. 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 or CGU.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level within the Group at which goodwill is monitored for internal reporting purposes.

Impairment losses recognised in the income statement in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of units) and then, to reduce the carrying amount of other assets in the CGU (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the income statement.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Notes to the Financial Statements

Year ended 31 December 2017

3 Significant Accounting Policies *(continued)*

3.8 Employee benefits

(i) Share-based payment

Performance Share Plans and Restricted Stock Plans

The Performance Share Plans and the Restricted Stock Plans are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity.

(ii) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

(iii) Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iv) Other long-term benefits

Long-term employee benefit obligations are measured on performance conditions over a period of three years.

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added (“EVA”) for its management personnel executives. An EVA bank is used to hold incentive compensation credited in any year. Typically one-third of the accumulated EVA-based bonus, comprising the EVA declared in the financial year and the balance of such bonus brought forward from preceding years is paid out in cash each year, with the balance being carried forward to the following year. The balances of the EVA bank in future will be adjusted by the yearly EVA performance of the Group and the payouts made from the EVA bank.

3.9 Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as unearned revenue until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

3.10 Provisions

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3 Significant Accounting Policies *(continued)*

3.11 Revenue recognition

Revenue comprises fees earned from telecommunications services, managed services, system integration and solution projects, broadband access, Pay TV, related advertising space and sales of equipment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the income statement as follows:

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.
- Revenue from managed services, system integration and solution projects is recognised based on percentage of completion using cost to cost method.
- Revenue from sales of pre-paid phone cards for which services have not been rendered is deferred and presented in the statement of financial position as unearned revenue. Upon the expiry of pre-paid phone cards, any unutilised value of the cards is taken to the income statement.
- Revenue from sales of equipment is recognised upon delivery and acceptance of the equipment sold.
- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.

3.12 Finance income and costs

Finance income comprises interest income on bank deposits. Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

Finance costs comprise interest expense and similar charges. They are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3.13 Government grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the income statement on a straight-line basis over the estimated useful lives of the related assets, so as to match the related depreciation expense.

Government grants received, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the periods necessary to match the related cost which they are intended to compensate.

3.14 Marketing and promotions

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the income statement when incurred.

Notes to the Financial Statements

Year ended 31 December 2017

3 Significant Accounting Policies *(continued)*

3.15 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

3.16 Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 Dividends

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividends to the Company's shareholders are recognised in the financial year in which the dividends are approved by the shareholders.

3.18 Segment reporting

Segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The Group operates primarily in Singapore and delivers its Mobile, Pay TV, Broadband, Enterprise Fixed revenue and equipment sales on an operationally integrated network, and has a centralised customer service, sales, marketing and administration support. Based on the financial information regularly reviewed by the CODM, the Group has one operating and reporting segment.

4 Property, Plant and Equipment

Group	Leasehold buildings \$m	Leasehold improvements \$m	Freehold property \$m	Network equipment & Infrastructure \$m	Office equipment, computers and furniture and fittings \$m	Motor vehicles \$m	Construction in progress \$m	Total \$m
Cost								
At 1 January 2016	9.2	48.2	1.7	3,346.7	171.1	6.5	60.5	3,643.9
Additions	–	–	–	6.8	16.4	0.7	231.6	255.5
Transfers	–	1.3	–	234.4	–	–	(235.7)	–
Disposals/Write-offs	–	(3.2)	–	(117.0)	(10.9)	(0.3)	–	(131.4)
At 31 December 2016	9.2	46.3	1.7	3,470.9	176.6	6.9	56.4	3,768.0
At 1 January 2017	9.2	46.3	1.7	3,470.9	176.6	6.9	56.4	3,768.0
Acquisition through business combination	–	0.1	–	–	1.7	–	–	1.8
Additions	–	–	–	1.7	15.9	1.3	165.3	184.2
Transfers	1.1	7.7	–	173.0	–	–	(181.8)	–
Disposals/Write-offs	–	(7.2)	–	(302.8)	(4.0)	(0.3)	–	(314.3)
At 31 December 2017	10.3	46.9	1.7	3,342.8	190.2	7.9	39.9	3,639.7
Accumulated depreciation and impairment losses								
At 1 January 2016	2.0	44.7	–	2,560.9	140.7	5.6	–	2,753.9
Charge for the year	0.3	1.5	–	209.9	13.9	0.4	–	226.0
Disposals/Write-offs	–	(2.3)	–	(116.5)	(10.8)	(0.3)	–	(129.9)
At 31 December 2016	2.3	43.9	–	2,654.3	143.8	5.7	–	2,850.0
At 1 January 2017	2.3	43.9	–	2,654.3	143.8	5.7	–	2,850.0
Charge for the year	0.3	2.4	–	214.2	13.6	0.5	–	231.0
Disposals/Write-offs	–	(7.0)	–	(300.1)	(4.0)	(0.3)	–	(311.4)
At 31 December 2017	2.6	39.3	–	2,568.4	153.4	5.9	–	2,769.6
Carrying amount								
At 31 December 2016	6.9	2.4	1.7	816.6	32.8	1.2	56.4	918.0
At 31 December 2017	7.7	7.6	1.7	774.4	36.8	2.0	39.9	870.1

Staff costs capitalised in construction in progress for the Group during the year amounted to \$3.3 million (2016: \$3.4 million).

Notes to the Financial Statements

Year ended 31 December 2017

4 Property, Plant and Equipment (continued)

Company	Leasehold buildings \$m	Leasehold improvements \$m	Network equipment & infrastructure \$m	Office equipment, computers and furniture and fittings \$m	Motor vehicles \$m	Construction in progress \$m	Total \$m
Cost							
At 1 January 2016	9.2	39.8	1,325.7	116.3	2.0	41.4	1,534.4
Additions	–	–	–	12.5	–	100.1	112.6
Transfers	–	1.3	117.9	–	–	(119.2)	–
Disposals/Write-offs	–	(3.2)	(24.2)	(2.0)	–	–	(29.4)
At 31 December 2016	9.2	37.9	1,419.4	126.8	2.0	22.3	1,617.6
At 1 January 2017	9.2	37.9	1,419.4	126.8	2.0	22.3	1,617.6
Additions	–	–	–	10.3	0.2	79.4	89.9
Transfers	1.0	7.0	79.2	–	–	(87.2)	–
Disposals/Write-offs	–	(3.8)	(87.0)	(2.5)	–	–	(93.3)
At 31 December 2017	10.2	41.1	1,411.6	134.6	2.2	14.5	1,614.2
Accumulated depreciation							
At 1 January 2016	2.0	37.0	982.4	99.9	1.7	–	1,123.0
Charge for the year	0.3	1.1	81.8	8.4	0.1	–	91.7
Disposals/Write-offs	–	(2.3)	(23.8)	(2.0)	–	–	(28.1)
At 31 December 2016	2.3	35.8	1,040.4	106.3	1.8	–	1,186.6
At 1 January 2017	2.3	35.8	1,040.4	106.3	1.8	–	1,186.6
Charge for the year	0.3	2.1	83.1	8.9	0.1	–	94.5
Disposals/Write-offs	–	(3.4)	(86.3)	(2.4)	–	–	(92.1)
At 31 December 2017	2.6	34.5	1,037.2	112.8	1.9	–	1,189.0
Carrying amount							
At 31 December 2016	6.9	2.1	379.0	20.5	0.2	22.3	431.0
At 31 December 2017	7.6	6.6	374.4	21.8	0.3	14.5	425.2

5 Intangible Assets

Group	Telecommunications and spectrum licences \$m	Software \$m	Software in development \$m	Goodwill \$m	Customer contracts and relationships \$m	Total \$m
Cost						
At 1 January 2016	155.8	518.1	16.7	220.3	–	910.9
Additions	80.3	0.3	35.1	–	–	115.7
Transfers	–	34.9	(34.9)	–	–	–
Disposals/Write-offs	–	(3.6)	–	–	–	(3.6)
At 31 December 2016	236.1	549.7	16.9	220.3	–	1,023.0
At 1 January 2017						
Acquisition through business combination	–	–	–	19.2	10.0	29.2
Additions	69.3	0.3	45.5	–	–	115.1
Transfers	–	37.7	(37.7)	–	–	–
Disposals/Write-offs	–	(3.1)	–	–	–	(3.1)
At 31 December 2017	305.4	584.6	24.7	239.5	10.0	1,164.2
Accumulated amortisation						
At 1 January 2016	78.8	444.0	–	–	–	522.8
Charge for the year	9.1	30.9	–	–	–	40.0
Disposals/Write-offs	–	(3.6)	–	–	–	(3.6)
At 31 December 2016	87.9	471.3	–	–	–	559.2
At 1 January 2017						
Charge for the year	15.8	33.8	–	–	0.9	50.5
Disposals/Write-offs	–	(3.1)	–	–	–	(3.1)
At 31 December 2017	103.7	502.0	–	–	0.9	606.6
Carrying amount						
At 31 December 2016	148.2	78.4	16.9	220.3	–	463.8
At 31 December 2017	201.7	82.6	24.7	239.5	9.1	557.6

Impairment testing for CGUs containing goodwill

The carrying values of the Group's goodwill on acquisition of subsidiaries as at 31 December 2017 were assessed for impairment during the financial year.

