DARE

TO EVOLVE

STARHUB LTD
Annual Report 2018

Staying at the forefront of the industry requires us to constantly grow and evolve, and this priority has never been clearer. This year, we have engaged in an organisation-wide journey of transformation, backed by our strategic pillars to **DARE: D**eliver Market-Leading Customer Experiences, **A**ccelerate Value Creation, **R**ealise New Opportunities, and **E**nhance Digital Transformation. This year, our commitment to become more effective and efficient has grown stronger than ever before. This year, our journey has been made possible because we **DARE to Evolve.**

CORPORATE PROFILE

StarHub is a leading homegrown Singapore company that delivers world-class communications, entertainment and digital solutions.

VISION

Inspiring Digital Innovation – Improving the lives of our customers daily.

MISSION

Leading, innovative provider of communications, information and entertainment services, enabling consumers and enterprises in Singapore to benefit from digital transformation.

CORE VALUES

ExCITe:
Excellence,
Creativity,
Integrity,
Teamwork

WHAT'S IN STORE

As an integrated infocommunications company, we create value when we integrate our relationships with all stakeholders.

For more details, go to page 18 >

Consumer

Technology has brought opportunities for StarHub to deliver more seamless experiences to our customers.

For more details, go to page 42 >

Enterprise

Serving the enterprise customers involves investments in infrastructure, building trust and a focus on the customer's business.

For more details, go to page 48 >

View our Report Online

2018 Annual Report
Go green and help reduce our carbon footprint.
Download via www.starhub.com/ir.

DELIVERING MARKET-LEADING CUSTOMER EXPERIENCES

With our strong capabilities in innovation, technology, service delivery, marketing, and customer support, our aim is to ensure our customers – both consumer and enterprise – operate productively and enjoy communications in the digital era.

‘Hello Change’

CAMPAIGN BEGAN WITH LAUNCHING OF NEW CONTRACT-FREE MOBILE PLANS; FIRST TO REMOVE HIDDEN FEES

1st Singapore telco to offer Google Home

Showcased our suite of content at the inaugural ‘StarHub Night of Stars’ Awards Show

Free outgoing calls with StarHub Mobile prepaid

StarHub Go Streaming Box – a brand new all-in-one entertainment destination

ACCELERATING VALUE CREATION

After 18 years of delivering on our brand promise, we aim to head into a new chapter with a stronger commitment to greater conveniences for our customers, and greater value.

16.0%

INCREASE IN ENTERPRISE FIXED REVENUE

Joint venture with Temasek Holdings to form one of Asia's largest cyber security companies - Ensign InfoSecurity

1st in Singapore to launch commercially-ready 4G 1Gbps network

1st in Singapore to pilot 5G New Radio on 3.5GHz band

World's fastest 4G and 3G speeds*

*As ranked by OpenSignal

REALISING NEW OPPORTUNITIES

We have improved our coverage and increased data throughput and capacity. We are planning the future evolution of our networks including our commitment to the fully-fibred network and our move towards 5G.

WON EXCLUSIVE SALES DISTRIBUTION RIGHTS FOR YIPPY ENTERPRISE SEARCH SOLUTIONS IN SINGAPORE

Deepen strategic partnerships with SPH to explore smart, digital and IoT solutions

MVNO partnerships with MyRepublic & VivoHub

ENHANCING DIGITAL TRANSFORMATION

We have made investments in improving our digital platforms, adopting the highest standards in cyber security and upgrading our IT systems, so that it will allow us greater flexibility to plan and execute our vision of a truly digital future.

OFFERED IoT COMMERCIAL VEHICLE SOLUTIONS TO SBS TRANSIT

Carrier billing across major app stores

Appointed to support digital transformation at Kampong Glam

Social listening capabilities for OCBC Bank

AT A GLANCE

WHAT WE OFFER

StarHub is a leading homegrown Singapore company that brings to people, homes and enterprises world-class communications, entertainment and digital solutions.

51%

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, an OTT app *StarHub Go* and *StarHub Go Streaming Box,* to catch the latest drama, education or sports programmes.

BROADBAND

Google Home – the hub in smart homes that integrates our customers' smart devices and gives them hands-free control over their home appliances, schedules and StarHub accounts.

StarHub is challenging the norm, and customers can look forward to seeing positive changes across our entire range of products & services.

49%

ENTERPRISE

TELCO SERVICES

A wide variety of telco services for enterprises including mobility, internet connectivity and global VPN.

ICT SOLUTIONS

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

DIGITAL SERVICES

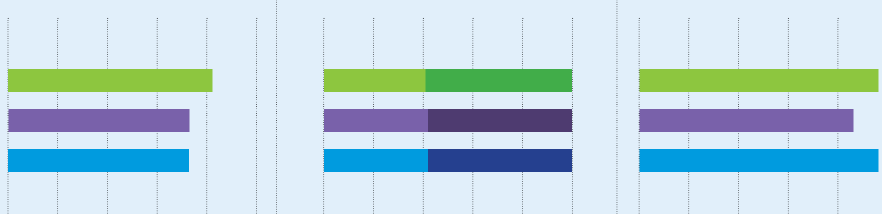
Introduce digital services like cyber security, digital marketing & HR payroll offerings to SMEs as part of the "Digital Start" initiative with IMDA & partners.

WHOLESALE SERVICES

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

We boosted our capabilities in cyber security, cryptography & digital security solutions, and invested in adjacent areas such as AI, digital platforms & IoT.

OUR SUSTAINABILITY EFFORTS



	CO_2E EMISSIONS GENERATED	GENDER DIVERSITY	TRAINING HOURS PER EMPLOYEE
2018	61,716* tonnes	41% Female / 59% Male	19 hours
2017	54,822 tonnes	42% Female / 58% Male	17 hours
2016	54,705 tonnes	42% Female / 58% Male	19 hours

* Expansion of measurement of energy consumption includes two more technical centres.

CHAIRMAN'S MESSAGE

StarHub's transformation plans are based on four key strategic pillars (**DARE**) and three vital enablers (**HUB**) to guide its operations.

STEVEN TERRELL CLONTZ
Chairman

Dear Shareholders,
During 2018, our industry continued to be shaped by disruptive technologies, new market entrants, rapidly evolving consumer preferences, regulatory changes, and the continuing convergence of information technologies and communications technologies including new cloud-based solutions for enterprises.

Those industry trends, along with their resultant risks and opportunities, further define the need to accelerate the transformation of StarHub's operating model.

Peter Kaliaropoulos joined StarHub as our CEO in July 2018. Immediately upon his arrival, Peter focused his executive team on refining and executing an operating model that aligns with StarHub's directional strategy to minimise the negative impact on StarHub by the disruptions in our industry while seizing new opportunities that arise.

That strategy and operating model are boosted by a renewed business purpose and a strengthening of the challenger culture and innovative spirit that StarHub embraced almost 20 years ago when StarHub first launched.

StarHub's transformation plans are based on four key strategic pillars (DARE) and three vital enablers (HUB) to guide its operations over the next 3-5 years.

The four pillars that form the **DARE** strategic framework are:

- **D**eliver market-leading customer experiences
- **A**ccelerate value creation from our core business
- **R**ealise growth from new opportunities and acquisitions
- **E**nhance efforts to digital transform internally and externally

Our **HUB** enablers include:

- **H**ighly reliable, advanced, secure networks and platforms
- **U**nderstanding and leveraging customer insights
- **B**est in class, high performance culture and employee engagement

StarHub's strategic pillars and key enablers underpin its fundamental Hubbing proposition of uniting mobile, pay TV and broadband services to deliver better value to our customers. Hubbing has been a cornerstone of StarHub's strategy since 2002 and remains relevant to our customers.

While we continue with the strategic elements of leveraging our "hubbing" credentials, we have also re-examined all aspects of the business, including current and future staff skill sets, incentive compensation structures, and capital resource allocation.

Hubbing has been a cornerstone of StarHub's strategy since 2002 and remains relevant to our customers.

Recap 2018

Enterprise

Ensign InfoSecurity

Joint venture company with Temasek Holdings to form one of Asia's largest pure-play cyber security providers.

For more details, go to page 49 >

Brand

Hello Change

Launched "Hello Change" campaign as a brand promise to deliver simplicity to our customers.

For more details, go to page 36 >

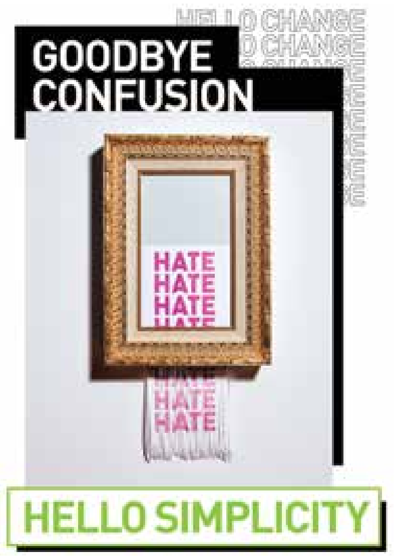
Sustainability

Singapore Apex Corporate Sustainability Awards

Winner of the Sustainable Business category in 2016 & again in 2018.

For more details, go to page 87>

CHAIRMAN’S MESSAGE
(Cont’d)



Outlook

Looking ahead, we know that competitive intensity will only increase from new physical facilities-based providers, virtual facilities-based providers, and over-the-top (OTT) service providers.

Our revised mobile and pay TV marketing plans harness customer insights through improved data analytics, thereby enhancing StarHub’s value to customers in targeted market segments. We are also investing in IT solutions to better support those strategies and plans.

Migrating pay TV customers from legacy coaxial cable infrastructure to all fibre connectivity will enable them to fully benefit from higher broadband speeds and enjoy the rich services that speed enables.

We are pursuing a more aggressive transformation of the pay TV business model from a fixed price, linear broadcast platform to a more flexible “anywhere on any device” suite of services to support our customers’ evolving digital lifestyle needs. Already, many of our HomeHub customers prefer StarHub’s streaming services app, *StarHub Go*.

We know that people and businesses not only want a fast and reliable connection, they want a secure and private connection to the outside world. StarHub has made key investments in this area and will continue to add the necessary capabilities internally, and with corporate partners, as cyber threats evolve.

Investing in diverse fibre-based services for corporate clients, creating new digital platforms for small and medium sized enterprises (SMEs), enhancing our systems integration capability for complex projects, and offering specialised data analytics are enhancing our Enterprise Business team’s abilities to capture new opportunities for profitable growth with the business community.

We seek to establish your company as not merely a telco, but a leader in inspiring digital innovation and in improving the digitally connected lives of our customers. While 2018 was a year of renewal, re-aligning, and re-arming, 2019 is the year to begin reaping the benefits and set StarHub on the right directional path for years to come.

Sustainability

We remain steadfast in our commitment to sustainable development and responsible business practices. We continue to take accountability as a corporate citizen to care for the broader needs of our community and the environment.

Our holistic approach to sustainability extends not only to customers but also to StarHub’s employees, suppliers and the community at large. In 2018, StarHub was recognised for its sustainability and philanthropic efforts including the Singapore Apex Corporate Sustainability Awards 2018 in the category of Sustainable Business and as one of the 60 “Catalysts of Change” at the Champions of Good Award 2018.

We are pleased that StarHub was awarded the top honours by Equileap for gender equality in Asia Pacific, recognising our advocacy for women employees and on our Board. More importantly, it simply makes good business sense to have a more diverse set of Directors on the Board.

Moving forward, the Board will continue to oversee the management and strategic integration of sustainability into our business and operations. To address our material factors, StarHub will focus on increasing our renewable energy capacity progressively by 10% by 2022 and establishing a Climate Risk Framework to future-proof StarHub’s assets and operations.

The Board will continue to oversee the management and strategic integration of sustainability into our business and operations.

StarHub Open charity golf in support of Community Chest beneficiaries

We will continue to advocate for the e-waste recycling programme, increasing the volume of e-waste collected to support the national e-waste management system being rolled out for 2021.

StarHub will also establish a formal governance structure for the new Supplier Code of Conduct and elevate staff engagement with social responsibility initiatives to do good, both individually and collectively. We will continue to evaluate our performance against the targets and measure our progress.

Corporate Governance

In 2018, we welcomed two new directors to our Board. Ms Ng Shin Ein joined as an independent Non-Executive Director and Audit Committee member. She is the current managing director of Blue Ocean Associates Pte Ltd and Singapore’s Non-Resident Ambassador to Hungary for the Ministry of Foreign Affairs.

We also welcomed Ms Nayantara Bali as an Independent Non-Executive Director. She is currently the director of ANV Consulting Pte Ltd and previously served as director of Proctor & Gamble Gillette India. Both directors add valuable experience, fresh perspectives and diversity to our Board.

We would also like to note the appointment of Mr Nihal Vijaya Devadas Kaviratne as Lead Independent Director with effect from 1 October 2018. He replaces the previous Lead Independent Director Ms Rachel Eng Yaag Ngee, who has resigned from the Board due to a career move in her profession.

Mr Liu Chee Ming, who joined our Board in August 2004, has also stepped down from our Board. We thank Chee Ming and Rachel for their years of service and expert guidance to your company.

Looking ahead, StarHub is committed to embrace the revised Code of Corporate Governance that was issued in August 2018, to up our ante on good corporate practices. We have in fact proactively taken steps to become an early adopter of certain aspects of the Code. Details of our corporate governance practices are shared in the Corporate Governance section of this Annual Report.

StarHub began its journey almost 20 years ago with a brand promise and a passion for exploring innovative ways to profitably deliver a better service experience with more value for its customers. In good times, and in challenging times, that focused and passionate customer centricity remains the North Star of StarHub’s strategy, its corporate culture, and its business purpose.

Steven Terrell Clontz
Chairman

SIGNIFICANT EVENTS

A YEAR BUSTLING WITH ACTIVITIES

January

Acquired majority stake in D'Crypt Pte Ltd to deepen secure Smart Nation capabilities.

- The acquisition enhances StarHub's solutioning capabilities in areas such as cryptographic and digital security, secure infocommunications technologies and IoT.

April

Launched Singapore's first commercially-ready 4G 1Gbps network for customers to enjoy a faster, smoother mobile data experience.

- StarHub's gigabit network covers the CBD as well as key shopping areas, transport hubs and heartland town centres. Coverage will be expanded to other high-traffic areas in stages.

May

Clocked Singapore's fastest 4G and 3G speeds in OpenSignal's first State of Mobile Networks: Singapore report.

August

StarHub signed Memorandum of Understanding (MOU) with UOB to help accelerate SMEs' digitalisation.

- Through StarHub's digital marketplace, UOB will offer SMEs access to a comprehensive range of digital solutions to automate and streamline their business operations.

June

Best Denki, COURTS, Gain City and Harvey Norman added to RENEW e-waste recycling programme.

- The four major electronics retailers will place RENEW bins in 20 of their retail stores, further enhancing the reach of the programme.

September

Formed a joint venture company – Ensign InfoSecurity – with Temasek Holdings.

- One of the largest cyber security companies in Asia, the new company has a talent pool of approximately 500 professionals, and revenues in excess of $100 million annually.

October

Ranked top in Asia Pacific for gender equality.

- StarHub bagged the top honours in Asia Pacific for Gender Equality, and is ranked fifth globally in Equileap's list of the world's top 200 companies, leading the way in gender equality.

November

First to pilot 5G New Radio on 3.5GHz band in Singapore.

- Nokia and StarHub demonstrated high-performance, low-latency 5G use cases for industrial and consumer applications over 'live' Nokia 5G cells and core network technology.

December

Product transformation began with the launch of truly contract-free mobile plans; first to remove hidden administrative fees.

- Introduced a trio of unique SIM Only plans. Built based on customers' preferences, the new contract-free plans give customers extra-large data bundles and are easy to buy, use and modify.

December

Held inaugural "StarHub Night of Stars" at Marina Bay Sands.

- Celebrating the best of Asian entertainment on StarHub TV, the event featured 34 artistes from across Asia including Korean sensation Lee Joon Gi and Chinese actress Qin Lan.

VALUE CREATION

HOW WE CREATE VALUE

At StarHub, our journey of transformation will enable us to evolve and create value through six capitals - financial, physical, intellectual, human, social and natural. The resulting value is a spectrum of interconnecting facets, which consist of the increasingly integrated services our customers have come to expect from the StarHub brand, and effective relationships that equip, enable and empower.

We enable our customers and stakeholders to stay connected, informed, entertained and secure, and empower them with the tools to drive forward both their personal lives and businesses.

Financial Capital
Our financial strength – generated from our revenue as a leading telco in Singapore and powered by our Hubbing strategy – comes primarily through our four lines of business.

Physical Capital
Our physical capital includes our buildings, infrastructure and networks, which are continually upgraded to enable us to conduct our business activities and drive organisational progress.

Intellectual Capital
Our intellectual capital includes our intellectual property and knowledge, as well as our brand, which have been developed over 18 years to become a trusted brand with world-class infocommunication and entertainment services.

Human Capital
Our people are at the core of what we do, and we continually invest in our passionate team of StarHubbers. By enabling them to build their knowledge and capabilities, we can provide our customers with an unparalleled breadth of services, as well as an experience like no other.

Social Capital
Our social capital includes the cooperative relationships we have built with our customers, stakeholders and suppliers – all of which are based upon a core foundation of trust and partnership.

Natural Capital
Our natural capital includes the natural resources we depend on to create value for our customers and stakeholders. We are fiercely committed to reducing our carbon footprint and engaging in more sustainable processes and responsible citizenship.

Create sustainable value for our stakeholders guided by our strategic pillars to **D**eliver market-leading customer experiences, **A**ccelerate value creation, **R**ealise growth from new opportunities, and **E**nhance digital transformation (**DARE**).

Mobile
Serving Singapore's mobile customers both within the country and overseas, we differentiate ourselves with better value and innovative offerings. Read about our Mobile business on page 44.

Pay TV
Hundreds of thousands of our customers turn to us to be informed and entertained, and we form strong partnerships in content, distribution and technology to provide the very best. Read about our Pay TV business on page 46.

Broadband
Our broadband customers are always assured of a "smarter" lifestyle, as we constantly ensure our networks are nothing but world-class. Read about our Broadband business on page 47.

Enterprise Fixed
By improving our capabilities and network infrastructure – especially in critical areas like cyber security and data analytics – we take our customers' businesses to the next level. Read about our Enterprise Fixed business on page 48.

OUTCOMES FOR STAKEHOLDERS

We enable our customers and stakeholders to stay connected, informed, entertained and secure, and empower them with the tools to drive forward and change both their personal lives and businesses.

REINVESTMENT

We reinvest to generate growth which creates value for both shareholders and stakeholders. Approximately 12% of our revenue is utilised to upgrade our networks and grow our capabilities, ensuring the StarHub brand continues to deliver the best in services and range.

Financial Performance

$2.36 billion in total revenue for the year

28.4% service EBITDA margin

16.0% increase in Enterprise Fixed revenue to $511 million

4 cents dividend per quarter per share

Value Distributed

Ensign InfoSecurity – one of Asia's largest cyber security companies – launched

StarHub's Strategic Transformation Plan implemented

One of the top 10 most valuable brands in The Brand Finance Top 100 Singapore Brands Report

StarHub Go Streaming Box – a brand new all-in-one entertainment destination

World's fastest 4G and 3G speeds

Sustainability Impact

1st in Asia Pacific and 5th globally in Equileap's Gender Equality Global Report and Ranking

127 tonnes of e-waste collected at over 460 RENEW bins throughout Singapore

$1.4 million invested in employee training and development

$826,698 committed to 16 charity organisations

13 Materiality Topics and 5 Sustainability targets to help create a better world

ENHANCING THE CUSTOMER EXPERIENCE

WHAT WE ARE TRANSFORMING

We introduced a transformation programme to challenge and improve the way we conduct business; based on four key strategic pillars (DARE) and three vital enablers (HUB). These strategic pillars and key enablers underpin our fundamental Hubbing proposition of uniting mobile, pay TV and broadband services to deliver better value to our customers.

Our priority is to provide our customers with best-in-class infocommunications services, and empower them to improve their lives through digital innovation.

Investment

$273 MILLION

Group's CAPEX payments represented 12% of total revenue.

Best Pay TV Service

2010 - 2018

By HWM + HardwareZone.com Tech Awards.

Community

+38%

127 tonnes of e-waste was recycled versus 92 tonnes a year ago.

+3.5x

Number of beneficiaries increased over 3 folds from programmes supported by StarHub.

News

5G New Radio

3.5GHz

Spectrum

1st outdoor pilot of 5G New Radio on 3.5GHz spectrum with Nokia.

1Gbps 4G speeds

1st operator in Singapore to deliver peak 4G speeds of 1Gbps.

Android TV Oreo

Unveiled world's first Operator Tier version of Android TV Oreo on *StarHub Go Streaming Box.*

StarHub Night of Stars

Artistes from across Asia celebrated the best of Asian entertainment on StarHub TV.

34

Artistes

13

Awards

Ensign InfoSecurity

A joint venture company with Temasek Holdings

Customer Service

>350

CS Staff

>300

HubTroopers

>25

Retail Outlets

BOARD OF DIRECTORS

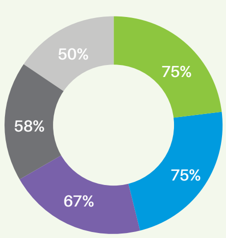
A BALANCED AND DIVERSE BOARD

A committed and well-balanced Board with appropriate diversity will contribute positively in overseeing the Group's strategy and performance, bringing fresh perspectives and constructive input.

Key to Committee Membership

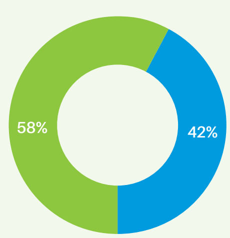
- A Audit Committee
- S Strategy Committee
- N Nominating and Governance Committee
- E Executive Resource and Compensation Comittee
- R Risk Committee
- Committee Chairman

Skills



- Management Experience
- Financial Expertise
- Business Enterprise Relationshp
- M&A/Business Development/Entrepreneurship
- Telco/Media/Technology

Independence



- Independent Directors
- Non-independent Directors

01
Steven Terrell Clontz
Chairman
Member: S N

02
Paul Ma Kah Woh
Independent Director
Member: A R

03
Nihal Vijaya Devadas Kaviratne CBE
Independent Director
Member: N A S

04
Teo Ek Tor
Independent Director
Member: E N

05
Stephen Geoffrey Miller
Non-Executive Director
Member: R S E

06
Michelle Lee Guthrie
Independent Director
Member: S E

07
Nayantara Bali
Independent Director
Member: S R

08
Ng Shin Ein
Independent Director
Member: A S

09
Lionel Yeo Hung Tong
Independent Director
Member: E

10
Lim Ming Seong
Non-Executive Director
Member: A S E

11
Nasser Marafih
Non-Executive Director
Member

12
Naoki Wakai
Non-Executive Director
Member

BOARD OF DIRECTORS

(Cont'd)

Steven Terrell Clontz

Chairman

Date of Appointment
8 December 1999 and Chairman on 15 July 2015
Last Re-elected 19 April 2018

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 45 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 Singapore 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.

Paul Ma Kah Woh

Independent Director

Date of Appointment 23 September 2015
Last Re-elected 19 April 2016

Paul is a Director of Mapletree Investments Pte Ltd, Mapletree North Asia 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.

Nihal Vijaya Devadas Kaviratne CBE

Independent Director

Date of Appointment 16 August 2004
Last Re-elected 19 April 2018

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. He was appointed to the Advisory Board of Bain & Company for SEA/Indonesia from August 2013, and was appointed a member of the Global Corporate Resilience Advisory Council of McKinsey & Company, Inc. effective January 2018. 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.

Teo Ek Tor

Independent Director

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

Ek Tor is the Chairman of PrimePartners Group Pte Ltd, PrimePartners Corporate Finance 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.

Stephen Geoffrey Miller

Non-Executive Director

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

Stephen 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. Stephen 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, Stephen was Financial Advisor to the company on the combination of its data centre business with Equinix and Pihana Pacific, creating one of the world's largest carrier-neutral data centre network. Stephen 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 Pacific. Stephen holds a Bachelor's Degree in Commerce, with First Class Honours in Economics and Finance, from the University of New South Wales, Australia.

Michelle Lee Guthrie

Independent Director

Date of Appointment 25 August 2017
Last Re-elected 19 April 2018

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 26 years, Michelle has worked for a range of broadcasting and media organisations in Australia, Europe and Asia, including the Australian Broadcasting Corporation, BSkyB, Star TV and Google. She is ideally placed to guide StarHub's strategic development, with her extensive knowledge of the Asian media market, digital technology and digital disruption. Michelle holds a Bachelor of Arts and Law (Honours) from Sydney University.

BOARD OF DIRECTORS
(Cont'd)

Nayantara Bali
Independent Director

Date of Appointment 6 August 2018

Nayantara is a Director of ANV Consulting Pte Ltd, a boutique management consultancy based in Singapore. She is a business leader with over 28 years of Asia-Pacific CEO and leadership experience at the international marketing powerhouse, Procter & Gamble ("P&G"). At P&G, Nayantara held various senior level management positions, including Vice-President of the Asia-Pacific Beauty Care, Global Skin Care and Gillette Asia business units. Nayantara has vast experience in the FMCG sector including how to build winning customer centric plans in a fast changing and digitally disrupted environment. She served on the Boards of P&G Gillette India from 2011 to 2013 and P&G Health & Hygiene India from 2003 to 2005. Nayantara was a member of P&G's Global Business Leadership Council and The Global Diversity & Inclusion Council. Nayantara holds a Bachelor of Arts in Economics from Stella Maris College, University of Madras, and a Post Graduate Diploma in Business Management from the Indian Institute of Management - (IIM) Ahmedabad.

Ng Shin Ein
Independent Director

Date of Appointment 17 September 2018

Shin Ein is the Managing Director of Blue Ocean Associates Pte Ltd, a personal family office focused on asset allocation, financial and strategic investments. She leads a network of family offices and other investors in providing strategic and growth capital for companies and advise portfolio companies on strategy, innovation and business development. Shin Ein is also the Co-founder and Advisor (Non-executive) of Gryphus Capital Management Pte Ltd, a fund management firm focused on private equity and special situations investments. Shin Ein is Singapore's Non-Resident Ambassador to Hungary since 2013. From 2002 to 2006, she was Director (Listings) and a member of the Singapore Exchange ("SGX") IPO Committee at SGX. Shin Ein served on the Board of NTUC Fairprice Cooperative Limited from 2008 to 2017, and was a corporate lawyer at Lee & Lee from 1997 to 2002. She holds a Bachelor of Laws (Honours) from Queen Mary and Westfield College, University of London, and a Postgraduate Diploma in Singapore Law from the National University of Singapore.

Lionel Yeo Hung Tong
Independent Director

Date of Appointment 10 January 2019

Lionel is the CEO Advisor at Grab, Southeast Asia's leading platform for ride-hailing, mobile payments, food delivery and logistics services. He was the Chief Executive of the Singapore Tourism Board from June 2012 to May 2018. Prior to that, he was the Dean & CEO of the Singapore Civil Service College and Deputy Secretary (Development) in the Public Service Division of the Prime Minister's Office. His work for the Singapore government also included securing FTAs and market access for Singapore companies (Ministry of Trade & Industry), designing tax reforms for economic competitiveness and fiscal sustainability (Ministry of Finance), and promoting culture and the arts (Ministry of Information and The Arts). Lionel served on the Boards of the Urban Redevelopment Authority, National Healthcare Group Pte Ltd, Jurong Port Pte Ltd, Sentosa Development Corporation and Wildlife Reserves Singapore Pte Ltd. He holds a Bachelor of Science (BSc) in Economics from the London School of Economics and Political Science and a Master of Business Administration (MBA) from the Massachusetts Institute of Technology – Sloan School of Management.

Lim Ming Seong

Non-Executive Director

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

Ming Seong is the Chairman of CSE Global Limited and First Resources Limited and serves on the boards of several non-listed private companies. 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.

Nasser Marafih

Non-Executive Director

Date of Appointment 9 July 2007
Last Re-elected 19 April 2018

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.

Naoki Wakai

Non-Executive Director

Date of Appointment 30 August 2017
Last Re-elected 19 April 2018

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 SENIOR EXECUTIVES

Seated from left:

01
Tim Goodchild
Government & Strategic Affairs

02
Peter Kaliaropoulos
Chief Executive

03
Veronica Lai
Corporate Services

04
Catherine Chia
Human Resource

05
Dr Chong Yoke Sin
Enterprise

06
Kee Yaw Yee
Information Services

Standing from left:

07
Anubhav Kela
Transformation

08
Chong Siew Loong
Network

09
Johan Buse
Consumer

10
Chris Lipman
Customer Experience

11
Dennis Chia
Finance

IN DISCUSSION WITH SENIOR EXECUTIVES

(Cont'd)

Peter Kaliaropoulos

CEO

Q With your appointment as CEO of StarHub, what immediate changes have you made to the company, and what direction do you expect StarHub to steer towards going into 2019?

A I joined StarHub because I passionately believe that our brand heralds change, innovation and better customer experiences. We live in an ever-increasing digital world and we need to inspire people around us to enjoy life and work smarter than ever before and embrace the benefits that the digital era offers to all of us.

StarHub has a leading role in enabling digital transformation at personal and corporate levels. We in StarHub have to challenge ourselves and embrace more than ever before digitisation, customer-centricity, employee engagement and smarter operating models.

Under the theme "DARE to be different and better" we introduced a transformation programme to challenge and improve the way we conduct business. Our industry in Singapore is facing unprecedented challenges with the entry of another infrastructure-based operator and multiple new virtual mobile operators.

A number of global content providers have also begun to serve customers directly and global solutions organisations are formidable operators in the corporate segment. New entrants, new technologies such as 5G, cyber security advancements are some of the driving forces of change that StarHub has to successfully address.

Our DARE strategic priorities – improved customer experience, growth from existing and new initiatives, operational efficiency and digital transformation – are clear and execution in the market will be the key differentiator.

Within our strategic pillar of growing via new initiatives, we took a major step in September 2018 and created a significant cyber security company together with Temasek Holdings to focus on the growing demands of corporate and government clients to prevent and defend their operations and their clients' information from cyber-attacks.

Addressing customers' experiences, we launched simplified mobile pricing plans, offering better value and innovation including unlimited local calls for prepaid customers and unlimited weekend data for our postpaid customers. Migration from "old" HFC cable to advanced fibre technology is underway to enable our StarHub TV customers to enjoy best resolution and digital delivery of services.

We will continue to challenge conventional business practices, unfollow the competition and redefine the way we work.

We also replenished our content with new channels such as CuriosityStream HD, Gusto TV HD, HITS MOVIES HD, Makeful HD and PeopleTV HD, whilst renewing our key partnerships with HBO, iQiyi, TVB and other leading content providers.

StarHub accelerated our wireless 4G LTE-Advanced infrastructure together with Nokia and through carrier aggregation technology, deliver 1Gbps speeds for customer to enjoy much smoother surfing and streaming even in high-traffic locations. Such customer focused investments resulted in us being rated by globally respected OpenSignal as the fastest 4G and 3G mobile network in Singapore on a few occasions.

As the evolution of our operating model is a key strategic pillar, a leaner organisational structure has been introduced. We will miss the contributions from all the impacted employees who were affected by the operational efficiency programme in October 2018 to improve productivity. We have unreservedly thanked them for their past, valuable contributions to our business.

On the infrastructure side, the intense competitiveness of the market, new entrants, declining voice revenues, high content costs and high market penetration, mean that it is not feasible to continue building or maintain existing telecom infrastructure in isolation. We are exploring sharing network models with various interested parties, but it is too early for any tangible agreements.

Consistent with our DARE strategy, we have launched our trio of simplified and unique SIM Only plans and the "Hello Change" campaign. We have also introduced several digital services including HR Payroll, Accounting, Digital Marketing and Cyber Security offerings in a simple and affordable manner to SMEs as part of the "Digital Start" initiative with IMDA and other partners.

We are addressing the realities of our pay TV business which will necessitate a refresh of our content strategy. While we continue to commit to our pay TV services, we will reshape the current business models and move towards a variable cost model. This is especially important in the face of the rapid adoption of online streaming, digital downloads and OTT services.

You have seen some initial changes to our pay TV plans like our improved HBO offerings in late 2018, which give more value back to our customers. We will continue in this journey to provide premium content while managing costs.

IN DISCUSSION WITH SENIOR EXECUTIVES
(Cont'd)

Encouraging inroads made in 2018 will be accelerated in 2019

Over the last few years, our enterprise business continues to grow from strength to strength, and this is where much of our energy and resources are being invested.

In 2018, we completed our joint venture company exercise with Temasek Holdings to launch one of Asia's largest cyber security ventures – Ensign InfoSecurity. We have also boosted our enterprise solutioning to focus on creating better core data and connectivity products and services. We believe this will allow us to compete credibly as a key player in the growing cyber security space and more.

Simultaneously, we will concentrate on entering or expanding several adjacent areas of growth – IoT, AI, data analytics and digital platforms. These ventures will be selective, based on potential growth and opportunity costs, but we expect new revenue streams to be borne out of this in the short term.

Encouraging inroads have been made in 2018 which we will accelerate in 2019. We have also forged and strengthened partnerships in areas like Smart Retail where we have been appointed by the government to support digital transformation at Kampong Glam and to offer IoT Connected Vehicle Solutions to SBS Transit to improve passenger experiences across the island.

Ultimately, customer experience remains the cornerstone of our business transformation. We will continue to challenge conventional business practices, unfollow the competition and redefine the way we work. The introduction of our simple and greater value SIM Only mobile plans is our first step in this transformation.

With you, our customers and employees in mind, we plan to make 2019 – 'the Year of the Customer'!

Dennis Chia
Finance

Q **StarHub's inorganic journey continued in 2018 when you announced the joint venture company with Temasek Holdings (via Leone Investments) on Ensign InfoSecurity. What is in store for 2019?**

Our inorganic journey will continue in 2019 as we keep our sights open for potential acquisitions which complement and strengthen our existing consumer and enterprise offerings.

A Our investors would have noted that since 2016, we have prioritised inorganic growth to bolster our skill sets and capabilities. These include a 9.8% stake in mm2 Asia, the 100% acquisition of Accel Systems & Technologies (ASTL) and our taking of a majority 65% stake in D'Crypt.

In September 2018, we formed a joint venture company, Ensign InfoSecurity with Temasek, where StarHub holds 40% equity interest, with an additional assigned economic interest of 20%. This arrangement for the assigned rights will expire from three to five years and automatically after five years. A fair market value consideration will be determined at that time of expiration.

StarHub will, for the medium term, retain a significant strategic interest in Ensign. We intend to support Ensign's growth and maximise its market value.

The new entity, which merges StarHub's cyber security Centre of Excellence, ASTL and Quann, will become one of Asia's largest pure-play cyber security providers. Cyber security is one of the major growth areas that StarHub has been investing in over the last few years. It is a US$111 billion industry globally and is expected to grow to US$240 billion in 10 years' time. Singapore's market is estimated to be worth around S$900 million by 2020.

We are, thus, well placed to leverage our strong capabilities in cyber security offerings to compete effectively with local, regional and global players to provide 24/7, deep expertise, advanced threat monitoring and detection services.

Our inorganic journey will continue in 2019 as we keep our sights open for potential acquisitions which complement and strengthen our existing consumer and enterprise offerings.

IN DISCUSSION WITH SENIOR EXECUTIVES
(Cont'd)

Dennis Chia (Cont'd)
Finance

Q What kind of savings do you expect from the Strategic Transformation programme?

A The Strategic Transformation programme is expected to realise $210 million in gross savings over a three-year period from 2019.

In broad buckets, StarHub is targeting savings in procurement activities, leasing costs, rationalising spending in network and systems repairs and maintenance and overall sales and distribution expenses. As resources will be directed to fund growth opportunities, lower net savings will be realised.

In October 2018, we initiated an operational efficiency programme to improve productivity, improve speed in decision making and lower operating expenditure across the board. The strategic review process, unfortunately, resulted in the reduction of workforce.

A one-off staff restructuring cost of approximately $25 million which includes funding to support outplacement, training and coaching was incurred. As provisions for the cost were made in prior years, there was no impact on StarHub's guidance for FY2018.

Q What potential CAPEX commitments do you have in 2019 and will this affect your dividend payments?

A Our balance sheet remains healthy, with our net debt to EBITDA ratio at 1.52x as at FY2018. We have further liquidity and leverage capacity to fund our future growth plans.

The 700 MHz spectrum that we were awarded in the 2017 spectrum auction is still pending release for use by the regulator. Six months prior to its release, we will need to pay the licensing fee of $282 million.

On dividend, the Board takes a holistic view of considerations, including a forward view of our earnings, free cash flow, growth prospects, investment needs and an optimal balance sheet. After careful deliberation, the Board has recommended to pay 2.25 cents per quarter per ordinary share for FY2019.

Going forward, the Group intends to pay-out at least 80% of net profit attributable to shareholders as dividend.

Dr Chong Yoke Sin
Enterprise

Q The Enterprise business has grown significantly over the last year. What have you done right and what are you planning for 2019?

A We have always believed that our Enterprise business is the 'growth performer' of the company. And in 2018, we have seen this star shine in strong performance. We expect to capture even more good opportunities in 2019, building upon what we have done so far.

Our success is largely attributed to our focus in shoring up our Managed Services portfolio and expanding that into new growth areas. In 2018, we significantly boosted our capabilities in cyber security, cloud, cryptography and digital security solutions, while also invested in adjacent areas such as digital platforms, IoT, AI, amongst others.

The dangers of cyber-attacks in Singapore and around the world is a real one, and enterprises have often demanded from us effective solutions that protect them against these threats. Since we started our cyber security team two years ago, we have made major advancements. Of note – the formation of the joint venture company with Temasek Holdings via Leone on Ensign, which merges our Cyber Security Centre of Excellence, ASTL and Quann.

Ensign's unique telco-centric and network-based security monitoring capabilities will be critical to providing enhanced security for enterprises and critical infrastructure. It boasts a team of about 500 cyber analysts, consultants and researchers, and operate out of Singapore, where their enhanced Security Operations Centres are located.

Ensign will focus on the Government and Enterprise sectors with a combination of cyber security solutions, systems integration and managed services. StarHub will work closely with Ensign, to provide end-to-end bespoke enterprise solutions for our customers that will combine connectivity, solutions and cyber security.

Besides cyber security, we have made inroads into areas we think will have significant potential in the future. We believe that the future is digital and that we can be a true enabler by harnessing the power of connected solutions differentiated by AI.

In addition, we have continued to look into various new growth opportunities. Examples of some of these opportunities include:

- Smart Retail – where we are proud to be the service provider appointed by the government to support digital transformation at Kampong Glam;
- Robotics – where we have successfully made inroads at a number of hotels and the MICE (Meetings, Incentives, Conferences and Exhibitions) industry in Singapore;
- Eldercare Solutions – where, in partnership with Orange Valley Nursing Homes, we are testing several aged-care technologies with our clients in this space; and
- IoT Connected Vehicles Solution – where we are working with SBS Transit to improve passenger experiences across the island.

Enterprise Business Activities

Our success is largely attributed to our focus in shoring up our Managed Services portfolio and expanding that into new growth areas.

IN DISCUSSION WITH SENIOR EXECUTIVES

(Cont'd)

Johan Buse

Consumer

Q How has your approach to StarHub's brand and marketing been different in 2018 and beyond?

Say goodbye to business as usual and hello to change

A For almost two decades, StarHub's brand has always been one that resonated with Singaporeans across all our products, services and campaigns. Moving ahead, we aim to work even harder to not just be another local brand but to become the local's brand.

To achieve that, we must be single-minded and focus on just one single brand promise – to put customers first in everything we do. As simple as it sounds, it is a lot harder to achieve.

Customers have a lot of negative sentiments towards telcos and we need to understand why and address these concerns immediately. We want to re-ignite our challenger spirit and do our best for them.

When we launched "Hello Change" as a brand promise to our customers, we had to make sure we delivered on that promise. The all-new mobile plans that was launched in December was the first step.

Focused on simplicity, these plans have no contracts and no hidden charges such as the standard one-time administration, activation and SIM card fees. Customers can also add on a plan to enjoy free data usage of many popular social and video apps.

Indeed, we understand the need for a seamless customer experience; hence through our *MyStarHub* app, we have empowered our customers to decide how they want to personalise their own plans to fit their daily consumption. We intend to keep improving our digital innovation with more features that provides further convenience for them.

The next step of "Hello Change" continued on the TV front with the inaugural 'StarHub Night of Stars' held in December. This star-studded event celebrated the best of Asian entertainment on StarHub TV with the attendance of over 30 celebrities across Asia.

Our customers were entertained by artistes such as Korean sensation Lee Joon Gi (Lawless Lawyer) and Chinese actress Qin Lan (Story of Yan Xi Palace) and we are confident to say that it was a night to remember for many.

For our ardent fans of English entertainment, we made subscription fees for one of our most popular content providers – HBO – that much sweeter. Starting from 31 January 2019, The HBO PAK will have two additional channels - CINEMAX and RED BY HBO – packaged for a lower subscription price. Supreme Box Office Pack customers will also enjoy RED BY HBO at a lower subscription price.

This is just a start of our journey of change, with more exciting initiatives planned in 2019. We will continue to say 'goodbye to business as usual and hello to change'. Ultimately, we want StarHub to be more than just a company that people expect; we want StarHub to become a brand that our customers deserve.

Chong Siew Loong
Network

Q **How have StarHub's networks evolved in 2018?**

A The demand for mobile data is insatiable, especially given the industry's move to digital and the wide spread adoption of streaming and cloud computing. To meet this demand, we have constantly upgraded our mobile and fixed networks to ensure seamless, uninterrupted connectivity for our customers.

In 2018, StarHub was the first operator in Singapore to upgrade our mobile network to deliver peak 4G speeds of 1Gbps. We were thrilled that the initial rollout was at the August National Day Parade 2017 at The Float@Marina Bay, utilising our 2.5GHz TDD-LTE spectrum.

We have since expanded our gigabit network to cover the Central Business District as well as key shopping areas, transport hubs and heartland town centres, including Bedok, Bishan, Chinatown, Clarke Quay, Clementi, Orchard Road and Tampines.

In anticipation of greater adoption of IoT devices across Singapore, we have modernised our network to support NB-IoT. We believe these devices will help furnish critical data which the government and enterprises can use, to improve operational efficiency and facilitate their long-term planning. IoT will also advance our daily lives with connected Wearables and Smart Homes; leading towards a Smart Nation.

We are pleased to have successfully completed the first outdoor pilot of 5G New Radio on 3.5GHz spectrum with Nokia, where we showcased some industrial and consumer applications over 'live' 5G base stations and core network technology.

This included an industrial application in a manufacturing environment, demonstrating how businesses can use 5G-enabled video analytics to enhance efficiency and minimise production errors. The over-the-air pilot leveraged on 5G architecture to deliver impressive speeds and capacity required to support enhanced mobile broadband services.

For TV, we have unveiled the world first Operator Tier version of Android TV Oreo, the *StarHub Go Streaming Box*. The box featured a customised user interface with content optimised for the big screen. It is also integrated into the *StarHub Go* ecosystem, allowing customers to seamlessly switch viewing between their TV set and smart devices.

Moving on to our fixed networks, we have ceased further rollout of our HFC network. Instead, we will enhance our efforts on using our own fibre network as well as leverage the NBN to deliver fibre broadband and TV services to our customers. This will allow our customers to enjoy the latest services, technology, content and digital innovation over fibre.

We also continued on our network virtualisation journey to take advantage of the efficiencies and agility of software-based compute and storage resources. This allows for better responses to network demands and new business requirements.

1st in Singapore to successfully complete 5G New Radio outdoor pilot on 3.5GHz spectrum

SENIOR EXECUTIVES' PROFILES

Peter Kaliaropoulos

Chief Executive

With over 35 years of experience in the global information and communication technologies (ICT) sector, Peter is responsible, together with the Executive team, for leading StarHub's transformation and competitiveness and creating value for all stakeholders.

Prior to joining StarHub, Peter held C-level roles with BT, Batelco, Clear, Ooredoo, Optus, Telstra and Zain. He has led a number of mergers and acquisitions and served as Board Director to numerous telecommunications companies and ICT start-ups in Australia, North America, Singapore, India, and the Middle East.

Peter holds a Master of Business Administration from Macquarie University, Australia and a Bachelor of Engineering, Electrical Engineering from the University of New South Wales, Australia.

Dennis Chia

Finance

Dennis oversees StarHub's financial health, develops and executes strategies through financial management and ensures that business decisions are financially sound. He is also responsible for driving merger and acquisition activities as well as procurement, supply chain and enterprise risk management.

Prior to joining StarHub, Dennis was the Senior Vice President and Chief Financial Officer (CFO) of STATS ChipPAC (Worldwide), a leading provider of advanced semiconductor packaging and test services. He was also with Lear Corporation as its Vice President of Finance, Asia Pacific Operations and CFO of Behringer Corporation and Frontline Technologies Corporation.

Dennis is a Chartered Accountant and currently a council member with the Institute of Singapore Chartered Accountants. He holds a Bachelor of Accountancy (Honours) from the National University of Singapore and a Master of Business Administration from the University of Hull, United Kingdom.

Dr Chong Yoke Sin

Enterprise

Yoke Sin leads the enterprise business group which serves the needs of enterprise and government sector clients, ranging from SMEs to multinational corporations.

Prior to joining StarHub, Yoke Sin was the Chief Executive Officer of Integrated Health Information Systems. With more than 30 years of experience in the IT industry, Yoke Sin was also the Chair of the Healthcare Information and Management Systems Society Asia Pacific Governing Council.

Yoke Sin is Vice President of the Singapore Computer Society. She currently sits on the Boards of the Singapore Land Authority, SG Enable, Republic Polytechnic and the National Kidney Foundation. Yoke Sin holds a PhD in Chemistry from the National University of Singapore and attended the Advanced Management Programme at Harvard University.

Johan Buse

Consumer

Johan leads the consumer business group and is responsible for the development, marketing and delivery of consumer-market mobile and fixed products and services including pay TV. He also charts StarHub's brand evolution.

Prior to joining StarHub, Johan's 19 years of experience in the telecommunications industry has brought him across Europe, Asia and the Middle East. Most recently, he was the Chief Commercial Officer of Ooredoo Oman, where he was responsible for marketing, sales and customer experience for mobile, fixed and new businesses. Before that, he held senior positions in Deutsche Telekom (T-Mobile), Axis (STC) and Singtel.

Johan was recognised by Forbes as one of the world's 50 most influential CMOs in 2014. He holds a Bachelor of Science, Commercial Economics – Communications from Hogeschool Breda, Netherlands.

Veronica Lai

Corporate Services

Veronica is responsible for StarHub's Corporate Communications, Investor Relations, Legal, Corporate Secretariat, Regulatory and Sustainability functions.

Prior to this role, Veronica was the Group's General Counsel and Company Secretary. Before joining StarHub, she practised law at Rajah and Tann for six years.

Veronica is a member of the Management Committee of the Global Compact Network Singapore. She was listed in Legal 500's GC Powerlist for 2017, 2018 and 2019. She also received the Asian Company Secretary 2013 Award for Singapore by Corporate Governance Asia and was recognised as one of Asia Legal Business' Top 25 in-house counsels in Asia for 2010. Veronica holds a Bachelor of Laws (Honours) from the National University of Singapore.

Chong Siew Loong

Network

Siew Loong provides leadership to maintain a robust and efficient network to support StarHub's multiple lines of business. He is also responsible for establishing the company's technical vision and leading all aspects of technology development.

Siew Loong was one of the pioneers in StarHub's formative years when the company won the licence to operate as a telco in 1998. He also set up and managed the Network and Systems Division at StarHub's wholly-owned subsidiary Nucleus Connect.

Siew Loong received the 40 Under 40 award from the Global Telecoms Business in 2011. He holds a Bachelor of Electronics Engineering from the University of Southampton, United Kingdom.

SENIOR EXECUTIVES' PROFILES

(Cont'd)

Kee Yaw Yee

Information Services

Yaw Yee is responsible for the Information Technology (IT) strategy, IT infrastructure, systems and applications required to support StarHub's business growth and customer goals.

Prior to joining StarHub, Yaw Yee has held leadership roles in multinational companies like Accenture, Hewlett-Packard and AsiaInfo. With over 24 years of experience in IT and management consulting, he has consistently delivered large-scale transformational programmes for local and regional clients, using different methodologies and technology solutions.

Yaw Yee holds a Bachelor (Honours) of Electrical Engineering and Electronics 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.

Chris Lipman

Customer Experience

Chris leads the company's end-to-end customer experience, to drive StarHub's transformation to a consistently customer-centric brand.

Prior to joining StarHub, Chris was Vice President for Customer Experience, Insights & Operations (Southeast Asia) at HOOQ Digital, where he set the overall strategic direction of the customer experience team, managed vendor partnerships and built a pipeline of customer insights to assist the business. Before HOOQ Digital, Chris was Head of Customer Service & Experience at Globe Telecom, Philippines. Chris has also held similar senior roles in Telstra, Optus and Virgin Mobile.

Chris holds a Bachelor of Applied Science, Land Economics from the University of Technology Sydney, Australia.

Catherine Chia

Human Resource

Catherine leads the overall human resource strategy, programmes and services, to accelerate the growth and performance of StarHub.

Prior to joining StarHub, Catherine was Vice President of People Operations & Development at LEGO. Catherine has extensive human resource experience in organisations spanning multiple industries and geographies, such as Dell, GE and United Overseas Bank. In her previous roles, Catherine has implemented organisational change and transformation initiatives as well as developed leadership capabilities through robust talent management programmes.

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

Anubhav Kela

Transformation

Anubhav is responsible for driving and executing the organisation-wide transformation agenda, including key business, digital and people initiatives. He also oversees the execution of strategy, partnering business leaders to champion strategic initiatives.

Prior to joining StarHub, Anubhav was the Chief Financial Officer for Global Customer Services & Service Transformation (London) at BT Global Services. He brings along more than 26 years of international experience in finance, operations and strategy across a range of Fortune 500 to FTSE 100 and CAC 40 companies.

Anubhav holds a Master of Science in Finance from Babson College – F.W. Olin Graduate School of Business, USA, and a Master of Business Administration in Finance from the University of Lucknow, India.

Tim Goodchild

Government & Strategic Affairs

Tim is responsible for managing StarHub's relationship with the regulators, and for providing regulatory support to StarHub's lines of business. He has close to 30 years' experience in telco regulatory issues.

Prior to joining StarHub, Tim's career has given him exposure to regulatory regimes throughout the Asia-Pacific region. This 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.

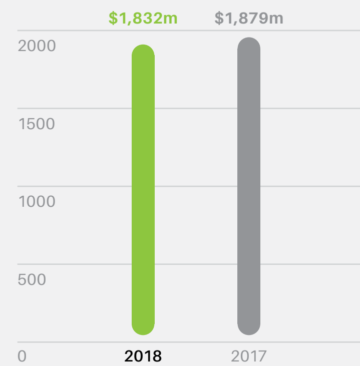
Tim holds a Bachelor of Economics (Honours) from Victoria University of Wellington, New Zealand.

CONSUMER

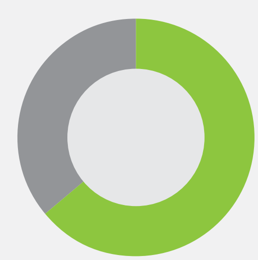
The Strategic Transformation programme will allow us to rapidly transform our operations, evolve our own internal culture and meet industry challenges head on.

Total Service Revenue

-2.5% YoY



Mobile Customer Mix



Postpaid	64%
Prepaid	36%

StarHub upgraded our cellular network to support peak 4G speeds of 1Gbps – a first in Singapore.

Enhance Customer Experience

We aim to simplify choices for our mobile customers to give a better customer experience, while on the technological front, boosting our mobile network capabilities to give customers higher data transmission speeds.

The infocommunications industry in Singapore is constantly evolving, and the company is facing considerable changes in the way customers consume entertainment, data and lifestyle services. The entry of new competitors – many of them OTT players, and the pricing pressures from existing competitors mean that StarHub needs to rapidly change the way we operate.

It is imperative to move beyond a Hubbing strategy. The company must move beyond the bundling of services to reflect the many changing tastes and business models in the industry. With that in mind, the creation of our Strategic Transformation programme is designed to allow StarHub to rapidly transform our operations, evolve our own internal culture and meet the challenges we face head on.

Four key strategic thrusts have shaped StarHub's actions in 2018 and beyond. To summarise, we aim to: **D**eliver market-leading customer experiences that go beyond our customers' expectations; **A**ccelerate value creation of our core business and ensuring our business fundamentals remain strong; **R**ealise high-potential growth opportunities that go beyond our core services; and **E**nhance efforts to digital transform internally to improve customer experience and overall operational efficiencies.

Corporate Developments

In January 2018, following a successful two-year collaboration, Singapore Press Holdings (SPH) and StarHub renewed and deepened their strategic partnership for a further two-year term. The two companies will continue their tie-up in advertising sales, content creation and distribution, data analytics, and marketing, bringing several integrated multi-platform advertising packages to the market.

Both companies have also collaborated in new areas such as healthcare; for example, the provision of StarHub's connectivity and digital solutions to SPH and its affiliates (including Orange Valley Healthcare and Han Language Centre). In May, SPH subsidiary Orange Valley Nursing Homes, started testing aged-care technologies with StarHub and ST Engineering for its new smart nursing home in Balestier.

HUBBING IN REVIEW

Consumer (Cont'd)

Consumer Sector

A summary of the progress and events in 2018.

Mobile

1Gbps 4G Speeds

Upgraded network speeds for our customers to enjoy a faster, smoother mobile experience.

Pay TV

StarHub Go Streaming Box

First operator in the world to run on the Operator Tier version of Android TV Oreo which allows customised user interface.

Broadband

Google Home

Exclusive telco retail partner for Google Home and Google Home Mini in Singapore.

Mobile

StarHub continued to upgrade our cellular network to support peak 4G speeds of 1Gbps from the previous 400Mbps – a first in Singapore. As a testament to our efforts, StarHub clocked Singapore's fastest mobile speeds, according to OpenSignal's independent analysis.

We also upgraded our network to enable Narrowband-Internet of Things (NB-IoT) as part of our support of Singapore's Smart Nation drive. At the same time, StarHub conducted the first outdoor pilot of 5G New Radio on 3.5GHz spectrum, in preparation for future implementation of 5G in the coming years.

StarHub aims to simplify choices for our mobile customers to give a better customer experience, while on the technological front, boosting our mobile network capabilities to give customers higher data transmission speeds.

Looking at the Mobile revenue in 2018, it declined 8% to $825 million due to lower IDD, excess data usage revenue and a higher mix of SIM Only plans. Mobile market penetration continues to be high at 147%. On the other hand, StarHub's postpaid customer base increased 2% to 1.4 million. Prepaid customer base stands at 788,000, a decline of 16% YoY. Average smartphone data usage was at 5.6GB, an increase of 33% from the previous year.

Starting in April 2018, StarHub Mobile postpaid customers were able to stream content on FOX+ without incurring any local data charges, allowing them to binge-watch over 10,000 hours of fresh, original and exclusive content. This is part of a collaboration between FOX Networks Group and StarHub to make the service accessible to all in Singapore.

With this initiative, our customers can stream the latest TV series the same day as the US, catch first-run Hollywood blockbuster titles and indulge in documentaries from the National Geographic Channel.

Fans of Asian entertainment also have easy access to blockbuster films, popular dramas and hit variety shows from Hong Kong, Korea and Taiwan, and sports fans will be able to view the live stream of FOX Sports channels in HD.

In May, StarHub and MyRepublic formed a Mobile Virtual Network Operator (MVNO) partnership that enabled MyRepublic to offer mobile services to Singapore customers, using StarHub's mobile network infrastructure. Just before the end of the year, StarHub's second MVNO partner VivoHub started offering mobile services aimed at migrant workers. These partnerships mean that customers get more choices and give StarHub the ability to address additional customer segment needs.

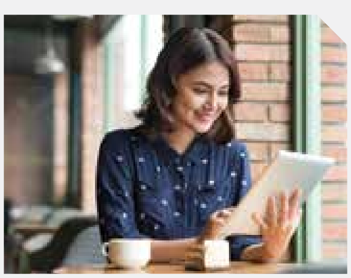
In 2018, StarHub began offering our Mobile postpaid customers the option to pay for App Store, Apple Music and iTunes purchases directly through their monthly mobile postpaid bill. Customers also enjoy the convenience of direct carrier billing on three other app stores – Google Play, Microsoft and Xbox Store and Huawei AppGallery.

Direct carrier billing is a payment method that allows customers to enjoy one-tap purchase of apps, games, music and videos across their devices, including smartphones, wearables, laptops and consoles.

In August, all existing and new StarHub mobile postpaid customers began enjoying free local data access (excluding video content) to four SPH mobile apps for the next two years. The apps are namely Lianhe Zaobao, The Business Times, The Straits Times and SPH Radio.

In October, we became the first operator in Singapore to offer prepaid customers free local outgoing calls every day, as long as they have an active data plan. Heavy users can save on daily call charges without needing to activate yet another premium value-added service. Using StarHub's *Happy Prepaid* app, customers can choose between six prepaid data plans, which offer up to 5GB of data.

In preparation for future implementation of 5G in the coming years, we conducted the first outdoor pilot of 5G New Radio on 3.5GHz spectrum.



Simple SIM Only Plans

StarHub announced three SIM Only mobile plans, which give customers extra-large data bundles and are easy to buy, use or modify. In a market first, we scrapped all one-time administrative, activation and SIM card fees.

In December, we embarked on our "Hello Change" journey, as part of our commitment to do things differently and better for all our customers; doing away confusion by removing hidden fees, contracts and introducing extra-large data bundles and data-free apps. We announced three SIM Only mobile plans, which give customers extra-large data bundles and are easy to buy, use or modify. All three plans are truly contract-free with no minimum subscription commitment period. Customer can also top-up to have the latest mobile device.

In addition, two previously chargeable add-on services – Caller Number Display (Caller ID) and International Roaming – now come free-of-charge as standard for customers of these plans. In a market first, StarHub has scrapped all one-time administrative, activation and SIM card fees as part of our drive to add value and be more transparent with our customers. Our new SIM Only plans resonated well with customers and the service take-up surpassed our expectations.

This is just the beginning. We are bidding farewell to the old telco ways. Team StarHub is challenging the norm, and customers can look forward to seeing positive changes across our entire range of products and services.

Hybrid Fibre Coaxial (HFC) Network

StarHub has gone through several key changes in our pay TV and broadband businesses in 2018, to deliver better services to customers, in a more cost-efficient manner.

Specifically, to future-proof our services, we have announced the upcoming cessation of services delivered over our HFC network. From 1 July 2019, we will only offer fibre broadband, pay TV and fixed voice services over the NBN and our own fibre infrastructure. The exercise provides greater flexibility in managing our fixed assets, migrates our business from a fixed cost to variable cost model, while improving service standards to our customers.

HUBBING IN REVIEW

Consumer (Cont'd)

StarHub Go Streaming Box

An all-in-one entertainment device that combines the best of StarHub curated content catalogue and the Google Play store. It is powered by the Android TV Oreo operating system and compatible with any wireless broadband connection.

HBO's 'Game of Thrones'

Pay TV

Pay TV revenue declined in 2018, amidst increased popularity of OTT streaming services. As part of StarHub's Strategic Transformation Programme, the company will rationalise and balance the cost of obtaining or extending pay TV content against the needs of our pay TV customers.

Overall, pay TV revenue reached $311 million in 2018, a decline of 12%. Total pay TV customers stands at 409,000 with a relatively stable ARPU of $49.

2018 began with the announcement of StarHub offering the 2018 FIFA World Cup Russia™ to football fans in Singapore. The most watched sporting event in the world, the 21st FIFA World Cup™ took place in Russia and was played in 12 venues across 11 cities, including the Luzhniki Stadium in Moscow. Viewers were able to watch all 32 competing countries 'live' on both television and mobile screens.

In June, we began a refresh of our content line-up with a slate of seven new channels – CuriosityStream HD, Travelxp HD, Gusto TV HD, Makeful HD, GEM HD, FIGHT SPORTS HD and COLORS Tamil HD. Two more channels PeopleTV HD and HITS MOVIES HD were announced shortly after in August.

The new channel line-up reflects our promise to broadcast quality content at good value with a good mix of education, lifestyle, entertainment, sports and Asian content.

We also announced a reduction in subscription prices for HBO channels starting 31 January 2019. This gives StarHub TV customers greater access to HBO's signature premium movies and original series for less.

The HBO PAK customers will enjoy two more channels – CINEMAX and a new HBO channel dedicated to Asian movies with internationally-acclaimed titles from the region. Supreme Box Office Pack customers will also enjoy a revised lower monthly subscription price, while at the same time having the new Asian movie channel.

Finally, we expanded our sports content line-up with several new properties including the State of Origin series and the National Rugby League, and selected cycling tours including the UCI Europe Tour which features the Brussels Cycling Classic, Milano-Torino, Gran Piemonte and the prestigious Tour of Lombardy.

Later in the year, we acquired the broadcast rights to the Carabao Cup, English Football League Championship, UEFA Champions League and the UEFA Europa League.

In September, StarHub introduced the *StarHub Go Streaming Box*, an all-in-one entertainment device that combines the best of StarHub curated content catalogue and the Google Play store. Powered by the Android TV Oreo operating system and compatible with any wireless broadband connection, the box comes preloaded with a Go Family subscription, which includes over 50 channels.

Featuring content optimised for the big screen, the box is integrated into the *StarHub Go* eco-system, allowing customers to seamlessly switch viewing between their TV set and smart devices.

We became Google's exclusive telco retail partner for Google Home and Google Home Mini in Singapore. This initiative came on the back of our fruitful collaboration with Google on Google WiFi.

StarHub is the first operator in the world to run on the Operator Tier version of Android TV Oreo which allows operators to have their own customised user interface. The device supports Ultra HD content (4K) and comes with Google Assistant voice search, which enables users to easily seek out content with a simple voice command to the voice remote.

Finally, in December, to cap a year of enhanced entertainment options, StarHub organised our inaugural 'StarHub Night of Stars', featuring over 30 artistes from five countries across Asia, to resounding success.

Held at the Sands Theatre in Marina Bay Sands in front of a full house crowd of 1,980, the show saw a total of 13 awards presented to artistes from China, Hong Kong, Korea, Singapore and Taiwan in recognition of their achievements in 2018.

Korean star Lee Joon Gi and Chinese actress Qin Lan emerged as big winners of the night, taking home the 2018 StarHub Best Male and Female Asian Star Awards respectively. This event was proudly presented by Samsung Galaxy together with 13 other sponsors and supporting partners.

Broadband

In 2018, the broadband business remained stable throughout, bringing in $186 million and adding 15,000 broadband customers to our now expanded base of 482,000. This was the result of attractive promotions offered to customers, while introducing several new products to our service catalogue.

Amongst them, StarHub became Google's exclusive telco retail partner for Google Home and Google Home Mini in Singapore. This initiative came on the back of our fruitful collaboration with Google on Google WiFi.

As the central hub in today's smart homes, Google Home links customers' smart devices to give them hands-free control over their lights, home appliances, calendar schedules and StarHub accounts, just by using voice commands and the power of Google's Voice AI (Artificial Intelligence).

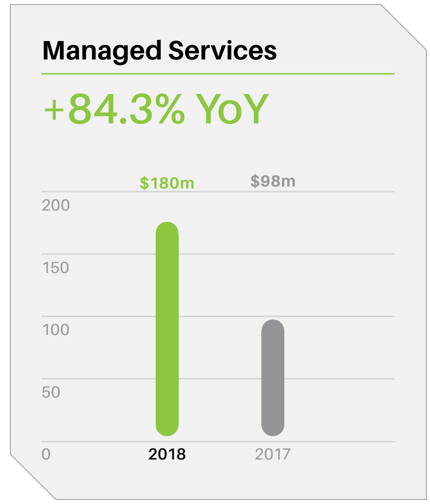
Separately, StarHub is also offering the Linksys EA8100 WiFi Router to our customers. We are proud to be first in the world to carry this Dynamic Frequency Selection certified router model specifically built to solve the issue of home wireless speeds slowed down by heavy use and congested signals in an urban environment.

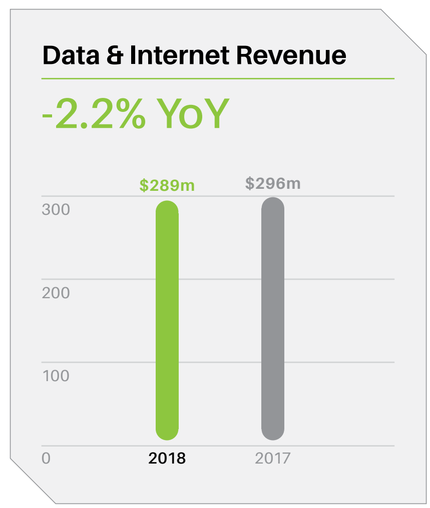
Celebrity Chef Spencer Watts on Gusto TV HD

HUBBING IN REVIEW

ENTERPRISE

Ensign InfoSecurity merges StarHub's Cyber Security Centre of Excellence, our subsidiary ASTL and Temasek-owned Quann, to form one of the largest cyber security companies in Asia.





IT infrastructure remains as key to support wider implementation of digitalisation and StarHub has expanded our data centre facilities to support enterprises' increasing demand for data centre. To enhance enterprise network agility and business performance, we have also started offering SD-WAN services.

The Enterprise business continues to grow at a steady pace, highlighted by a service revenue increase of 16% to $511 million. This is primarily attributable to the growth in managed services and the consolidation of enterprise solution businesses.

StarHub has also expanded our offerings into areas such as data centre, cloud services, data analytics, cyber security, IoT, robotics and digital platforms to enable digital transformation for our business customers. We have also strengthened our capabilities in ICT, Digital and AI.

The headline development in 2018 for Enterprise is the formation of a joint venture company called Ensign InfoSecurity in collaboration with Leone Investments, an indirect wholly-owned subsidiary of Temasek Holdings.

Ensign merges StarHub's Cyber Security Centre of Excellence, our subsidiary ASTL and Temasek-owned Quann, to form one of the largest cyber security companies in Asia, and the only Singapore-based pure-play cyber security company with end-to-end capabilities, comprising Professional Services, Systems Integration and Managed Security Services.

IT infrastructure remains as key to support wider implementation of digitalisation and StarHub has expanded our data centre facilities to support enterprises' increasing demand for data centre. To enhance enterprise network agility and business performance, we have also started offering Software-Defined Network WAN (SD-WAN) services.

In November, StarHub and SBS Transit started to commercially offer free WiFi to passengers of selected bus routes in Singapore. StarHub's IoT Connected Vehicles Solution ensures that travellers remain connected when on the move – supporting Singapore's Smart Nation strategy. The solution applies purpose-built technology for moving vehicles using a mesh network for vehicles (such as 4G, WiFi, or meshed enabled DSRC – dedicated short-range communication).

Each vehicle has been fitted with an onboard unit that always selects the best

HUBBING IN REVIEW

Enterprise (Cont'd)

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.

StarHub Speaker Series on AI with Keynote Speaker Prof Pedro Domingos

available wireless network and enables customers to have a fully managed mobile hotspot. The solution also allows rich data sets to be collected about bus fleets, vehicles, and people that can be co-related for predictive transportation planning. A cloud-based managed service is applied for the ease of network control and system integration.

In December, Yippy, Inc., an enterprise data intelligence company known for its leading EASE 360 enterprise search and insight engine, entered an exclusive sales distribution alliance with StarHub for the Singapore market.

Under the agreement, we will offer Yippy's enterprise search solution to a variety of industries such as government, banking, legal, insurance, education and healthcare. Companies are now able to implement their very own enterprise search engine with built-in smart bots, connectors and machine learning to extract meaningful data in real time across all internal and external sources.

In August, StarHub launched our integrated Smart Retail Suite, as part of our commitment to support Infocomm Media Development Authority (IMDA)'s 'SMEs Go Digital' programme to help businesses adopt digital solutions.

The StarHub Smart Retail Suite offers SMEs in the F&B and Retail sectors digital solutions that have been pre-integrated and configured for use as a single, seamless service at their outlets, removing the barriers of implementation cost and helping to ensure seamless interoperability between solutions. These digital solutions digitalise the common retail operations, enabling operators to improve business productivity and customer experience.

In addition, StarHub is an appointed partner in the 'Start Digital' programme launched by Enterprise Singapore and IMDA that aims to help newly incorporated SMEs adopt basic digital solutions and kick-start their businesses. These solutions are Accounting, Cyber Security, Digital Marketing, Digital Transactions, and HR Management System and Payroll.

New growth opportunities:

- Smart Retail: appointed by the government to support digital transformation at Kampong Glam;
- Robotics: made inroads at a number of hotels and the MICE industry in Singapore;
- Eldercare Solutions: partnership with Orange Valley Nursing Homes - testing several aged-care technologies with our clients in this space;
- IoT Connected Vehicles Solution: working with SBS Transit to improve passenger experiences across the island.

StarHub's IoT Connected Vehicles Solution ensures that travellers remain connected when on the move – supporting Singapore's Smart Nation strategy.

In support of the Smart Nation initiative, StarHub has collaborated with Housing Development Board to build a digitally connected community between heartland merchants and residents via a mobile application.

To support the manpower demand for elderly care due to Singapore's aging population, StarHub has partnered with Nanyang Polytechnic's Centre for Connected Care to train students to meet future demands of nursing and apply AI, big data, IoT and robotics technology to advance healthcare in hospital.

StarHub has partnered with Google to develop AI capabilities and drive business innovations. We have started offering AI solutions to enterprise customers in 2018 to drive business decisions and operational excellence through data-generated insights.

In September, StarHub and OCBC deepened their partnership when StarHub's in-house digital and social analytics hub 'Curiosity' was appointed as OCBC Bank's social listening agency. By employing up-to-date social media intelligence powered by StarHub Curiosity, OCBC Bank can easily tune in to the customer voice, identify topics that customers care about, and drive more meaningful conversations.

Launched in 2017 to leverage insights for in-house stakeholders, StarHub Curiosity expanded our social media analytics capabilities and with a dedicated team of analysts, now serves clients from the retail, fast moving consumer goods, and financial services industries.

2019 And Onwards

2018 was a busy but fruitful year. StarHub has evolved rapidly to meet the changing infocommunications landscape. We expect the same rapid pace to continue in 2019. We are confident that we can weather through our current challenges, transform our business and grow the trust and confidence of our customers.

CORPORATE GOVERNANCE

Ensuring sustainability and value creation through transparency, accountability and integrity.

Corporate Governance Statement

StarHub is committed to continually uphold high standards of corporate governance. We recognise that a robust and sound governance framework is vital in providing a solid foundation for sustainable long-term success of our business and value creation for our stakeholders. Our corporate governance practices and policies are built on principles of transparency, accountability and integrity. These constitute an integral part of the way we choose to do business, deliver our corporate strategy and engage with our stakeholders, thereby strengthening the trust and confidence they place in StarHub.

Corporate Governance Report 2018

StarHub is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) and we have complied in all material respects with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore (MAS) on 2 May 2012 for the year ended 31 December 2018 (FY2018). We have also made improvements in certain areas and complied ahead of time with certain aspects of the revised Code of Corporate Governance issued by the MAS on 6 August 2018, which will apply to annual reports covering financial years commencing from 1 January 2019. The disclosures in this report set out our corporate governance framework, practices and policies for FY2018 with reference to the Code.

1. BOARD MATTERS

A. 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 the alignment of interests of the Board and Management with that of shareholders.