Group	2017 \$m	2016 \$m
Carrying value of goodwill from acquisition of:		
– StarHub Cable Vision Ltd (“SCV”)	220.3	220.3
– Accel Systems & Technologies Pte. Ltd. (“ASTPL”)	19.2	–
	239.5	220.3

Notes to the Financial Statements

Year ended 31 December 2017

5 Intangible Assets (continued)

Impairment testing for CGUs containing goodwill (continued)

The Group, through its “Hubbing” strategy, operates and delivers its Mobile, Pay TV, Broadband and Enterprise Fixed services on an operationally integrated network, customer service, sales, marketing and administration support. For the purposes of impairment testing, goodwill arising from the acquisition of SCV of \$220.3 million is allocated to the cash generating unit (“CGU”) comprising the Group’s integrated fixed, mobile, cable and broadband operations. This represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes. The goodwill arising from the acquisition of ASTPL of \$19.2 million is allocated to the entity which is also the CGU.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rates, growth rates and taking into consideration the competitive pressures on EBITDA margins.

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management. The Group has used cash flow projections of five years. The pre-tax discount rate applied to the cash flow projections for the goodwill arising from acquisition of SCV and ASTPL is 6.3% (2016: 6.6%) and 10.7% (2016: nil) respectively. The forecast long-term growth rate used to extrapolate both cash flow projections beyond the fifth year is nil (2016: nil).

No impairment charge was required for the carrying amount of respective goodwill assessed as at 31 December 2017 and 31 December 2016 as the recoverable value was in excess of the carrying value. A reasonable change to the key assumptions applied is not likely to cause the recoverable value to be below the carrying value.

Company	Telecommunications licences \$m	Software \$m	Software in development \$m	Total \$m
Cost				
At 1 January 2016	–	442.4	14.5	456.9
Additions	0.3	–	31.0	31.3
Transfers	–	30.7	(30.7)	–
Disposals/Write-offs	–	(0.1)	–	(0.1)
At 31 December 2016	0.3	473.0	14.8	488.1
At 1 January 2017				
Additions	–	–	41.3	41.3
Transfers	–	34.4	(34.4)	–
Disposals/Write-offs	–	(0.1)	(0.2)	(0.3)
At 31 December 2017	0.3	507.3	21.5	529.1
Accumulated amortisation				
At 1 January 2016	–	386.3	–	386.3
Charge for the year	0.1	23.5	–	23.6
Disposals/Write-offs	–	(0.1)	–	(0.1)
At 31 December 2016	0.1	409.7	–	409.8
At 1 January 2017				
Charge for the year	–	27.1	–	27.1
Disposals/Write-offs	–	(0.1)	–	(0.1)
At 31 December 2017	0.1	436.7	–	436.8
Carrying amount				
At 31 December 2016	0.2	63.3	14.8	78.3
At 31 December 2017	0.2	70.6	21.5	92.3

Staff costs capitalised in software in development for the Group and Company during the year amounted to \$2.5 million (2016: \$2.4 million).

6 Subsidiaries

	Company	
	2017 \$m	2016 \$m
Investments in subsidiaries, at cost	1,244.1	1,209.1
Loans to subsidiaries	1,270.7	1,270.7
Discount implicit in the interest-free loan to a subsidiary	21.9	21.9
	2,536.7	2,501.7
Allowance for impairment losses	(28.9)	(28.9)
	2,507.8	2,472.8

During the year, the Company acquired 80.4% equity interest in ASTPL for \$35.0 million. See Note 32 for details.

At 31 December 2017, the loans to the subsidiaries are unsecured, not repayable within the next 12 months and bear interest ranging from 2.64% to 2.75% (2016: 2.86% to 3.04%) per annum.

In the previous financial year, loans to subsidiaries of \$714.7 million were reclassified from amounts due from related parties to form part of the Company's interest in subsidiaries.

The subsidiaries directly held by the Company are as follows:

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2017 %	2016 %
StarHub Cable Vision Ltd. ⁽¹⁾	Provision of subscription television and television broadcasting services	Singapore	100	100
StarHub Mobile Pte Ltd ⁽¹⁾	Provision of mobile telecommunications services	Singapore	100	100
StarHub Internet Pte Ltd ⁽¹⁾	Dormant	Singapore	100	100
StarHub Online Pte Ltd ⁽¹⁾	Provision of broadband access services	Singapore	100	100
Nucleus Connect Pte. Ltd. ⁽¹⁾	Provision of high speed wholesale broadband services	Singapore	100	100
StarHub (Mauritius) Ltd ⁽²⁾	Investment holding company and for acquisition of info-communication and infotainment services	Mauritius	100	100
StarHub (Hong Kong) Limited ⁽³⁾	Provision of telecommunication services	Hong Kong	100	100
StarHub Shop Pte Ltd ⁽⁴⁾	Dormant	Singapore	100	100
StarHub, Inc. ⁽⁴⁾	Dormant	United States	100	100
Accel Systems & Technologies Pte. Ltd. ⁽³⁾	Provision of cyber security solutions, professional services for system integration and security operations and management	Singapore	80.4	—

⁽¹⁾ Audited by KPMG LLP Singapore

⁽²⁾ Audited by KPMG Mauritius, a member firm of KPMG International

⁽³⁾ Audited by another firm

⁽⁴⁾ Not required to be audited by laws of the country of incorporation

Notes to the Financial Statements

Year ended 31 December 2017

7 Associate

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Investment in associate	27.8	27.8	27.8	27.8
Share of post-acquisition reserves	(4.1)	(1.9)	–	–
	23.7	25.9	27.8	27.8

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2017 %	2016 %
SHINE Systems Assets Pte. Ltd. ⁽¹⁾	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	30	30

⁽¹⁾ Audited by KPMG LLP Singapore

The following summarises the financial information of the associate, based on its financial statements prepared in accordance with FRS, amended for fair value adjustments on acquisition:

	2017 \$m	2016 \$m
Summarised Statement of Financial Position		
Non-current assets	233.4	202.5
Current assets	17.4	23.6
Current liabilities	(13.6)	(16.9)
Non-current liabilities	(158.2)	(122.9)
Net assets	79.0	86.3
Reconciliation to carrying amount:		
Opening net assets	86.3	91.7
Loss for the year	(7.3)	(5.4)
Closing net assets	79.0	86.3
Summarised Statement of Comprehensive Income		
Total revenue	13.3	4.2
Loss for the year, representing total comprehensive loss for the year	(7.3)	(5.4)
Group's share in %	30%	30%
Group's share of loss of associate (net of tax) for the year	(2.2)	(1.6)
Carrying amount of interest in associate at end of the year	23.7	25.9

8 Available-for-sale Financial Assets

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Quoted equity securities	60.0	40.0	60.0	40.0

During the year, the Group acquired additional interest in the equity security. The acquisition resulted in the recognition of a day one fair value loss of \$0.7 million (2016: fair value gain arising on initial acquisition of \$9.5 million) (see Note 25).

9 Balances with Related Parties

The immediate and ultimate holding companies are Asia Mobile Holdings Pte. Ltd. and Temasek Holdings (Private) Limited respectively. These companies are incorporated in the Republic of Singapore.

9.1 Amounts due from related parties

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Current				
Amounts due from (trade):				
– Ultimate holding company	0.2	0.1	0.2	0.1
– Subsidiaries	–	–	7.4	2.1
– Related corporations	30.4	20.6	17.2	16.1
– Loan to associate	–	1.1	–	1.1
	30.6	21.8	24.8	19.4
Non-current				
Amount due from (trade):				
– Loan to associate	7.9	7.6	7.9	7.6

All outstanding current trade balances with ultimate holding company, subsidiaries and related corporations are unsecured, interest-free and repayable on demand. During the year, the Company impaired and subsequently forgave the balances owing by certain subsidiaries amounting to \$216.7 million. Other than above, the outstanding balances with ultimate holding company, subsidiaries and related corporations are not impaired as at the financial year end.

In 2017, the current loan to associate which was unsecured, bears interest rate of 2.86% and 2.96% per annum and was repaid in October 2017 and December 2017 respectively.

The non-current loan to associate is unsecured, bears interest rate of 3.53% (2016: 3.53%) per annum and is repayable in June 2021.

Notes to the Financial Statements

Year ended 31 December 2017

9 Balances with Related Parties *(continued)*

9.2 Amounts due to related parties

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Current				
Amounts due to (trade):				
– Subsidiaries	–	–	304.6	338.5
– Associates	1.0	–	1.0	–
– Related corporations	59.1	67.1	24.0	18.0
Amounts due to (non-trade):				
– Non-controlling interests	4.7	–	4.7	–
	64.8	67.1	334.3	356.5

The amounts due to subsidiaries include unsecured, interest bearing amounts of \$140.0 million (2016: \$178.7 million) at interest rates ranging from 1.13% to 1.30% (2016: 0.95% to 1.73%), per annum and are repayable on demand. Included in these amounts is a balance of \$87.4 million (2016: nil) placed by certain subsidiaries to the Company under a cash pooling arrangement. The remaining amounts due to subsidiaries and related corporations have trade terms and are unsecured, interest-free and repayable on demand.

9.3 The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements. The amounts before netting are as follows:

Company	Gross amounts \$m	Gross amounts offset \$m	Net amounts \$m
2017			
Current			
Amounts due from subsidiaries	900.6	(893.2)	7.4
Amounts due to subsidiaries	1,197.8	(893.2)	304.6
2016			
Current			
Amounts due from subsidiaries	458.5	(456.4)	2.1
Amounts due to subsidiaries	794.9	(456.4)	338.5

10 Inventories

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Equipment held for resale	71.0	47.7	0.7	0.7
Maintenance and project inventories	0.9	1.9	–	–
	71.9	49.6	0.7	0.7
Allowance (written back)/ made during the year	(0.2)	0.5	0.1	(0.4)

In 2017, inventories of \$475.6 million (2016: \$447.8 million) were recognised as an expense and included in 'cost of sales'.

In the previous financial year, the Company transferred its equipment held for resale amounting to \$36.9 million to one of its subsidiaries.

11 Trade Receivables

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Trade receivables	248.2	213.0	212.0	181.6
Allowance for doubtful receivables	(46.7)	(40.8)	(44.3)	(39.9)
	201.5	172.2	167.7	141.7

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group's and the Company's primary credit risk exposure arises through its trade receivables, which include corporate and retail customers. There is no concentration of credit risk with respect to trade receivables as the Group and the Company have a large number of customers. The recorded allowances for doubtful receivables have been made based on the Group's and the Company's historical collections experience. Due to these factors, management believes that no additional credit loss allowance is required.

The age analysis of trade receivables past due but not impaired at the reporting date is as follows:

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Past due 1 – 15 days	39.9	33.3	37.3	30.3
Past due above 15 days	74.7	69.1	58.0	49.3
	114.6	102.4	95.3	79.6

The movements in allowance for doubtful receivables in respect of trade receivables during the year are as follows:

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
At beginning of year	40.8	33.1	39.9	31.3
Allowance for doubtful receivables	17.4	21.0	5.8	7.5
Recharged to subsidiaries	–	–	10.1	14.4
Allowance utilised	(11.5)	(13.3)	(11.5)	(13.3)
At end of year	46.7	40.8	44.3	39.9

12 Other Receivables, Deposits and Prepayments

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Grant receivables	1.5	6.2	–	–
Accrued revenue	88.4	115.4	8.6	8.0
Deposits	7.2	4.2	4.0	1.1
Prepayments	76.6	65.4	25.5	17.5
Other receivables	9.8	15.6	9.1	11.6
Mark-to-market financial instruments				
– Forward exchange contracts	–	5.4	–	5.4
	183.5	212.2	47.2	43.6

Notes to the Financial Statements

Year ended 31 December 2017

13 Cash and Cash Equivalents

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Fixed deposits	274.0	214.3	273.5	214.3
Cash at bank and in hand	71.2	70.9	47.6	21.7
	345.2	285.2	321.1	236.0

Fixed deposits relates to deposits with financial institutions with maturities of three months or less (2016: three months or less) with effective interest rates ranging from 0.35% to 1.88% (2016: 0.80% to 1.25%) per annum.

At the reporting date, cash and cash equivalents of the Company include \$87.4 million (2016: nil) cash from subsidiaries pooled together and managed centrally by the Company in bank balances and fixed deposits as part of the Group's cash management and treasury activities.

14 Trade and Other Payables

	Note	Group		Company	
		2017 \$m	2016 \$m	2017 \$m	2016 \$m
Current					
Trade payables		105.1	91.3	69.3	72.1
Accruals		498.8	472.1	222.0	201.1
Unearned revenue		108.3	129.4	18.8	21.3
Deferred income	16	0.9	0.8	0.9	0.8
Deposits from customers		11.2	14.3	11.0	14.1
Mark-to-market financial instruments					
– Forward exchange contracts		12.2	–	12.2	–
		736.5	707.9	334.2	309.4
Non-current					
Unearned revenue		22.4	21.6	22.5	21.6

15 Borrowings

	Note	Group and Company	
		2017 \$m	2016 \$m
Current			
Bank loans	15.1	120.0	10.0
Non-current			
Bank loans	15.1	337.5	457.5
Medium term notes	15.2	520.0	520.0
		857.5	977.5

15 Borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Borrowings \$m
Balance at 1 January 2017	987.5
Changes from financing cash flows	
Repayment of bank loans	(10.0)
Interest paid	(30.0)
Total changes from financing cash flows	(40.0)
Total liability-related other changes	30.0
Balance at 31 December 2017	977.5

15.1 Bank loans

	Group and Company	
	2017 \$m	2016 \$m
Repayable:		
– Within 1 year	120.0	10.0
– After 1 year but within 5 years	337.5	457.5
	457.5	467.5

At 31 December 2017, the unsecured bank loans bear interest at rates ranging from 1.29% to 2.98% (2016: 1.67% to 2.98%) per annum.

There is no material difference between the carrying amount and fair value of the bank loans.

15.2 Medium term notes

The Company has established a multicurrency medium term note programme with a maximum aggregate principal amount of \$1,000.0 million in September 2011. In September 2012, the Company issued a \$220.0 million 10-year medium term note which bears interest rate of 3.08% per annum and is repayable in September 2022.

In June 2016, the Company issued a \$300.0 million 10-year medium term note which bears interest of 3.55% per annum and is repayable in June 2026.

On 29 May 2017, the Company has updated and amended its \$1,000.0 million multicurrency medium term note programme to a \$2,000.0 million multicurrency debt issuance programme with the inclusion of the mechanism for the issuance of, and the terms and conditions of, perpetual securities. The amendments do not affect the validity of the existing term notes issued by the Company under the original programme.

As at 31 December 2017, the fair value of the medium term note is \$533.9 million (2016: \$525.0 million).

Notes to the Financial Statements

Year ended 31 December 2017

16 Deferred Income

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Deferred grants				
At beginning of year	2.2	8.9	2.2	1.6
Grants receivable	0.7	1.7	0.7	1.7
Amount accreted to the income statement	(1.1)	(8.4)	(1.1)	(1.1)
At end of year	1.8	2.2	1.8	2.2
Deferred grants to be accreted:				
Current (within 1 year)	0.9	0.8	0.9	0.8
Non-current (after 1 year but within 5 years)	0.9	1.4	0.9	1.4
Total	1.8	2.2	1.8	2.2

Deferred income refers to government grants received. Assets related grants are recognised over the estimated useful lives of the related assets. Income related grants are recognised on a systematic basis over the periods to match the related cost.

17 Deferred Tax Liabilities

Movements in deferred tax liabilities during the year are as follows:

Group	At 1 January 2017 \$m	Recognised in income statement (Note 26) \$m	Recognised in other comprehensive income \$m	Recognised in equity \$m	Acquired in business combination (Note 32) \$m	At
						31 December 2017 \$m
Deferred tax liabilities						
Property, plant and equipment and intangible assets	(148.9)	4.9	–	–	(2.0)	(146.0)
Other payables and accruals	2.3	6.7	2.1	–	–	11.1
Derivatives	(0.9)	–	0.9	–	–	–
Share-based payment transactions	2.1	(0.3)	–	(0.3)	–	1.5
Total	(145.4)	11.3	3.0	(0.3)	(2.0)	(133.4)

17 Deferred Tax Liabilities (continued)

Group 2016	At 1 January 2016 \$m	Recognised in income statement (Note 26) \$m	Recognised in other comprehensive income \$m	Recognised in equity \$m	At 31 December 2016 \$m
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(134.3)	(14.6)	–	–	(148.9)
Other payables and accruals	1.8	0.5	–	–	2.3
Derivatives	(0.1)	–	(0.8)	–	(0.9)
Share-based payment transactions	–	1.3	–	0.8	2.1
Unutilised capital allowances	8.4	(8.4)	–	–	–
Unutilised tax losses	4.1	(4.1)	–	–	–
Total	(120.1)	(25.3)	(0.8)	0.8	(145.4)

Unrecognised deferred tax assets

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets have not been recognised in respect of the following items:

	2017 \$m	2016 \$m
Tax losses	3.8	3.7
Deferred tax assets	0.6	0.6

The Group has not recognised deferred tax assets in respect of the above tax losses and capital allowances as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

Company 2017	At 1 January 2017 \$m	Recognised in income statement \$m	Recognised in equity \$m	At 31 December 2017 \$m
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(77.9)	(1.6)	–	(79.5)
Other payables and accruals	2.3	1.8	–	4.1
Share-based payment transactions	2.1	(0.3)	(0.3)	1.5
Total	(73.5)	(0.1)	(0.3)	(73.9)

Notes to the Financial Statements

Year ended 31 December 2017

17 Deferred Tax Liabilities (continued)

Company 2016	At 1 January 2016 \$m	Recognised in income statement \$m	Recognised in other comprehensive income \$m	Recognised in equity \$m	At 31 December 2016 \$m
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(61.8)	(16.1)	–	–	(77.9)
Other payables and accruals	0.6	1.7	–	–	2.3
Derivatives	(0.1)	–	0.1	–	–
Share-based payment transactions	–	1.3	–	0.8	2.1
Total	(61.3)	(13.1)	0.1	0.8	(73.5)

18 Share Capital

Company	2017		2016	
	Number of shares '000	\$m	Number of shares '000	\$m
Issued and fully paid ordinary shares:				
At beginning of year	1,731,651	299.7	1,729,795	293.5
Issue of ordinary shares under the StarHub Performance Share Plans and StarHub Restricted Stock Plans	–	–	1,856	6.2
At end of year	1,731,651	299.7	1,731,651	299.7

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

19 Perpetual Capital Securities

On 16 June 2017, the Company issued subordinated perpetual securities (the "perpetual securities") with an aggregate principal amount of \$200 million. Incremental costs incurred amounting to \$0.4 million was recognised in equity as a deduction from the proceeds. Such perpetual securities bear distributions at a rate of 3.95% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred. As a result, the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 *Financial Instruments: Disclosure and Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends. During the financial year, distributions amounting to \$4.3 million were accrued to perpetual security holders of which \$4.0 million has been paid.