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 supported by clear and robust procedures and delegated authorities, which enables risks to be assessed and managed in order to safeguard shareholders' interests and StarHub's assets;
- 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 our 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, ethical standards and the implementation of related policies.

The Board and individual Directors act in good faith and make decisions objectively in the best interests of StarHub and all our 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 when undertaking the day-to-day running of the business.

The Chairman and the 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 if necessary. At least once a year, non-executive Directors (NED) meet to discuss, *inter alia*, Management's performance without the presence of Management.

Board Committees

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

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

Chairman

Steven Terrell Clontz

Board of Directors

12 Directors: 7 independent Directors and 5 non-independent Directors

Audit Committee

Chairman: Paul Ma Kah Woh

3 independent Directors & 1 non-independent Director

Strategy Committee

Chairman: Steven Terrell Clontz

4 independent Directors, 3 non-independent Directors & 2 co-opted members

Management Investment Committee

Chairman: CEO

Members:
Chief Financial Officer
Chief Enterprise Business Group
Chief Consumer Business Group

Nominating and Governance Committee

Chairman: Nihal Vijaya Devadas Kaviratne CBE

2 independent Directors & 1 non-independent Director

Executive Resource and Compensation Committee

Chairman: Teo Ek Tor

3 independent Directors & 2 non-independent Directors

Risk Committee

Chairman: Stephen Geoffrey Miller

2 independent Directors, 1 non-independent Director & 1 co-opted member

Management Risk Committee

Chairman: CEO

Members:
Chief Financial Officer
Chief Enterprise Business Group
Chief Consumer Business Group
Chief Corporate Officer
Chief Technology Officer
Chief Information Officer
SVP, Government and Strategic Affairs
SVP, Customer Service Experience
SVP, Human Resource
VP, Corporate Planning

Note: Composition reflected is as at 14 February 2019.

CORPORATE GOVERNANCE
(Cont'd)

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

Additional Board Committees may be formed to undertake specific duties if necessitated by business requirements. An ad-hoc Board Executive Committee (Board ExCo), chaired by Mr Steven Terrell Clontz, was established on 5 December 2017 to provide close support to Senior Management during the CEO transition period. It was dissolved on 7 August 2018 after Mr Peter Kaliaropoulos was appointed as CEO on 9 July 2018.

The Board Committee Chairmen provide updates to the Board at Board meetings, on key matters raised and/or decisions made at the last-held meeting of each Board Committee. For matters which require the Board's approval, the Board Committees would also recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, SC and RC are also circulated to the Board for its information, while the minutes of the meetings of the NGC and ERCC are available to the Directors on request.

Board Meetings

For FY2018, the Board held a total of six meetings, including the annual full-day Board Strategy offsite meeting to review and discuss in detail the Group's strategic direction, and to consider the Group's budget for the upcoming financial year. Additional Board meetings were also convened to consider urgent proposals or matters which required the Board's approval.

Board and Board Committee 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 meetings according to the respective meeting schedules. StarHub's Constitution allows Board and Board Committee meetings to be held via audio and video conferencing to facilitate the decision-making process.

Directors' attendance at Board and Board Committee meetings as well as the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM) held in FY2018, is set out in the table below:

Table 1 (Directors' Attendance at Board/General Meetings During FY2018)

	Board Meetings	Board Committee Meetings						AGM & EGM
		AC	SC	NGC	ERCC	RC	Board ExCo[6]	
No. of Meetings Held	6	4	4	2	5	2	5	1
Steven Terrell Clontz[1]	6	–	4	2	–	–	5	1
Paul Ma Kah Woh	6	4	–	–	–	2	–	1
Nihal Vijaya Devadas Kaviratne CBE[2]	6	4	4	–	–	–	5	1
Teo Ek Tor	6	–	–	2	5	–	–	1
Stephen Geoffrey Miller	6	–	4	–	5	2	4	1
Michelle Lee Guthrie[3]	6	–	4	–	2	–	4	1
Nayantara Bali[4]	3	–	1	–	–	–	–	–
Ng Shin Ein[5]	1	–	–	–	–	–	–	–
Lim Ming Seong	6	4	4	–	5	–	–	1
Nasser Marafih	5	–	–	–	–	–	–	1
Naoki Wakai	6	–	–	–	–	–	–	1

Notes:
(1) Mr Steven Terrell Clontz was appointed as SC Chairman with effect from 1 October 2018.
(2) Mr Nihal Vijaya Devadas Kaviratne CBE was appointed as lead independent Director and NGC Chairman with effect from 1 October 2018. There were no NGC meetings held in FY2018 following his appointment as NGC Chairman.
(3) Ms Michelle Lee Guthrie was appointed as a member of the ERCC with effect from 7 August 2018.
(4) Ms Nayantara Bali was appointed as an independent NED with effect from 6 August 2018 and a member of the SC with effect from 7 August 2018. She was also appointed as a member of the RC after FY2018, with effect from 14 February 2019.

(5) Ms Ng Shin Ein was appointed as an independent NED with effect from 17 September 2018, and a member of the AC with effect from 5 December 2018. She was also appointed as a member of the SC after FY2018, with effect from 31 January 2019. There were no AC meetings held in FY2018 following her appointment as a member of the AC.
(6) Board ExCo meetings were called on an as and when needed basis. The first Board ExCo meeting was held in late FY2017 and was attended by all the Board ExCo members.
(7) Mr Liu Chee Ming stepped down as an independent NED and a member of the SC with effect from 19 April 2018. He attended all Board and SC meetings during his tenure of service in FY2018.
(8) Mr Tan Tong Hai stepped down as CEO, executive Director and a member of the RC with effect from 1 May 2018. He attended all Board meetings during his tenure of service in FY2018.
(9) Ms Rachel Eng Yaag Ngee stepped down as lead independent Director, NGC Chairman and a member of the AC with effect from 30 September 2018. She attended all Board, NGC and AC meetings during her tenure of service in FY2018.
(10) The attendance of Mr Lionel Yeo Hung Tong is not reflected in Table 1 as he was appointed as an independent NED after FY2018, with effect from 10 January 2019.

Board Orientation and Continual Training & Development

All newly-appointed Directors participate in a comprehensive orientation that is bespoke for the Group's business and operations, including the opportunity to meet with the CEO and Senior Management, to be given an overview of 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. In FY2018, the orientation programme included site visits to MediaHub, a convergence hub for the Group's fixed, mobile and pay TV networks, and CuriosityLab, the Group's social media analytics lab.

All Directors are issued tablets which they can use to access the StarHub Board Portal, which provides relevant information and up-to-date guidelines and policies that will help them discharge their duties properly, including:

- Board meeting information and Board papers;
- Information on Directors' statutory and other duties and responsibilities;
- Contact details of the Board and Senior Management;
- Terms of Reference of the respective Board Committees;
- Insider trading policy and Directors' share trading policy of StarHub; and
- Key industry news and analyst reports.

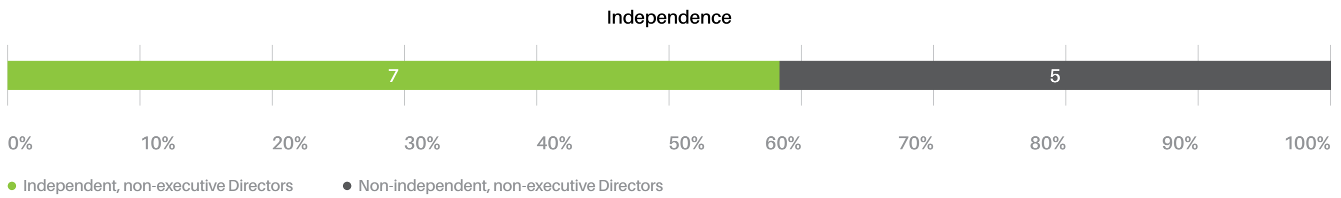
The Board encourages the Directors to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. This enables the Directors to serve effectively on and contribute to the Board. To this end, the Company Secretaries arrange 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 Secretaries and members of Senior Management also provide regular updates to the Directors during Board meetings, as well as through emails and the StarHub Board Portal, on key industry, technology, legal, regulatory and accounting updates which affect the Group.

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.

Further information on the provision of relevant information to the Board can be found in the Access to Information section on page 59 of this report.

CORPORATE GOVERNANCE
(Cont'd)

B. BOARD COMPOSITION AND GUIDANCE



Independent, Non-Executive Directors	Non-Independent, Non-Executive Directors
Mr Nihal Vijaya Devadas Kaviratne CBE (NGC Chairman and Lead Independent Director)	**Mr Steven Terrell Clontz** (Chairman and SC Chairman)
Mr Paul Ma Kah Woh (AC Chairman)	**Mr Stephen Geoffrey Miller** (RC Chairman)
Mr Teo Ek Tor (ERCC Chairman)	**Mr Lim Ming Seong**
Ms Michelle Lee Guthrie	**Dr Nasser Marafih**
Ms Nayantara Bali	**Mr Naoki Wakai**
Ms Ng Shin Ein	
Mr Lionel Yeo Hung Tong[1]	

Board Composition

Currently, the Board comprises 12 Directors, of whom more than half are independent NEDs. The Chairman, Mr Steven Terrell Clontz, is not an independent Director (ID) within the meaning of the Code given his executive position at Singapore Technologies Telemedia Pte Ltd (ST Telemedia), a related corporation of StarHub.

During FY2018, Mr Liu Chee Ming and Ms Rachel Eng Yaag Ngee stepped down from the Board as ID and lead ID respectively. As part of StarHub's ongoing renewal of the Board, Ms Nayantara Bali, Ms Ng Shin Ein and Mr Lionel Yeo Hung Tong were appointed to the Board as independent NEDs in FY2018 and the year ending 31 December 2019 (FY2019).

With effect from 1 October 2018, the Board appointed Mr Nihal Vijaya Devadas Kaviratne CBE to succeed Ms Rachel Eng Yaag Ngee as the lead ID, whose role includes:

- Ensuring he is available to shareholders for consultation and direct communication, where they have concerns on matters where contact via the normal channels of the Chairman, the CEO or the Chief Financial Officer (CFO) has failed to resolve or is inappropriate;
- Serving as a liaison between the Chairman and the IDs; and
- Having the authority to call for and lead meetings of IDs without the presence of the other Directors and provide feedback to the Chairman. An IDs' meeting was held in FY2018.

The Board, through the NGC, annually examines its size and composition to ensure its overall effectiveness. Given the scope and nature of the Group's operations and considering the complexity and requirements of the Group's business, the Board is of the view that its current size of 12 is conducive and facilitates effective decision-making.

The Board consists of Directors who are business leaders and professionals of high calibre and integrity, with a broad range of core competencies and experience in enterprise and banking, accounting and finance, investment, risk management, legal, regulatory, technology, business and industry knowledge, management and strategic planning experience, as well as customer-based experience and knowledge. As a group, the Board

[1] Mr Lionel Yeo Hung Tong was appointed as an independent NED with effect from 10 January 2019 and a member of the ERCC with effect from 24 January 2019.

constantly seeks to identify areas of focus and maintain an optimal mix of expertise, experience (both local and international), knowledge, gender, culture and nationality. In this regard, the NGC has developed a skills matrix as one criterion for Director appointments, which is reviewed by the Board on a regular basis.

Following the appointments of Ms Nayantara Bali and Ms Ng Shin Ein in FY2018, the Board currently has a representation of three female Directors, out of 12 Directors. The Board refresh also reflects an improved age diversity. StarHub firmly believes that a well-balanced Board with appropriate diversity will contribute positively in overseeing the delivery of the Group's strategy, bringing fresh perspectives and providing constructive challenges to Management. The immense network of contacts across various industries has proven invaluable to StarHub.

The individual profiles of the Directors can be found in the Board of Directors and Directors' Particulars sections on pages 22 to 27 and 83 to 85 of the Annual Report.

Review of Directors' Independence

The NGC assesses the independence of each Director annually. Where a Director's tenure exceeds nine years, their independence is carefully reviewed and monitored. As at 31 December 2018, two IDs, namely Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Teo Ek Tor, have served on the Board for more than nine years. After careful rigorous review, the NGC recommends[2], and the Board is of the firm view[2], that Mr Kaviratne and Mr Teo 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 the NGC and the Board considers them to be independent. When assessing objectivity and independent judgement, the NGC and the Board would consider, *inter alia*, the approach, character and attitude of each Director and the value each Director brings, 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.

C. 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 are separate persons, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions. No one individual has unfettered powers of decision-making within the Group.

The Chairman, Mr Steven Terrell Clontz, is a NED 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 level;
- 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 all Board decisions;
- Facilitates the effective contribution of NEDs; and
- Promotes high standards of corporate governance.

The CEO, Mr Peter Kaliaropoulos 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.

D. BOARD MEMBERSHIP

The NGC has been delegated responsibility to review and make recommendations to the Board regarding Board composition. It leads and facilitates the Director nomination process based on written Terms of Reference that set out its authority and duties.

[2] Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Teo Ek Tor abstained from participating in the NGC and Board discussions and voting on their respective status of independence in view of their conflict of interest.

CORPORATE GOVERNANCE

(Cont'd)

Nominating and Governance Committee

Membership

- Mr Nihal Vijaya Devadas Kaviratne CBE, NGC Chairman and lead independent Director
- Mr Steven Terrell Clontz, non-executive Chairman of the Board
- Mr Teo Ek Tor, independent Director

Key Responsibilities

- Lead and facilitate a formal and transparent process for the selection, appointment and re-appointment of Directors to the Board;
- Regularly review the size, structure and composition (including the skills, qualification, experience and diversity) of the Board and Board Committees, and recommend changes to the Board;
- Conduct an annual review of the independence of individual Directors;
- Implement and oversee the annual evaluation of the performance and effectiveness of the Board and Board Committees, including the communication of the results of such evaluations to the Board; and
- Review the adequacy of the Group's corporate governance policies and as may be appropriate, recommend to the Board any proposed changes to such policies from time to time.

All the NGC members are NEDs who are independent of Management. During FY2018, the NGC held two meetings.

The Board notes that Mr Steven Terrell Clontz is regarded as non-independent under the Code in view of his executive role at ST Telemedia. However, after due consideration, the Board and the NGC are of the view that the said 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 NGC 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 NGC.

In proposing candidates for appointment or re-election as Directors, the NGC considers several factors, including (a) the composition, the diversity and the need for progressive renewal of the Board, (b) each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and (c) potential conflicts of interest. This ensures that the Board composition reflects an appropriate mix having regard to skills, experience, expertise, diversity and independence, which enables 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 also subject to the approval of StarHub's industry regulator, the Info-communications Media Development Authority of Singapore.

In the event the NGC 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 NGC will provide its views to the Board for the Board's determination. The NGC 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 NGC 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 NGC has considered and is of the view that all the IDs 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 NGC 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 FY2018, and will continue to do so in FY2019. Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director may hold, the NGC is of the view that all Directors have fully discharged their duties as Directors of StarHub based on the time and attention devoted by each Director, their individual abilities and their respective contribution of skills, knowledge and experience as well as their commitment to the affairs of StarHub.

In accordance with StarHub's Constitution, all Directors who are appointed by the Board during the course of the financial year are required to retire and offer themselves for re-election by shareholders at the first AGM of StarHub after their appointment. In line with the Code and SGX-ST Listing Rule 720(5), StarHub also requires all Directors to retire and offer themselves for re-election by shareholders at least once every three years, if the Board, on the recommendation of the NGC, deems it appropriate that they remain in office.

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

The principal commitments and directorships in any listed companies currently held by the Directors and in the preceding five years can be found in the Directors' Particulars section on pages 83 to 85 of the Annual Report.

E. BOARD PERFORMANCE

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

For FY2018, 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:

- Adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, knowledge and experience 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;
- 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.

The annual review process facilitates consideration by the Board of its membership, including renewal considerations. The results of the evaluation are collected, analysed and presented to the NGC, in consultation with the Chairman. The NGC reviews and recommends to the Board the follow-up actions required to strengthen the Board's leadership in order 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.

F. ACCESS TO INFORMATION

At least five business days prior to each Board or Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda, save for sensitive matters to be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are encrypted with passwords to safeguard their security. Throughout the financial year, the Board also receives monthly management and financial reports which provide updates on key performance indicators and a financial analysis of the Group, as well as regular analysts' reports and media articles on StarHub and the industry. Management also gives network and technology briefings to the Board from time to time. Collectively, the provision of such information enables 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.

In addition to the provision of information 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 related information, allowing them to better strategize 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 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 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-ST. They also facilitate the orientation of new Directors and assist in arranging professional development and training for the Directors. The appointment and removal of the Company Secretaries are subject to the Board's approval.

2. REMUNERATION MATTERS

A. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has established the ERCC to ensure the due implementation of a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors.

CORPORATE GOVERNANCE

(Cont'd)

Executive Resource and Compensation Committee

Membership

- Mr Teo Ek Tor, ERCC Chairman and independent Director
- Mr Stephen Geoffrey Miller, non-executive Director
- Ms Michelle Lee Guthrie, independent Director
- Mr Lionel Yeo Hung Tong, independent Director (*appointed with effect from 24 January 2019*)
- 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 restricted stock awards and performance share 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; and
- Overseeing the development of Management and reviewing succession plans for key positions in the Group.

Currently, the ERCC comprises five NEDs who are independent of Management, with the ERCC Chairman being an ID. During FY2018, the ERCC held five 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 ST Telemedia. However, after due consideration, the Board and the NGC are of the view that the said 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 NGC 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:

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

The ERCC's review and recommendation process covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, as well as benefits-in-kind. The framework and packages are linked to:

- The performance of 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 closely 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 discussions which relate to the CEO's own compensation, terms and conditions of service or the review of his performance, for which he absents himself.

The ERCC has access to expert professional advice on the remuneration of the Board and executives. The ERCC has appointed Aon Hewitt as its remuneration consultant for FY2018 and is satisfied that the independence and objectivity of Aon Hewitt is not affected by any relationship between StarHub and Aon Hewitt respectively.

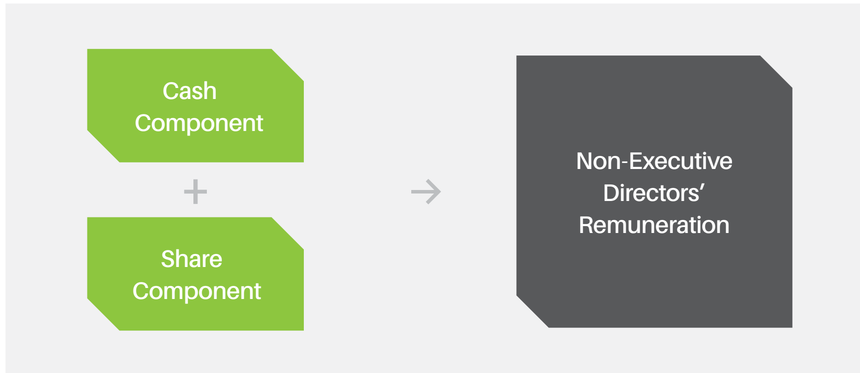
Prior to the termination of any executive Director's and/or key management personnel's contracts of service, the ERCC's approval is required. The ERCC reviews StarHub's obligations arising in the event of such termination to ensure that the contracts of service contain fair and reasonable termination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

During FY2018, 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 five-year period from the financial year ended 31 December 2013 to the financial year ended 31 December 2017. 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.

B. LEVEL AND MIX OF REMUNERATION DISCLOSURE ON REMUNERATION

Non-Executive Directors' Remuneration

NEDs 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 NEDs to hold StarHub shares in order to better align their interests with the interests of shareholders and the long-term interests of the Group.



A. Cash Component

Each NED receives a basic retainer fee, attendance fee and travel allowance (for overseas Directors only). NEDs who perform additional services in Board Committees receive additional fees. In view of the greater responsibilities of the Board Chairman, the lead ID and the Chairman of each Board Committee, they also receive a higher fee than the other members of the Board and the respective Board Committees.

B. Share Component

Pursuant to the StarHub Restricted Stock Plan, the share awards are granted as fully-paid StarHub shares without any vesting conditions attached. Nonetheless, in order to encourage the alignment of the interests of the NEDs and shareholders, NEDs who receive the share awards are required to hold a minimum number of StarHub shares with a value equivalent to the lower of (a) their prevailing annual basic retainer fee or (b) the aggregate of 100% of the total number of StarHub shares awarded for the financial year ended 31 December 2011 and each subsequent financial year thereafter, and 50% of the total number of StarHub shares awarded from the financial years ended 31 December 2007 to 31 December 2010. NEDs can only dispose of all their StarHub shares one year after ceasing to be a Director. The number of StarHub shares to be awarded to a participating NED will be determined by reference to the volume weighted average price of a StarHub 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 StarHub shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining StarHub shares.

The CEO and NEDs voluntarily agreed to a 10% fee reduction in FY2018 to demonstrate their support to the Group's strategic transformation plan, to focus on investing for growth in new business opportunities, digitisation to redefine customer experience, and improving operational efficiencies and productivity.

The total NEDs' remuneration for FY2018 (including the payment in arrears for the Board ExCo fees for the period from 5 December 2017 to 31 December 2017) amounts to $1,610,405, and will be subject to shareholders' approval at the upcoming AGM in FY2019.

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(Cont'd)

Table 2 (Annual Fees for the Board and the Board Committees for FY2018)

Annual Fees for the Board	
Board Chairman	$148,500
Lead Independent Director	$70,200
Non-Executive Director	$58,500

Additional Annual Fees for the Board Committees

Type of Committee	Chairman	Member
Audit Committee	$38,700	$22,500
Strategy Committee	$27,000	$14,400
Nominating and Governance Committee	$27,000	$14,400
Executive Resource and Compensation Committee	$27,000	$14,400
Risk Committee	$27,000	$14,400
Board Executive Committee[a]	$38,700	$22,500

(a) The ad-hoc Board ExCo fees to be paid in arrears are based on services rendered from its establishment on 5 December 2017 to its dissolution on 7 August 2018 in accordance with the Board ExCo Terms of Reference. Save for the payment in arrears for the Board ExCo fees for the period from 5 December 2017 to 31 December 2017, the total Directors' remuneration for the NEDs of the Company for FY2018 takes into account the 10% voluntary fee reduction agreed to by the NEDs in FY2018.

Breakdown of Directors' Remuneration

The following shows the composition of Directors' remuneration for FY2018 (including the payment in arrears for the Board ExCo fees for the period from 5 December 2017 to 31 December 2017):

	Non-Executive Directors' Remuneration		
Name of Non-Executive Directors[k][l]	**Cash-based ($)**	**Share-based ($)**	**Total[a] ($)**
Steven Terrell Clontz[b]	199,206.00	85,374.00	284,580.00
Paul Ma Kah Woh	100,485.00	43,065.00	143,550.00
Nihal Vijaya Devadas Kaviratne CBE[c]	132,282.50	56,692.50	188,975.00
Teo Ek Tor	93,555.00	40,095.00	133,650.00
Stephen Geoffrey Miller[d]	122,535.00	52,515.00	175,050.00
Michelle Lee Guthrie[e]	97,692.00	41,868.00	139,560.00
Nayantara Bali[f]	30,586.50	13,108.50	43,695.00
Ng Shin Ein[g]	16,285.50	6,979.50	23,265.00
Lim Ming Seong	108,045.00	46,305.00	154,350.00
Nasser Marafih	83,125.00	35,625.00	118,750.00
Naoki Wakai[d][h]	56,385.00	-	56,385.00
Non-Executive Directors who resigned during FY2018			
Rachel Eng Yaag Ngee[i]	81,112.50	34,762.50	115,875.00
Liu Chee Ming[j]	22,904.00	9,816.00	32,720.00

(a) The total remuneration of the NEDs takes into account the 10% voluntary fee reduction.
(b) Mr Steven Terrell Clontz was appointed as SC Chairman with effect from 1 October 2018.
(c) Mr Nihal Vijaya Devadas Kaviratne CBE was appointed as lead ID and NGC Chairman with effect from 1 October 2018.
(d) Fees are payable to Director's employer company.
(e) Ms Michelle Lee Guthrie was appointed as a member of the ERCC with effect from 7 August 2018.

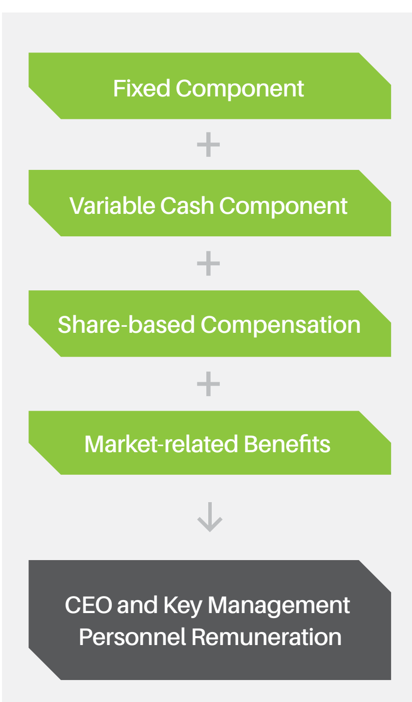
(f) Ms Nayantara Bali was appointed as an independent NED with effect from 6 August 2018 and a member of the SC with effect from 7 August 2018. She was also appointed as a member of the RC after FY2018, with effect from 14 February 2019.
(g) Ms Ng Shin Ein was appointed as an independent NED with effect from 17 September 2018 and a member of the AC with effect from 5 December 2018. She was also appointed as a member of the SC after FY2018, with effect from 31 January 2019.
(h) Mr Naoki Wakai had declined the share award. He will only receive the cash component of his remuneration. Mr Wakai does not hold any StarHub shares.
(i) Ms Rachel Eng Yaag Ngee stepped down as lead ID, NGC Chairman and a member of the AC with effect from 30 September 2018.
(j) Mr Liu Chee Ming stepped down as an independent NED and a member of the SC with effect from 19 April 2018.
(k) Mr Tan Tong Hai stepped down as CEO, executive Director and a member of the RC with effect from 1 May 2018. During his tenure of service in 2018, Mr Tan was remunerated as a key management personnel of StarHub and did not receive Directors' fees for his Board directorship with StarHub. Refer to page 65 of this report for details of his remuneration for FY2018 as the former CEO of StarHub.
(l) No fees are payable to Mr Lionel Yeo Hung Tong for FY2018 as he was appointed as an independent NED after FY2018, with effect from 10 January 2019.

Details of the share awards granted by StarHub to the NEDs under the StarHub Restricted Stock Plan can be found in the Directors' Statement section on page 146 of the Annual Report.

CEO 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 CEO and key management personnel comprises a fixed component, a variable cash component, a share-based compensation and market-related benefits:



A. Fixed Component:

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

B. Variable Cash Component:

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

Annual Variable Bonus

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

Individual performance objectives which are aligned to the overall strategic, financial and operational goals of the Group are set at the beginning of each financial year, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of the Group 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 subsequently 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 AVB.

EVA Incentive Plan (EIP)

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

Under the EIP, a notional EVA bank account is set up for each key management personnel, into which the annual EVA performance bonus declared and earned by him for each year is credited. 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

CORPORATE GOVERNANCE
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forward in each individual's EVA bank account, 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. 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 FY2018 had met the pre-determined targets, the resulting annual payout under the EIP 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 key management personnel to strive for superior performance and to align their interests with that of shareholders.

Pursuant to the PSP, the ERCC has decided to grant contingent awards of StarHub shares on an annual basis, conditional on meeting targets set for a three-year performance period. The performance measures used in PSP grants during FY2018 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 StarHub shares to be released to the recipient at the end of the performance period. The actual number of StarHub 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 65% of the conditional award.

The final PSP award is conditional on the vesting of the StarHub shares under the Restricted Stock Plan 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 FY2016 based on the performance period from 2016 to 2018.

StarHub Restricted Stock Plan (RSP)
The RSP has been 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 of StarHub shares 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 StarHub shares to be released to the recipient at the end of the performance period. The actual number of StarHub shares released will depend on the achievement of the pre-determined target performance levels over the performance period, to be determined by the ERCC at the end of the performance period and capped at 1.0 times of the conditional award. The StarHub 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 meeting the pre-determined target performance levels for RSP awards granted in FY2018 based on the performance period of 2018. 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 CEO and Top Five Key Management Personnel
The details of the remuneration of the CEO and the top five key management personnel (who are not 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 FY2018.

Table 3

	Fixed[1] ($)	Variable[2] ($)	Benefits[3] ($)	Share-based Compensation[4] ($)	Total ($)
CEO[c]					
Peter Kaliaropoulos[a]	494,668	714,277	49,632	179,237	1,437,814[5]
Total paid, including shares vested based on actual performance					1,258,577

Key Management Personnel[d]

	Fixed[1] (%)	Variable[2] (%)	Benefits[3] (%)	Share-based Compensation[4] (%)	Total (%)	Remuneration bands[6]
Dennis Chia	44	27	4	25	100	D
Chong Yoke Sin	63	31	6	-	100	C
Johan Buse[b]	39	58	3	-	100	A
Veronica Lai	48	25	5	22	100	C
Chong Siew Loong	56	30	5	9	100	B
Total including contingent shares granted but not vested, subject to performance[6]					**$4,330,586**	
Total paid, including shares vested based on actual performance					**$4,180 ,677**	

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2018. The base salary was reduced by 10% with effect from 1 October 2018 for Mr Peter Kaliaropoulos.
(2) Variable refers to any applicable one-off incentive payments as well as incentives paid and accrued for the year pursuant to the AVB scheme and EIP for FY2018.
(3) Benefits are stated on the basis of direct costs to StarHub, and include housing and other non-cash benefits such as leave, medical scheme and club membership.
(4) Share awards granted under the RSP and the PSP are subject to pre-determined performance targets set over one-year and three-year performance periods respectively. The figures shown are based on the fair value of the StarHub shares at 100% of each of the RSP and PSP conditional awards, which 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 five financial years ended 31 December 2014 to 31 December 2018, the average number of StarHub shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted. Time-based share awards with a vesting period of one year were also granted under the RSP.
(5) Refers to total remuneration including contingent shares granted but not vested, subject to performance.
(6) Remuneration bands:
"A" refers to remuneration between $250,001 and $500,000 per annum
"B" refers to remuneration between $500,001 and $750,000 per annum
"C" refers to remuneration between $750,001 and $1,000,000 per annum
"D" refers to remuneration between $1,250,001 and $1,500,000 per annum
"E" refers to remuneration between $1,500,001 and $1,750,000 per annum
(a) Mr Peter Kaliaropoulos joined StarHub with effect from 9 July 2018. Accordingly, the amount of actual compensation received was based on the period from 9 July 2018 to 31 December 2018. There was share-based compensation granted to Mr Kaliaropoulos as a one-off time-based restricted award of 118,700 StarHub shares.
(b) Mr Johan Buse joined StarHub with effect from 11 September 2018. Accordingly, the amount of actual compensation received was based on the period from 11 September 2018 to 31 December 2018.
(c) Mr Tan Tong Hai stepped down as CEO with effect from 1 May 2018. During his employment with StarHub from 1 January 2018 to 30 April 2018, the total compensation was $1,312,369 (comprising fixed and variable remuneration, benefits-in-kind and contingent shares granted but not vested, subject to performance) for services rendered in all capacities to the Group. The total compensation paid (including shares vested based on actual performance) was $1,634,885. Upon Mr Tan's departure, he was awarded a package of $1,312,158 in recognition of his contribution to the Group. The outstanding conditional share awards granted to Mr Tan under the RSP and the PSP will continue to be vested to Mr Tan on a pro-rated basis according to the stipulated vesting schedule, based on the actual level of performance achievement.
(d) Ms Jeannie Ong stepped down as Chief Strategic Partnership Officer with effect from 1 January 2019. During her employment with StarHub from 1 January 2018 to 31 December 2018, the total compensation (including fixed and variable remuneration, benefits-in-kind and contingent shares granted but not vested, subject to performance) for services rendered to the Group was within remuneration band "D". The total compensation paid (including shares vested based on actual performance and the package awarded upon her departure in recognition of her contribution to the Group) was within remuneration band "E". The outstanding conditional share awards granted to Ms Ong under the PSP in 2017 will continue to be vested to Ms Ong on a pro-rated basis according to the stipulated vesting schedule, based on the actual level of performance achievement.

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If any key management personnel of StarHub (including the CEO) 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 individual 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 is appropriate, based on the specific facts and circumstances of the case. No such fraud or misconduct occurred in FY2018.

During FY2018, no employee of the Group was a substantial shareholder of StarHub, and no employee of the Group whose remuneration exceeded $50,000 per annum was an immediate family member of a Director, the CEO or a substantial shareholder of StarHub.

3. STRATEGIC MATTERS

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

Currently, the SC comprises seven NEDs, one co-opted member who is independent of Management, and the CEO as an additional co-opted member. 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, comprising the CEO, CFO, Chief Enterprise Business Group and Chief Consumer 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 on the Group's strategy and execution, such as emerging or evolving competitive activity, disruptive technologies and regulatory developments, thereby enabling the Group to adjust its strategic plan as necessary.

The SC tracks the Group's progress against strategic goals and provides constructive challenges 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 FY2018, the SC held four meetings.

Strategy Committee

Membership

- Mr Steven Terrell Clontz, SC Chairman and non-executive Chairman of the Board
- Mr Nihal Vijaya Devadas Kaviratne CBE, lead independent Director
- Mr Stephen Geoffrey Miller, non-executive Director
- Ms Michelle Lee Guthrie, independent Director
- Ms Nayantara Bali, independent Director
- Ms Ng Shin Ein, independent Director (*appointed with effect from 31 January 2019*)
- Mr Lim Ming Seong, non-executive Director
- Mr Peter Kaliaropoulos, co-opted SC member
- 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) as well as threats in the Group's business areas and operations (including technology, competition, regulatory and financial) and the industry; and

- Providing constructive input and recommendations to the Board on any strategic matter reviewed by the SC which requires the Board's approval.

4. ACCOUNTABILITY AND AUDIT

A. 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 accompanying presentation slides.

For FY2018, 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 our 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.

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

B. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is principally responsible for the governance of risk management and internal controls of the Group. The RC and the AC work closely to assist the Board in the discharge of this oversight responsibility. To this end, the Board has established and maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

Risk Committee

Membership

- Mr Stephen Geoffrey Miller, RC Chairman
- Mr Paul Ma Kah Woh, independent Director
- Ms Nayantara Bali, independent Director (*appointed with effect from 14 February 2019*)
- Mr Peter Kaliaropoulos, co-opted RC member

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, the 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 the adequacy and effectiveness of policies and procedures for timely risk identification and remediation, including disclosure requirements for regulatory compliance;
- Provide 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; and
- Set and instill in StarHub an appropriate risk-aware culture for effective risk governance.

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Currently, the RC comprises three NEDs who are independent of Management, as well as the CEO who is a co-opted member. During FY2018, the RC held two 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 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 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 the 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. Additionally, the MRC also maintains oversight over issues pertaining to cyber security, data ethics and governance, and sustainability. The MRC reports to the RC on a regular basis.

Further details on StarHub's approach to sustainability can be found in the Sustainability Report on pages 100 to 138 of the Annual Report.

Risk Management System and Internal Controls

StarHub's Enterprise Risk Management programme is centred on being inclusive and multi-disciplinary, focusing on risks and opportunities that are pertinent to the Group's business activities and that are aligned to the Group's strategic priorities. 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, the RC has identified certain top risks of the Group for tracking and monitoring, which are aligned with the Group's strategic priorities. These risks include strategic, operational, regulatory, legal, information technology, human resource and financial risks. In consultation with the Board and other Board Committees, the identified risk areas are mapped and allocated to the corresponding Board Committees for oversight, further assessment and mitigation. The RC maintains an overview and provides overall guidance on the identified top risks, which are subject to in-depth discussions at quarterly MRC meetings and bi-annual RC meetings.

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, after taking into account Management's views.

For FY2018, 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 RC and the AC) 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 Group also has an event and crisis management process in place which is regularly reviewed by the MRC.