20 Reserves

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Treasury shares	(8.2)	(12.3)	(8.2)	(12.3)
Merger/Capital reserve	–	–	276.5	276.5
Fair Value Reserve	18.1	12.5	18.1	12.5
Goodwill written off	(276.3)	(276.3)	–	–
Share-based payments reserve	13.0	14.1	13.0	14.1
Hedging reserve	(10.1)	4.4	–	–
Translation reserve	1.4	1.3	–	–
Retained profits	103.0	151.5	1,119.5	1,143.1
	(159.1)	(104.8)	1,418.9	1,433.9

Treasury shares comprise the cost of the Company's shares held by the Group. In the previous financial year, the Company bought 3,894,100 ordinary shares from the market at a consideration of \$12.3 million. There was transfer of 1,306,589 treasury shares to share-based payments reserve during the year (2016: Nil).

The merger/capital reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd. ("SCV"), on 2 July 2002 and represents the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over its par value.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

The translation reserve comprises all foreign currency translation differences arising from the translation of the financial statements of foreign operations.

21 Revenue

	Group	
	2017 \$m	2016 \$m
Mobile revenue	1,196.9	1,214.6
Pay TV revenue	348.9	377.8
Broadband revenue	214.0	216.8
Enterprise Fixed revenue	436.9	400.0
Sales of equipment	204.0	187.5
	2,400.7	2,396.7

Notes to the Financial Statements

Year ended 31 December 2017

22 Operating Expenses

	Group	
	2017	2016
	\$m	\$m
Cost of equipment sold	475.6	447.8
Cost of services	464.4	409.5
Traffic expenses	100.9	117.3
Depreciation and amortisation (net of asset grants)	280.4	265.0
Marketing and promotions	122.1	133.7
Staff costs	282.5	281.4
Allowance for doubtful receivables	17.4	21.0
Repairs and maintenance	99.1	96.9
Operating leases	129.2	116.1
Other expenses	100.0	115.1
	2,071.6	2,003.8

Included in the Group's cost of services is government grant amounting to \$4.2 million (2016: \$3.2 million).

22.1 Depreciation and amortisation (net of asset grants)

Depreciation and amortisation expenses comprise the following:

	Group	
	2017	2016
	\$m	\$m
Depreciation of property, plant and equipment	231.0	226.0
Accretion of asset grants to the income statement	(1.1)	(1.0)
	229.9	225.0
Amortisation of intangible assets	50.5	40.0
Total	280.4	265.0

22.2 Staff costs

The following are included in staff costs:

	Group	
	2017	2016
	\$m	\$m
Defined contribution plans	26.5	27.4
Share-based payments	3.4	7.2
Government grants - Wage Credit Scheme	(2.0)	(4.7)

22 Operating Expenses (continued)

22.2 Staff costs (continued)

22.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2017	2016
	\$m	\$m
Short-term employee benefits	12.7	10.4
Share-based payments	3.2	4.4
	15.9	14.8

Included in the above is the total compensation to directors of the Company which amounted to \$5.3 million (2016: \$4.7 million).

Key management personnel also participate in the StarHub Performance Share Plans and the StarHub Restricted Stock Plans. The short term benefits include the Group balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of shares of 1,215,900 (2016: 656,300 shares) under the StarHub Performance Share Plans and conditional awards of shares of 689,000 (2016: 557,800 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Group during the year.

Awards of 134,800 shares (2016: 120,300 shares) under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Group as part of their non-executive directors' remuneration, without any performance or vesting conditions attached, during the year.

Based on the actual level of achievement of the pre-determined performance targets over the 2014 to 2016 performance period, final awards comprising nil (2016: 79,800) shares were delivered to the key management personnel of the Group during the year under the 2014 conditional awards granted to key management personnel of the Group in March 2014 pursuant to the StarHub Performance Share Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2015 to 2016 performance period, final awards comprising nil (2016: 359,634) shares were delivered to the key management personnel of the Group during the year under the 2015 conditional awards granted to the key management personnel of the Group in March 2015 pursuant to the StarHub Restricted Stock Plans.

All conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Group were on the same terms and conditions as those offered to other employees of the Group.

As at 31 December 2017, 2,245,483 (2016: 1,761,100) of the conditional awards of shares under the StarHub Performance Share Plans, and 1,487,210 (2016: 1,309,434) of the conditional awards of shares under the StarHub Restricted Stock Plans granted to the key management personnel were outstanding.

Notes to the Financial Statements

Year ended 31 December 2017

22 Operating Expenses (continued)

22.2 Staff costs (continued)

22.2.2 Share-based Payments

StarHub Performance Share Plans

Under the StarHub PSP 2004 and the StarHub PSP 2014 (collectively the “StarHub Performance Share Plans”), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives. Awards are released once the Company’s Executive Resource and Compensation Committee is satisfied that the prescribed performance targets have been achieved. There is no vesting periods beyond the performance achievement periods.

During the financial year ended 31 December 2017, the conditional grants of 1,215,900 (2016: 656,300) shares under the StarHub Performance Share Plans were made to the key employees of the Group. These represent the number of shares to be delivered when performance targets at “on-target” level are achieved, or as the case may be when the time-based service conditions are completed.

The movements of the number of shares under the StarHub Performance Share Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2017 Date of grant	Balance outstanding at 1 January 2017 '000	Number of performance shares granted '000	Number of performance shares forfeited '000	Balance outstanding at 31 December 2017 '000
10 March 2014	570	–	(570)	–
16 March 2015	535	–	(19)	516
22 March 2016	656	–	(62)	594
6 April 2017	–	1,216	(81)	1,135
Total	1,761	1,216	(732)	2,245

2016 Date of grant	Balance outstanding at 1 January 2016 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31 December 2016 '000
31 May 2013	429	–	(86)	(343)	–
10 March 2014	570	–	–	–	570
16 March 2015	535	–	–	–	535
22 March 2016	–	656	–	–	656
Total	1,534	656	(86)	(343)	1,761

The fair value of the shares is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards. The assumptions under the model used for the grant in 2017 and 2016 are as follows:

	Year of grant	
	2017	2016
Fair value	\$1.18	\$1.46
Share price	\$2.85	\$3.32
Expected volatility of the Company’s shares	15.53%	15.28%
Expected volatility of MSCI Asia-Pacific Telecommunications Component Stock	–	14.14%
Expected dividend yield	5.53%	5.70%
Risk-free interest rates	1.39%	1.16%

22 Operating Expenses (continued)

22.2 Staff costs (continued)

22.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans

Under the StarHub RSP 2004 and StarHub RSP Plan 2014 (collectively the “StarHub Restricted Stock Plans”), awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related after a further period of service beyond the performance targets completion date (performance-based restricted awards).

During the financial year ended 31 December 2017, the conditional grants of 3,497,690 (2016: 2,884,800) shares under the StarHub Restricted Stock Plans were made to non-executive directors and key employees of the Group. These represent the number of shares to be delivered when performance targets at “on-target” level are achieved, or as the case may be when the time-based service conditions are completed.

During the financial year ended 31 December 2017, 178,900 (2016: 141,300) shares under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors’ remuneration, without any performance or vesting conditions attached.

The movements of the number of shares under the StarHub Restricted Stock Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2017 Date of grant	Balance outstanding at 1 January 2017 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Not delivered (below performance target) '000	Balance outstanding at 31 December 2017 '000
10 March 2014	713	–	(695)	(18)	–	–
16 March 2015	2,106	–	–	(104)	(2,002)	–
8 July 2015	16	–	(16)	–	–	–
22 March 2016	2,380	–	–	(285)	–	2,095
20 May 2016	147	–	(120)	–	–	27
15 March 2017	–	593	(296)	(15)	–	282
6 April 2017	–	2,717	–	(103)	–	2,614
29 May 2017	–	188	(179)	(9)	–	–
Total	5,362	3,498	(1,306)	(534)	(2,002)	5,018

2016 Date of grant	Balance outstanding at 1 January 2016 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31 December 2016 '000
31 May 2013	–	692	–	(672)	–
10 March 2014	–	2,340	–	(764)	713
16 March 2015	–	2,266	–	–	2,106
8 July 2015	–	32	–	(16)	16
22 March 2016	–	–	2,460	–	2,380
20 May 2016	–	–	267	(120)	147
23 May 2016	–	–	157	(141)	–
Total	–	5,330	2,884	(1,713)	5,362

Notes to the Financial Statements

Year ended 31 December 2017

22 Operating Expenses (continued)

22.2 Staff costs (continued)

22.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans (continued)

The fair value of the share awards is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards.

The assumptions under the model used for the grant in 2017 and 2016 are as follows:

	Year of grant	
	2017	2016
Fair value	\$2.44 - \$2.83	\$2.91 - \$3.33
Share price	\$2.83 - \$2.85	\$3.32 - \$3.45
Expected volatility of the Company's shares	15.53% - 15.58%	10.79% - 15.28%
Expected dividend yield	5.53% - 7.07%	5.46% - 5.70%
Risk-free interest rates	0.99% - 1.40%	0.70% - 1.14%

22.3 Other expenses

Included in other expenses are the following:

	Group	
	2017	2016
	\$m	\$m
Fees paid to auditors of the Company:		
– Audit	0.5	0.4
– Non-audit	0.4	0.4
Foreign currency exchange (gain)/loss, net	(0.1)	3.7
Changes in fair value of financial instruments	–	1.2

23 Other Income

	Group	
	2017	2016
	\$m	\$m
Corporate recharges to related parties	–	0.2
Income related grants	4.4	32.0
	4.4	32.2

24 Net Finance Costs

	Group	
	2017	2016
	\$m	\$m
Interest income:		
– Bank deposits	3.4	3.4
– Associate	0.3	0.1
Finance income	3.7	3.5
Interest expense:		
– Bank loans	12.5	13.4
– Medium term note	17.4	12.8
Finance costs	29.9	26.2

25 Non-operating (Loss)/Income

	Group	
	2017	2016
	\$m	\$m
Fair value (loss)/gain on initial recognition of Available-for-sale (“AFS”) financial assets	(0.7)	9.5

The fair value gain on initial recognition of AFS financial assets arose from the difference between the transaction price and the fair value of the quoted investment at the point when the transaction was concluded.

26 Taxation

	Group	
	2017	2016
	\$m	\$m
Current tax		
Current income tax	67.9	52.5
Over provision in prior year	(1.8)	(8.9)
	66.1	43.6
Deferred tax		
Reversal and origination of temporary differences	(12.1)	17.2
Under provision in prior year	0.8	8.7
Utilisation of previously unrecognised deferred tax assets	–	(0.6)
	(11.3)	25.3
Total income tax in the income statement	54.8	68.9

Notes to the Financial Statements

Year ended 31 December 2017

26 Taxation (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2017	2016
	\$m	\$m
Profit before taxation	304.4	410.3
Income tax using Singapore tax rate of 17%	51.7	69.8
Income not subject to tax	(0.1)	(3.4)
Non-deductible expenses	4.1	4.4
Utilisation of previously unrecognised deferred tax assets	–	(0.6)
Over provision in prior year, net	(1.0)	(0.2)
Tax benefit	–	(1.3)
Others	0.1	0.2
Total income tax in the income statement	54.8	68.9

The Group's utilisation of previously unrecognised deferred tax assets in prior year related to unutilised tax losses and unutilised capital allowances transferred from its subsidiaries under the group tax relief system in the Republic of Singapore.

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group	
	2017	2016
	\$m	\$m
Cash flow hedge, before taxation	(17.5)	4.7
Taxation	3.0	(0.8)
Effective portion of changes in fair value of cash flow hedge	(14.5)	3.9

27 Earnings Per Share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding (excluding treasury shares), for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees under the StarHub share plans.

	Group	
	2017	2016
	\$m	\$m
Profit attributable to owners of the Company	249.0	341.4
Less: Perpetual capital securities distribution	(4.3)	–
Adjusted profit attributable to owners of the Company	244.7	341.4

27 Earnings Per Share ("EPS") (continued)

	Number of shares	
	2017	2016
	'000	'000
Weighted average number of ordinary shares (basic) during the year [#]	1,728,789	1,727,348
Adjustment for dilutive effect of share plans	7,263	7,123
Weighted average number of ordinary shares (diluted) during the year	1,736,052	1,734,471

[#] Excludes treasury shares.

28 Earnings Before Interest, Taxation, Depreciation and Amortisation

The earnings before interest, taxation, depreciation and amortisation ("EBITDA") is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not governed by FRS.

The Group defines EBITDA as follows:

	Group	
	2017	2016
	\$m	\$m
Profit before taxation	304.4	410.3
Adjustments for:		
Depreciation and amortisation (net of asset grants)	280.4	265.0
Finance income	(3.7)	(3.5)
Finance expense	29.9	26.2
Non-operating loss/(income)	0.7	(9.5)
Share of loss of associate (net of tax)	2.2	1.6
EBITDA	613.9	690.1

29 Related Party Transactions

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Notes to the Financial Statements

Year ended 31 December 2017

29 Related Party Transactions *(continued)*

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group and the Company with related parties during the financial year were as follows:

	Group	
	2017	2016
	\$m	\$m
Ultimate holding company		
Sales	0.4	0.4
Associate		
Purchase of property, plant and equipment	2.8	5.0
Rental expenses	0.7	1.9
Purchase of services	2.1	0.2
Related corporations		
Sales	66.7	60.7
Purchase of property, plant and equipment	15.2	13.3
Rental expenses	69.3	77.7
Purchase of services	127.6	142.3
Purchase of inventories	176.5	147.0

30 Dividends

	Group and Company	
	2017	2016
	\$m	\$m
Final dividend of \$0.05 (2016: \$0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	86.4	86.5
Interim dividends of \$0.12 (2016: \$0.15) per share (1-tier tax exempt) paid in respect of the current financial year	207.5	259.7
	293.9	346.2

31 Segment Reporting

Segment information is presented based on the information reviewed by the chief operating decision makers ("CODM") for performance assessment and resource allocation.

The CODM assess the Group's financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in one segment. The Group delivers its Mobile, Pay TV, Broadband, Enterprise Fixed services and equipment sales on a fully integrated network, and has a centralised customer service, sales, marketing and administration support.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

31 Segment Reporting (continued)

The Group's reportable segment information is as follows:

	Group	
	2017	2016
	\$m	\$m
Mobile revenue	1,196.9	1,214.6
Pay TV revenue	348.9	377.8
Broadband revenue	214.0	216.8
Enterprise Fixed revenue	436.9	400.0
Sales of equipment	204.0	187.5
Total revenue	2,400.7	2,396.7
EBITDA	613.9	690.1
Depreciation and amortisation (net of asset grants)	(280.4)	(265.0)
Finance income	3.7	3.5
Finance expense	(29.9)	(26.2)
Non-operating (loss)/income	(0.7)	9.5
Share of loss of associate (net of tax)	(2.2)	(1.6)
Profit before taxation	304.4	410.3
Taxation	(54.8)	(68.9)
Profit for the year	249.6	341.4
Assets and liabilities		
Non-current assets	1,519.3	1,455.3
Current assets	832.7	741.0
Total assets	2,352.0	2,196.3
Borrowings	977.5	987.5
Other non-current liabilities	156.7	168.4
Other current liabilities	872.9	845.5
Total liabilities	2,007.1	2,001.4
Other information		
Capital expenditure	299.3	371.2
Free cash flow [*]	221.3	184.0

* Free cash flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the consolidated cash flow statement. The measurement of free cash flow is not governed by FRS.

Notes to the Financial Statements

Year ended 31 December 2017

32 Acquisition of Subsidiary

On 26 May 2017, the Group entered into a conditional sale and purchase agreement to acquire 51% of the shares and voting interests in ASTPL. The transaction was completed on 10 July 2017 and as a result, the Group obtained control of ASTPL.

On 7 July 2017, the Group entered into another conditional sale and purchase agreement to acquire the remaining 49% of the shares and voting interests in ASTPL in 2 Phases: 29.4% in Phase 2 and 19.6% in Phase 3. Phase 2 was completed on 11 July 2017 increasing the Group's equity interest from 51% to 80.4%.

ASTPL will enable the Group to strengthen its cyber security portfolio and give the Group the in-house capabilities to be an end-to-end provider of cyber security solutions and services.

For the six months ended 31 December 2017, ASTPL contributed revenue of \$13.3 million and profit of \$3.8 million to the Group's results. If the acquisition had occurred on 1 January 2017, management estimated that consolidated revenue would have been \$24.9 million, and consolidated profit for the year would have been \$5.4 million. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

Acquisition-related costs

The Group incurred acquisition-related costs of \$0.3 million on legal fees and due diligence costs. These costs have been included in other expenses.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	2017
	\$'m
Contingent consideration	4.7
Cash	30.3
Total consideration transferred	35.0

Contingent consideration

The Group has agreed to pay the selling shareholders in the next financial year ("FY") an additional consideration not exceeding \$4.7 million if the acquiree's cumulative net profit before tax for FY ending 31 March 2017 and 31 March 2018 exceeds an agreed performance target. The Group has included \$4.7 million as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition and at 31 December 2017.

32 Acquisition of Subsidiary (continued)

	Notes	2017 \$'m
Property, plant and equipment	4	1.8
Intangible assets	5	10.0
Trade receivables		4.5
Other receivables, deposits and prepayments		2.1
Cash and cash equivalents		7.7
Total assets		26.1
Trade and other payables		3.6
Provision for taxation		0.9
Deferred tax liabilities		2.0
Total liabilities		6.5
Total identifiable net assets acquired		19.6
Less: Non-controlling interests ("NCI")		(3.8)
Add: Goodwill	5	19.2
Total purchase consideration		35.0
Less: Accrued contingent consideration		(4.7)
Less: Cash and cash equivalents		(7.7)
Net cash outflow on acquisition		22.6

Measurement of fair values

The valuation techniques used for measuring the fair value of materials assets acquired were as follows:

Assets required	Valuation techniques
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	<i>Multi-period excess earnings method:</i> The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

Notes to the Financial Statements

Year ended 31 December 2017

32 Acquisition of Subsidiary (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2017
	\$'m
Total consideration transferred	35.0
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	3.8
Fair value of identifiable net assets	(19.6)
Goodwill	19.2

The goodwill is attributable mainly to the skills and technical talent of ASTPL's work force, and the synergies expected to be achieved from integrating the company into the Group's existing cyber security capabilities. None of the goodwill recognised is expected to be deductible for tax purposes.

33 Financial Risk Management

Financial risk management objectives and policies

Exposure to credit, liquidity, interest risk, foreign exchange and market risks arises in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in Note 3.6(iii).

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher risk customers.

The Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position.