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. In this regard, 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.

Further details on StarHub's approach to enterprise risk management can be found in the Risk Management section on pages 90 to 93 of the Annual Report.

C. AUDIT COMMITTEE

Audit Committee

Membership

- Mr Paul Ma Kah Woh, AC Chairman and independent Director
- Mr Nihal Vijaya Devadas Kaviratne CBE, lead independent Director
- Ms Ng Shin Ein, 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 adequacy, effectiveness and independence of the Group's internal audit function;
- Reviewing the adequacy, effectiveness, 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 shareholders for the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- 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; and
- Reviewing reports made under StarHub's Whistle Blowing Policy, and where appropriate, directing the investigation of such matters and any follow-up actions to be taken.

Authority and Duties of the AC

The AC comprises four NEDs, with a majority (including the AC Chairman) being IDs. 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 the Singapore Institute of Directors).

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.

During FY2018, the AC held four meetings and met with the external auditors without Management at least once.

Key Audit Matters (KAMs)

The significant areas of focus by the AC in relation to the financial statements for FY2018 are key areas of Management's estimates and judgement applied for key financial issues, including (a) revenue recognition, (b) accruals, (c) acquisition of D'Crypt Pte Ltd (DPL) - purchase price allocation, (d) impairment assessment of goodwill and (e) valuation of investment in subsidiaries. During FY2018, 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.

In assessing the KAMs, the AC took into consideration the appropriateness of revenue recognition, basis and estimates

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in deriving accruals, the appropriateness of the assumptions and estimates made in goodwill impairment assessment and valuation of investment in subsidiaries, as well as the key assumptions applied in purchase price allocation in the valuation of assets acquired and liabilities assumed in the acquisition of DPL. 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.

Significant matters that were discussed with Management and the external auditors have been included as KAMs in the Independent Auditors' Report on pages 149 to 156 of the Annual Report.

External Auditors

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 FY2018.

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[3] 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.

Details of the aggregate amount of external auditors' fees paid for FY2018 and the breakdown for the audit and non-audit services are set out in Note 23.3 to the Financial Statements of the Annual Report.

D. INTERNAL AUDIT

The internal audit function of the Group for FY2018 was carried out by PricewaterhouseCoopers Risk Services Pte. Ltd, an independent firm. 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, termination and remuneration 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 across the Group's business, including financial, operational, compliance and information technology controls. 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, effectiveness and independence 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 FY2018, 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 our shareholders sufficiently informed of our corporate affairs and activities, including any changes to the Group or our 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 and on the StarHub IR website. StarHub recognises that the timely release of 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 Act, shareholders who are nominee companies, custodian banks or Central Provident Fund agent banks 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 our shareholders and the investment

[3] Excluding the Ensign group of companies comprising Ensign InfoSecurity Pte. Ltd., its subsidiaries and associated companies. Ensign InfoSecurity Pte. Ltd. became a subsidiary of StarHub with effect from 4 October 2018 and will be retaining Deloitte & Touche LLP as the external auditors of the Ensign group of companies pursuant to Rule 716 of the SGX-ST Listing Manual.

community through timely, accurate, fair and transparent communication.

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 email 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 the conduct of any media or analyst conferences. This ensures fair and non-selective disclosure of information to all shareholders.

Shareholders may direct their queries and concerns to the StarHub IR team using the contact particulars listed on 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.

StarHub also recognises the important contribution and support of our other stakeholders, including customers, employees, suppliers and communities whom we do business with and work, in our efforts in addressing and achieving sustainability. We promote and manage our stakeholder relations through regular and proactive engagement with our stakeholders, at the corporate level and functional divisions and volunteer committees across the Group.

Further details on StarHub's communication with our shareholders and other stakeholders can be found in the Investor Relations section and Sustainability Report on pages 88 to 89 and 100 to 138 of the Annual Report.

7. CONDUCT OF SHAREHOLDER MEETINGS

All shareholders are invited to attend and participate in StarHub's general meetings.

Notices of general meetings, together with the annual reports or circulars, are generally issued to all shareholders (including foreign shareholders) at least 21 days prior to the scheduled meetings. This provides ample time for shareholders to review the documents ahead of the meetings and appoint their proxies to attend the meetings if they wish. As part of StarHub's commitment towards more environmentally-friendly and sustainable practices, StarHub makes our annual reports and circulars available online at the StarHub IR website. Printed copies of StarHub's annual reports and circulars are made available upon request.

StarHub encourages shareholder participation at general meetings. Shareholders present are given the opportunity to seek clarification or direct questions on matters relating to the proposed resolutions before each resolution is voted on. Each specific matter is proposed as a separate resolution. All Directors (in particular the Board Chairman and the respective Chairmen of the Board Committees) together with Senior Management and the external auditors, are present at general meetings to address shareholders' queries.

For greater 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

A. INTERESTED PERSON TRANSACTIONS

Interested person transactions (IPTs) entered into by any of the Group entities are governed by the Shareholders' Mandate for Interested Person Transactions (IPT Mandate) as approved by shareholders annually at StarHub's EGM, as well as the disclosure and shareholder approval requirements under Chapter 9 of the SGX-ST Listing Manual. StarHub has established review procedures 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 or discounts for bulk purchases. An authorised senior officer who does not have any conflict of interests in relation to the IPT will determine whether the IPT terms and pricing are fair and reasonable. Where possible, competitive quotations or tenders for

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purchase transactions are procured. StarHub has also put in place procedures to identify the interested persons and record the IPTs entered into by the Group. All IPTs are subject to review and approval by the appropriate approving authority, including the AC, based on pre-determined threshold limits under the IPT Mandate. The IPTs are reviewed by the internal auditors on a quarterly basis and a quarterly report on all such transactions are provided to the AC. IPT disclosures are made via SGXNET announcements on a quarterly and annual basis at the same time as the Group's quarterly and full-year results announcements.

In FY2018, 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 FY2018.

Further details on StarHub's IPTs for FY2018 can be found in the Interested Person Transactions section on page 261 of the Annual Report.

B. SECURITIES DEALINGS

Insider Trading Policy

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

- All Directors and Group employees are prohibited from dealing in StarHub 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 our 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 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 Group employees are notified by email prior to the commencement of each trading blackout period and upon the lifting of the restrictions after the announcement of the respective financial results. The policy discourages trading on short-term considerations and reminds Directors, Management and Group employees of their obligations under insider trading laws.

Share Trading Policy

In addition, in order to facilitate compliance by the Directors and Senior Management, StarHub has adopted a share trading policy which requires them to give prior notice of their intended dealing in StarHub securities to the Chairman and CEO through the Company Secretaries.

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

For the issue of new StarHub securities, while the SGX-ST Listing Manual permits the Board to seek a general mandate from shareholders to allot and issue up to 20% of StarHub's total issued share capital other than on a pro rata basis to existing shareholders, the Board has decided to limit such mandate to 15% only. In addition, for the specific mandate from shareholders to allot and issue StarHub shares under the RSP and the PSP, the Board has limited the aggregate number of StarHub shares available for grant under the RSP and the PSP 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.

C. 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 in a responsible manner, any concern or complaint in relation to any irregularity, inappropriate behavior, legal or ethical violation or other serious breaches of internal processes. Such reporting channels include a dedicated whistle blowing email and a direct channel to the AC Chairman and the General Counsel (via email and/or mail).

All complaints will be promptly and thoroughly investigated 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, who will decide 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 due protection against reprisals. The Group's whistle blowing policy is available on StarHub's intranet and corporate website for easy access by all employees and the public.

D. EMPLOYEE CODE OF CONDUCT AND RULES ON BUSINESS CONDUCT

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

- StarHub's Employee Code of Conduct and Ethics;
- Corporate Gift and Hospitality Policy;
- Supplier Code of Conduct;
- Purchasing Procedure; and
- Request for Proposal/Tender Procedure.

These policies and procedures cover (a) business conduct (including employees' compliance with anti-corruption and anti-bribery laws), (b) conduct in the workplace, (c) protection of StarHub's assets, proprietary and confidential information as well as intellectual property, (d) conflicts of interest, (e) non-solicitation of customers and employees and (f) 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 Supplier Code of Conduct is available on StarHub's intranet and corporate website for easy access by all employees and the public.

E. 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, which are required to be classified as "Confidential", "For Internal Use" or "For Public Distribution". This helps to safeguard such information and documents, and ensures that only appropriate persons have access on a need-to-know basis.

F. COMPLIANCE LEAVE POLICY

StarHub has voluntarily put in place a Compliance Leave Policy as an additional risk mitigation measure to enhance corporate governance. The policy is applicable 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 as well as purchasing of goods and services. Under the policy, relevant employees are required to go on mandatory block leave for a period of at least five consecutive working days per calendar year, thereby allowing covering officers to fully step into their duties and act as an additional check and balance against any breaches.

G. LAPTOP ENCRYPTION SOLUTION

StarHub continually evaluates new technologies which may further enhance the security of our confidential and sensitive information. We are in the process of implementing a Laptop Encryption Solution which ensures that sensitive and confidential information relating to StarHub will continue to be protected if any laptop belonging to employees is lost or stolen. This measure enhances the security of confidential and commercially sensitive documents stored in such laptops.

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 accolades and awards from the investment community over the years. In FY2018, StarHub was named the Top 50 Publicly Listed Company at the 2nd ASEAN Corporate Governance Awards and received Best Overall Investor Relations (Small to Mid-cap) as well as Best in Sector for Communications at the IR Magazine Awards - South East Asia 2018. Other significant accolades include coming in first in Asia Pacific and fifth globally in Equileap's 2018 Gender Equality Global Report and Ranking for our policies and commitment to gender equality, and being named a Sustainable Business winner at the Singapore Apex Corporate Sustainability Awards 2018.

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Disclosure Guide

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 respects 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 when undertaking the day-to-day running of the business. 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 optimal mix of expertise, experience (both local and international), knowledge, gender, culture and nationality. A well-balanced Board with appropriate diversity will contribute positively in overseeing the delivery of the Group's strategy, bringing fresh perspectives and providing constructive challenges to Management.

Guideline	Questions	How has the Company complied?
Guideline 2.6 (Cont'd)	(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 enterprise and banking, accounting and finance, investment, risk management, legal, regulatory, technology, business and industry knowledge, management and strategic planning experience, as well as customer-based experience and knowledge. Gender diversity is also considered in relation to the Board composition. Following the appointments of Ms Nayantara Bali and Ms Ng Shin Ein in FY2018, the Board currently has a representation of three female Directors, out of 12 Directors. The Board refresh also reflects an improved age diversity. The individual profiles of the Directors can be found in the Board of Directors and Directors' Particulars sections of the Annual Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	In proposing candidates for appointment or re-election as Directors, the NGC considers several factors, including (i) the composition, the diversity and the need for progressive renewal of the Board, (ii) each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and (iii) potential conflicts of interest. This ensures that the Board composition reflects an appropriate mix having regard to skills, experience, expertise, diversity and independence, which enables the Board to stay engaged and agile in meeting the needs of the Group.
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 NGC leads the process for the selection and appointment of new Directors and re-election of incumbent Directors, based on written Terms of Reference that set out its authority and duties. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are also subject to the approval of StarHub's industry regulator, 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.

CORPORATE GOVERNANCE

Disclosure Guide (Cont'd)

Guideline	Questions	How has the Company complied?
Guideline 1.6 (Cont'd)	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(i) All newly-appointed Directors participate in a comprehensive orientation that is bespoke for the Group's business and operations, including the opportunity to meet with the CEO and Senior Management, to be given an overview of 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. In FY2018, the orientation programme included site visits to MediaHub, a convergence hub for the Group's fixed, mobile and pay TV networks, and CuriosityLab, the Group's social media analytics lab. (ii) Existing Directors are provided with regular updates on key industry, technology, legal, regulatory and accounting updates which affect the Group. The updates are given by the Company Secretaries and members of Senior Management during Board meetings, as well as 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).
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 NGC is responsible for determining whether the Directors are able to devote sufficient time and attention to the affairs of StarHub to adequately carry out their duties as Directors of StarHub. The NGC is of the view that all Directors have fully discharged their duties as Directors of StarHub based on the time and attention devoted by each Director, their individual abilities and their respective contribution of skills, knowledge and experience as well as their commitment to the affairs of StarHub. The table of attendance can be found in the Corporate Governance section of the Annual 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?	For FY2018, 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) adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, knowledge and experience 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) effectiveness of Board Committees, (vi) CEO performance and succession planning, (vii) Director development and management and (viii) risk management. As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the key areas. Feedback and comments received from the Directors are reviewed by the NGC in consultation with the Board Chairman, and tabled to the Board for discussion.
	(b) Has the Board met its performance objectives?	Based on the NGC'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. Currently, the StarHub Board comprises 12 Directors, of which more than half are independent non-executive 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.

CORPORATE GOVERNANCE

Disclosure Guide (Cont'd)

Guideline	Questions	How has the Company complied?
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 31 December 2018, two independent Directors, namely Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Teo Ek Tor, have served on the Board for more than nine years. After careful rigorous review, the NGC recommends, and the Board is of the firm view, that Mr Kaviratne and Mr Teo 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 the NGC and the Board considers them to be independent. When assessing objectivity and independent judgement, the NGC and the Board would consider, *inter alia*, the approach, character and attitude of each Director and the value each Director brings, 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 Kaviratne and Mr Teo abstained from participating in the NGC and Board discussions and voting on their respective status of independence in view of their conflict of interest.
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	Questions	How has the Company complied?
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 section of the Annual 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 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, a variable cash component, a share-based component and market-related benefits. The ERCC ensures that the remuneration paid to them is closely 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.
	(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 section of the Annual 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.

CORPORATE GOVERNANCE

Disclosure Guide (Cont'd)

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	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?	Throughout the financial year, the Board receives monthly management and financial reports which provide updates on key performance indicators and a financial analysis of the Group, as well as regular analysts' reports and media articles on StarHub and the industry. Management also gives network and technology briefings to the Board from time to time. Other related business reports are also provided to the Board regularly and upon request by the Board. Collectively, the provision of such information enables 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. At least five business days prior to each Board or Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda, save 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 each Board Committee. For matters which require the Board's approval, the Board Committees would also recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, SC and RC are also circulated to the Board for its information, while the minutes of the meetings of the NGC and ERCC are available to the Directors on request. 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.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes, the Company has an internal audit function.

Guideline	Questions	How has the Company complied?
Guideline 11.3	(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.	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 RC and the AC) 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 Group also has an event and crisis management process in place which is regularly reviewed by the MRC. 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.
	(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?	Yes. For FY2018, 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 adopts 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.

CORPORATE GOVERNANCE

Disclosure Guide (Cont'd)

Guideline	Questions	How has the Company complied?
Guideline 12.6	(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.	The aggregate amount of external auditors' fees for FY2018 and the breakdown for the audit and non-audit services are set out in Note 23.3 to the Financial Statements of the Annual Report.
	(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.	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 FY2018. 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.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	StarHub, through its Investor Relations (IR) team, communicates regularly with shareholders and the investment community through timely, accurate, fair and transparent communication, including regular dialogues and timely disclosures of material and other pertinent information via SGXNET announcements.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes, StarHub has a dedicated IR team.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	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 email alert service. 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.
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 FY2018.

DIRECTORS' PARTICULARS

Director	Age in Year 2019	Directorships in other listed companies and principal commitments, both present and past (held over the last 5 years) – Present	Past (over the last 5 years from 1 Jan 2014 to 31 Dec 2018)
Steven Terrell Clontz	69	CenturyLink, Inc.* (Director) Commerce Parent, Inc. (Director) Commerce Topco, LLC (Director) Armor Defense Inc. (Director) Virgin Mobile Latin America, Inc. (Director) Cloud9 Technologies, LLC (Director) STT GDC Pte. Ltd. (Director) PSA International Pte Ltd (Director) Singapore Technologies Telemedia Pte Ltd (Advisor)	–
Paul Ma Kah Woh	72	PACC Offshore Services Holdings Ltd* (Director) Mapletree North Asia Commercial Trust Management Ltd (Director) Mapletree Investments Pte Ltd (Director)	Mapletree Logistics Trust Management Ltd (Director)
Nihal Vijaya Devadas Kaviratne CBE	75	DBS Group Holdings Ltd* (Director) Olam International Limited* (Director) GlaxoSmithKline Pharmaceuticals Limited* (Director) DBS Bank Limited (Director) Bain & Company South East Asia / Indonesia (Advisory Board Member) DBS Foundation Ltd. (Director) Caraway Pte. Ltd. (Chairman) McKinsey & Company, Inc. (Member of the Global Corporate Resilience Advisory Council)	SATS Ltd.* (Director) Akzo Nobel India Limited* (Chairman)

* Listed companies

DIRECTORS' PARTICULARS
(Cont'd)

Director	Age in Year 2019	Directorships in other listed companies and principal commitments, both present and past (held over the last 5 years): Present	Past (over the last 5 years from 1 Jan 2014 to 31 Dec 2018)
Teo Ek Tor	66	PrimeFounders Pte Ltd (Director) PrimePartners Group Pte Ltd (Chairman) PrimePartners Corporate Finance Pte Ltd (Director) Aris PrimePartners Asset Management Pte Ltd (Chairman) WhiteRock Medical Company Pte Ltd (Director) Prime Agri Limited (Director)	–
Stephen Geoffrey Miller	56	TeleChoice International Limited* (Director) Singapore Technologies Telemedia Pte Ltd (President & CEO and Director) Asia Mobile Holdings Pte. Ltd. (Director) STT GDC Pte. Ltd. (Director)	Advanced Info Service Public Company Limited* (Director)
Michelle Lee Guthrie	54	–	Auckland International Airport Limited* (Director) Australian Broadcasting Corporation (Managing Director)
Nayantara Bali	53	ANV Consulting Pte Ltd (Director)	SingX Pte Ltd (Advisor) Procter & Gamble (Vice-President Beauty Care Asia-Pacific)
Ng Shin Ein	45	Yanlord Land Group Limited* (Director) First Resources Limited* (Director) Avarga Limited* (Director) Dreamscape Networks Ltd* (Director) Blue Ocean Associates Pte Ltd (Managing Director)	Eu Yan Sang International Ltd* (delisted in 2016) (Director) NTUC Fairprice Cooperative Limited (Director) Sabana Real Estate Investment Management Ltd (Director)

* Listed companies

		Directorships in other listed companies and principal commitments, both present and past (held over the last 5 years)	
Director	**Age in Year 2019**	**Present**	**Past (over the last 5 years from 1 Jan 2014 to 31 Dec 2018)**
Lionel Yeo Hung Tong	47	GrabTaxi Holdings Pte Ltd (CEO Advisor) Raffles Institution (Member, Board of Governors)	Singapore Tourism Board (Chief Executive and Board Member) Mandai Park Holdings Pte. Ltd. (Director) Sentosa Development Corporation (Director) National Healthcare Group Pte Ltd (Director) Urban Redevelopment Authority of Singapore (Board Member)
Lim Ming Seong	72	CSE Global Limited* (Chairman) First Resources Limited* (Chairman) Singapore Technologies Telemedia Pte Ltd (Director) STT Communications Ltd (Director) Amplus Communications Pte Ltd (Director) STT GDC Pte. Ltd. (Director) U Mobile Sdn. Bhd. (Director)	Singapore Technologies Kinetics Pte Ltd (Director)
Nasser Marafih	58	Ooredoo Group (Director and Advisor to Board Chairman)	–
Naoki Wakai	54	NTT Singapore Pte Ltd. (President & CEO)	–

* Listed companies

AWARDS AND INDUSTRY HONOURS

Advertising/ Branding/ Customer Experience/ Marketing

2018 Global Excellence PromaxBDA

- Silver: Clip-Based Program Spot: Sports [FIG World Cup]
- Bronze: Clip-Based Program Spot: Sports [WTA Japan]
- Bronze: Program Spot or Campaign [Golf Campaign]
- Bronze: Sports Program Image Spot [Golf Campaign]

2018 PromaxBDA Asia Awards

- Gold: Best Entertainment Promo [VOD Campaign – Entertainment Awaits]
- Gold: Best Promo Not Using Programme Footage [VOD Campaign – Entertainment Awaits]
- Gold: Best Out-Of-House Station Image [VOD Campaign – Entertainment Awaits]
- Silver: Best Sound Design [StarHub Golf]

The Brand Finance Top 100 Singapore Brands Report 2018

- Ranked 9th in the list of Singapore's most valuable brand: StarHub
- A 24% YoY growth in brand value saw the company enter the top 10 for the first time

HWM+HardwareZone.com Tech Awards 2018

- Best Pay TV Service (Singapore): StarHub TV
- 8th consecutive win

IAS Hall of Fame Awards 2018

- Three Golds: Best Integrated Media Campaign, Best Use of Content and Best Use of Influencers [The World's Fastest Band]
- Silver: Best Use of Consumer Insights [Grades Before the Grades]

Loyalty & Engagement Awards 2018

- Gold: Best Use of Relationship Marketing B2C [#LoveNoMatterWhat]
- Bronze: Best Use of Social for Campaign [Jay Chou: The Audition]

New York Festivals 2018

- Gold: Art Direction: Promotion/Open & IDs [Hub Sports Image Versus Starts Here]
- Gold: Special Visual Effects: Promotion/Open & IDs [Hub Sports Image Versus Starts Here]
- Silver: Station/Image Promotion [Hub Sports Image Versus Starts Here]
- Silver: Sound Design: Promotion/Open & IDs [WTA Japan Open 2017]
- Silver: Sports Program Promotion [WTA Finals Singapore 2017]
- Silver: Interactive Promotion [NSG 2017]
- Bronze: Art Direction: Promotion/Open & IDs [WTA Japan Open 2017]

Singapore Creative Circle Awards 2018

- Grand Prix: World's Fastest Band
- Gold: Brand Experience & Activation Gongs – Best Use of Digital-Led Brand Experience & Activation [World's Fastest Band]
- Gold: Craft Gongs – Film & Branded Content: Cinematography [World's Fastest Band]
- Gold: Film and Branded Content Gongs – Best Use of Cultural Insights [#LoveNoMatterWhat]
- Gold: Film and Branded Content Gongs – Best Use of Influencers [World's Fastest Band]
- Gold: Mobile & Digital Gongs – Best Use of Social & Messaging Platforms [World's Fastest Band]
- Silver: Craft Gongs – Film & Branded Content: Casting [World's Fastest Band]
- Silver: Mobile And Digital Gongs – Best Use of Online Advertising and Best Integrated Mobile and/or Digital-Led Campaign [World's Fastest Band]
- Bronze: PR Gongs – Best Use of Cultural Insights [#LoveNoMatterWhat]

Corporate

ASEAN Capital Markets Forum's ASEAN Corporate Governance Scorecard
- Named one of ASEAN's top 50 public-listed companies for demonstrating excellence in corporate governance

Equileap's 2018 Gender Equality Global Report and Ranking
- Ranked 1st in Asia Pacific
- Ranked 5th globally

The Cybersecurity Awards 2018
- Leader Award: Dr Lim Woo Lip, Vice President of Cyber Security & SmartHub, StarHub
- The awards recognised individuals and organisations for their outstanding achievements and contributions to the cyber security profession and the wider ecosystem

IR Magazine Awards – South East Asia 2018
- Best overall Investor Relations (small to mid-cap)
- Best in sector: Communications

The Legal 500 GC Powerlist Southeast Asia: Teams 2018
- StarHub's Legal & Secretariat team identified as one of the most influential and innovative in-house counsel in Southeast Asia

National Volunteer & Philanthropy Centre's Champions of Good 2018
- One of 60 companies recognised as catalysts of change for corporate giving, for the second year running

NTUC May Day Awards 2018
- Partner of Labour Movement: StarHub

People's Association Community Spirit Awards 2018
- Excellence Award for Community Partnership: StarHub
- In recognition of the company's outstanding contributions towards the community

Singapore Apex Corporate Sustainability Awards 2018
- Sustainable Business winner: StarHub
- The company was conferred the same title in 2016

Singapore Environment Council's Project: Eco-Office Certification
- 2018 Roll of Honour: StarHub

StrategicRISK Asia-Pacific Risk Management Awards 2018
- Risk Management New Starter of the Year: Nigel Tay, Team Lead of Enterprise Risk Management and Corporate Planning, StarHub
- The award recognised individuals at the beginning of their career in corporate risk and insurance management, who have contributed to the measurement, management and mitigation of risk at their organisation

Technology

NetworkWorld Asia Information Management Awards 2018
- Winner: Data Centre Infrastructure Management

NetworkWorld Asia Readers' Choice Product Excellence 2018
- Winner: IP Services Infrastructure, for the fourth consecutive year

OpenSignal's State of Mobile Networks: Singapore (May 2018)
- Fastest 4G and 3G networks: StarHub
- StarHub's average 4G speed score of 51Mbps was three times the global average
- Singapore topped the global 4G speed analysis of 88 countries

OpenSignal's Mobile Networks Update: Singapore (November 2018)
- Clinched four of seven awards: 4G and 3G download, 4G upload and overall download speeds
- StarHub is the first local telco to cross the 40Mbps threshold in overall download speed measurements

INVESTOR RELATIONS

In 2018, StarHub underwent manifold changes including a change in our CEO and key members on the management team, the establishment of a cyber security pure-play joint venture with Temasek Holdings, to the implementation of a Strategic Transformation programme.

It was imperative for the Investor Relations (IR) team to maintain even closer ties to the investment community, proactively engaging and informing our stakeholders of our journey, and the impetus behind each initiative.

Open, Transparent and Credible

We are steadfast in our belief to articulate our story in an honest and forthright manner, both through rosy times and adversity, to engender our investors' continued confidence in the company.

Our IR engagement programme remains comprehensive and dynamic. StarHub conducted more than 210 engagements across a plethora of platforms, including participation in non-deal roadshows, multi-day conferences and one-on-one analyst meetings.

These gave our investors the opportunity to personally interact directly with and gain clarity from our CEO and management on our strategy, financial performance, transformation roadmap, challenges, opportunities and outlook for StarHub.

The engagements also provided a good platform to introduce our Chief of Enterprise Business, Dr Chong Yoke Sin, who shared her insights on the burgeoning opportunities in data analytics, AI and in particular, cyber security. Additionally, we organised a session, hosted by our CFO Dennis Chia, for the sell-side analysts, to explain the implications of adopting the new SFRS(I) accounting standards for FY2018.

Top of Mind Concerns

Foremost on the minds of our investors is the impact of Singapore's competitive landscape and evolving technology on StarHub. Without a doubt, change is a certainty, and StarHub has dared to embark on a bold and comprehensive multi-year transformation journey commencing in 2018, to upgrade into a leaner and more agile organisation. This journey sweeps through simplification of our key product lines – mobile and pay TV, as well as a refresh of our support backbone and processes in Information Services and networks.

At the heart of our transformation is our customers – how to serve them with services they want, in the manner they like, in the most cost-efficient yet effective way. We have thus commenced on taking firm deliberate steps to digitalise our operations to serve a more connected and digital savvy customer base.

Our balance sheet is strong, with headroom for expansion and inorganic growth. In this regard, StarHub has demonstrated our willingness and ability to invest in key areas that add new service capabilities which complement our core business.

Indeed, as the only other operator to have laid its own fibre network to commercial buildings, we remain the only true competition to the incumbent in the enterprise market and have consistently demonstrated high growth rates in the enterprise space.

StarHub won the 'Best Overall IR (Small to Mid-Cap) Award' at the IR Magazine South East Asia 2018 Awards

StarHub hosted a session for the sell-side analysts to explain the implications of adopting the new SFRS(I) accounting standards

We remain committed to be accessible and highly responsive to all questions from the investment community.

Another frequently asked question is the sustainability of our dividend payment policy. Over the years, StarHub has been consistent in returning cash to shareholders as soon as practical. In line with past practice, StarHub remains the only local telco that pays dividends quarterly since 2005, with one of the highest yields in 2018.

Our Board continues to prudently consider a multi-year view of our earnings, free cash flow, growth prospects, investment needs and an optimal balance sheet, when deciding on our dividend policy. For FY2019, we have committed to pay 9 cents dividend per share, or at least 80% of our net profit attributable to shareholders.

The Way Forward

We remain committed to be accessible and highly responsive to all questions from the investment community.

We are happy to note that our efforts have not gone unnoticed. We are humbled and heartened to receive the "Best Overall Investor Relations (Small to Mid-Cap) Award" and the "Best in Sector: Communications Award" at the IR Magazine South East Asia 2018 Awards. StarHub was also recognised at the ASEAN Capital Markets Forum's ASEAN Corporate Governance Scorecard, when it was named as one of ASEAN's top 50 public-listed companies for demonstrating excellence in corporate governance.

Maintaining Confidence

StarHub is a well-run company - overseen by a Board that upholds corporate governance excellence, managed by an experienced senior leadership team that is well regarded by the industry, and supported by a team of committed StarHubbers.

We are ahead of the curve in our sustainability practices, broadening our efforts to reduce our impact on the environment and caring for our wider community through our various philanthropy and outreach programmes.

Our strategic transformative programme reflects a proactive Board and Management team and manifests the challenger spirit to take on calculated risks in new ventures, whilst balancing pragmatism and fiscal responsibility.

IR Calendar 2018

1Q

- FY2017 results announcement
- Singapore Investor Roadshows
- HSBS ASEAN Conference (Singapore)
- CLSA ASEAN Forum (Bangkok)
- Credit Suisse Asian Investment Conference (Hong Kong)
- Maybank Kim Eng Invest ASEAN (Singapore)

2Q

- 1Q2018 results announcement
- Singapore Investor Roadshows
- BNP Paribas APAC TMT Conference (Hong Kong)
- dbAccess Asia Conference (Singapore)
- Citi ASEAN C-Suite Conference (Singapore)
- SFRS(I) briefing session

3Q

- 2Q2018 results announcement
- Singapore Investor Roadshows
- "Meet new CEO" Analysts Luncheon (Singapore)
- SGX-Maybank Kim Eng Conference (Kuala Lumpur)
- Formation of Ensign InfoSecurity Analysts Briefing (Singapore)
- CLSA Investors' Forum (Hong Kong)

4Q

- 3Q2018 results announcement
- Singapore Investor Roadshows
- Morgan Stanley APAC Summit (Singapore)

RISK MANAGEMENT

Our Approach to Enterprise Risk Management

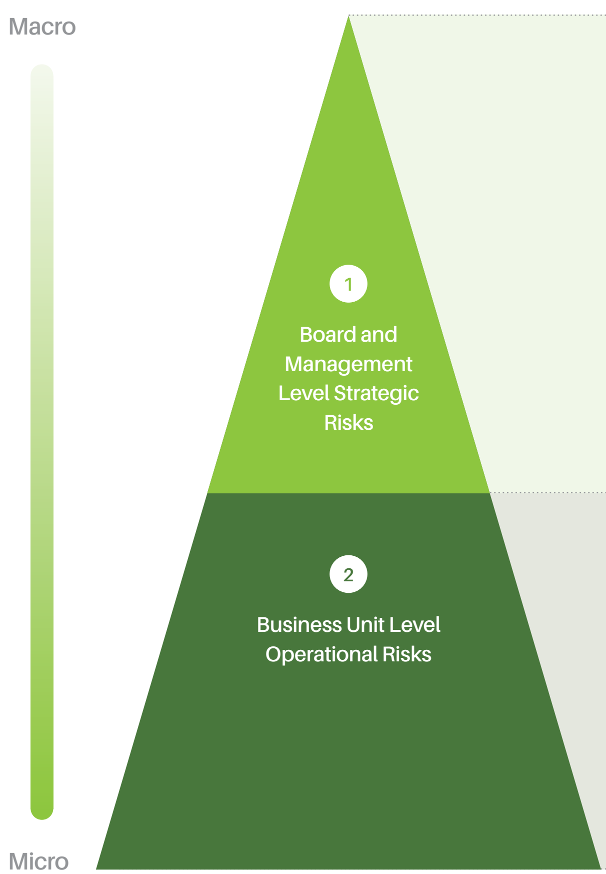
The StarHub Group's Enterprise Risk Management (ERM) program is centred on being inclusive, multi-disciplinary and focuses on risks and opportunities that are pertinent to our business activities that are aligned to our company's strategic objectives. The Group seeks to embed risk management in its decision-making 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 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:



	Description	Explanation
1 Board and Management Level Strategic Risks	Risks that are fundamental to the company Synthesised for greater value Prioritised for Management Focus	Considers strategic and systemic risks that are critical to the existence of the company by the Risk Committee Business unit and operational information are synthesised into key themes for discussion at the MRC Level Aligned to StarHub's Strategic Objectives
2 Business Unit Level Operational Risks	Covers operational and Business-as-usual risks at the business unit levels Comprehensive yet practical risk identification and assessment	Business unit and business-as-usual activities, risks and mitigation actions are identified through a comprehensive set of interviews and ground activities

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 Board Risk Committee and Management Risk Committee (MRC). They are also supported by bottom-up risk assessments conducted by the respective business unit managers who are responsible for execution and oversight.

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

StarHub's Risk Management universe can be categorised in the table below:

Key Risk	Risk Description	Mitigation
Customer Experience	StarHub continues to face challenges 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.	StarHub's focus is to be a leader in providing a superior customer experience across all service lines. • 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 clocked Singapore's fastest 4G and 3G speeds according to OpenSignal Speed Awards 2018, ensuring our commitment to customers' needs and exceeding their expectations. • StarHub utilises data analytics to gain insights and to better understand customer profiles, needs and behaviours. Through these insights, StarHub conducts targeted marketing and promotional activities to reward loyal customers and ensures that its offerings exceed customer needs and expectations.
Trusted Provider	StarHub needs to ensure availability and resilience of its network infrastructure and systems. Additionally, as custodians of customer data, StarHub needs to ensure adequate and effective data privacy and security measures are in place.	• 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 Infocomm Media Development Authority (IMDA) Resiliency Codes of Practices and is subjected to rigorous independent external audits on its network infrastructure. StarHub is also compliant to ISO 22301 – Business Continuity Management System. • 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
Growth in new and adjacent businesses	The increasingly saturated telecommunications market has seen a need for StarHub to venture out into new business areas to remain relevant and competitive. Such initiatives are challenged by crowded markets, competition from other potential investors, legal and regulatory restrictions, other socio-political factors. 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.	• StarHub has ventured into new areas such as cyber security, data analytics, Over-The-Top (OTT) and ICT managed services to generate alternative 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 is constantly on the lookout for new investment opportunities to augment its existing business and to find new sources of revenue. Recently, we have formed a new JVCo named Ensign InfoSecurity, by the merger of StarHub's Cyber Security Centre of Excellence, with our subsidiary, Accel Systems & Technologies together with Certis' Cyber Security arm, Quann. • 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.
Increasing Competition and technological disruption	StarHub operates in a highly competitive environment with the entrance of a 4th Operator, and multiple Mobile Virtual Network Operators in the Mobile Network Operator space and OTT providers in the media distribution space.	StarHub differentiates itself through superior network performance, providing innovative products, solutions and enterprise offerings that protect and enable organisations with cyber security solutions and digital telco-centric technologies. • StarHub has recently completed the first outdoor pilot of 5G New Radio on the 3.5GHz frequency band in Singapore in partnership with Nokia. The over-the-air pilot with third party devices showcased the capabilities of a 5G non-standalone network architecture (Nokia 5G radio technology interworking with StarHub's 4G core network) to deliver the speeds, capacity and latency required to support enhanced mobile broadband services. • 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. The increased pace of technological disruption, digitisation 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.	• 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. • 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 take charge of their own development by enrolling 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. A cyber incident on StarHub's Critical Information Infrastructure could potentially cause: ▶ Disruptions to StarHub's network; ▶ Interruptions to services provided to customers; ▶ Leakage of sensitive and/or confidential information; ▶ Significant regulatory fines and penalties.	• StarHub has implemented security policies, procedures and systems based on international standards such as the ISO 27001, and has measures in place to comply with regulations such as the CyberSecurity Act 2018. We will continue to benchmark ourselves against relevant frameworks to minimise the risk of security incidents. • 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.
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.	• 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.

GROUP FINANCIAL REVIEW

1.1 Revenue

	Year ended 31 December					
	2018 $m	2018 %	2017 $m	2017 %	Incr/(Decr) $m	%
Mobile revenue	**824.5**	34.9	897.7	37.2	(73.1)	(8.1)
Pay TV revenue	**311.3**	13.2	353.5	14.7	(42.2)	(11.9)
Broadband revenue	**185.8**	7.9	186.8	7.7	(1.0)	(0.5)
Enterprise Fixed revenue	**510.8**	21.6	440.5	18.3	70.3	16.0
Total service revenue	**1,832.4**	77.6	1,878.5	77.9	(46.1)	(2.5)
Sales of equipment	**529.6**	22.4	532.2	22.1	(2.7)	(0.5)
Total	**2,362.0**	100.0	2,410.7	100.0	(48.7)	(2.0)

Numbers may not add up due to rounding.

The Group's total revenue of S$2,362.0 million was S$48.7 million or 2.0% lower year-on-year (YoY), mainly due to lower revenue from Mobile, Pay TV, Broadband and Sales of equipment, partially offset by higher revenue from Enterprise Fixed services.

Mobile service revenue was lower by S$73.1 million or 8.1% YoY due to lower IDD, voice and data usage revenue, lower subscription revenue due to higher phone subsidies given to customers, and a higher mix of SIM-Only plans. This was partially mitigated by higher revenue from roaming and mobile value-added services (VAS). 4Q2018 also included higher provisions for customer loyalty programmes as the redemption rates are expected to increase and a catch-up adjustment for contract asset provision as a result of the higher subsidies given. Excluding the one-time provisions and catch-up adjustment, Mobile service revenue would have decreased by S$55.1 million or 6.2% in 2018.

Pay TV service revenue decreased YoY by S$42.2 million or 11.9%, mainly due to lower subscriber base.

Broadband service revenue of S$185.8 million in 2018 remained stable compared to last year.

Enterprise Fixed service revenue grew S$70.3 million or 16.0% in 2018, mainly due to the consolidation of Ensign and D'Crypt.

Revenue from sales of equipment decreased YoY by 0.5% in 2018, primarily due to lower handset revenue, partially offset by the increase in sales of smart home equipment.

1.2 Operating Expenses

	Year ended 31 December			
	2018 **$m**	**2017** **$m**	**Incr/(Decr)** **$m**	**%**
Cost of sales	**1,075.0**	1,040.9	34.1	3.3
Other operating expenses	**1,014.7**	1,011.8	3.0	0.3
Total	**2,089.7**	2,052.7	37.0	1.8

Numbers may not add up due to rounding.

The Group's operating expenses in 2018 was higher by S$37.0 million or 1.8% YoY. The increase was due to higher cost of sales and other operating expenses.

As a percentage of revenue, total operating expenses for 2018 were at 88.5%, compared to 85.1% last year

A breakdown of total operating expenses is as follows:

(i) Cost of sales

	Year ended 31 December			
	2018 **$m**	**2017** **$m**	**Incr/(Decr)** **$m**	**%**
Cost of equipment sold	**483.2**	475.6	7.6	1.6
Cost of services	**482.3**	464.4	17.8	3.8
Traffic expenses	**109.5**	100.9	8.6	8.5
Total	**1,075.0**	1,040.9	34.1	3.3

Numbers may not add up due to rounding.

Cost of sales increased by S$34.1 million or 3.3% YoY in 2018, mainly due to higher cost of equipment sold, cost of services and traffic expenses.

The increase of S$7.6 million or 1.6% in 2018 for cost of equipment sold was primarily due to higher sales of smart home equipment when compared to last year.

Cost of services was higher by S$17.8 million or 3.8% in 2018 due to higher Managed services cost, post-paid cost, Ensign and D'Crypt cost, partially offset by lower TV content cost.

The increase of 8.5% for traffic expenses in 2018 was mainly due to higher roaming cost in line with higher roaming revenue, partially offset by lower domestic and international traffic volume.

GROUP FINANCIAL REVIEW
(Cont'd)

(ii) Other operating expenses

	Year ended 31 December			
	2018	**2017**	**Incr/(Decr)**	
	$m	**$m**	**$m**	**%**
Staff costs	**275.9**	282.5	(6.6)	(2.3)
Operating leases	**117.0**	129.2	(12.2)	(9.4)
Marketing and promotions	**102.2**	95.8	6.3	6.6
Loss allowances of Trade receivables	**13.9**	17.4	(3.4)	(19.7)
Repairs and maintenance	**101.2**	99.1	2.1	2.1
Other expenses	**110.7**	107.4	3.4	3.1
Subtotal	**721.0**	731.4	(10.4)	(1.4)
Depreciation and amortisation	**291.2**	280.4	10.8	3.8
Impairment loss on property, plant and equipment	**2.6**	–	(2.6)	nm
Total	**1,014.7**	1,011.8	3.0	0.3

nm – not meaningful
Numbers may not add up due to rounding.

The Group's other operating expenses was higher by S$3.0 million YoY in 2018. As a percentage of total revenue, other operating expenses were 43.0% in 2018, compared to 42.0% last year.

Analysis of major variances in other operating expenses is provided below:

Staff costs
Staff costs expense was 2.3% lower YoY in 2018. Staff costs expense for 2017 was higher due to 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 in 2017, staff costs expense would have been higher by 4.7% YoY in 2018, mainly due to consolidation of Ensign and D'Crypt staff costs, partially offset by lower staff costs from existing telco operations.

Operating leases
Operating leases in 2018 were lower by 9.4% YoY due to lower duct lease rental.

Marketing and promotions
Marketing and promotions expenses was higher by S$6.3 million YoY in 2018, mainly attributable to higher promotional activities in line with new product launches.

Loss allowances of Trade receivables
Loss allowances of Trade receivables was lower by S$3.4 million YoY in 2018, mainly driven by improved collections.

Repairs and maintenance
Repairs and maintenance expense was 2.1% higher YoY in 2018, mainly due to provision for cable faults and higher IT maintenance cost.

Other expenses
Other expenses were higher by S$3.4 million YoY in 2018 primarily due to foreign exchange loss of S$7.6 million compared to a foreign exchange gain of S$0.1 million last year coupled with higher accrual for licence fees, partially offset by lower professional fees and inventories written down.

Depreciation and amortisation
Depreciation and amortisation expense was higher by S$10.8 million YoY in 2018 mainly due to the addition of 4G spectrum rights in 2Q2017 and the higher additions of intangible assets in 2018.

1.3 Profitability

	Year ended 31 December			
	2018	**2017**	**Incr/(Decr)**	
	$m	**$m**	**$m**	**%**
Total revenue	**2,362.0**	2,410.7	(48.7)	(2.0)
Operating expenses	**(2,089.7)**	(2,052.7)	37.0	1.8
Other income	**1.2**	4.4	(3.3)	(73.7)
Profit from operations	**273.5**	362.4	(89.0)	(24.6)
Finance income	**3.2**	3.7	(0.6)	(14.8)
Finance expenses	**(30.2)**	(29.9)	0.3	1.2
	246.4	336.3	(89.9)	(26.7)
Non-operating loss	-	(0.7)	0.7	100.0
Share of loss of associate, net of tax	**(1.0)**	(2.2)	(1.2)	(55.2)
Profit before taxation	**245.5**	333.3	(87.9)	(26.4)
Taxation	**(44.9)**	(59.8)	(14.9)	(25.0)
Profit for the year	**200.6**	273.5	(72.9)	(26.7)
Service EBITDA	**520.8**	586.1	(65.3)	(11.1)
Service revenue	**1,832.4**	1,878.5	(46.1)	(2.5)
Service EBITDA as a % of service revenue	**28.4%**	31.2%	-2.8% pts	

Numbers may not add up due to rounding.

Profit from operations of S$273.5 million was S$89.0 million lower YoY in 2018, mainly due to lower revenue from Mobile, Pay TV, Broadband and Sales of equipment coupled with increase in operating expenses (mainly due to higher cost of sales and depreciation).

In 2018, service EBITDA of S$520.8 million was 11.1% lower YoY. Correspondingly, service EBITDA margin of 28.4% was 2.8% points lower YoY.

Finance income and finance expenses were relatively stable compared to last year.

Share of loss from associate decreased in 2018 when compared to last year.

As a result of lower profit from operations, profit before taxation of S$245.5 million in 2018 was lower by S$87.9 million YoY. Correspondingly, taxation expenses were lower at S$44.9 million.

GROUP FINANCIAL REVIEW
(Cont'd)

1.4 Liquidity and Resources

	Year ended 31 December	
	2018	**2017**
	$m	**$m**
Profit before taxation	**245.5**	333.3
Non-cash items & net finance expenses adjustments	**322.8**	310.4
Changes in operating assets and liabilities	**(81.4)**	(61.2)
Income tax paid	**(68.6)**	(65.3)
Net cash from operating activities	**418.3**	517.2
Net cash used in investing activities	**(334.7)**	(327.1)
Net cash used in financing activities	**(263.4)**	(130.1)
Net change in cash and cash equivalents	**(179.8)**	60.0
Cash and cash equivalents at beginning of the year	**345.2**	285.2
Cash and cash equivalents at end of the year	**165.4**	345.2
Free Cash Flow (1)	**145.5**	221.3

(1) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement.

The Group's net cash from operating activities of S$418.3 million was S$98.9 million lower YoY. The decrease was primarily due to lower cash flow from operations, higher working capital needs and higher income tax paid.

In 2018, the negative working capital changes of S$81.4 million was primarily attributed to higher trade receivables and lower trade and other payables, partially offset by lower contract assets and net balances due from related parties.

Net cash flow used in investing activities of S$334.7 million was S$7.6 million higher YoY mainly due to investments made in January 2018 for D'Crypt as well as Ensign in October 2018, partially offset by lower CAPEX payments and investment made in July 2017 for mm2.

The Group's CAPEX payments amounted to S$272.8 million in 2018, representing 11.5% of total revenue. CAPEX payments were lower YoY by S$23.1 million in 2018. 1Q2018 CAPEX payments included S$31.6 million of payment for a building in Tai Seng for Nucleus Connect. Excluding the purchase of this building, CAPEX payments would have amounted to S$241.2 million or 10.2% of total revenue in 2018.

Free cash flow was lower by S$75.8 million YoY as a result of lower cash from operating activities, partially offset by lower CAPEX payments.

Net cash used in financing activities was higher YoY at S$263.4 million as a short-term loan of S$50.0 million was drawn down in 4Q2018 compared to higher long-term funds raised in the same period last year.

The resulting net cash generated was a deficit of S$179.8 million in 2018, leading to a lower cash and cash equivalents balance (excluding restricted cash) of S$165.4 million.

1.5 Financial position

	As at 31 December	
	2018 **$m**	**2017** **$m**
Non-current assets	**1,704.7**	1,601.8
Current assets	**930.8**	1,034.2
Less: Current liabilities	**871.8**	1,013.9
Less: Non-current liabilities	**1,175.7**	1,016.2
Net assets	**588.0**	605.9
Shareholders' equity	**588.0**	605.9
Attributable to owners of the Company	**528.1**	601.5
Non-controlling interests	**59.9**	4.4

As of 31 December 2018, the Group's total non-current assets of S$1,704.7 million was S$102.9 million higher when compared to S$1,601.8 million as of 31 December 2017. The increase was primarily due to higher property, plant and equipment and intangible assets. This was partially offset by the decrease in contract assets and the Group's investment in mm2.

As a result of the new SFRS(I) 9 Financial Instruments which is applicable from 1 January 2018, the Group's investment in mm2 has been reclassified from available-for-sale financial assets in 2017 to investment in fair value through other comprehensive income in 2018.

Total current assets as of 31 December 2018 decreased by S$103.4 million to S$930.8 million mainly from a decrease in cash and cash equivalents and contract assets. This was partially offset by the increase in trade receivables.

Total current liabilities decreased by S$142.1 million to S$871.8 million as of 31 December 2018. This is due to a decrease in trade and other payables. In addition, some bank borrowings were refinanced resulting in the reclassification of the current portion of the bank borrowings from current liabilities to non-current liabilities.

The increase in total non-current liabilities by S$159.5 million to S$1,175.7 million as of 31 December 2018 was primarily due to the reclassification of the bank borrowings as mentioned above, higher other payables and contract liabilities, partially offset by lower deferred tax liabilities.

The Group's shareholders' equity decreased by S$73.4 million to S$528.1 million as of 31 December 2018 (excluding non-controlling interests of S$59.9 million). The decrease was mainly due to lower retained profits.

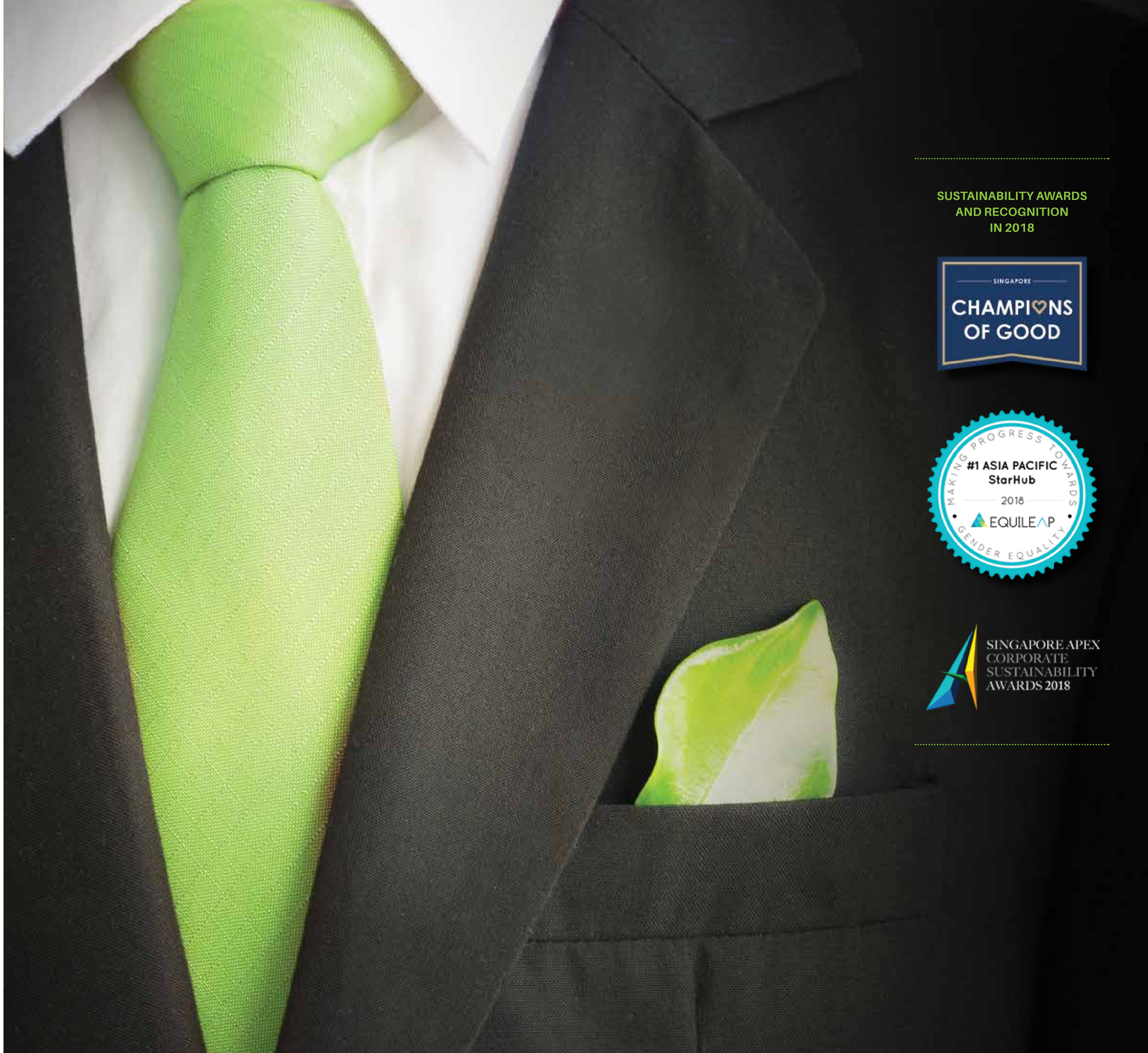
The non-controlling interests represent the balance of 35.0% equity in D'Crypt, in addition to 40% effective economic interest in Ensign. In 2018, the Group paid out S$7.9 million for perpetual capital securities distribution.

Gearing

The Group's unsecured borrowings was higher by S$51.0 million at S$1,028.5 million as of 31 December 2018.

On account of a lower cash and cash equivalent balance, net debt was S$230.2 million higher at S$862.5 million as of 31 December 2018 compared to S$632.3 million as of 31 December 2017. As a ratio of the past 12 months' EBITDA, the Group's net debt was higher at 1.52 times as of 31 December 2018, up from 0.98 times as of 31 December 2017.

SUSTAINABILITY CONTENTS



TOWARDS A SUSTAINABLE FUTURE

Introduction

We are pleased to present our Sustainability Report 2018, our eighth annual sustainability report detailing our environmental, social and governance (ESG) performance. As in our previous reports, we have followed the Global Reporting Initiative (GRI) principles for defining content and quality and have prepared the report in accordance with the GRI Standards: Core option. The GRI content index can be found within the Appendix at the end of this report.

Sustainability Governance Structure

1 **RISK COMMITTEE**

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 practices.

2 **MANAGEMENT RISK COMMITTEE**

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

3 **CORPORATE SUSTAINABILITY ADVOCATE**

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

The Board, as supported by the Risk Committee, reviews and considers sustainability issues as part of its strategic formulation. This includes the determination, management, target-setting and monitoring of material ESG factors, as set out in this report.

Sustainability at StarHub

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

With the roll-out of our strategic transformation plan in 2018, which includes our operational efficiency programme and the associated internal re-organisation, our approach to sustainability and ESG performance has also evolved to align with our key business objectives and our material sustainability risks and opportunities. Our 13 sustainability material topics in 2018 have remained unchanged from last year. These have been identified following a comprehensive materiality assessment, including extensive engagement with our internal stakeholders and senior management.

Our Sustainability Material Topics

- ONLINE SAFETY
- SERVICE QUALITY
- CUSTOMER PRIVACY
- DATA SECURITY
- CLARITY OF PRICING AND BILLING
- RESPONSIBLE MARKETING
- TALENT ACQUISITION, RETENTION AND DEVELOPMENT
- EMPLOYEE HEALTH, SAFETY AND WELLNESS
- EMPLOYEE ENGAGEMENT
- SUPPORTING LOCAL COMMUNITIES
- RESPONSIBLE BUSINESS PRACTICES
- ADDRESSING CLIMATE CHANGE AND OTHER ENVIRONMENTAL CHALLENGES
- E-WASTE PROGRAMMES

See pages 127-128 for more on our materiality process and 13 Material Topics and Boundaries.

Addressing Our 13 Material Topics Through Our 5 Sustainability Objectives

ENVIRONMENT	SOCIAL	GOVERNANCE & MARKETPLACE

A. Addressing Environmental Challenges

ICT companies such as StarHub are significant energy users and a source of greenhouse gas emissions associated with climate change. We also believe StarHub has a role in promoting responsible consumption and disposal of electronic waste (e-waste).

Preserving our planet is central to our sustainability plan and we are keen on reducing our environmental footprint as well as helping businesses and communities in Singapore tackle the same challenge.

Further details of our environmental efforts can be found on pages 107–110 of this report.

B. Investing in our People

Supporting our employees and developing their skills for both current and future roles is fundamental to our long-term business success. Similarly, ensuring their welfare, well-being and safety while at work is essential to StarHub's operations. We constantly review and improve our HR practices to ensure StarHub has a strong corporate culture to drive individual as well as Group success.

Further details can be found on pages 111-115 of this report.

C. Investing in Our Community

The rapid growth of digital technologies in the workplace has enhanced productivity for many companies. However, the increased use of technology has led to a sharp reduction in the number of traditional semi-skilled and back-office jobs. As a result, unemployment can generate a range of serious social and economic challenges for communities.

We believe that StarHub can play an important role in helping young people in particular to gain the skills required to thrive within the global digital economy through our community investment.

Further details can be found on pages 116-118 of this report.

D. Improving Customer Experience

Our business depends on building strong, long-lasting relationships with a variety of customers that expect the best from our services and solutions. We use a wide range of methods to gather feedback from customers, and ensure we are meeting their expectations. We also innovate within our core businesses to provide solutions and empower people to manage every aspect of their own lives in a smarter way through networks and improved connectivity.

Further details can be found on pages 119-120 of this report.

E. Being a Responsible Business

Acting responsibly is integral to business performance. Strong governance is paramount. As our business relies on a large supply chain spanning over 1,000 companies, we look beyond our own operations and seek to ensure the safety, well-being and ethical treatment of all who work with StarHub in any capacity, anywhere in the world.

Further details can be found on pages 121–124 of this report.

Sustainability Targets: 2019

Moving into 2019, our Board has identified the following five sustainability targets that we will commit to:

- Increasing our renewable energy capacity to 10% by 2022
- Increasing the volume of e-waste collected by StarHub annually to 125 tonnes by 2022
- Establishing a Climate Risk Framework
- Establishing a formal governance structure to implement our new Supplier Code of Conduct
- Enhancing our corporate social responsibility through employee engagement. Driving participation to do good together as a Group

Continuing from last year's focus on aligning our sustainability approach with our business objectives, we have established the sustainability direction and targets for the upcoming year. This is geared towards aligning action plans with our overall business strategy and priorities, driven and owned across functions. StarHub is committed to communicating clear targets in the coming sustainability reports, along with each objective and the progress made in meeting these targets.

Supporting the UN Sustainable Development Goals

Our 13 Materiality Topics and five sustainability targets are mapped to the global UN Sustainable Development Goals (SDGs). We hope to help create a better world in which our business can grow while being able to assist people to improve their lives through learning.

We aim to contribute to addressing these global issues on a local scale in Singapore. For StarHub, operating responsibly is an important first step in supporting the global UN 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, as well as partnerships, by addressing growing inequality, high youth unemployment, market disruption caused by technology and artificial intelligence, and pressure on our natural resources.

SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

2018 Spotlight on priority SDGs: Consumption and Climate

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

How StarHub supports SDG 12

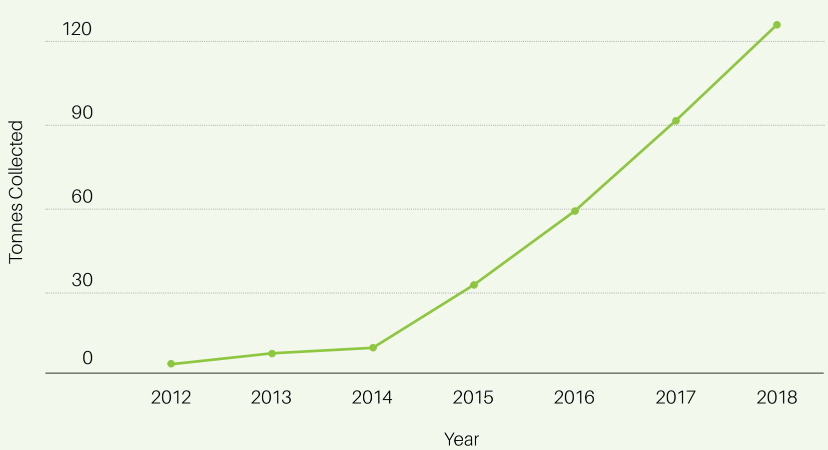
The amount of e-waste generated globally is rapidly growing as consumers dispose of older gadgets for newer and more sophisticated mobile phones, laptops and/or electronic devices. In the course of providing ICT solutions, our products and customers form part of this cycle. We are therefore committed to responsible consumption and production.

StarHub handles and disposes electronic equipment and devices daily as part of our services. We collect e-waste and ensure it is recycled by licenced e-waste contractors.

StarHub recycles the e-waste generated in our own operations. Through our flagship e-waste recycling programme, RENEW (REcycling the Nation's Electronic Waste), we also encourage the Singapore public to recycle their unwanted electronic products through the network of over 460 designated bins provided by StarHub nationwide across 419 locations. All brands of e-waste are accepted as part of RENEW, extending the reach and impact of the programme. RENEW has been running since 2012. It is encouraging to see greater volumes successfully collected each year. This year saw a significant extension of the programme, with four major electronic retailers joining us in partnership, and adding an additional 20 recycling bins in their stores across Singapore.

See page 107 for the types of e-waste collected from the RENEW recycling bins all over Singapore in 2018.

RENEW – amounts of e-waste recycled



13 CLIMATE ACTION

How StarHub supports SDG 13

2018 was the year of climate action in Singapore, focusing on reducing emissions, adapting to climate change, harnessing green growth opportunities and forging international collaborations. In support of this, StarHub has pledged to do our part in addressing climate change by reducing our energy consumption and measuring our carbon footprint, as well as educating our stakeholders on the importance of taking climate action.

We focus on operating in an energy-efficient manner and adopting energy-efficient technologies. We will continually work to further drive our energy efficiency. We are committed to increasing our use of renewable energy to 10% by 2022 to help us realise our commitment to reducing our carbon footprint.

We have been monitoring our carbon footprint since 2011 and track all our Scope 1, Scope 2 and Scope 3 emissions.

We are also committed to developing a Climate Risk Framework to protect and enhance the resilience of our infrastructure, products and services as well as intensify our efforts on climate action to future-proof our business in preparation for a changing climate.

See page 108 for how we are trialling new energy reduction initiatives in our networks and infrastructure.

A. 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. We focus on monitoring and managing our energy consumption, greenhouse gas emissions and e-waste. We also strive to motivate employees, customers and communities to respect the environment and encourage them to apply the same values in their personal lives. Our Corporate Sustainability Advocate works with cross-functional representatives to implement various environmental initiatives.

OUR ENVIRONMENTAL STRATEGY

1 Implementing E-Waste Programmes

Tackling e-waste through reduction, recycling and reuse

2 Addressing Climate Change and Other Environmental Challenges

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

3 Environmental Stewardship

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

Our Environmental Strategy 1: Implementing E-Waste Programmes (Material Topic)

We generated 212.9 tonnes of e-waste from our operations in 2018. All e-waste generated is collected and recycled by licensed e-waste contractors.

RENEW is StarHub's flagship public e-waste recycling programme launched in 2012 that encourages the local community to recycle their unwanted electronic products.

The top five items recycled through RENEW are:

- Cables: 16 tonnes
- Laptops: 11 tonnes
- Modems/Routers: 8 tonnes
- Mobiles: 2 tonnes
- CPU Computers: 2 tonnes

Expansion of RENEW

SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

RENEW first expanded in 2014 when we started our collaboration with DHL and TES, a trusted e-waste recycling company, providing more opportunities for the public to recycle by simply depositing their unwanted electronic products into the RENEW bins. DHL collects the e-waste from all the RENEW bins in Singapore and delivers them to TES's e-waste recycling facility. To celebrate World Environment Day in 2018, the initiative was significantly expanded, with four major electronic retailers – Best Denki, COURTS, Gain City and Harvey Norman – joining the RENEW programme to further encourage e-waste recycling in Singapore. The signing of the collaboration agreement was graced by Minister for the Environment and Water Resources, Mr Masagos Zulkifli, and Senior Minister of State, Dr Amy Khor, at StarHub Green.

See page 106 for more on our priority SDGs and promoting responsible consumption.

This collaboration is timely, given the growing amount of e-waste being generated in Singapore and the implementation of the national e-waste management system by 2021.

"The support of individuals, communities and the private sector is crucial in building a robust recycling culture in Singapore. I am heartened by DHL, StarHub and TES's leadership, in the creation of Singapore's largest voluntary e-waste collection and recycling programme, and commend Best Denki, COURTS, Gain City and Harvey Norman for joining this effort to encourage e-waste recycling. I encourage members of the public to make use of these bins, and more businesses to take action in tackling climate change and working towards our vision of a circular economy for Singapore."

Mr Ronnie Tay, CEO
National Environment Agency (NEA)

Since the launch of RENEW in 2012, the amount of e-waste collected has increased exponentially year on year. The programme has cumulatively collected more than 327 tonnes of e-waste since 2012. Over 126 tonnes of e-waste have been collected from the public in 2018, 34 tonnes more than in 2017, and a significant jump from the two tonnes collected in 2012.

StarHub has identified RENEW as one pillar of our sustainability targets for 2019, with the aim of further increasing the volume of e-waste collected annually. We will continue to champion this initiative.

Our Environmental Strategy 2: Addressing Climate Change and Other Environmental Challenges (Material Topic)

Singapore has pledged to reduce national emission intensity by 36% from 2005 levels and to stabilise the country's emissions with the aim of peaking around 2030. Singapore will also be implementing a carbon tax in 2019 on large direct emitters which produce over 25,000 tonnes of carbon dioxide equivalent of greenhouse gases a year.

At StarHub, we constantly monitor our energy consumption and emissions. We implement initiatives that reduce our energy consumption and improve energy efficiency. We also seek to increasingly track emissions from additional sources that were not tracked previously to help us better understand our carbon footprint. These include adding a robust measurement of refrigerant gases and expanding the coverage to business travel emissions in 2018.

Our technical centres, such as data centres and base stations, are our key infrastructure and the basis of our products and services. They are also our 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 petrol consumption, our total energy consumption has increased this year. The increase is due to the expansion of our measurement of energy consumption to include two additional technical centres. We will continue to evaluate opportunities to reduce our emissions, including a focus on increasing our renewable energy capacity.

Besides energy consumption, our resource usage also includes water consumption. As a service provider, our water consumption is mostly contained within our offices, shops and data centres. We draw all our water from municipal sources. Even though the impact of our operations on water conservation is limited, we regard it as integral to our

School Green Day 2018

environmental practices. Based on our utilities bills, our water consumption across the Group in 2018 is 24,695m[3]. This does not include water consumption at our data centres for which we were not billed.

StarHub Green was awarded Green Mark Gold by the Building & Construction Authority in 2016 for its environmental efficiency.

Our Environmental Strategy 3: Environmental Stewardship

StarHub boosted our support of environmental initiatives in 2018 through four key programmes and events.

1. **Singapore Environment Council (SEC)** – We sponsored the SEC-StarHub School Green Awards (SGA) 2018 with $125,000 and another sum of $10,000 towards the Schools E-waste challenge. The Schools E-waste challenge included biodiversity learning trails for underprivileged students, led by SEC and assisted by our employees. Through this, we hope to foster environmental awareness and climate action in the students.

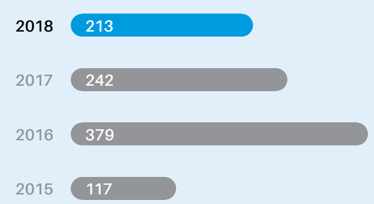
2. **National Parks (NParks)** – As part of the Schools E-Waste Challenge, we invited the top five schools with the highest e-waste collection to a tree planting event to raise further awareness about e-waste and climate change. We donated $10,000 and planted 50 trees in East Coast Park which we hope the community will enjoy for generations to come.

3. **World Wide Fund for Nature Singapore (WWF Singapore)** – StarHub raised $10,000 from collected e-waste in the Schools E-waste Challenge which was donated to WWF-Singapore's Forest Restoration Programme in Indonesia.

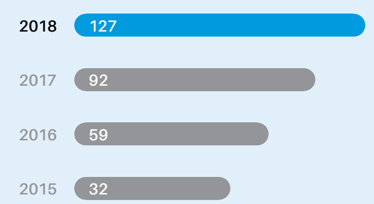
4. **BirdLife International** – StarHub committed $10,000 to wildlife and biodiversity conservation.

Environmental Performance

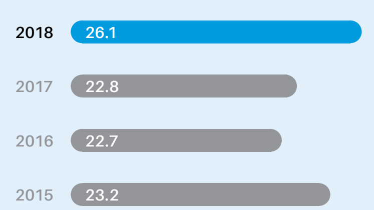
Electronic Waste Generated from Operations and Recycled
tonnes



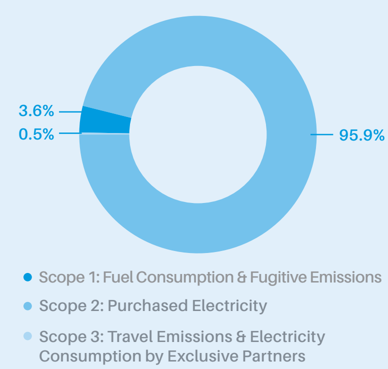
Electronic Waste Collected Through RENEW
tonnes



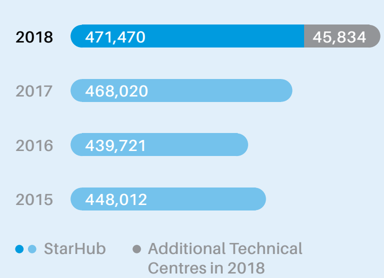
Emissions Intensity
tonnes CO_2e per $million revenue



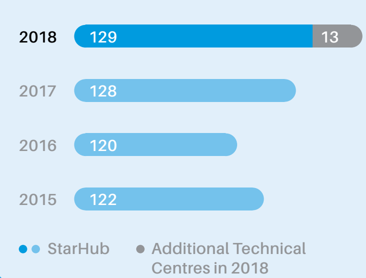
Emission Sources



Energy Consumption
gigajoules

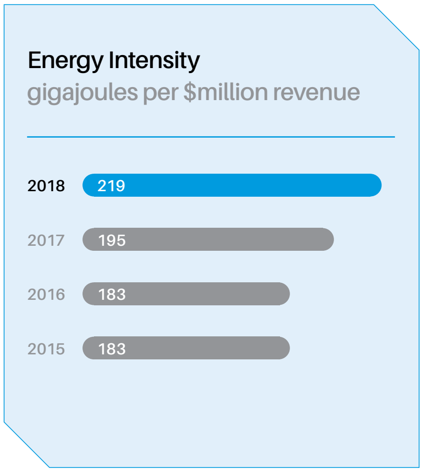


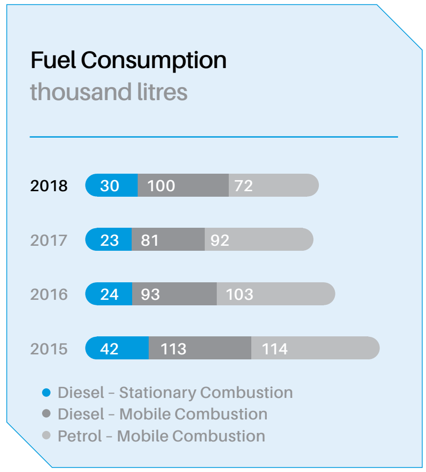
Electricity Use
million kWh

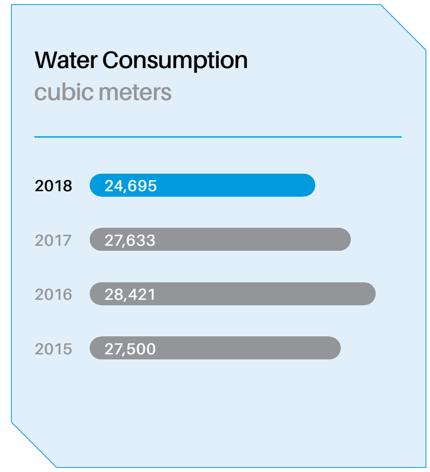


SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)







EMISSION SOURCES	FY2018[1]	FY2017	FY2016
Scope 1			
Stationary combustion	81	61	65
Mobile combustion	436	426	487
Fugitive emissions (refrigerant gases)	1,721	–	9
Total Scope 1 emissions (tonnes CO_2e)	**2,238**	**487**	**561**
Scope 2			
Purchased electricity	59,188	54,145	53,957
Total Scope 2 emissions (tonnes CO_2e)	**59,188**	**54,145**	**53,957**
Scope 3			
Electricity consumption by Exclusive Partners	179	190	187
Employee business travel (air)	111	–	–
Total Scope 3 emissions (tonnes CO_2e)	**290**	**190**	**187**
Total emissions (tonnes CO_2e)	**61,716**	**54,822**	**54,705**

[1] The CO_2 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 CO_2 equivalent emissions for electricity purchased is calculated based on the Singapore Energy Statistics 2018 by the Energy Market Authority.