33 Financial Risk Management (continued)

Liquidity risk

The Group actively monitors its liquidity risk and manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, expects to generate sufficient cash flows from its operation, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its multicurrency debt issuance programme to ensure that there are adequate credit facilities which may be utilised when the need arises to meet its working capital requirements.

At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits, as well as available credit from its multicurrency debt issuance programme. In addition, the Group also reviews compliance with loan covenants.

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

	Contractual cash flows				
	Carrying amount \$m	Total \$m	Within 1 year \$m	After 1 year but within 5 years \$m	After 5 years but within 10 years \$m
Group					
2017					
Non-derivative financial liabilities					
Borrowings	977.5	1,128.9	145.0	646.6	337.3
Trade and other payables [^]	615.1	615.1	615.1	–	–
Amounts due to related parties	64.8	64.8	64.8	–	–
	1,657.4	1,808.8	824.9	646.6	337.3
2016					
Non-derivative financial liabilities					
Borrowings	987.5	1,169.3	34.3	560.3	574.7
Trade and other payables [^]	577.7	577.7	577.7	–	–
Amounts due to related parties	67.1	67.1	67.1	–	–
	1,632.3	1,814.1	679.1	560.3	574.7
Company					
2017					
Non-derivative financial liabilities					
Borrowings	977.5	1,128.9	145.0	646.6	337.3
Trade and other payables [^]	302.3	302.3	302.3	–	–
Amounts due to related parties	334.3	334.3	334.3	–	–
	1,614.1	1,765.5	781.6	646.6	337.3
2016					
Non-derivative financial liabilities					
Borrowings	987.5	1,169.3	34.3	560.3	574.7
Trade and other payables [^]	287.3	287.3	287.3	–	–
Amounts due to related parties	356.5	356.5	356.5	–	–
	1,631.3	1,813.1	678.1	560.3	574.7

[^] The carrying amount of trade and other payables disclosed in the table excludes deferred income, unearned revenue and marked-to-market financial instruments.

Notes to the Financial Statements

Year ended 31 December 2017

33 Financial Risk Management *(continued)*

Liquidity risk (continued)

The following table indicates the periods in which the cash flow hedges are expected to affect profit or loss:

Group and Company	Carrying amount \$m	Contractual cash flows		
		Total \$m	Within 1 year \$m	After 1 year but within 5 years \$m
2017				
Derivative financial liabilities				
Forward exchange contracts used for hedging (gross-settled)	(12.2)			
– Outflow		(351.8)	(283.7)	(68.1)
– Inflow		339.6	273.3	66.3
	(12.2)	(12.2)	(10.4)	(1.8)
2016				
Derivative financial assets				
Forward exchange contracts used for hedging (gross-settled)	5.4			
– Outflow		(117.5)	(117.5)	–
– Inflow		122.9	122.9	–
	5.4	5.4	5.4	–

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Company's derivative financial instruments on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

33 Financial Risk Management (continued)

Market risk

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group adopts a policy of ensuring that at least 50 percent of its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose.

At 31 December 2016, the Group had outstanding interest rate swap agreements with notional principal amounts totalling \$20.0 million in cash flow hedges against borrowings. These interest rate swaps would mature over the remaining term of 0.5 years to hedge the floating semi-annual interest payments on borrowings. The fixed interest payable had interest rates at 0.86% per annum. There are no outstanding interest rate swap agreements as at 31 December 2017.

Sensitivity analysis

The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the floating interest rates by 100 basis points, with all other variables remaining constant, does not have a material impact in the Group's and the Company's profit before taxation.

Foreign currency risk

The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily the United States Dollar.

The Group's and the Company's exposures to United States Dollar are as follows:

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Trade and other receivables	39.7	72.9	15.4	11.9
Cash and cash equivalents	33.0	55.3	18.3	43.9
Trade and other payables	(120.1)	(156.8)	(50.3)	(49.0)
	(47.4)	(28.6)	(17.1)	6.8

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk on committed payment obligations. At 31 December 2017, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately \$351.8 million (2016: \$117.5 million). Certain forward exchange contracts are entered into by the Company on behalf of a subsidiary.

In respect of other monetary liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying foreign currencies at spot rates where necessary to address any shortfalls.

Notes to the Financial Statements

Year ended 31 December 2017

33 Financial Risk Management (continued)

Market risk (continued)

Foreign currency risk (continued)

Sensitivity analysis

The Group and Company had assessed that a reasonable change in the exchange rate would not result in a material impact on the Group's and Company's results.

Other market price risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

Sensitivity analysis

The Group and Company had assessed that a reasonable change in the share price would not result in a material impact on the Group's and Company's equity.

Classification of financial instruments

	Carrying amount			
	Group		Company	
	2017	2016	2017	2016
	\$m	\$m	\$m	\$m
Loans and receivables				
Cash and cash equivalents	345.2	285.2	321.1	236.0
Trade receivables	201.5	172.2	167.7	141.7
Other receivables [#]	106.9	141.4	21.7	20.7
Amounts due from related parties	38.5	29.4	32.7	27.0
	692.1	628.2	543.2	425.4
Available-for-sale financial assets				
Quoted equity securities	60.0	40.0	60.0	40.0
Financial liabilities at amortised cost				
Trade and other payables [^]	(482.2)	(465.2)	(169.8)	(168.3)
Amounts due to related parties	(64.8)	(67.1)	(334.3)	(356.5)
Borrowings	(977.5)	(987.5)	(977.5)	(987.5)
	(1,524.5)	(1,519.8)	(1,481.6)	(1,512.3)
Fair value hedging instruments				
Forward exchange contracts used for hedging	(12.2)	5.4	(12.2)	5.4

[#] The carrying amount of other receivables disclosed in the table excludes prepayments.

[^] The carrying amount of trade and other payables disclosed in the table excludes deferred income, unearned revenue, marked-to-market financial instruments, net GST payable and employee benefits.

33 Financial Risk Management (continued)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

Derivatives

Marked to market valuations of the forward exchange contracts are provided by the banks. For interest rate swaps, valuations are also provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Borrowings

The fair values of borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Amounts due from related parties (non-current)

Non-current amounts due from related parties are calculated using discounted cash flow model based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Available-for-sale quoted equity securities

The carrying amount of the available-for-sale financial assets approximates its fair value.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, amounts due from related parties, cash and cash equivalents, trade and other payables and amounts due to related parties) are assumed to approximate their fair values.

Interest rates used in determining fair values

The Group and the Company use the interbank swap yield as of year-end plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2017	2016
	% per annum	% per annum
Derivatives	N.A.	0.86

Notes to the Financial Statements

Year ended 31 December 2017

33 Financial Risk Management (continued)

Estimation of fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 1 and Level 2 valuation methods, at reporting date:

		Group and Company	
	Fair value level	2017 \$m	2016 \$m
Financial assets			
Marked-to-market financial instruments			
– Forward exchange contracts	2	–	5.4
Available-for-sale financial assets	1	60.0	40.0
Financial liabilities			
Marked-to-market financial instrument			
– Forward exchange contracts	2	12.2	–

There were no transfers between level 1 and 2 in 2017 and 2016.

34 Capital Management

The Group regularly reviews its financial position, capital structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns, including the level of dividends, and appropriate strategic positioning.

From time to time, the Group may purchase its own shares on the market; the timing of these purchases depends on market prices. Such share purchases are intended to be used for issuing shares under the StarHub Performance Share Plan and StarHub Restricted Stock Plan programmes. Other than for such specific purposes, the Group does not have a defined share buy-back plan.

The Group manages the use of capital centrally and all borrowings to fund the operations of the subsidiaries are managed by the Company. The capital employed by the Company consists of equity attributable to shareholders, bank borrowings from financial institutions and medium term note issued.

The Group is not subject to any externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

35 Commitments

(a) Capital and other financial commitments

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Contracted and not provided for in the financial statements:				
– Capital expenditures	570.8	182.8	160.4	95.7
– Other operating expenditures	324.6	460.1	–	–
	895.4	642.9	160.4	95.7

As at 31 December 2017, the Group has outstanding capital and other financial commitments with related companies amounting to \$18.5 million (2016: \$12.5 million), which has been included above.

Included in the capital expenditures contracted by the Company is an amount of approximately \$0.3 million (2016: \$0.2 million) which has been entered into on behalf of certain of its subsidiaries.

(b) Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Payable:				
– Within 1 year	80.1	60.1	47.8	44.3
– Within 2 to 5 years	140.9	90.4	101.0	80.1
– After 5 years	197.5	190.7	197.4	190.7
	418.5	341.2	346.2	315.1

As at 31 December 2017, the Group has outstanding operating lease commitments with related companies amounting to \$305.6 million (2016: \$219.4 million), which have been included above.

Included in the operating lease commitments of the Company is \$10.0 million (2016: \$7.0 million) which is contracted on behalf of a subsidiary.

The operating leases include lease of premises and network infrastructure. The leases have varying terms and renewal rights.

Notes to the Financial Statements

Year ended 31 December 2017

36 Subsequent Events

Dividend declaration

The directors have proposed a final dividend of \$0.04 (2016: \$0.05) per share, tax exempt (one tier), totalling \$69.2 million (2016: \$86.4 million) in respect of the financial year ended 31 December 2017. This proposed final tax exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2018.

Acquisition of subsidiary

On 24 January 2018, the Company completed the acquisition of 65% of D'Crypt Pte Ltd, a privately-owned company based in Singapore, which is in the business of designing and developing high security assurance products and technology in telecommunication systems, equipment and related products, for cash consideration of \$57.5 million.