B. Investing in our People

Our People Strategy 1: Reorganising and Right-sizing for Agility and Growth

Our workforce consists of 2,216 permanent employees.

Our strategic transformation plan was announced in October 2018. Recognising the pressures from intense local competition and disruptive industry trends, we initiated an operational efficiency programme to improve productivity, improve speed in decision-making and lower operating expenditures across the board. The strategic review process resulted in a reduction of workforce.

Workforce reductions primarily affected non-customer facing functions, with approximately 300 employees impacted. Working closely with Singapore Industrial and Services Employees' Union (SISEU), NTUC's e2i (Employment and Employability Institute) and other agencies such as Workforce Singapore, we provided comprehensive career transition assistance and outplacement counselling, including career coaching and skills upgrading programmes, to our impacted employees. Impacted employees are paired with employability coaches to discuss their career needs and are invited to attend an employability workshop to build and develop job search skills. The coaches also assisted with job matching such as job referrals as well as encouraging attendance at events such as career fairs to meet prospective employers.

"We wish to recognise the extensive contribution that our impacted employees have made to the company's past development and growth. Such decisions are never taken lightly. I am very aware of the impact on all our employees, and we are making every effort to support those impacted through this challenging transition. The redundancies are not an individual performance issue but one of strategic realignment of StarHub. We have been extremely fortunate to have many competent people in our team, but some positions are not sustainable given the current industry pressures."

Mr Peter Kaliaropoulos, CEO

The strategic transformation plan is aimed at simplifying our corporate structure, product offerings and customer touchpoints with an ultimate aim to be more agile, to deliver better customer experience and to drive sustainable growth. While reducing overall resources, StarHub will continue to grow its workforce in specific areas such as cyber security, home and enterprise solutions and customer care. We remain committed to supporting our employees and providing a safe, respectful and collaborative workplace.

Our People Strategy 2: Talent Acquisition, Retention and Development (Material Topic)

Our talent acquisition, retention and development management approach remains focused on investing in people development to build a high-performing organisation. The need for highly-skilled employees with learning agility in the ICT sector will continue to grow as our business implements technology such as the 5G network and the Internet of Things (IoT).

Employment Culture

Our policies promote:

1 **Merit-based hiring and remuneration**	2 **Teamwork**	3 **Safe and healthy working conditions**
4 **Reward and recognition for performance**	5 **People development**	6 **Career growth**
7 **Work-life balance**	8 **Diversity and inclusion**	9 **Employee volunteering**

SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

StarHub management regularly reviews HR policies and practices such as hiring, diversity and inclusion, equal opportunity, training and performance management. We adhere to fair employment practices, strive to provide a safe, non-discriminatory work environment and continually strengthen our workplace policies to provide a level playing field for our employees.

Building diversity and respecting fair employment practices

Our People Strategy 3: Employee Training, Benefits and Leave

Career Development and Training

We invested $1.4 million on training in 2018 and received $159,701 in training subsidies from various government agencies. In total, we provided 41,206 hours of training with an average training expenditure of $618 per employee. To maximise the learning and funding opportunities for our employees, we have also established partnerships with multiple government agencies such as SkillsFuture Singapore, the Info-communications Media Development Authority (IMDA), and the Economic Development Board.

Highlight for 2018: Diversity

MAKING PROGRESS TOWARDS GENDER EQUALITY
#1 ASIA PACIFIC
StarHub
2018
EQUILEAP

In October 2018, StarHub was awarded the top honours in Asia Pacific for Gender Equality and is ranked fifth globally amongst corporate stalwarts such as General Motors and L'Oreal in Equileap's list of the world's top 200 companies, leading the way in gender equality. Equileap is the leading organisation providing data and insights on gender equality in the corporate sector.

Veronica Lai, StarHub's Chief Corporate Officer, received the award for StarHub:

"It is our privilege and honour to be recognised as the leader in Asia Pacific in advocating gender equality. Women still face challenges in the workplace, so it is important that we recognise and support their aspirations both at work and at home. Only then can we retain and develop the best talent for the company's growth. This recognition will spur us to continue advocating that gender equality is not only beneficial for women, it is also ultimately advantageous for businesses."

Currently, there are three female directors out of 12 (or 25%) on StarHub's Board of Directors. This is significantly higher than the average representation of board seats held by women at Singapore's top 100 listed companies (14.7% – Diversity Action Committee Singapore).

Workforce Snapshot 2018

Employment Profile

	Male	Female
Permanent	1,298	918
Contract/Temporary	61	74
Full-time	1,357	983
Part-time	2	9

Seniority of Permanent Employees

	Male	Female
Function Employees	926	709
Middle Management	309	172
Senior Management	63	37

Employees' Average Training Hours

	Male	Female
Function Employees	21.3	13.2
Middle Management	21.3	17.7
Senior Management	23.2	28.1
Overall	21.4	14.7

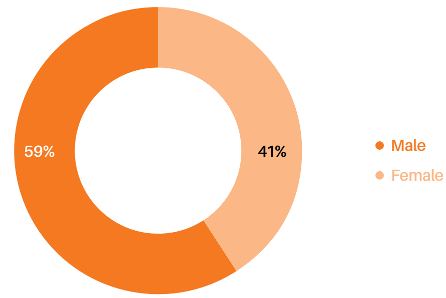
Permanent Employees by Age

	Employees	New Hires	Turnover
>50 years old	188	11	81
30-50 years old	1,706	220	502
<30 years old	322	127	133

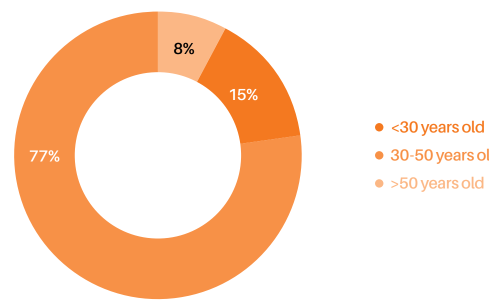
Turnover & New Hires by Gender

	Male	Female
No. of turnover	410	306
No. of new hires	229	129

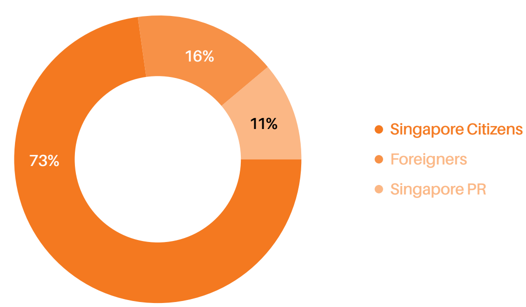
Gender Diversity



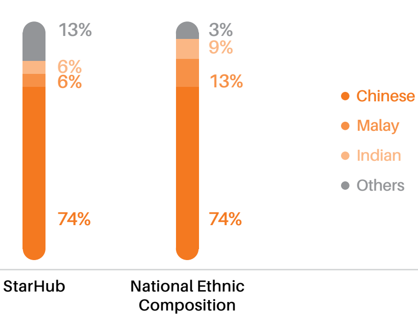
Age Diversity



Local Employees



Ethnic Diversity



SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

At the beginning of the year, key skills and capabilities were identified to support our employees in carrying out their roles. These include cyber security, robotics, virtualisation and mobile network. To this end, we have secured the IMDA Company-Led Training (CLT) funding to invest in our employees' upskilling to ensure they have the relevant learning and development opportunities to build functional and technical skills to succeed in their jobs. In addition, we continue to invest in our leaders by continually building management and leadership skills, through our People Leadership programmes, to enable them to engage and motivate teams to perform effectively.

StarHub employees received regular performance and career development reviews in 2018 as part of our performance management system. Personal targets are set by supervisors and employees under four categories: Business, Customer, Process and People. Behavioural goals are also set according to StarHub values and behaviours.

Employee and Leave Benefits

We offer employees competitive remuneration packages that are commensurate with their job responsibilities, performance and experience.

In addition to product benefits, we also provide additional leave benefits for our permanent employees, including birthday leave, examination leave, eldercare leave and volunteerism leave. All remuneration and benefits packages comply with the relevant statutory requirements related to employment in Singapore. In accordance with Ministry of Manpower guidelines, StarHub employees are also entitled to maternity leave, paternity leave and shared parental leave. Parental leave is available for all employees. Eligible working fathers are entitled to two weeks of paid paternity leave and up to four weeks of shared parental leave. In 2018, 145 of our employees applied for the parental leave with a 99% return rate. We also had a retention rate of 57% for those employees that returned to work after taking parental leave in 2017.

MOU with Employee Union

We have signed a Memorandum of Understanding with 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 and will continue to work closely with SISEU to ensure our employees' skills stay relevant as we undergo our business transformation.

Our People Strategy 4: Employee Engagement (Material Topic)

We believe that happy and engaged employees lead to happy customers. It is therefore important to take the experiences of our employees into consideration while growing our business.

We encourage our employees to volunteer their time and skills in these initiatives. All employees are entitled to two days of volunteering leave. In 2018, our employees contributed 328 hours in volunteer service with 3.3% of our workforce using their volunteering leave allowance.

Employee engagement activities in 2018 focused on two areas:

GREEN LEARNING JOURNEYS AND WORKSHOPS

To raise employees' environmental awareness and appreciation of nature through educational events

- **StarHub volunteers took part in an eco-workshop on greening lifestyles and office areas in conjunction with Earth Hour 2018.**
- **StarHub volunteers planted 50 trees along East Coast Park, together with winners of the top schools for the Schools E-Waste Challenge.**
- **Partnering with LIEN Aid to host an exhibition open to all tenants and visitors at the StarHub Green lobby on water issues and conservation.**
- **StarHub volunteers joined A Walk in the Park session, accompanying youths from Care Corner Crossroad Youth Centre on a biodiversity learning trail.**

SOCIAL OUTREACH

To give employees the opportunity to contribute to the community

- **StarHub volunteers joined over 100 children as part of the Nurture programme for a day out at the Singapore Science Centre to learn more about climate change.**
- **StarHub volunteers and their family members took part in the annual Community Chest Heartstrings Walk 2018.**

With these efforts, we are seeing that employees are becoming more aware of initiatives through our community investment arm, the Sparks Fund, as well as other social and environmental issues. Through these events, our employees are motivated to do more for the environment and the community.

Enhancing our corporate social responsibility employee engagement is one of our key sustainability targets for 2019. We aim to get more volunteers involved and ramp up our initiatives to do good together as a Group.

More details about our community initiatives can be read in Investing in our Community on pages 116–118 of this report.

Our People Strategy 5: Employee Health, Safety and Wellness (Material Topic)

The health and safety of our employees is important and is one of the factors that contributes towards their performance in the Group. We have a responsibility to create a workplace environment that promotes the health and ensures the safety of our employees. Exclusive benefits for StarHub's permanent employees include comprehensive health screening, as well as additional insurance coverage for medical, dental and group life and accidents.

Our management approach is to ensure workplace health and safety by creating employee awareness and taking preventive measures based on assessment of risks. StarHub's Workplace Safety and Health Review Committee (WSHRC) is represented by both management and employees and consists of a representative and an alternate from each work area within StarHub. The WSHRC works closely with employees, business units and external parties with the relevant expertise and knowledge for the effective implementation of workplace health and safety. The WHSRC periodically reviews policies, procedures and practices relating to occupational health and safety and monitors the effectiveness of our approach.

Team building through dragon-boating

The WSHRC provides updates, as needed, to the Management Risk Committee (MRC) which comprises members of Senior Management. Enterprise Risk Management also sits in the WSHRC and act as secretariats for the MRC. Additionally, the chairman of the WSHRC is also a member of the MRC. Workplace health and safety-related incidents are escalated where necessary.

StarHub continues to be a certified bizSafe Level 3 organisation, which is awarded by the Workplace Safety and Health Council Singapore (WSH Council) based on an independent audit. We continue to grow our pool of first-aid trained employees year-on-year to deal with any medical emergencies.

We adopt the WSH Council's calculation methodology for our health and safety indicators. In 2018, there were no fatalities and one reported incidence. Looking forward, we aim to strengthen the implementation of workplace health and safety initiatives.

Employees may provide feedback on health and safety matters via the Workplace Safety and Health Feedback Form on StarHub's intranet.

Beach cleaning at Pasir Ris

SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

C. Investing in our Community

While our community relies on StarHub services to support their daily personal and business needs, we understand that digital disruption can also have a negative impact. New technology requires new skills which can be hard for disadvantaged groups to develop, such as those with learning or physical disabilities or at-risk youths. Such skills are now essential for everyday life, especially in terms of employability. StarHub is therefore committed to taking steps to overcome this digital divide and share the benefits of technology with everyone.

Our Approach

Our social and digital inclusion as well as employability activities to help disadvantaged groups are areas we care deeply about.

We empower people with disabilities by supporting several organisations that equip them with workforce-ready skills. These activities aim to increase their self-reliance and connect them to professional opportunities that benefit our community. As ICT is a core enabler that allows people with disabilities to successfully integrate and contribute to society, we provide access to ICT and integrate it into the community programmes we support which allows people with disabilities to achieve a greater degree of independent living.

We also invest in programmes that provide at-risk youths with life skills and career paths.

We value our partnerships with innovative organisations and government agencies which allow us to drive positive benefits throughout our community. StarHub is a strong advocate for these issues and continuously seeks to raise awareness among our customers and business partners.

Our Contributions

In 2018, StarHub committed a total of $826,698 to 16 voluntary welfare organisations and non-profit organisations to promote employability and essential life skills of underprivileged youth, families and to persons with disabilities.

More details about our employee engagement initiatives can be found in Investing in our People on pages 111-115 of this report.

$826,698
committed
to local community programmes in 2018

16
charity partners

7,311
people
have benefited from programmes supported by StarHub

Day out at the Science Centre with children from the Nurture Programme

StarHubbers at the Community Chest Heartstrings Walk 2018

Our Community Investment Strategy: Supporting Local Communities (Material Topic)

Social and Digital Inclusion

The StarHub Open, our annual charity golf event, raised $200,000 this year in partnership with our corporate clients to support social and digital inclusion causes. Through Community Chest, we donated these funds to three voluntary welfare organisations that provide services to people with intellectual or developmental disabilities and mental health issues to help them live independently. Beneficiaries obtain life and vocational skills that prepare them for employment opportunities and assist them with integrating into the community.

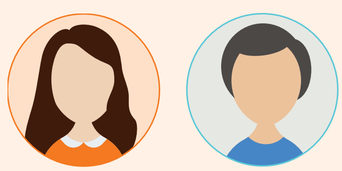
- **Metta School** – 398 students with intellectual disabilities were equipped for a more promising future through a specialised employability and life skills programme to help them integrate better into society.
- **MINDS Towner Garden School** – 197 students with autism and moderate intellectual or developmental disability between the ages of 6 and 18 are currently enrolled in this programme teaching critical employment skills.
- **Singapore Anglican Community Services (SACS)** – 50 employers and co-workers were trained to enhance their knowledge and skills for working with people suffering from mental health issues (PMHIs) as part of Project H.I.R.E. Vocational and social skills training was also provided for PMHIs, following which five were assessed to be ready for employment and all five are currently employed.

We also piloted a project with the Alzheimer's Disease Association and Autism Association of Singapore in 2018 to enhance the mobility and connectivity of 100 elderly and youths. StarHub contributed over $25,000 to provide SIM cards, service bundles (talk time, data and SMS) and tracking devices to allow caregivers and parents to monitor the location of their loved ones, to have peace of mind. This empowered both the elderly and youths to travel more independently.

We have been supporting the Nurture programme run by the Central Singapore Community Development Council (CDC) since 2011. With a contribution of $120,000 in 2018, the programme supported 380 underprivileged children in their academic studies and life skills through two core modules – communication and problem-solving. The programme also served as a platform to help build their character and encourage values that would inspire them to give back to the community.

CASE STUDY EXAMPLE

Nurture 3.0, Central Singapore CDC



Ricarda, 10 years old and Richley, 8 years old

Ricarda and Richley are siblings. While Richley would come to class in high spirits, Ricarda tended to be more serious. Teachers soon discovered that Ricarda was often sternly scolded by her mother, causing her to be reserved in class. With the help of her Lead Teacher and volunteers from the programme funded by StarHub, Ricarda is gaining confidence and is even participating more actively in lessons and helping her younger brother in class.

SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

In 2018, we also supported The Business Times Fundraising Concert for the Muscular Dystrophy Association (Singapore) and School of the Arts Assistance Fund with $10,000. This unique concert serves as a platform to promote a more inclusive society in Singapore by showcasing differently-abled students on the concert stage and provided opportunities for creative and talented individuals to contribute to the community in different ways. StarHub was honoured to be recognised as a Silver Sponsor.

CASE STUDY EXAMPLE

Employment Support Programme (SPD)

Navin Nair

Navin was born with cerebral palsy, and was assessed by SPD in 2017 after a year of unemployment. As part of the Employment Support Programme funded by StarHub, he completed the Digital Skill Enabling Training in 2018, which equipped him with essential IT and work-readiness skills. Navin is now employed as a recruitment specialist, and is an advocate for the employment of persons with disabilities.

Engaging the youths from Care Corner Crossroad Youth Centre in an Amazing Race

Youth and Employability

StarHub contributed $130,000 in 2018 to fund the Employment Support Programme (ESP) by SPD (formerly known as the 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 course completion. During the year 167 PWDs were trained, of whom 83 were subsequently successfully and purposefully employed. Client satisfaction is measured at the end of every module.

Since April 2017, StarHub partnered with Care Corner Crossroad Youth Centre which reaches out to at-risk youths aged between 11 and 18 that lack meaningful engagement at home and in school. The objective is to prevent delinquency by providing them with after-school programmes and services, teaching critical life skills and offering study support. We contributed $52,450 to the programme in 2018 (together with an additional $10,000 in-kind donation), to support the enrolment of 106 youths into the programme. Street outreach also engaged 416 youths to raise awareness of counselling programmes and other supportive resources.

Through a donation of $25,000 to the 'Football with a Heart' charity fundraiser organised by the 2018 Singapore Community Games, we supported Boys' Town as well as Shine Children and Youth Services and helped reach 5,500 beneficiaries.

Boys' Town is a charity that provides residential care, street outreach and fostering as well as community and school-based programmes for disadvantaged families, children and youths. The programme equips beneficiaries with the skills they need to become responsible contributing members of society.

Shine Children and Youth Services aims to address the needs of underprivileged youths aged between 5 and 21. This programme offers academic intervention, remedial programmes and counselling to equip them with critical life skills to enhance their employability.

D. Improving Customer Experience

A customer's experience starts from their very first contact with StarHub, whether through various media channels or via interactions with our service staff. It is these interactions that are essential in creating a safe, secure and reliable environment for our customers to connect with and access pre and aftersales service support. We are committed to being fair, transparent and responsible in dealing with customers and strive to listen to their needs and recommend best fit solutions to create a positive experience for them.

Customer Experience Strategy 1: Service Quality (Material Topic)

In a highly competitive environment, service quality plays an ever-growing important role in maintaining customer interest and loyalty. Faster and better network coverage with minimal interruptions requires the 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 that would:

1. Improve the resilience of our network services that allow our customers to surf the internet and stream multimedia content smoothly even during peak hours and mega events.
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 for our customers with the transition to StarHub's own fibre network.
4. Ensure prompt service recovery with minimal human intervention in the unfortunate event of service disruption.
5. Optimise our service delivery lead time.

Providing personalised offerings to customers

As part of our 5-year implementation plan, we are focusing on:

NEW COVERAGE	**5G READINESS**	**NARROWBAND INTERNET OF THINGS (NB-IoT)**
A DEEPER 4G COVERAGE	**1.4GBPS CAPACITY EXPANSION**	**CORE NETWORK FUNCTIONS VIRTUALIZATION (NFV)**

In 2018, we upgraded our Mobile-Single RAN network to enable peak 4G speeds of 1Gbps and NB-IoT. As testament to our efforts, we clocked Singapore's fastest mobile speeds according to OpenSignal's independent analysis. In terms of 5G, we completed Singapore's first outdoor 5G New Radio pilot using trial 3.5GHz spectrum towards the end of the year. Through 2019, we will continue to monitor developments and conduct 5G trials, in readiness for the 5G future.

We are continuously developing our customer service to provide a seamless

SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

experience across all touch-points, sales and service transactions. We take customer feedback seriously as it is a key mechanism for us to listen to and understand consumer preferences and enhance our product and service offerings. We collect feedback from customers through surveys and across various touchpoints. We use the Net Promoter System (NPS) index to gauge customers' overall satisfaction with 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.

Customer Experience Strategy 2: Clarity of Pricing and Billing and Product Simplification (Material Topic)

We strive to make our bills clear and easy to read so that we can build a relationship of trust with our customers. When new products and services are launched, our customer service staff are trained to clearly communicate to our customers our pricing structure and contract terms. Customers may also access our Finance & Billing page on our website for details on understanding, managing and paying their bills. Illustrations and explanations are also provided on the website for the various scenarios, products and services.

During 2018, our initiatives included (a) the simplification of our Terms and Conditions to be more customer-friendly in plain English and updated for the latest legal developments, (b) the simplification of the presentation of our SIM Only plans to better communicate the plan's key details, and (c) the simplification of the presentation of our Hubbing Plan to make pricing and new services clearer.

With a focus on simplicity for the customer, we launched our new unique SIM Only mobile plans in 2018 which marked the start of our "Hello Change" journey to do different and better by providing truly contract-free options to give customers extra-large data bundles that are easy to buy, use and modify. Customers now have just three SIM Only mobile plans to choose from: $25 SIM Only, $50 SIM Only and $80 SIM Only. The plans are devoid of hidden charges for customers to enjoy peace-of-mind. In a market-first, StarHub scrapped all one-time administrative, activation and SIM card fees, as well as monthly subscription fees for caller number display and auto-roam, which add up to about $200 over 12 months for a typical customer. In 2019, we will continue to focus on product simplification and maintain clarity in pricing and billing for our customers.

Customer Experience Strategy 3: Data Security and Customer Privacy (Material Topic)

Keeping our customers' data secure means protecting the data and supporting our customers to keep their own data secure.

Personal Data Protection Act

We take customers' privacy seriously. We expect all our employees as well as contractors, telemarketers, service providers and temporary staff to comply with the Singapore Personal Data Protection Act (PDPA) and observe our Personal Data Protection Policy in the course of their daily work.

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

In 2018, there were no complaints received concerning breaches of customer privacy and zero identified leaks. We have also received inputs from internal and external security sources which we have reviewed and taken the necessary actions to enhance our control measures. We aim to maintain zero leaks and breaches of customer privacy in 2019, but we also recognise that the cyber security environment is ever evolving and additional threats appear almost daily.

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.

Customer Experience Strategy 4: Cyber Security Solutions for our Customers

StarHub delivers end-to-end cyber security solutions to organisations in Singapore and overseas markets. Our capabilities comprise Professional Services, Systems Integration and Managed Security Services, as well as unique telco-centric and network-based security monitoring capabilities to provide enhanced security for enterprises and critical infrastructure.

In 2018, Ensign InfoSecurity Pte. Ltd. (Ensign InfoSecurity), Southeast Asia's largest cyber security provider, became part of our Group. Ensign InfoSecurity is our new joint venture with Temasek Holdings, which brought together StarHub's Cyber Security Centre of Excellence and our security infrastructure subsidiary, Accel Systems & Technologies Pte. Ltd. (now known as Ensign InfoSecurity (Systems) Pte. Ltd.) with Temasek's integrated security subsidiary, Quann World Pte. Ltd. (now known as Ensign InfoSecurity (Cybersecurity) Pte. Ltd.) The newly-formed Ensign InfoSecurity is the only Singapore-based pure play cyber security company and aims to create scale and depth of expertise to address the multitude of cyber security risks facing both Government and Enterprise clients in Singapore and overseas.

E. Being a Responsible Business

Running a business responsibly and with integrity is expected by all our stakeholders. To earn the trust of our stakeholders, it is critical that StarHub upholds the highest ethical standards in our business conduct and seek to promote openness and transparency.

Responsible Business Strategy 1: Responsible Business Practices (Material Topic)

Cyber Security Resilience

Our objective is to ensure cyber security resilience, protection of data and compliance to the newly-passed Cybersecurity Act 2018.

Our Security Team references the ISO 27001 standard for an information security management system to create and ensure the implementation of relevant security policies including the Information Security Policy, Vendor Security Policy and Mobile Device Security Policy. Employees are required to comply with these policies which are supplemented with procedures, guidelines and checklists to ensure the confidentiality, integrity and availability of our assets.

Some of our service offerings (for example, Argonar Cloud) are ISO27001 certified.

Our Corporate Security Officer and Data Centre Team 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, with performance against these critical Key Risk Indicators monitored by our Enterprise Risk Management team. In 2018, all incidents detected were mitigated. These incidents include Distributed Denial-of-Service attacks, failed logins, vulnerability scans, trojans and malware, as well as hacking tool activities.

We are also compliant with the Secure and Resilient Infrastructure Code of Practice requirements from the IMDA with regards to our broadband infrastructure. Audits are performed pursuant to the Code. In 2019, we will continue to ensure compliance to the Code and the Cybersecurity Act.

Corporate Governance

As a public company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST), we adhere to the listing requirements as well as the Code of Corporate Governance issued by the Monetary Authority of Singapore. The Singapore Governance and Transparency Index (SGTI) is the leading index for assessing corporate governance practices of Singapore listed companies. As testament to our commitment to responsible corporate governance, our SGTI score has been increasing every year, achieving 100 out of a maximum of 143 points in 2018, with our ranking also moving up one place since 2017 to the joint 17th position in Singapore. Our ISS[1] score is 2 out of 10 in 2018 (where a smaller number indicates lower governance risk), a testament of our strong corporate governance.

For more details, refer to the Corporate Governance section on pages 52-82 of the Annual Report.

Anti-Corruption and Whistle Blowing

We do not tolerate ethical or legal violations, including corruption. We have put in place an Employee Code of Conduct and Ethics (Employee Code), a Corporate Gift and Hospitality Policy as well as a Supplier and Vendor Policy to set out the standards of behaviour, business conduct and procedures for employees when dealing with customers, business associates and other stakeholders. These are accessible to all employees and stakeholders via the StarHub intranet as well as on our website. Employees are also required to disclose personal relationships and business activities with StarHub's vendors and business partners, as well as relationships with any personnel employed by such vendors and business partners.

Our whistle blowing policy aims to encourage responsible and secure reporting of any irregularity, inappropriate behaviour, legal or ethical violation or other serious breaches of internal processes by lending confidence that whistle-blowers will be treated fairly and accorded due protection against reprisals. The policy is publicly available on our website. Reporting channels include a dedicated whistle blowing email and a direct channel to the Audit Committee Chairman and the General Counsel (via email and/or mail).

Errant employees will be subject to appropriate disciplinary and legal actions (including dismissal), for any non-compliance with the Employee Code or the applicable policies. We are pleased to report that there was no incidence of corruption in 2018.

[1] Institutional Shareholder Services Inc (ISS) is a global leading provider of corporate governance and responsible investment solutions for institutional investors through objective governance research.

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Towards a Sustainable Future (Cont'd)

Fair and Competitive Market

Apart from our customers and employees, our industry peers are also a driving force for us to pursue the 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 relating to anti-competitive behaviour for our business.

We are pleased to report that there was no legal action taken against StarHub for anti-competitive behaviour in 2018.

Promoting Supply Chain Integrity

StarHub seeks to ensure the integrity of our international supply chain by responsibly applying human rights, labour, environmental and anti-corruption considerations throughout our business. We understand that supply chains are challenging to manage, and we continue to strive for transparency, honesty and integrity across our operations.

In 2018, we began the second phase of our approach to supplier management to ensure that companies supplying StarHub with products or services are aligned with our values and are compliant with the applicable regulations. Upon the completion of this second phase, we aim to establish a robust governance structure for the new Supplier Code to promote sustainable and responsible business practices across StarHub.

Commitment to UNGC

We have been a signatory member of the United Nation Global Compact (UNGC) since 2012. As part of this commitment, we have pledged to implement the UNGC's Ten Principals across our operations.

StarHub is represented on the Management Committee of the Global Compact Network Singapore, the Singapore chapter of the UNCG network.

A Member of:

Global Compact Network Singapore

StarHub made this public commitment to our employees, suppliers, customers and other stakeholders by sharing our Supplier Code of Conduct (Supplier Code) in 2018 after a risk assessment that started in 2017. Moving forward, we plan to develop materials to grow the awareness of our employees and suppliers in the Supplier Code.

Our business also has policies in place to guide procurement decisions, which are available on our website and managed by StarHub's Corporate Purchasing team. Our procurement performance targets are laid out in our Corporate Purchasing Targets statement.

Supplier Code of Conduct

Our Supplier Code was updated in 2018. All StarHub suppliers need to meet or exceed the basic requirements in our Supplier Code. In jurisdictions where local laws or national regulations have stricter requirements, suppliers will be held to the higher standard. We will support our suppliers to meet these objectives and overcome any obstacles.

Our Supplier Code has ten core areas, namely:

1. Across our supply chain and the communities in which we operate, StarHub shall respect internationally proclaimed human rights.
2. Our suppliers' operations shall not be complicit in human rights abuses. Workers shall be treated with dignity and respect on a physical and emotional level.
3. StarHub suppliers shall respect workers' right to freedom of association in accordance with local laws and collective bargaining.
4. Our suppliers' workers shall be free to enter and terminate their employment. Compensation paid to workers will comply with applicable local laws, including those relating to minimum wages, working hours, overtime hours and legally mandated benefits, and at least one rest day per week is offered. Workers will be provided with a safe and healthy workplace.
5. Suppliers shall comply with all local minimum working age laws or regulations and not use child labour.
6. Discrimination, in all its forms, in terms of employment practices shall not be tolerated.
7. Suppliers shall take a precautionary approach to environmental challenges while complying with relevant local and international environmental standards and laws.
8. Suppliers shall adopt initiatives to encourage environmental responsibility. This will include avoiding the use of rare minerals, where possible, as well as materials and resources to minimise negative environmental impact.
9. Suppliers shall encourage the development and scaling of environmental technologies.
10. Suppliers will adhere to ethics and business integrity will be adhered to in combatting corruption. Suppliers will not offer gifts, entertainment, hospitality or other gratuities to StarHub employees to influence their affairs with our business.

Moving forward, we will develop training for our Corporate Purchasing team to actively promote and implement our Supplier Code, helping them engage with our suppliers and their representatives.

Risk Assessment

Our supplier risk assessment started in 2017. In 2018, we identified the level of risk that certain suppliers may pose to our business. This assessment is key to our resilient and responsible sourcing strategy. We value our relationships with our suppliers and aspire to work together to go beyond commercial interests, to minimise social and environmental risks.

1. **A COMPREHENSIVE INVENTORY OF SUPPLIERS**
2. **A RISK-BASED SEGMENTATION**
3. **DUE DILIGENCE, GOVERNANCE AND ESCALATION PROCESS**

COMPLETED:

In 2017, StarHub developed a system to track suppliers and monitor the risk they pose relative to our Group. We categorised risk, using a weighted approach, based on relevant issues for each supplier category.

IN PROGRESS:

The results from the segmentation in 2017 highlighted 47 suppliers as high-risk. StarHub will be conducting due diligence on such suppliers. While we intended to complete this in 2018, we delayed the process due to our 2018 strategic transformation plan. This will resume in 2019.

NEXT STEPS:

In the future, StarHub will tailor due diligence activities to specific supplier risk categories. The high-risk suppliers which were previously identified, will undergo additional scrutiny.

We will establish governance structures and processes to ensure that our business is internally aligned throughout this process.

As a final step, StarHub will develop an escalation mechanism to remediate potential issues.

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Responsible Business Strategy 2: Responsible Marketing (Material Topic)

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

Our Data Protection Office oversees the compliance with our Do Not Call (DNC) Policy that guides and ensures that we comply with the PDPA – Do Not Call Registry provisions. Targeted marketing messages will not be sent to any Singapore mobile number that has been registered with the National DNC Registry, and any messages sent will be prefixed as a notification to ensure the clear intent of our communication.

Our Customer Communication Guidelines provide support to our DNC Policy and serve as 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 2018, StarHub had no incidence of non-compliance with regulations concerning marketing communications including advertising and promotion.

As an ICT Group, we are cognisant of our ability to contribute to promoting 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 campaign that highlights different segments of our society and champions various social causes. #TogetherWeCan was the theme for 2018, honouring the can-do and never-give-up Singapore spirit by shining the spotlight on the stories of five inspiring Singaporeans. We also took the opportunity to engage our customers by providing them with an opportunity to redeem their reward points in support of these causes via our Rewards Redemption platform, which allowed customers to redeem 53 StarHub Rewards Points in exchange for a $5 contribution by StarHub to their desired cause.

Airtime Sponsorships of Social and Environmental Causes

StarHub provided airtime sponsorships totalling $800,000 in 2018 for social and environmental campaigns. We are firm believers in using our assets to do good for society. These included $300,000 for WWF Earth Hour 2018, $400,000 for President's Challenge and $100,000 for 2018 National Day celebrations.

2018 National Day Campaign





From Left to Right:

1. Mr Lim Seng, Team Lead of GoSpace, who hopes to realise his dream of launching the first Singaporean into space.
2. Ms Sarah Pang, Professional Tennis Player, who is pursuing to compete in the WTA.
3. Mr Sazzad Hossain, Founder of SDI Academy, who is providing basic English education to help migrant workers adapt to Singapore.
4. Mr Peter Draw, Creator of the Ai Movement, who uses his art to inspire the world with love and happiness.
5. Mr Joel Seah, social worker at Care Corner Crossroad Youth Centre, who guides youths and organises workshops to equip them with skills to excel in life.

StarHub Value Creation Scorecard

Performance Indicators	FY 2018	FY 2017	FY 2016
Environmental			
CO_2e emissions generated (tonnes)	**61,716**	54,822	54,705
Carbon emission intensity per $million revenue (tonnes CO_2e)	**26.1**	22.8	22.7
Energy intensity per $million revenue (gigajoules)	**219**	195	183
Water consumption (cubic metres)	**24,695**	27,633	28,421
Internal e-waste recycled (tonnes)	**213**	242	379
Paper recycled (kilogrammes)	**17,797**	24,230	16,012
Electricity used (million kWh)	**141.6**	128.0	119.9
Social			
Employees			
Permanent employees	**2,216**	2,541	2,685
Local employees (Singapore citizens)	**73%**	75%	75%
New hires	**358**	332	283
Female employees	**41%**	42%	42%
Female managers (% of Senior level)	**37%**	36%	37%
Female managers (% of Middle level)	**36%**	36%	36%
Female Heads of Department (% of HODs)	**36%**	30%	33%
Average training hours per employee	**19**	17	19
Training expenditure per employee	**$618**	$994	$784
Employee turnover rate	**32%**[1]	20%[1]	12%
Number of reported work injuries	**1**	0	2
Fatal Accidents	**0**	0	0
Community			
Employee volunteerism participation	**3%**	7%	5%
Community investment and donations to charities ($million)	**0.8**	0.7	0.8
Governance & Marketplace			
Revenue ($million)	**2,362**	2,401	2,397
Net profit ($million)	**200.5**	250	341
Dividends paid to shareholders ($million)	**277**	294	346
Suppliers			
Share of local suppliers as % of total supplier payments	**86%**[2]	93%[2]	86%
Proportion of local suppliers	**89%**[2]	84%[2]	85%

[1] Figures include voluntary and involuntary turnover. These refer to employees who are effectively no longer part of the Group's headcount within the period from 1 January 2018 to 31 December 2018.