The acquisition is expected to improve the Group's capabilities in areas such as cryptographic and digital security, secure info-communication technologies ("ICT") and Internet of Things. At the reporting date, the accounting for the business combination is not yet complete.

Interested Person Transactions and Material Contracts

(Pursuant to SGX-ST Listing Manual Rule 907 and Rule 1207(8))

	Aggregate value of all interested person transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)
	1 January 2017 to 31 December 2017
	\$m
Transactions for the Sale of Goods & Services	
CapitaLand Limited & its associates	3.8
Singapore Power Limited & its associates	0.2
Singapore Technologies Engineering Ltd & its associates	1.4
Singapore Telecommunications Limited & its associates	26.6
TeleChoice International Ltd & its associates	93.2
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	11.5
	136.7
Transactions for the Purchase of Goods & Services	
Ascendas Real Estate Investment Trust & its associates	3.9
Mapletree Singapore Industrial Trust & its associates	39.2
CapitaLand Limited & its associates	0.3
Mapletree Commercial Trust & its associates	3.6
SembCorp Industries Ltd & its associates	8.0
Singapore Power Limited & its associates	23.0
Singapore Telecommunications Limited & its associates	59.1
TeleChoice International Ltd & its associates	255.8
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	17.7
	410.6

There were no interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into by StarHub Ltd and its subsidiaries for the period from 1 January 2017 to 31 December 2017.

During the financial year ended 31 December 2017, there were no material contracts entered into by StarHub Ltd or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder.

Shareholding Information

As at 5 March 2018

Class of shares	: Ordinary share
Voting rights	: One vote per share
Total number of issued shares excluding treasury shares	: 1,729,331,877
Total number of treasury shares held	: 2,319,566
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	: 0.13%
Total number of subsidiary holdings (as defined in the SGX-ST Listing Manual)	: Nil

Distribution of shareholdings

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 – 99	194	0.80	8,297	0.00
100 – 1,000	4,530	18.70	3,686,999	0.21
1,001 – 10,000	15,888	65.61	69,456,548	4.01
10,001 – 1,000,000	3,581	14.79	127,018,159	7.34
1,000,001 and above	24	0.10	1,531,481,440	88.44
Total	24,217	100.00	1,731,651,443	100.00

Substantial shareholders

Name	Number of shares		% of issued share capital ⁽⁷⁾
	Direct interest	Deemed interest	
Temasek Holdings (Private) Limited	–	972,994,795 ⁽¹⁾	56.26
Singapore Technologies Telemedia Pte Ltd	–	965,845,290 ⁽²⁾	55.85
STT Communications Ltd	–	965,845,290 ⁽²⁾	55.85
Asia Mobile Holding Company Pte. Ltd.	–	965,845,290 ⁽²⁾	55.85
Asia Mobile Holdings Pte. Ltd.	965,845,290	–	55.85
Ooredoo Q.S.C.	–	965,845,290 ⁽³⁾	55.85
Ooredoo Investment Holding S.P.C.	–	965,845,290 ⁽³⁾	55.85
Nippon Telegraph and Telephone Corporation	–	171,490,520 ⁽⁴⁾	9.92
NTT Communications Corporation	171,490,520	–	9.92
The PNC Financial Services Group, Inc.	–	86,483,841 ⁽⁵⁾	5.00
BlackRock, Inc.	–	86,483,841 ⁽⁶⁾	5.00

Notes:

- ⁽¹⁾ Temasek Holdings (Private) Limited (Temasek) is deemed to have an interest in 972,994,795 shares of StarHub in which Singapore Technologies Telemedia Pte Ltd group and other associated companies of Temasek have direct or deemed interests.
- ⁽²⁾ ST Telemedia is deemed to have an interest in 965,845,290 shares of StarHub held by Asia Mobile Holdings Pte. Ltd. (AMH), a subsidiary of Asia Mobile Holding Company Pte. Ltd. (AMHC), which is in turn a wholly-owned subsidiary of STT Communications Ltd, a wholly-owned subsidiary of ST Telemedia. AMHC holds approximately 75% of the total issued share capital of AMH.
- ⁽³⁾ Ooredoo Investment Holding S.P.C. (OIH) and Ooredoo Q.S.C. (Ooredoo) are deemed to have an interest in 965,845,290 shares of StarHub held by AMH. OIH holds approximately 25% of the total issued share capital of AMH. OIH is a wholly-owned subsidiary of Ooredoo.
- ⁽⁴⁾ Nippon Telegraph and Telephone Corporation (NTT) is deemed to have an interest in 171,490,520 shares of StarHub held by NTT Communications Corporation, a wholly-owned subsidiary of NTT.
- ⁽⁵⁾ The PNC Financial Services Group, Inc. is deemed to have an interest in 86,483,841 shares of StarHub held by the entity that holds the direct interest, through its over 20% ownership of BlackRock, Inc.
- ⁽⁶⁾ BlackRock, Inc. is deemed to have an interest in 86,483,841 shares of StarHub held by the entity that holds the direct interest, of which it has an indirect control.
- ⁽⁷⁾ The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

Twenty largest shareholders

No.	Name of shareholder	Number of shares held	% of issued share capital ⁽¹⁾
1	Asia Mobile Holdings Pte. Ltd.	965,845,290	55.85
2	NTT Communications Corporation	171,490,520	9.92
3	Citibank Nominees Singapore Pte Ltd	129,553,386	7.49
4	DBS Nominees Pte Ltd	106,216,153	6.14
5	HSBC (Singapore) Nominees Pte Ltd	44,608,244	2.58
6	DBSN Services Pte Ltd	31,018,050	1.79
7	Raffles Nominees (Pte) Ltd	19,846,237	1.15
8	United Overseas Bank Nominees Pte Ltd	12,959,907	0.75
9	Singapore Press Holdings Limited	10,411,230	0.60
10	OCBC Nominees Singapore Pte Ltd	4,974,760	0.29
11	Philip Securities Pte Ltd	3,704,265	0.21
12	Chen Chun Nan	3,604,000	0.21
13	Yeo Kok Pin	3,544,000	0.21
14	OCBC Securities Private Limited	3,491,575	0.20
15	BPSS Nominees Singapore (Pte.) Ltd.	3,411,052	0.20
16	DB Nominees (Singapore) Pte Ltd	3,344,453	0.19
17	Chen Siong Seng	1,840,000	0.11
18	Merrill Lynch (Singapore) Pte Ltd	1,719,687	0.10
19	Peh Kwee Chim	1,600,000	0.09
20	DBS Vickers Securities (Singapore) Pte Ltd	1,398,890	0.08
Total		1,524,581,699	88.16

⁽¹⁾ The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

Shareholding held in hands of the public

Based on the information available to StarHub as at 5 March 2018, approximately 28.72% of the total number of issued shares (excluding treasury shares) of StarHub was held by the public. Accordingly, StarHub has complied with Rule 723 of the SGX-ST Listing Manual.

Notice of Twentieth Annual General Meeting

STARHUB LTD

(Incorporated in the Republic of Singapore)
Co. Reg. No. 199802208C

NO SERVICE OF FOOD

Please be informed that StarHub Ltd will not be serving food at the Annual General Meeting. Tea and coffee will be provided.

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 19 April 2018 at 10.00 a.m. for the following purposes:

Ordinary Business

- 1 To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2017 and the Auditors' Report therein. **Resolution 1**

- 2 To re-elect the following Directors who will retire pursuant to Article 99 of the Company's Constitution and who, being eligible, will offer themselves for re-election:
 - (a) Ms Michelle Lee Guthrie; and **Resolution 2**
 - (b) Mr Naoki Wakai. **Resolution 3**

The profiles of Ms Guthrie and Mr Wakai can be found in the Board of Directors section of the StarHub Ltd Annual Report 2017.

- 3 To re-elect the following Directors who will retire and who, being eligible, will offer themselves for re-election:
 - (a) Mr Steven Terrell Clontz; **Resolution 4**
 - (b) Mr Nihal Vijaya Devadas Kaviratne (independent member of Audit Committee); and **Resolution 5**
 - (c) Dr Nasser Marafih. **Resolution 6**

The profiles of Mr Clontz, Mr Kaviratne and Dr Nasser can be found in the Board of Directors section of the StarHub Ltd Annual Report 2017.

Mr Liu Chee Ming is also retiring as a Director, but will not be offering himself for re-election.

- 4 To approve the sum of S\$1,586,856.00 (FY2016: S\$1,727,857.00) as Directors' Remuneration for the financial year ended 31 December 2017 comprising:
 - (a) S\$1,126,311.90 to be paid in cash (FY2016: S\$1,226,929.90); and
 - (b) S\$460,544.10 to be paid in the form of restricted share awards (FY2016: S\$500,927.10).**Resolution 7**

- 5 To declare a final dividend of four cents per ordinary share for the financial year ended 31 December 2017. **Resolution 8**

- 6 To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

Special Business

To consider and if thought fit, to pass the following resolutions which will be proposed as Ordinary Resolutions:

7 That authority be and is hereby given to the Directors to:

Resolution 10

- (a) (i) issue shares of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings), at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notice of Twentieth Annual General Meeting

8 That authority be and is hereby given to the Directors to:

Resolution 11

- (a) offer and grant awards in accordance with the provisions of the StarHub Performance Share Plan 2014 (the “**PSP 2014**”) and/or the StarHub Restricted Stock Plan 2014 (the “**RSP 2014**”) (the PSP 2014 and the RSP 2014, together the “**Share Plans**”); and
- (b) allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the vesting of awards granted under the Share Plans,

provided that the aggregate number of ordinary shares allotted and issued under the Share Plans shall not exceed the limits specified in the rules of the Share Plans.