[2] Figures for all purchase orders raised during 2018, except for those related to content acquisition. Most 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.

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Towards a Sustainable Future (Cont'd)

Appendix

About This Report

This is StarHub's eighth annual sustainability report. The information in this report covers StarHub's financial year 2018 (1 January 2018 to 31 December 2018). The scope of the report content covers all business units, StarHub shops (excluding Exclusive Partners unless otherwise stated), data centres, subsidiaries and associated companies (excluding D'Crypt Pte Ltd and Ensign InfoSecurity, being new subsidiaries acquired in 2018).

This report is 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 130-134.

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 SGX-ST Listing Rule 711A on preparing an annual sustainability report and describes our sustainability practices with reference to the primary components set out in SGX-ST Listing Rule 711B.

There are no restatements of previously published information.

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 135-138 for the assurance statement and scope of data assured. The findings of the assurance procedures are shared with StarHub's Board.

This report is printed on FSC paper on soy-based ink.

Share with us your feedback on our sustainability practices by contacting **starhubcsr@starhub.com**.

Engaging with our Stakeholders

2018 has been a year of change for StarHub. With the roll-out of our strategic transformation plan, our operational efficiency programme and the associated internal re-organisation, our stakeholder engagements have focused on business activities and our day-to-day procedures ensuring quality services and products.

Many different people within and outside StarHub have a stake in our business. Everyone from our customers, being both businesses and individuals, to our investors, employees and suppliers 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.

We engage our stakeholders through a variety of means, ranging from one-on-one discussions to surveys, feedback forms, written communications, focus groups, roadshows and social media channels.

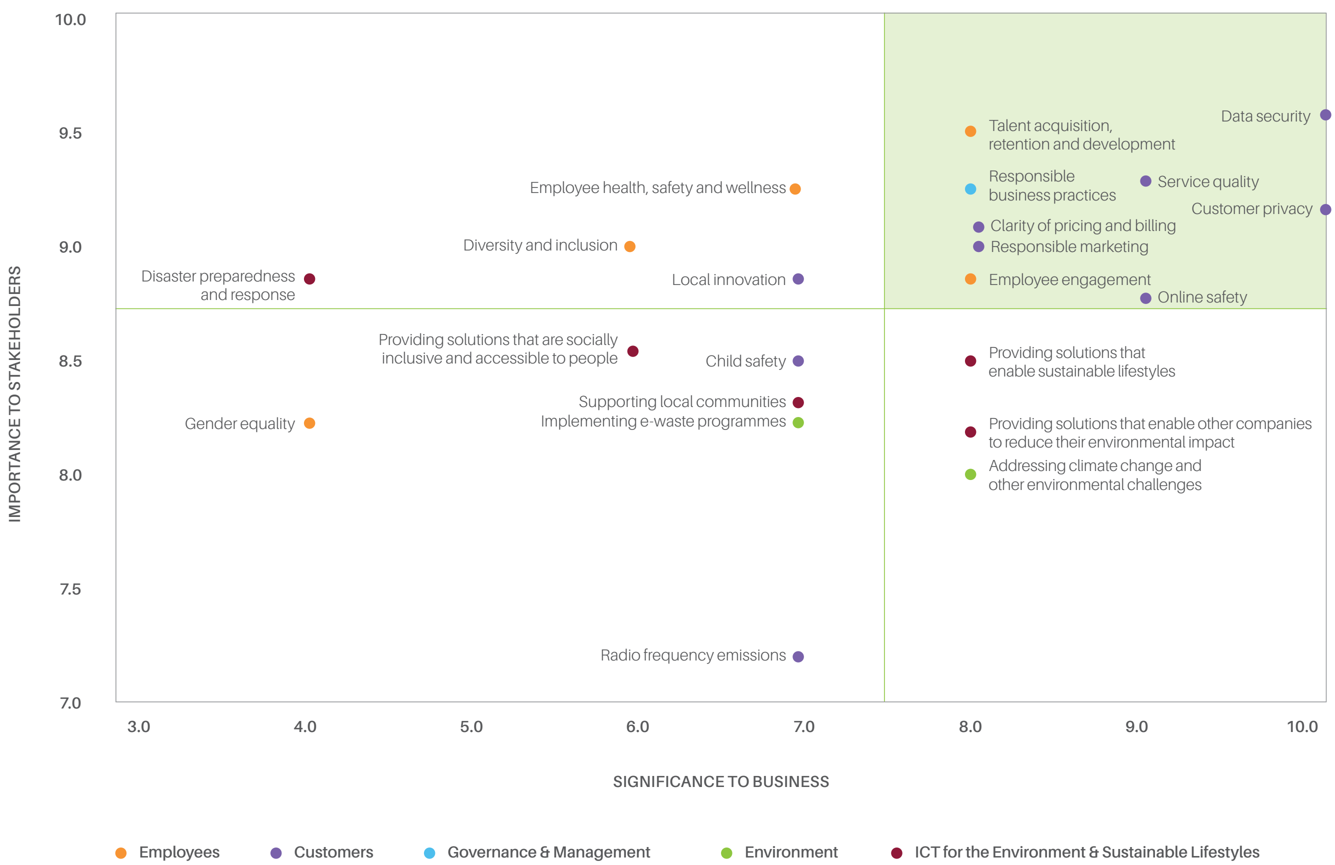
Engagement specifically around our sustainability initiatives and reporting in 2018 has been limited to internal discussions and preparations for the coming year.

In 2019, we will continue to find the most effective channels for interacting with our stakeholder groups.

Our Materiality Process

We focus on the topics that matter most to our business and our stakeholders. Our material topics in 2018 have remained unchanged from last year, where we undertook a comprehensive materiality assessment following best practices outlined by the globally recognised international reporting standards by GRI. This assessment included extensive engagement with our internal stakeholders and senior management, resulting in the 13 topics we believe remain most material at this time.

Materiality Matrix



Material Topics and Boundaries

Our Material Sustainability Topics	Where Impact Occurs/Boundary									
	Government and Regulators	Customers	Employees	Suppliers	Distributors and Retailers	Investors	Local Communities	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

Memberships and Associations in 2018

Advertising Standards Authority of Singapore	Global Compact Network Singapore	Singapore Advertisers Association
American Chamber of Commerce in Singapore	Global TD-LTE Initiative	Singapore Business Federation
Asia Digital Marketing Association	GSMA	Singapore Chinese Chamber of Commerce & Industry
Asia Pacific Network Information Centre	Institute of Advertising Singapore	Singapore Computer Society
Asia Video Industry Association	Institute of Service Excellence at SMU	Singapore Corporate Counsel Association
Association of Small & Medium Enterprises	Institute of Singapore Chartered Accountants	Singapore Hotel Association
Association of Media Owners (Singapore)	Investor Relations Professionals Association of Singapore	Singapore Human Resource Institute
British Chamber of Commerce, Singapore	IMDA Tech Skills Accelerator Governing Council	Singapore InfoComm Technology Federation
Business China Singapore	ISS Management Board	Singapore Institute of Directors
Cable Television Laboratories	Law Society of Singapore	Singapore International Chamber of Commerce
Chartered Secretaries Institute of Singapore	Lawnet for Legal Research	Singapore National Employers' Federation
Cloud Security Alliance Singapore Chapter	Pacific Telecommunications Council	Singapore Training & Development Association
Conexus Mobile Alliance	Promax Asia	Singapore-Guangdong Collaboration Council
Consumers Association of Singapore	Singapore Academy of Law	Wireless Broadband Alliance
Contact Centre Association of Singapore	Singapore Advanced Research & Education Network	

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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	10
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Mainly Singapore
	102-5	Ownership and legal form	262-263
	102-6	Markets served	10-11
	102-7	Scale of the organisation	111
	102-8	Information on employees and other workers	111-115
	102-9	Supply chain	122-123
	102-10	Significant changes to the organisation and its supply chain	Roll-out of strategic transformation plan in 2018, including an operational efficiency programme and the associated internal re-organisation. For further details refer to pages 111, 122-123.
	102-11	Precautionary principle of approach	90-93
	102-12	External initiatives	106-109, 115-118, 120-124
	102-13	Membership of associations	129
	102-14	Statement from senior decision-maker	126
	102-16	Values, principles, standards, and norms of behaviour	52-85
	102-18	Governance structure	102
	102-40	List of stakeholder groups	126
	102-41	Collective bargaining agreements	30% of our workforce are general members of SISEU.
	102-42	Identifying and selecting stakeholders	126
	102-43	Approach to stakeholder engagement	126
	102-44	Key topics and concerns raised	127
	102-45	Entities included in the consolidated financial statements	198-201
	102-46	Defining report content and topic boundaries	127-128 For a detailed description of the materiality assessment and process please refer to StarHub Sustainability Report 2017.
	102-47	List of material topics	128
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	302-2	Energy consumption outside of the organisation	110
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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 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	107-108: specifically relating to the material topic of e-waste. In 2018, StarHub generated 45,950kg of general waste (non-hazardous) that was disposed to the municipality for incineration. A total of 17,797kg of paper (non-hazardous) was also collected and recycled.

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GRI Content Index

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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	120, 124
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	120
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	103-3	Evaluation of the management approach	120
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	119
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GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-Specific Disclosures (Cont'd)			
Responsible business practices			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	121-122
	103-2	The management approach and its components	121-122
	103-3	Evaluation of the management approach	121-122
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	121
GRI 206: Anti-competitive behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	122
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	125
Talent acquisition, retention and development and employee engagement			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	111-112
	103-2	The management approach and its components	111-112
	103-3	Evaluation of the management approach	111-112
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	113 **Further 2018 breakdown:** **New hire rates:** • Male: 18% • Female: 14% • <30 years old: 39% • 30-50 years old: 13% • >50 years old: 6% **Turnover rates:** • Male: 32% • Female: 33% • <30 years old: 41% • 30-50 years old: 29% • >50 years old: 43%
	401-2	Benefits provided to full-time employees that are not provided to temporary of part-time employees	114

SUSTAINABILITY REPORT

Towards a Sustainable Future (Cont'd)

GRI Content Index

GRI STANDARD	GRI DISCLOSURE		Page(s)
Topic-Specific Disclosures (Cont'd)			
Talent acquisition, retention and development and employee engagement (Cont'd)			
GRI 401: Employment 2016 (Cont'd)	401-3	Parental leave	114 **Further 2018 breakdown:** • All full-time employees are entitled to parental leave, being 1,298 males and 918 females in 2018. • 93 males and 52 females took parental leave in 2018. • 92 males (99%) and 52 females (100%) returned to work after taking parental leave in 2018. • In 2018, 49 males (59%) and 31 females (53%) were still employed 12 months after returning to work from parental leave taken in 2017.
GRI 404: Training and education 2016	404-1	Average hours of training per employee	112
	404-2	Programs for updating employee skills and transition assistance programs	112, 114
Employee health, safety and wellness			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	115
	103-2	The management approach and its components	115
	103-3	Evaluation of the management approach	115
GRI 403: Occupational health & safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	115
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	**Further 2018 breakdown:** • 1 minor injury (female) reported at a minor injury rate of 45.13 per 100,000 employed persons (rate of 108.93 per 100,000 employed females). • 0 major injuries reported at a major injury rate of 0 per 100,000 employed persons. • Accident frequency rate of 0.2 per million working hours. • Lost Day Rate of 0.10 per million working hours. • Absentee Rate of 3049 per million working hours. • Occupational disease rate of 0 per 100,000 employed persons.
	403-3	Workers high incidence or high risk of diseases related to their occupation	Zero occupational disease incidents recorded in 2018.

SUSTAINABILITY REPORT

Independent Limited Assurance Report

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 2018 for the year ended 31 December 2018 (the Report), as set on pages 90 to 124, 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): Core option; 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.

SUSTAINABILITY REPORT

Independent Limited Assurance Report (Cont'd)

Material topic	GRI Standards topic-specific disclosure		Selected GRI Disclosures
Energy	GRI 302-1 GRI 302-2	Energy consumption within the organization and outside of the organization	517,304 gigajoules (GJ)
	GRI 302-3	Energy intensity	219 GJ per $million revenue (including Exclusive Partners)
Water	GRI 303-1	Water withdrawal by source	24,695 cubic metres
Emissions	GRI 305-1	Direct (Scope 1) GHG emissions	2,238 tonnes CO2e
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	59,188 tonnes CO2e
	GRI 305-3	Other indirect (Scope 3) GHG emissions	290 tonnes CO2e
	GRI 305-4	GHG emissions intensity	26.1 tonnes CO2e per $million revenue
Effluents and Waste	GRI 306-2	Waste by type and disposal method	Internal e-waste recycled: 213 tonnes Paper recycled: 17,797 kilograms
Employment	GRI 401-1	New employee hires and employee turnover	<table><tr><th></th><th>Male</th><th>Female</th></tr><tr><td>Number of new employee hires</td><td>229</td><td>129</td></tr><tr><td>Number of employee turnover</td><td>410</td><td>306</td></tr></table>
Training and education	GRI 404-1	Average hours of training per year per employee	<table><tr><th></th><th>Male</th><th>Female</th></tr><tr><td>Function employees</td><td>21.3</td><td>13.2</td></tr><tr><td>Middle management</td><td>21.3</td><td>17.7</td></tr><tr><td>Senior management</td><td>23.2</td><td>28.1</td></tr><tr><td>Overall</td><td>21.4</td><td>14.7</td></tr></table>
Procurement practices	GRI 204-1	Proportion of spending on local suppliers	Share of local suppliers as a percentage of total supplier payments: 86% Proportion of local suppliers as a percentage of total suppliers: 89%

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 depends 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.

SUSTAINABILITY REPORT

Independent Limited Assurance Report (Cont'd)

- 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
28 February 2019

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 157 to 260 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 2018 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 (International); 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)
Ma Kah Woh	
Nihal Vijaya Devadas Kaviratne CBE	
Teo Ek Tor	
Stephen Geoffrey Miller	
Michelle Lee Guthrie	
Nayantara Bali	(Appointed on 6 August 2018)
Ng Shin Ein	(Appointed on 17 September 2018)
Lionel Yeo Hung Tong	(Appointed on 10 January 2019)
Lim Ming Seong	
Nasser Marafih	
Naoki Wakai	

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		
Ordinary shares		
Steven Terrell Clontz	107,700	143,600

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		
Ordinary shares		
Ma Kah Woh	96,580	117,680
Nihal Vijaya Devadas Kaviratne CBE	23,000	114,400
Teo Ek Tor	186,438	206,038
Stephen Geoffrey Miller	–	22,700
Michelle Lee Guthrie	–	4,900
Lim Ming Seong	255,436	277,736
Nasser Marafih	77,930	94,930
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		
Ordinary Shares		
Lim Ming Seong	8,336	8,336
Singapore Telecommunications Limited		
Ordinary Shares		
Ma Kah Woh	380	380
TeleChoice International Limited		
Ordinary Shares		
Stephen Geoffrey Miller	–	79,000
Lim Ming Seong	60,000	60,000

(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.*

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 2019.

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.

DIRECTORS' STATEMENT

(Cont'd)

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 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 five directors, namely Teo Ek Tor, Stephen Geoffrey Miller, Michelle Lee Guthrie, Lionel Yeo Hung Tong 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.

(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.

Share-based Payments (continued)

Since the commencement of the StarHub PSP 2004 to the financial year ended 31 December 2018, 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 2018, conditional awards aggregating 2,904,500 shares have been granted under the aforesaid plan. For share awards granted prior to and during 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) the performance of the Company's 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. For share awards granted during and after the financial year ended 31 December 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. 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.

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 2018	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2018
StarHub PSP 2004				
Key executives	–	9,050,250	–	–
Total	–	9,050,250	–	–
StarHub PSP 2014				
Key executives	497,600	2,904,500	–	1,683,901
Total	497,600	2,904,500	–	1,683,901

DIRECTORS' STATEMENT

(Cont'd)

Share-based Payments (continued)

(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 were measured against the 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 were measured against the 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.

Since the commencement of the StarHub RSP 2004 to the financial year ended 31 December 2018:

(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;

Share-based Payments (continued)

(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 2018:

(1) performance-based restricted awards aggregating 9,125,500 shares have been granted under the aforesaid Plan. For share awards granted prior to and during the financial year ended 31 December 2016, 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. For share awards granted during and after the financial year ended 31 December 2017, no shares will be delivered if the threshold performance target are not achieved, while up to 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 748,600 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 were vested in two equal tranches over a period from 15 March 2017 to 15 January 2018;

(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; and

(7) a time-based restricted award of 118,700 shares has been granted on 7 September 2018. The shares under this award will vest in one tranche on 9 July 2019.

DIRECTORS' STATEMENT

(Cont'd)

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 2018	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2018
StarHub RSP 2004				
Non-executive directors:				
Steven Terrell Clontz	–	40,100	–	–
Nihal Vijaya Devadas Kaviratne CBE	–	103,700	–	–
Teo Ek Tor	–	91,100	–	–
Lim Ming Seong	–	106,900	–	–
Nasser Marafih	–	50,400	–	–
Liu Chee Ming*	–	76,100	–	–
Key employees	–	15,883,100	–	–
StarHub RSP 2014				
Non-executive directors:				
Steven Terrell Clontz	35,900	103,500	35,900	–
Ma Kah Woh	21,100	39,100	21,100	–
Nihal Vijaya Devadas Kaviratne CBE	23,800	84,900	23,800	–
Stephen Geoffrey Miller	22,700	22,700	22,700	–
Teo Ek Tor	19,600	75,400	19,600	–
Michelle Lee Guthrie	4,900	4,900	4,900	–
Lim Ming Seong	22,300	79,500	22,300	–
Nasser Marafih	17,000	51,900	17,000	–
Rachel Eng Yaag Ngee*	19,800	39,600	19,800	–
Liu Chee Ming*	17,300	60,600	17,300	–
Key employees	2,168,800	10,509,290	1,430,370	3,213,325

* *Liu Chee Ming and Rachel Eng Yaag Ngee resigned as directors on 19 April 2018 and 30 September 2018 respectively.*

Share-based Payments (continued)

During the financial year, a total of 1,634,770 treasury shares were transferred pursuant to the StarHub Share Plans.

As at 31 December 2018, 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, lead independent non-executive director
Ng Shin Ein, 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.

DIRECTORS' STATEMENT

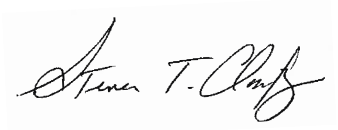
(Cont'd)

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

Ma Kah Woh
Director

Singapore
8 March 2019

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 2018, 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 157 to 260.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2018 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 *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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Members of the Company
StarHub Ltd

Revenue recognition ($2,362.0 million)
(Refer to note 3.11 'Significant accounting policies' and note 22 'Revenue')

The key audit matter	*How the matter was addressed in our audit*
The Group derives its revenue mainly from the provision of Mobile, Pay TV, Broadband, Enterprise Fixed services and sales of equipment. The determination of the amount and timing of revenue to be recognised is a highly judgemental process which involves: • Identifying performance obligations for each product and service offerings; and • Making assumptions related to estimates on stand-alone selling prices, variable considerations, redemption rates of programs, etc. The Group uses data captured in network switches and source systems (such as customer record, point of sales), which are interfaced with billing and management IT reporting systems, to recognise revenue. Management relies on a combination of system automated controls and manual controls to ensure the revenue recognition is appropriate. Processes in place to capture revenue for financial reporting require regular changes to cater for business and product developments. There is inherently a lag in identifying and implementing the necessary changes. In addition, due to limitations with current system configuration, certain manual reconciliations are necessary to quantify the revenue amounts to be recognised in accordance with SFRS(I) 15 requirements. Owing to the varieties of products and services, different pricing models as well as numerous forms of rebate and discount offerings, together with complexities in telecommunication systems and related configurations, there is a risk that revenue may not be accurately recorded.	We obtained an understanding of the nature of various revenue streams and the related revenue recording processes. We assessed the appropriateness of revenue recognition policies for products and services offered by the Group and the appropriateness of performance obligations identified by management by reviewing samples of customer contracts. We tested the design and implementation, and operating effectiveness of controls over the capture and recording of revenue. Our IT specialist tested the relevant automated controls, including interface controls between different IT applications. We tested key manual reconciliation controls over revenue recognition used by management for certain revenue streams.

Findings
We found that there are processes in place to capture revenue for financial reporting.

Accruals ($444.0 million) *(Refer to note 3.6(i) 'Significant accounting policies' and note 15 'Trade and other payables')*	
The key audit matter	*How the matter was addressed in our audit*
Negotiations with suppliers and other various parties for certain operating expenditures may take a significant amount of time to complete. Judgement is required in determining the appropriate amounts of accruals or provisions to be recognised in the financial statements. This involves making assumptions on the probable outcomes of these negotiations and estimating the impact from the plausible outcomes.	We obtained an understanding of management's process of identifying and estimating the required accruals and provisions. We assessed the reasonableness of the bases and key assumptions used by management in deriving certain accruals and provisions by comparing to historical performance, whilst taking into account future business plans and external market information. We read contracts and correspondences relating to certain significant accruals and provisions to consider the appropriate accounting treatment and timing of recognition. We tested key reconciliations used by management to assess the completeness and accuracy of liabilities and accruals. We reviewed ageing profiles of the Group's accruals to identify significant and/or long outstanding balances to ascertain if they are still required.
Findings The Group has a reasonable basis to estimate the recorded accruals and provisions.	

INDEPENDENT AUDITORS' REPORT (Cont'd)

Members of the Company
StarHub Ltd

Acquisition of D'Crypt Pte Ltd ("DPL") – Purchase Price Allocation
(Refer to note 3.1 'Significant accounting policies' and note 33 'Acquisitions of subsidiaries and non-controlling interests')

The key audit matter	*How the matter was addressed in our audit*
During the financial year, the Group acquired a 65.0% equity interest in DPL. Subsequent to the acquisition, DPL became a subsidiary of the Group. Management engaged an external firm of specialists to perform the purchase price allocation, and fair value the identified assets and liabilities of DPL. There is judgement and inherent uncertainty involved in the identification and valuation of these assets and liabilities.	We examined the terms and conditions of the put and call option agreement and enquired with key management personnel to understand the commercial substance of the transaction. We considered the objectivity, independence and competency of external specialists, and scope of their engagement. Together with our valuation specialist, we discussed with management and external specialists on the purchase price allocation to understand their basis of identifying and valuing the identified assets and liabilities. We assessed the reasonableness of key assumptions used in the future cash flows, including revenue growth, gross profit margin and operating expenses by comparing them to historical results, market data and industry forecasts. This included making enquiries with management about their business strategies and plan on revenue growth and profitability. We independently assessed the pre-tax discount rate used by management by reference to market data. We considered the disclosures for the acquisition.

Findings

We found that the valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work.

We found the valuation methodologies used are in line with generally accepted market practices and management's key assumptions and estimates applied to be within a reasonable range.

We found the disclosures of the acquisition to be appropriate.

Impairment assessment of goodwill ($315.5 million)
(Refer to note 3.7 (ii) 'Significant accounting policies' and note 5 'Intangible assets')

The key audit matter	*How the matter was addressed in our audit*
Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. At 31 December 2018, the Group's balance sheet includes goodwill amounting to $315.5 million, predominately allocated to three cash-generating units ("CGUs") – Telco CGU, DPL CGU and the Ensign CGU (see Note 5). The Group performed an impairment assessment for each of the CGUs by estimating its recoverable amounts. The recoverable amounts of each CGU has been derived using its discounted cash flow forecast. The recoverable amount for each of the CGUs is determined to be in excess of the carrying amounts of the CGU and no impairment loss is determined to be required. A CGU is the smallest unit of assets that generate cash inflows that are largely independent of the cash inflow from other group of assets. The identification of a CGU involves judgement. Forecasting future cash flow is a highly judgemental process which involves making assumptions on revenue growth rates, margins, operating expense and discount rates.	We evaluated the appropriateness of CGU identified by management based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group. We assessed management's process of setting budgets on which the cash flow forecasts are based. We assessed key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports. We independently derived applicable discount rates from comparable companies and compared these with those used by management. We performed sensitivity analyses, focusing on plausible changes in the key assumptions or discount rates, and analysed the impact to the carrying amount. We considered the appropriateness of the disclosures in the financial statements.

Findings
We found the identification of CGUs to be based on reasonable basis.
We found that the assumptions and resulting estimates used in the determining recoverable amounts to be within acceptable range.
We found the Group's disclosure in notes to the financial statements to be compliant with financial reporting standards.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Members of the Company
StarHub Ltd

<table>
<tr><td colspan="2">Valuation of investment in subsidiaries at 1 January 2017 ($3,304.4 million)
(Refer to note 6 'Subsidiaries' and note 38 'Explanation of transition to SFRS(I) and adoption of new standards')</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Company elected the optional exemption in SFRS(I) 1 to measure the cost of investments in certain subsidiaries using their fair value as at 1 January 2017 in its SFRS(I) financial statements.

As a result of the fair value exercise, the cost of investment in subsidiaries increased by $604.3 million as at 1 January 2017 and 31 December 2017. The retained earnings of the Company also increased by the same corresponding amount at the respective dates.

The fair value of the selected subsidiaries was determined using the income approach by an external independent valuer. This involves forecasting future cash flows of the respective subsidiaries.

Forecasting future cash flows is a highly judgemental process which involves making assumptions related to revenue growth, profit margins and discount rates.</td><td>We considered the objectivity, independence and competency of the external valuer, and the scope of their engagement.

We discussed with management and the external valuer on the methodology applied to value the subsidiaries.

We assessed the Group's process of setting budgets and forecasts on which the cash flow forecasts are based.

We assessed the key assumptions, including revenue growth and profit margins by comparing them to historical performance, market data and industry forecasts. This includes making enquiries with management about their future business strategies and plans.

We engaged our valuation specialists to independently verify the long term growth rate data and pre-tax discount rate used by management by reference to comparable companies' weighted average cost of capital.

We performed sensitivity analyses, focusing on reasonably possible changes in the key assumptions or discount rates, and analysing the impact to the valuation amount.

We assessed the appropriateness of the disclosures in the financial statements.</td></tr>
<tr><td colspan="2">Findings
We found that the valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work.

We found the assumptions used and the fair value derived to be within a reasonable range. We found the disclosures in the notes to the financial statements to be appropriate.</td></tr>
</table>

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 auditors' 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 do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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 SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, 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 (Cont'd)

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
8 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
		$m	$m	$m	$m	$m	$m
Non-current assets							
Property, plant and equipment	4	**893.2**	870.1	918.0	**465.1**	425.2	431.0
Intangible assets	5	**670.0**	557.6	463.8	**102.1**	92.3	78.3
Subsidiaries	6	**–**	–	–	**3,304.4**	3,112.1	3,077.1
Associate	7	**22.7**	23.7	25.9	**27.8**	27.8	27.8
Other investments	8	**36.0**	60.0	40.0	**36.0**	60.0	40.0
Amounts due from related parties	9	**8.2**	7.9	7.6	**8.2**	7.9	7.6
Contract assets	10	**67.4**	76.7	68.2	**0.1**	1.0	–
Contract costs	10	**5.7**	5.8	6.2	**0.5**	0.4	0.8
Deferred tax assets	18	**1.5**	–	–	**–**	–	–
		1,704.7	1,601.8	1,529.7	**3,944.2**	3,726.7	3,662.6
Current assets							
Inventories	11	**75.2**	71.9	49.6	**0.6**	0.7	0.7
Contract assets	10	**277.0**	285.0	279.1	**18.7**	18.4	12.0
Contract costs	10	**17.3**	18.3	17.7	**1.4**	1.6	2.1
Trade receivables	12	**282.8**	201.5	172.2	**183.1**	167.7	141.7
Other receivables, deposits and prepayments	13	**94.2**	87.4	96.8	**33.9**	30.8	35.6
Amounts due from related parties	9	**18.3**	24.9	17.9	**14.2**	21.6	19.2
Cash and cash equivalents	14	**166.0**	345.2	285.2	**117.6**	321.1	236.0
		930.8	1,034.2	918.5	**369.5**	561.9	447.3
Current liabilities							
Contract liabilities	10	**(70.2)**	(78.6)	(94.9)	**(23.4)**	(21.0)	(21.1)
Trade and other payables	15	**(574.5)**	(625.0)	(577.0)	**(270.5)**	(313.1)	(288.1)
Amounts due to related parties	9	**(57.5)**	(64.8)	(67.1)	**(235.8)**	(334.3)	(360.5)
Borrowings	16	**(50.1)**	(120.0)	(10.0)	**(50.0)**	(120.0)	(10.0)
Provision for taxation		**(119.5)**	(125.5)	(118.7)	**(23.7)**	(21.0)	(16.0)
		(871.8)	(1,013.9)	(867.7)	**(603.4)**	(809.4)	(695.7)
Net current assets/(liabilities)		**59.0**	20.3	50.8	**(233.9)**	(247.5)	(248.4)
Non-current liabilities							
Contract liabilities	10	**(32.5)**	(22.4)	(21.6)	**(32.5)**	(22.5)	(21.6)
Trade and other payables	15	**(33.3)**	(0.9)	(1.4)	**(7.3)**	(0.9)	(1.4)
Borrowings	16	**(978.4)**	(857.5)	(977.5)	**(977.5)**	(857.5)	(977.5)
Deferred tax liabilities	18	**(131.5)**	(135.4)	(148.0)	**(75.6)**	(73.9)	(73.5)
		(1,175.7)	(1,016.2)	(1,148.5)	**(1,092.9)**	(954.8)	(1,074.0)
Net assets		**588.0**	605.9	432.0	**2,617.4**	2,524.4	2,340.2
Equity							
Share capital	19	**299.7**	299.7	299.7	**299.7**	299.7	299.7
Perpetual capital securities	20	**199.9**	199.9	–	**199.9**	199.9	–
Reserves	21	**28.5**	101.9	132.3	**2,117.8**	2,024.8	2,040.5
Equity attributable to owners of the Company		**528.1**	601.5	432.0	**2,617.4**	2,524.4	2,340.2
Non-controlling interests		**59.9**	4.4	–	**–**	–	–
Total equity		**588.0**	605.9	432.0	**2,617.4**	2,524.4	2,340.2

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2018

	Note	Group 2018 $m	Group 2017 $m
Revenue	22	**2,362.0**	2,410.7
Operating expenses	23	**(2,089.7)**	(2,052.7)
Other income	24	**1.2**	4.4
Profit from operations		**273.5**	362.4
Finance income	25	**3.2**	3.7
Finance expense	25	**(30.2)**	(29.9)
Net finance costs		**(27.0)**	(26.2)
Non-operating loss	26	**-**	(0.7)
Share of loss of associate, net of tax	7	**(1.0)**	(2.2)
Profit before taxation		**245.5**	333.3
Taxation	27	**(44.9)**	(59.8)
Profit for the year		**200.6**	273.5
Profit attributable to:			
Owners of the Company		**201.7**	272.9
Non-controlling interests		**(1.1)**	0.6
Profit for the year		**200.6**	273.5
Earnings per share (in cents)			
- Basic	28	**11.2**	15.5
- Diluted	28	**11.2**	15.5
EBITDA	29	**567.3**	642.8

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Group	
	2018	**2017**
	$m	**$m**
Profit for the year	**200.6**	273.5
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity investments at fair value through other comprehensive income ("FVOCI"), net of taxation	**(24.0)**	–
	(24.0)	–
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of available-for-sale financial assets, net of taxation	–	5.6
Foreign currency translation differences	**(0.1)**	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	**9.9**	(14.5)
	9.8	(8.8)
Other comprehensive loss for the year, net of taxation	**(14.2)**	(8.8)
Total comprehensive income for the year	**186.4**	264.7
Total comprehensive income attributable to:		
Owners of the Company	**187.5**	264.1
Non-controlling interests	**(1.1)**	0.6
Total comprehensive income for the year	**186.4**	264.7

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2018

Group	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Capital reserve $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 2018	**299.7**	**199.9**	**(8.2)**	**-**	**(276.3)**	**13.0**	**18.1**	**(10.1)**	**1.4**	**364.0**	**101.9**	**4.4**	**605.9**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	**201.7**	**201.7**	**(1.1)**	**200.6**
Other comprehensive (loss)/income													
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	-	**(24.0)**	-	-	-	**(24.0)**	-	**(24.0)**
Foreign currency translation differences	-	-	-	-	-	-	-	-	**(0.1)**	-	**(0.1)**	-	**(0.1)**
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	-	**9.9**	-	-	**9.9**	-	**9.9**
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	**(24.0)**	**9.9**	**(0.1)**	**201.7**	**187.5**	**(1.1)**	**186.4**
Transactions with equity holders of the Company, recognised directly in equity													
Contributions by and distributions to equity holders of the Company													
Accrued perpetual capital securities distribution	-	**7.9**	-	-	-	-	-	-	-	**(7.9)**	**(7.9)**	-	-
Perpetual capital securities distribution paid	-	**(7.9)**	-	-	-	-	-	-	-	**1.3**	**1.3**	-	**(6.6)**
Issue of shares pursuant to share plans	-	-	**5.2**	-	-	**(5.1)**	-	-	-	-	**0.1**	-	**0.1**
Share-based payment expenses	-	-	-	-	-	**1.0**	-	-	-	-	**1.0**	-	**1.0**
Tax impact on transfer of treasury shares	-	-	-	-	-	**(0.2)**	-	-	-	-	**(0.2)**	-	**(0.2)**
Dividends paid (Note 31)	-	-	-	-	-	-	-	-	-	**(276.9)**	**(276.9)**	-	**(276.9)**
Total contributions by and distributions to equity holders of the Company	-	-	**5.2**	-	-	**(4.3)**	-	-	-	**(283.5)**	**(282.6)**	-	**(282.6)**

The accompanying notes form an integral part of these financial statements.

Group	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Capital reserve $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
Changes in ownership interests in subsidiaries													
Net effect from business combinations	–	–	–	54.7	–	–	–	–	–	–	54.7	56.6	111.3
Put liability to acquire non-controlling interests	–	–	–	(42.7)	–	–	–	–	–	–	(42.7)	–	(42.7)
Net changes in fair value of put liability to acquire non-controlling interests	–	–	–	9.7	–	–	–	–	–	–	9.7	–	9.7
Total changes in ownership interests in subsidiaries	–	–	–	21.7	–	–	–	–	–	–	21.7	56.6	78.3
Total transactions with equity holders of the Company	–	–	5.2	21.7	–	(4.3)	–	–	–	(283.5)	(260.9)	56.6	(204.3)
At 31 December 2018	299.7	199.9	(3.0)	21.7	(276.3)	8.7	(5.9)	(0.2)	1.3	282.2	28.5	59.9	588.0

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Year ended 31 December 2018

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	388.6	132.3	–	432.0
Total comprehensive income for the year												
Profit for the year	–	–	–	–	–	–	–	–	272.9	272.9	0.6	273.5
Other comprehensive income/(loss)												
Net change in fair value of available-for-sale financial assets, net of taxation	–	–	–	–	–	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	272.9	264.1	0.6	264.7
Transactions with equity holders of the Company, recognised directly in equity												
Contributions by and distributions to equity holders of the Company												
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 31)	–	–	–	–	–	–	–	–	(293.9)	(293.9)	–	(293.9)
Total contributions by and distributions to equity holders of the Company	–	199.9	4.1	–	(1.1)	–	–	–	(297.5)	(294.5)	–	(94.6)

The accompanying notes form an integral part of these financial statements.