9 To transact such other business as may be transacted at an Annual General Meeting of the Company.

By Order of the Board



Veronica Lai
Company Secretary

Singapore, 4 April 2018

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies (a form is enclosed) must be lodged at the office of the Share Registrar of the Company, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 (Attn: The Share Registrar) not less than 72 hours before the time appointed for the Annual General Meeting. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
4. In the case of an equality of votes under any one of the Resolutions set out above, the chairman will not exercise his entitlement to a casting vote at the Annual General Meeting of the Company notwithstanding Article 68 of the Constitution of the Company.

Explanatory Notes:

Resolution 7

Resolution 7 is to approve the payment of an aggregate sum of S\$1,586,856.00, as Directors' remuneration for the non-executive Directors of the Company (including Mr Takeshi Kazami who resigned as a non-executive Director on 4 August 2017) for the financial year ended 31 December 2017. If approved, each of the non-executive Directors will receive 70% of his/her Directors' remuneration in cash and (with the exception of Mr Takeshi Kazami and Mr Naoki Wakai) 30% of his/her Directors' remuneration in the form of a restricted share award. Mr Takeshi Kazami and Mr Naoki Wakai have declined the restricted share award grant and will only receive the cash component of their remuneration. See the section on “2. Remuneration Matters” in the Corporate Governance section of the Annual Report 2017 for the rationale in relation to the shares component of the non-executive Directors' remuneration. The number of shares to be awarded will be based on the volume weighted average price of a share in the Company listed on the SGX-ST over the 14 trading days commencing on the ex-dividend date that immediately follows the Annual General Meeting. The number of shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining shares arising. The restricted share awards will consist of the grant of fully paid shares, without any performance or vesting conditions attached. However, in order to encourage alignment of the interests of the Directors with the interests of shareholders, non-executive Directors who received the aforesaid restricted share award are required to hold shares worth at least (a) the prevailing annual basic retainer fee, or (b) the aggregate of (i) the total number of shares awarded as part of their remuneration for the financial year ended 31 December 2011 and each subsequent financial year thereafter and (ii) 50% of the total number of shares awarded from the financial year ended 31 December 2007 to the financial year ended 31 December 2010, whichever is lower. Non-executive Directors can dispose of all their shares one year after ceasing to be a Director.

Resolution 10

Resolution 10 is to empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), with a sub-limit of 15% for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Resolution 10 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 10 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 11

Resolution 11 is to empower the Directors to offer and grant awards and to allot and issue ordinary shares pursuant to the Share Plans provided that the aggregate number of ordinary shares allotted and issued under the Share Plans shall not exceed the limits specified in the rules of the Share Plans. Approval for the adoption of the Share Plans was given by shareholders at an Extraordinary General Meeting of the Company held on 14 April 2014. The grant of awards under the respective Share Plans will be made in accordance with their respective provisions.

NOTICE OF BOOKS CLOSURE AND FINAL DIVIDEND PAYMENT DATE

Notice is hereby given that, subject to the approval of the shareholders to the final dividend at the Twentieth Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 27 April 2018.

Duly completed registrable transfers received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on 26 April 2018 ("**Entitlement Date**") will be registered to determine members' entitlements to the final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on the Entitlement Date will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 10 May 2018.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Corporate Information

Board of Directors

Steven Terrell CLONTZ (Chairman)
TAN Tong Hai (CEO)
Paul MA Kah Woh
Nihal Vijaya Devadas KAVIRATNE CBE
Rachel ENG Yaag Ngee
TEO Ek Tor
Stephen Geoffrey MILLER
LIU Chee Ming
Michelle Lee GUTHRIE
LIM Ming Seong
Nasser MARAFIH
Naoki WAKAI

Audit Committee

Paul MA Kah Woh (Chairman)
Nihal Vijaya Devadas KAVIRATNE CBE
Rachel ENG Yaag Ngee
LIM Ming Seong

Strategy Committee

Nihal Vijaya Devadas KAVIRATNE CBE (Chairman)
Steven Terrell CLONTZ
Stephen Geoffrey MILLER
LIU Chee Ming
Michelle Lee GUTHRIE
LIM Ming Seong
Nikhil O. J. EAPEN

Nominating Committee

Rachel ENG Yaag Ngee (Chairman)
Steven Terrell CLONTZ
TEO Ek Tor

Executive Resource and Compensation Committee

TEO Ek Tor (Chairman)
Stephen Geoffrey MILLER
LIM Ming Seong

Risk Committee

Stephen Geoffrey MILLER (Chairman)
TAN Tong Hai
Paul MA Kah Woh

Company Secretaries

Veronica LAI Kwai-Yi
KONG Pooi Foong

Registration Number

199802208C

Registered Address

67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942
Tel : (65) 6825 5000
Fax : (65) 6721 5000

Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditors

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: ONG Chai Yan
(appointed w.e.f. 1 January 2016)

Subsidiaries

StarHub Mobile Pte Ltd
StarHub Cable Vision Ltd.
StarHub Internet Pte Ltd
StarHub Online Pte Ltd
StarHub Shop Pte Ltd
StarHub, Inc.
StarHub (Hong Kong) Limited
StarHub (Mauritius) Ltd
Nucleus Connect Pte. Ltd.
Accel Systems & Technologies Pte. Ltd.
D'Crypt Pte Ltd

Associate

SHINE Systems Assets Pte. Ltd.

Investor Relations

For enquiries on the Group's business performance, contact the Investor Relations team at email: ir@starhub.com

All rights reserved. Some of the information in this report constitute "forward looking statements" which reflect StarHub's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside StarHub's control. You are urged to view all forward-looking statements with caution. No information herein should be reproduced without the express written permission of StarHub. All information herein is correct at the time of publication. For updated information, please contact our Corporate Office.

Proxy Form

Twentieth Annual General Meeting

STARHUB LTD

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS moneys to buy StarHub Ltd shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Twentieth Annual General Meeting dated 4 April 2018.
4. **Please be informed that StarHub Ltd will not be serving food at the Annual General Meeting. Tea and coffee will be provided.**

I/We, _____ NRIC/Passport/Co. Reg. No. _____

of _____ (Address)

being a member/members of StarHub Ltd (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 19 April 2018 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	For*	Against*
	Ordinary Business		
1	To receive and adopt the Directors' Statement and the Audited Financial Statements and the Auditors' Report therein		
2	To re-elect Ms Michelle Lee Guthrie as Director		
3	To re-elect Mr Naoki Wakai as Director		
4	To re-elect Mr Steven Terrell Clontz as Director		
5	To re-elect Mr Nihal Vijaya Devadas Kaviratne as Director		
6	To re-elect Dr Nasser Marafih as Director		
7	To approve the Directors' Remuneration		
8	To declare the Final Dividend		
9	To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
10	To authorise Directors to allot and issue shares		
11	To authorise Directors to offer and grant awards and to allot and issue shares pursuant to, and subject to the limits specified in, the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014		

- * If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the boxes provided.
- * Voting will be conducted by poll.

Dated this _____ day of _____ 2018.

Total Number of Shares Held

Signature(s) or Common Seal of members

IMPORTANT: PLEASE READ NOTES OVERLEAF

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Affix
Postage
Stamp

STARHUB LTD
112 Robinson Road
#05-01
Singapore 068902
Attn: The Share Registrar

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Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you only have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. **"Relevant intermediary"** has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, not less than 72 hours before the time appointed for the Annual General Meeting. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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THANK YOU
 to the Inspiring oo
StarHubbers
 & Little Ones

who have made this annual report a more vibrant and colourful one with their bright smiles and warm personalities.



Justin Ang
 HEAD, PRODUCT

Improving our customers' lives is what inspires us in the creation of our products and services.

Natasha Ang
 JUSTIN'S DAUGHTER

I am a competitive rock climber and avid netballer who loves free unlimited weekend data.



Colin Ang
 SOLUTIONS MARKETING

I love promoting smart ICT solutions to the market so that businesses can constantly grow and progress through change.



Javis Lee
 HUMAN RESOURCE

I am part of the StarHub team solving the problems of today and inspiring to build a better tomorrow.



Amanda Seow
 BRAND EXPERIENCE

My inspiration comes from my colleagues. Their passion and support at work helps to motivate me in creating great work and overcome any challenges.



Nicholas Koh
 ACCOUNT DIRECTOR, MEDIA SALES

As a media solutions specialist for our partners across the changing landscape, I am inspired by the power of great storytelling and a game of tennis.



Avea Victoria San Miguel
 SENIOR ENGINEER, CONVERGED APPLICATIONS & VAS PLANNING

It excites me to be working with people from different teams, and help StarHub launch new services that will help usher in the new IoT era.



Annabelle Tan
 SUSTAINABILITY CHAMPION

Seeing how individuals can make a difference in our community and environment inspires me to do my part too!



Kallista Chek

I love dancing and watching dance and entertainment programs on StarHub TV. I aspire to be on TV one day!

Shareholders' Feedback

If you would like to give us any feedback on this year's Annual Report, please send your written comments to our investor relations team at StarHub Ltd 67 Ubi Ave 1, #05-01 StarHub Green, S(408942) or email to ir@starhub.com



StarHub Ltd

Reg. No.: 199802208C

67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942

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