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
Changes in ownership interests in subsidiaries												
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	–	–	3.8	3.8
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	3.8	3.8
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	364.0	101.9	4.4	605.9

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Year ended 31 December 2018

Company	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Share-based payments reserve $m	Fair value reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1 January 2018	**299.7**	**199.9**	(8.2)	13.0	18.1	2,001.9	2,024.8	2,524.4
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	399.6	399.6	399.6
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	(24.0)	-	(24.0)	(24.0)
Total comprehensive income for the year	-	-	-	-	(24.0)	399.6	375.6	375.6
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Accrued perpetual securities distribution	-	7.9	-	-	-	(7.9)	(7.9)	-
Perpetual securities distribution paid	-	(7.9)	-	-	-	1.3	1.3	(6.6)
Issue of shares pursuant to share plans	-	-	5.2	(5.1)	-	-	0.1	0.1
Share-based payment expenses	-	-	-	1.0	-	-	1.0	1.0
Tax impact on transfer of treasury shares	-	-	-	(0.2)	-	-	(0.2)	(0.2)
Dividends paid (Note 31)	-	-	-	-	-	(276.9)	(276.9)	(276.9)
Total transactions with equity holders of the Company	-	-	5.2	(4.3)	-	(283.5)	(282.6)	(282.6)
At 31 December 2018	**299.7**	**199.9**	**(3.0)**	**8.7**	**(5.9)**	**2,118.0**	**2,117.8**	**2,617.4**

The accompanying notes form an integral part of these financial statements.

Company	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Share-based payments reserve $m	Fair value reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1 January 2017	299.7	–	(12.3)	14.1	12.5	2,026.2	2,040.5	2,340.2
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	273.2	273.2	273.2
Other comprehensive income								
Net change in fair value of available-for-sale financial assets, net of taxation	–	–	–	–	5.6	–	5.6	5.6
Total comprehensive income for the year	–	–	–	–	5.6	273.2	278.8	278.8
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of perpetual capital securities	–	199.6	–	–	–	–	–	199.6
Accrued perpetual securities distribution	–	4.3	–	–	–	(4.3)	(4.3)	–
Perpetual 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 31)	–	–	–	–	–	(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)	13.0	18.1	2,001.9	2,024.8	2,524.4

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2018

	2018 $m	2017 $m
Cash flow from operating activities		
Profit before taxation	**245.5**	333.3
Adjustments for:		
Depreciation and amortisation	**291.2**	280.4
Income related grants	**(1.1)**	(4.4)
Share-based payments	**1.0**	3.4
Net finance costs	**27.0**	26.2
Non-operating loss	-	0.7
Share of loss of associate, net of tax	**1.0**	2.2
Others	**3.7**	1.9
	568.3	643.7
Changes in:		
Inventories	**(2.0)**	(22.3)
Contract assets	**32.2**	(14.4)
Contract costs	**1.2**	(0.2)
Trade receivables	**(67.3)**	(24.7)
Other receivables, deposits and prepayments	**1.8**	3.0
Contract liabilities	**1.4**	(15.4)
Trade and other payables	**(68.2)**	27.8
Amounts due from related parties	**31.7**	(8.0)
Amounts due to related parties	**(12.2)**	(7.0)
Cash generated from operations	**486.9**	582.5
Income tax paid	**(68.6)**	(65.3)
Net cash from operating activities	**418.3**	517.2
Cash flow from investing activities		
Interest received	**3.1**	3.4
Proceeds from disposal of property, plant and equipment and intangible assets	**0.4**	1.9
Purchase of property, plant and equipment and intangible assets	**(272.8)**	(295.9)
Purchase of equity investments	-	(15.0)
Acquisition of subsidiary, net of cash acquired (Note 33)	**(65.4)**	(22.6)
Repayment of loan from an associate	-	1.1
Net cash used in investing activities	**(334.7)**	(327.1)
Cash flow from financing activities		
Net proceeds from issue of perpetual capital securities	-	199.6
Grants received	**2.0**	8.2
Proceeds/(Repayment) of bank loans	**50.0**	(10.0)
Dividend paid to owners of the Company	**(276.9)**	(293.9)
Perpetual capital securities distribution paid	**(7.9)**	(4.0)
Interest paid	**(30.6)**	(30.0)
Net cash used in financing activities	**(263.4)**	(130.1)
Net change in cash and cash equivalents	**(179.8)**	60.0
Cash and cash equivalents at beginning of year	**345.2**	285.2
Cash and cash equivalents at end of year (Note 14)	**165.4**	345.2

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 8 March 2019 .

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 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Company's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 38.

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis, except as otherwise described in the notes 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

2 Basis of Preparation (continued)

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with SFRS(I) 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.

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 applying 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

  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 considered as one CGU. The impairment assessment is performed on the same CGU determined for purposes of assessing impairment of goodwill (see Note 5). D'Crypt Pte Ltd ("DPL") and Ensign InfoSecurity Pte. Ltd. ("Ensign"), which are the newly acquired subsidiaries are separate CGUs on their own respectively.

2 Basis of Preparation (continued)

2.4 Significant accounting estimates and judgements (continued)

- Measurement of expected credit loss ("ECL") allowance for trade and other receivables and contract assets

  The Group evaluates whether there is any objective evidence that trade receivables, amounts due from related parties and contract assets are impaired and determines the amount of loss allowances as a result of the inability of the debtors to make the required payments. The Group bases the estimates by applying a provision matrix incorporating both historical and forward-looking statements. 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.

- Revenue recognition – Determining the transaction price, stand-alone selling price ("SSP") and the amounts allocated to performance obligations

  Determining the transaction price requires the Group to make judgments and estimates on variable considerations in the contract. Management estimates the amount of variable consideration based on historical, current and forecasted information using most likely or expected value method. Determination of the variable consideration is subjective as the Group has a practice of offering a broad range of price concessions and the fact that variable consideration is highly susceptible to factors outside the Group's influence. Changes in customer's expectation and Group's intent, as well as the method used in quantifying the amount of variable consideration may affect the amount of revenue recognised in the Group's income statements in the future.

  Transaction price is allocated in proportion to the estimated SSP for each performance obligation at the inception of the contract. Therefore, management estimates the SSP of each performance obligation, especially those goods or services that are not regularly offered separately to customers. The Group establishes SSP using observable price or in case observable price is not available, the estimated cost plus a reasonable margin for each identified performance obligation. If both observable price or cost plus method is not available, SSP is determined based on residual method. Change or absence of SSP of a performance obligation affects the amount of consideration allocated to each performance obligation. Variable considerations are allocated solely to the service component of the contract since they relate specifically to the effort to satisfy the service performance obligation.

  The Group operates loyalty programmes that provide various discounts on future goods or services. A portion of revenue is allocated to these discounts and deferred until they are redeemed or expire. The deferment of revenue is estimated based on historical redemption rates and values, adjusted for any anticipated changes in future periods. As actual redemption rates may differ, the estimates are reviewed and adjusted where necessary in each reporting period when determining the amount of revenue to be deferred.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

2 Basis of Preparation (continued)

2.4 Significant accounting estimates and judgements (continued)

- 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 subsidiaries (see Note 33)

  - determination of fair value of consideration transferred (including contingent consideration, if any) and fair value of the assets acquired and liabilities assumed; and

  - determination of the fair value of put options granted to non-controlling interests.

  Management has engaged external firms of specialists to perform the purchase price allocation, including valuation of the identified assets and liabilities. There is judgement and inherent uncertainty involved in the identification and valuation of these assets and liabilities.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position as at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the date of acquisition, which is the date when control is transferred to the Group.

Acquisitions from 1 January 2017

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

3 Significant Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

Acquisitions from 1 January 2017 *(continued)*
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.

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 at fair value, unless another measurement basis is required by SFRS(I)s.

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.

Acquisitions before 1 January 2017
As part of the transition to SFRS(I), the Group has elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisition before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

(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. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(iii) Acquisition from entities under common control

Acquisitions from 1 January 2017

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the date of acquisition.

Acquisitions before 1 January 2017

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, 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.

As part of the transition to SFRS(I), the Group elected not to restate those acquisitions from entities under common control that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Common control transactions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value on the date that control is lost.

(v) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. 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.

3 Significant Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(v) Investment in associates (continued)

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.

(vi) 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.

(vii) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less impairment losses. The cost of the Company's investment in certain subsidiaries at 1 January 2017, the Group's date of transition to SFRS(I), was determined with reference to their respective fair values at that date.

(viii) Put and call options with non-controlling interest

When an entity within the Group writes a put option with the non-controlling shareholders as part of the acquisition of a subsidiary for settlement in cash or in another financial asset, a put liability is recognised for the present value of the exercise price of the option. This creates an obligation or potential obligation for the entity to purchase its subsidiary's equity instruments (constitutes the Group's own equity in the consolidated financial statements) for cash or another financial asset.

When the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests, the Group has chosen an accounting policy in which the non-controlling shareholders continue to be recognised. Therefore, the present value of the option is recognised in equity. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recognised within equity.

If the put option expires unexercised, then the charge to equity will be reversed and the financial liability will be derecognised. If the put option is exercised, then the charge to equity will be reversed and the financial liability will be derecognised and acquisition accounting will be applied.

At the Company level, the put and call options are accounted for as embedded derivatives.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.2 Foreign currencies

(i) Foreign currencies transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the 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 differences arising on the translation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, 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 the dates of the transactions.

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.

3 Significant Accounting Policies (continued)

3.3 Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate item (major components) of property, plant and equipment.

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.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately.

Depreciation is recognised as an expense in the income statement 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 57 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.4 Intangible assets

(i) *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Acquisitions before 1 January 2017

Goodwill and negative goodwill arising from business acquisitions have been accounted for as follows:

- Prior to 1 January 2001, both goodwill and negative goodwill were taken directly to retained profits.
- Between 1 January 2001 to 31 December 2004, goodwill was stated at cost less amortisation. Negative goodwill was taken directly to retained profits.
- After 31 December 2004, goodwill was stated at cost less impairment while negative goodwill was taken to the income statement.

Acquisitions after 1 January 2017

Goodwill at the acquisition date represents the excess of:

- 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.

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.

As part of the transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from previous FRS framework as at the date of transition.

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) *Deferred development costs*
Deferred development activities involve a plan or design for the production of new or substantially improved products and processes. Deferred development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the income statement as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over 7 to 20 years.

(v) *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 either the straight-line method over the estimated useful lives of 3 to 15.5 years, or when there is a high correlation with the revenue and margin to be generated, based on units of production method.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.5 Inventories

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. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

Gross amounts due for contract work

Gross amounts due for contract work represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities.

Gross amounts due for contract work are presented as part of assets in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, the difference is presented as part of trade and other payables in the statement of financial position.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3.6 Financial instruments

Non-derivative financial instruments

(i) *Recognition and initial measurement*

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.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(i) *Recognition and initial measurement (continued)*

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 transfers 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.

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.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as subsequently measured at amortised cost, equity investments at FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets – Policy applicable from 1 January 2018 *(continued)*
Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The determination of classification at initial recognition and subsequent measurement into each of the measurement categories are as described below.

(a) Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by loss allowances. Interest income, foreign exchange gains and losses and loss allowances are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

(b) Equity investments at FVOCI
On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the income statement. On de-recognition, cumulative gains and losses recognised in other comprehensive income are transferred to retained profits.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets – Policy applicable from 1 January 2018 *(continued)*

(c) Financial assets at FVTPL

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, to be measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the income statement.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classified non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

The determination of classification at initial recognition into each of the measurement categories and subsequent measurement were as described below.

(a) Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables (excluding prepayments), and amounts due from related parties.

(b) Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available for sale or were not classified in any other categories of financial assets. Available-for-sale financial assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment was derecognised, the gain or loss accumulated in equity was reclassified to the income statement.

Available-for-sale financial assets comprised equity investments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial liabilities

(a) Trade and other payables

Trade and other payables (including amounts due to related parties, excluding deferred income, marked-to-market financial instruments, put liability to acquire non-controlling interests, put and call options, net GST payable and employee benefits) are carried at amortised cost using the effective interest method.

(b) 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.

(iii) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement, when the derivative is designated as a cashflow hedge.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(iii) Derivative financial instruments and hedge accounting (continued)

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018 (continued)

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the income statement in the same period or periods as the hedged expected future cash flows affect the income statement.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the income statement.

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under SFRS(I) 9. Furthermore, for all cash flow hedges, the amounts accumulated in the cash flow hedge reserve are reclassified to the income statement in the same period or periods during which the hedged expected future cash flows affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Perpetual Capital Securities

The Group's 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. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders. Costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.7 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECL on financial assets measured at amortised cost, and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets and contract assets (continued)

Policy applicable from 1 January 2018 (continued)

Simplified approach
The Group applies the simplified approach to provide for ECLs for all financial assets and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Measurement of ECLs
ECLs are probability-weighted estimates or credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets and contract assets (continued)

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included 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.

Loans and receivables and contract assets

The Group considers evidence of impairment for loans and receivables and contract assets at both a specific asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in the income statement and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through income statement.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to the income statement. An impairment loss in respect of the cumulative loss that was reclassified from equity to the income statement was the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the income statement. Any subsequent recovery in the fair value of an impaired available-for-sale equity security was recognised in other comprehensive income and presented in the fair value reserve in equity.

Associates

An impairment loss in respect of an associate was 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.

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are 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 CGU exceeds its estimated recoverable amount.

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 (Cont'd)

Year ended 31 December 2018

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 in the periods during which related service are rendered by employees.

(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 contract liability 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. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

Revenue is recognised in the income statement as follows:

- Revenue from bundled products and services is recognised either at a point in time or over time based on the SSP allocated to the individual elements of the bundled products at contract inception. Invoices are issued on a monthly basis and are payable within 14 days.

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised over time when such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as contract liability. Invoices for telecommunications, broadband and cable television services are issued on a monthly basis and are payable within 14 days. Invoices for advertising space are issued when services have been performed and are payable within 30 days.

- Revenue from managed services, system integration and solution projects are recognised based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, multiplied by the total estimated contract revenue. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment which is due within 14 to 30 days. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than one year.

- 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 contract liability. Revenue is recognised over time upon usage of the pre-paid phone cards and upon expiry, any unutilised value of the cards is taken to the income statement. Payment is due when the cards are delivered to customers.

- Revenue from sales of equipment is recognised at a point in time when control of the equipment has been transferred, being at the point of delivery and acceptance of the equipment sold. Delivery occurs when the goods have been shipped to the customer's specified location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer. Payment is due when the equipment is delivered to customers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.11 Revenue recognition (continued)

Any difference between the revenue recognised in relation to the satisfied performance obligation and the amount of consideration received or receivable is presented either as contract asset or contract liability. Contract asset represents the Group's right to consideration, excluding any amount presented as trade receivable, in exchange for the goods or services transferred to customers. Contract liability, on the other hand represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer.

Variable consideration

Certain contracts with customers include variable considerations like right of return, trade discounts or 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 certain rebates. Under SFRS(I) 15, such provisions will be estimated at contract inception and at every reporting period, 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 SSP.

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. The Group has applied the practical expedient, where the incremental costs of obtaining a contract is expensed if the associated amortisation period is 12 months or less.

3.12 Finance income and costs

Finance income comprises interest income on bank deposits and amount due from associate. Interest income is recognised using the effective interest method.

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 Significant Accounting Policies (continued)

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.

Other government grants are recognised in the income statement when there is reasonable assurance that the Company has complied with the attached conditions and the amount will be received.

3.14 Marketing and promotions

Advertising and promotion expenses are recognised in the income statement when incurred.

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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS (I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.16 Income taxes (continued)

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 is also involved in the provision of high security customer products, and cyber security services. Based on the financial information regularly reviewed by the CODM, the Group has three operating and two reporting segments.

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 39.

4 Property, Plant and Equipment

Group	Freehold property $m	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 2017	1.7	9.2	46.3	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	1.7	10.3	46.9	3,342.8	190.2	7.9	39.9	3,639.7
At 1 January 2018	**1.7**	**10.3**	**46.9**	**3,342.8**	**190.2**	**7.9**	**39.9**	**3,639.7**
Acquisitions through business combination	**-**	**4.2**	**2.0**	**0.1**	**9.7**	**-**	**2.0**	**18.0**
Additions	**-**	**30.8**	**0.7**	**1.2**	**11.3**	**0.9**	**215.6**	**260.5**
Transfers	**-**	**-**	**0.7**	**176.5**	**1.5**	**-**	**(178.7)**	**-**
Disposals/Write-offs	**-**	**-**	**(1.8)**	**(132.8)**	**(1.4)**	**(0.7)**	**-**	**(136.7)**
At 31 December 2018	**1.7**	**45.3**	**48.5**	**3,387.8**	**211.3**	**8.1**	**78.8**	**3,781.5**
Accumulated depreciation and impairment losses								
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
At 1 January 2018	**-**	**2.6**	**39.3**	**2,568.4**	**153.4**	**5.9**	**-**	**2,769.6**
Charge for the year	**-**	**1.1**	**2.9**	**207.7**	**16.1**	**0.6**	**-**	**228.4**
Impairment loss	**-**	**-**	**-**	**2.6**	**-**	**-**	**-**	**2.6**
Disposals/Write-offs	**-**	**-**	**(1.8)**	**(108.4)**	**(1.4)**	**(0.7)**	**-**	**(112.3)**
At 31 December 2018	**-**	**3.7**	**40.4**	**2,670.3**	**168.1**	**5.8**	**-**	**2,888.3**
Carrying amount								
At 1 January 2017	1.7	6.9	2.4	816.6	32.8	1.2	56.4	918.0
At 31 December 2017	1.7	7.7	7.6	774.4	36.8	2.0	39.9	870.1
At 31 December 2018	**1.7**	**41.6**	**8.1**	**717.5**	**43.2**	**2.3**	**78.8**	**893.2**

Staff costs capitalised in construction in progress for the Group during the year amounted to $3.5 million (2017: $3.3 million).

During the year, the Group assessed that certain network equipment was impaired based on value-in-use method due to changes in the operating environment and recorded an impairment loss of $2.6 million.

Non-cash transaction

During the year, the Group entered into an asset swap arrangement with a vendor to exchange certain of its network equipment. Assets obtained were recorded at their fair value of $24.4 million which approximated the carrying amounts of the assets that were swapped out.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

4 Property, Plant and Equipment (continued)

Company	Leasehold buildings $m	Leasehold improve-ments $m	Network equipment & infrastruc-ture $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost							
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
At 1 January 2018	**10.2**	**41.1**	**1,411.6**	**134.6**	**2.2**	**14.5**	**1,614.2**
Additions	**30.8**	**0.7**	**-**	**4.5**	**0.3**	**96.4**	**132.7**
Transfers	**-**	**0.9**	**75.1**	**-**	**-**	**(76.0)**	**-**
Disposals/Write-offs	**-**	**(0.1)**	**(15.8)**	**(2.5)**	**(0.1)**	**(1.0)**	**(19.5)**
At 31 December 2018	**41.0**	**42.6**	**1,470.9**	**136.6**	**2.4**	**33.9**	**1,727.4**
Accumulated depreciation and impairment losses							
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
At 1 January 2018	**2.6**	**34.5**	**1,037.2**	**112.8**	**1.9**	**-**	**1,189.0**
Charge for the year	**1.0**	**2.6**	**75.2**	**8.6**	**0.1**	**-**	**87.5**
Impairment loss	**-**	**-**	**2.6**	**-**	**-**	**-**	**2.6**
Disposals/Write-offs	**-**	**-**	**(15.4)**	**(1.3)**	**(0.1)**	**-**	**(16.8)**
At 31 December 2018	**3.6**	**37.1**	**1,099.6**	**120.1**	**1.9**	**-**	**1,262.3**
Carrying amount							
At 1 January 2017	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
At 31 December 2018	**37.4**	**5.5**	**371.3**	**16.5**	**0.5**	**33.9**	**465.1**

5 Intangible Assets

Group	Telecommunications and spectrum licences $m	Computer software and deferred development $m	Software in development $m	Goodwill $m	Customer contracts and relationships $m	Total $m
Cost						
At 1 January 2017	236.1	549.7	16.9	220.3	–	1,023.0
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
At 1 January 2018	**305.4**	**584.6**	**24.7**	**239.5**	**10.0**	**1,164.2**
Acquisitions through business combination	**-**	**5.4**	**-**	**76.0**	**48.7**	**130.1**
Additions	**-**	**-**	**46.5**	**-**	**-**	**46.5**
Transfers	**-**	**43.5**	**(43.5)**	**-**	**-**	**-**
Disposals/Write-offs	**-**	**(2.0)**	**(0.4)**	**-**	**-**	**(2.4)**
At 31 December 2018	**305.4**	**631.5**	**27.3**	**315.5**	**58.7**	**1,338.4**
Accumulated amortisation						
At 1 January 2017	87.9	471.3	–	–	–	559.2
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
At 1 January 2018	**103.7**	**502.0**	**-**	**-**	**0.9**	**606.6**
Charge for the year	**19.5**	**36.7**	**-**	**-**	**7.6**	**63.8**
Disposals/Write-offs	**-**	**(2.0)**	**-**	**-**	**-**	**(2.0)**
At 31 December 2018	**123.2**	**536.7**	**-**	**-**	**8.5**	**668.4**
Carrying amount						
At 1 January 2017	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
At 31 December 2018	**182.2**	**94.8**	**27.3**	**315.5**	**50.2**	**670.0**

Impairment testing for CGUs containing goodwill

The following represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.

- 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. Accordingly, the Group's integrated fixed, mobile, cable and broadband operations is considered one CGU ("Telco CGU").

- In January 2018, the acquisition of D'Crypt Pte Ltd ("DPL") was completed. The entity generates independent cash inflows and is a CGU on its own.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

5 Intangible Assets (continued)

***Impairment testing for CGUs containing goodwill** (continued)*

- In September 2018, the Company entered into an agreement with Leone Investments Pte. Ltd. ("Leone") to incorporate Ensign InfoSecurity Pte. Ltd. ("Ensign") for purposes of undertaking a cyber-security business with end-to-end capabilities (see Note 33(ii) for details of the transaction). The Group's cyber security segment (the "Ensign Group") is assessed to be a separate CGU.

The carrying amount of the Group's goodwill as at 31 December 2018 were assessed for impairment during the financial year and attributed to the respective CGUs.

Group	2018 $m	2017 $m
Carrying amount of goodwill from acquisition of:		
- StarHub Cable Vision Ltd ("SCV") - Telco CGU	**220.3**	220.3
- Ensign InfoSecurity (System) Pte. Ltd. ("EIS") (formerly known as Accel Systems & Technologies Pte. Ltd.)	**–**	19.2
- DPL	**25.8**	–
- Ensign Group	**69.4***	–
	315.5	239.5

* *Includes goodwill arising from acquisition of controlling interests in EIS in prior year.*

The recoverable amounts of the CGUs are determined based on value-in-use calculations. 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. Cash flows beyond the fifth year are extrapolated using the forecast long-term growth rates.

Key assumptions used in the estimation of value-in-use were as follows:

- The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") calculated using the Capital Asset Pricing Model ("CAPM").

	Pre-tax discount rate	
	2018	2017
Carrying amount of goodwill from acquisition of:		
- Telco CGU	**6.9%**	6.3%
- EIS	**NA**	6.3%
- DPL	**11.7%**	NA
- Ensign Group	**10.3%**	NA

NA: not applicable

- The terminal growth rates used is nil%.

- Growth rates and EBITDA margins take into consideration competitive pressures in the industry.

As at 31 December 2017 and 2018, no impairment charge was required for the carrying amount of goodwill as the recoverable values were in excess of their carrying amount. A reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying amount.

5 Intangible Assets (continued)

Company	Telecommunications licences $m	Computer software $m	Software in development $m	Total $m
Cost				
At 1 January 2017	0.3	473.0	14.8	488.1
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
At 1 January 2018	**0.3**	**507.3**	**21.5**	**529.1**
Additions	**–**	**–**	**41.1**	**41.1**
Transfers	**–**	**39.8**	**(39.8)**	**–**
Disposals/Write-offs	**–**	**(0.6)**	**(0.4)**	**(1.0)**
At 31 December 2018	**0.3**	**546.5**	**22.4**	**569.2**
Accumulated amortisation				
At 1 January 2017	0.1	409.7	–	409.8
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
At 1 January 2018	**0.1**	**436.7**	**–**	**436.8**
Charge for the year	**–**	**30.7**	**–**	**30.7**
Disposals/Write-offs	**–**	**(0.4)**	**–**	**(0.4)**
At 31 December 2018	**0.1**	**467.0**	**–**	**467.1**
Carrying amount				
At 1 January 2017	0.2	63.3	14.8	78.3
At 31 December 2017	0.2	70.6	21.5	92.3
At 31 December 2018	**0.2**	**79.5**	**22.4**	**102.1**

Staff costs capitalised in software in development for the Group and Company during the year amounted to $1.3 million (2017: $2.5 million).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

6 Subsidiaries

	Company		
			1 January
	2018	2017	2017
	$m	$m	$m
Investments in subsidiaries, at cost or deemed cost	**3,333.3**	3,141.0	3,106.0
Allowance for impairment losses	**(28.9)**	(28.9)	(28.9)
	3,304.4	3,112.1	3,077.1

During the financial year, the Company made two acquisitions:

(i) Acquired 65% equity interest in DPL for cash consideration of $57.5 million.

(ii) Acquired an effective interest of 60% in Ensign Group.

See Note 33 for details of the transactions.

Determination of fair value of cost of investments in subsidiaries

On adoption of SFRS(I) 1, the Company measured the cost of investments in certain subsidiaries at 1 January 2017 at fair value and used that fair value as its deemed cost. See Note 38 for more details.

Forecasting future cash flows is a highly judgemental process which involves making assumptions related to revenue growth, profit margins and the discount rates.

The fair values of the selected subsidiaries were determined using the income approach based on value-in-use calculations for each subsidiary by an external independent valuer. The value-in-use calculations applied a discounted cash flow model using cash flow projections based on financial budgets and forecasts of the Group at 1 January 2017 approved by management, with certain assumptions and adjustments made to allocate intercompany revenue and costs between subsidiaries. The Group used cash flow projections of six years. Cash flows beyond the terminal year were extrapolated using the forecast long-term growth rates.

Key assumptions used in the estimation of value-in-use for certain subsidiaries were as follows:

- Pre-tax discount rate of 8.9% applied to the cash flow projections were based on WACC calculated using the CAPM.

- The terminal growth rate of 1% used was based on industry reports, and did not exceed the long-term average growth rates of the respective industry and country in which the respective subsidiary operates; and

- Growth rates and EBITDA margins took into consideration business strategies and plans, and competitive pressures in the industry.

As a result of the fair value exercise, the cost of investment in subsidiaries and retained earnings of the Company increased by $604.3 million as at 1 January 2017 and 31 December 2017.

As at 31 December 2017 and 2018, no impairment charge was required for the carrying amount of the Company's cost of investment in subsidiaries as the recoverable values were in excess of their carrying values. A reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying values.

6 Subsidiaries (continued)

Details of subsidiaries

The subsidiaries directly held by the Company are as follows:

Name of company	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group		
			2018 %	2017 %	1 January 2017 %
StarHub Cable Vision Ltd. (1)	Provision of subscription television and television broadcasting services	Singapore	**100**	100	100
StarHub Mobile Pte Ltd (1)	Provision of mobile telecommunications services	Singapore	**100**	100	100
StarHub Internet Pte Ltd (4)	Dormant	Singapore	**100**	100	100
StarHub Online Pte Ltd (1)	Provision of broadband access services	Singapore	**100**	100	100
Nucleus Connect Pte. Ltd. (1)	Provision of high speed wholesale broadband services	Singapore	**100**	100	100
StarHub (Mauritius) Ltd (2)	Dormant	Mauritius	**100**	100	100
StarHub (Hong Kong) Limited (3)	Provision of telecommunication services	Hong Kong	**100**	100	100
StarHub Shop Pte Ltd (1)	Provision of customer service, sales and billing for partner services	Singapore	**100**	100	100
StarHub, Inc. (4)	Dormant	United States	**100**	100	100
Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") (3) (formerly known as Accel Systems & Technologies Pte. Ltd.)	Provision of cyber security solutions, professional services for system integration and security operations and management	Singapore	**–[a]**	80.4	–
D'Crypt Pte Ltd ("DPL") (1)	Provision of design and development of high security products and technology	Singapore	**65**	–	–
Ensign InfoSecurity Pte. Ltd. ("Ensign") (3)	Provision of computer systems integration activities, other professional, scientific and technical activities	Singapore	**60[a]**	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

6 Subsidiaries (continued)

Details of subsidiaries (continued)

Subsidiaries held by Ensign are as follows:

Name of company	Principal activities	Country of incorporation/ Principal place business	Effective equity interest held by the Group		
			2018 %	2017 %	1 January 2017 %
Ensign InfoSecurity (Cybersecurity) Pte. Ltd. ("EIC") (formerly known as Quann World Pte. Ltd.) (3)	Investment holding	Singapore	**60**	–	–
Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") (formerly known as Accel Systems & Technologies Pte. Ltd.) (3)	Provision of cyber security solutions, professional services for system integration and security operations and management	Singapore	**60**	–	–
Ensign InfoSecurity (Asia Pacific) Pte. Ltd. (formerly known as Quann Singapore Pte. Ltd.) (3)	Provision of network and protection services	Singapore	**60**	–	–
Ensign InfoSecurity (SmartTech) Pte. Ltd. (formerly known as Certis CISCO Smart Solutions Pte. Ltd.) (3)	Provision of recovery planning services and sales of IT security products	Singapore	**60**	–	–
Ensign InfoSecurity (Networks) Pte. Ltd. (formerly known as Quann Network Security Services Pte. Ltd.) (3)	Provision of network and protection services	Singapore	**60**	–	–
Ensign Infosecurity (Malaysia) Sdn Bhd (formerly known as Quann Malaysia Sdn. Bhd.) (3)	Provision of electronic and internet security services and trading and installation of electronic devices	Malaysia	**60**	–	–
Ensign InfoSecurity (East Asia) Limited (formerly known as Quann East Asia Limited) (3)	Provision of internet security surveillance services	People's Republic of China	**60**	–	–
Ensign InfoSecurity (Singapore) Pte. Ltd. (formerly known as Quann Asia Pacific Pte. Ltd.) (3)	Provision of internet security surveillance services	Singapore	**60**	–	–

6 Subsidiaries (continued)

Details of subsidiaries (continued)

Name of company	Principal activities	Country of incorporation/ Principal place business	Effective equity interest held by the Group		
			2018 %	2017 %	1 January 2017 %
Vectra Information Security Pte. Ltd. [(3)]	Provision of services for development and implementation of computer systems	Singapore	**60**	–	–
Vectra Information Security Sdn Bhd [(3)]	Provision of professional consultancy and advisory services on information security	Malaysia	**60**	–	–
e-Cop Technology Beijing Co., Ltd [(4)]	Dormant	People's Republic of China	**60**	–	–

(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*
(a) *See Note 33 for details of the acquisition transaction.*

7 Associate

	Group		Company	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
Unquoted equity investments	**27.8**	27.8	**27.8**	27.8
Share of post-acquisition reserves	**(5.1)**	(4.1)	**–**	–
	22.7	23.7	**27.8**	27.8

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

7 Associate (continued)

The Group's material associate which is equity accounted for is as follows:

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2018 %	2017 %
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 SFRS(I), amended for fair value adjustments on acquisition:

	2018 $m	2017 $m
Summarised Statement of Financial Position		
Non-current assets	**247.1**	233.4
Current assets	**20.9**	17.4
Current liabilities	**(26.4)**	(13.6)
Non-current liabilities	**(165.9)**	(158.2)
Net assets	**75.7**	79.0
Reconciliation to carrying amount:		
Opening net assets	**79.0**	86.3
Loss for the year	**(3.3)**	(7.3)
Closing net assets	**75.7**	79.0
Summarised Statement of Comprehensive Income		
Total revenue	**27.3**	13.3
Loss for the year, representing total comprehensive loss for the year	**(3.3)**	(7.3)
Group's share in %	**30%**	30%
Group's share of loss of associate (net of tax) for the year	**(1.0)**	(2.2)
Carrying amount of interest in associate at end of the year	**22.7**	23.7

8 Other Investments

	Group and Company		
			1 January
	2018	2017	2017
	$m	$m	$m
Equity investments – at FVOCI	**36.0**	–	–
Available-for-sale financial assets	**–**	60.0	40.0
	36.0	60.0	40.0

In 2017, the Company and the Group acquired additional interest in the equity security which resulted in the recognition of a day one fair value loss arising on initial acquisition of $0.7 million (see Note 26).

Equity investments designed as at FVOCI

At 1 January 2018, the Group designated the investments shown above as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold long-term for strategic purposes. In 2017, these investments were classified as available-for-sale.

No strategic investments was disposed during 2018, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

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		
			1 January			1 January
	2018	2017	2017	2018	2017	2017
	$m	$m	$m	$m	$m	$m
Current						
Amounts due from (trade):						
- Ultimate holding company	**–**	0.2	–	**–**	0.2	–
- Subsidiaries	**–**	–	–	**177.7**	4.3	2.1
- Related corporations	**18.3**	24.7	16.8	**10.9**	17.1	16.0
Loans to associate	**–**	–	1.1	**–**	–	1.1
	18.3	24.9	17.9	**188.6**	21.6	19.2
Less: Loss allowance	**–**	–	–	**(174.4)**	–	–
	18.3	24.9	17.9	**14.2**	21.6	19.2
Non-current						
Loan to associate	**8.2**	7.9	7.6	**8.2**	7.9	7.6

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

9 Balances with Related Parties (continued)

9.1 Amounts due from related parties (continued)

Current
Included in current amounts due from subsidiaries are amounts of $64.6 million (2017: $nil, 1 January 2017: $nil) from certain subsidiaries which are unsecured, bear interest of 7.75% (2017: nil%, 1 January 2017: nil%) per annum and are repayable on demand.

In 2017, current loans to an associate were unsecured and bore interest rates between 2.86% to 2.96% per annum. These loans were repaid in 2017.

All other amounts are unsecured, interest-free and repayable on demand.

They are classified as current and measured at amortised cost.

During the year, the Company impaired balances owing by certain subsidiaries amounting to $174.4 million (2017: $216.7 million was impaired and forgiven). Other than above, there is no allowance for doubtful debts arising from these outstanding balances with ultimate holding company, subsidiaries and related corporations as the ECL is not material.

Non-current
The non-current loan to associate is unsecured, bears interest rate of 3.53% (2017: 3.53%) per annum and is repayable in June 2021. There is no allowance for doubtful debts arising from this outstanding balance as the ECL is not material.

9.2 Amounts due to related parties

	Group			Company		
			1 January			1 January
	2018	2017	2017	**2018**	2017	2017
	$m	$m	$m	**$m**	$m	$m
Current						
Amounts due to (trade):						
- Subsidiaries	**–**	–	–	**210.9**	304.6	342.5
- Associates	**1.6**	1.0	–	**1.6**	1.0	–
- Related corporations	**55.9**	59.1	67.1	**23.3**	24.0	18.0
Amounts due to (non-trade):						
- Non-controlling interests	**–**	4.7	–	**–**	4.7	–
	57.5	64.8	67.1	**235.8**	334.3	360.5

Included in current amounts due to subsidiaries are:

(i) Amounts of $153.6 million (2017: $77.2 million, 1 January 2017: $163.8 million) which are unsecured, interest-free and repayable on demand.

(ii) Amounts of $57.3 million (2017: $87.4 million, 1 January 2017: $nil) placed by certain subsidiaries with the Company under a cash pooling arrangement.

9 Balances with Related Parties (continued)

9.2 Amounts due to related parties (continued)

(iii) At 31 December 2017, $140.0 million (1 January 2017: $178.7 million) was unsecured and bore interest ranging from 1.13% to 1.30% (1 January 2017: 0.95% to 1.73%) per annum and were repayable on demand.

Amounts due to related corporations and associates are unsecured, interest-free and repayable on demand.

In 2017, the amount due to non-controlling interest was unsecured, interest-free and was repaid in 2018 based on the terms in the sale and purchase agreement to acquire EIS.

9.3 The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements. The amounts, after impairment, before netting are as follows:

Company	Gross amounts $m	Gross amounts offset $m	Net amounts $m
2018			
Current			
Amounts due from subsidiaries	**453.2**	**(449.9)**	**3.3**
Amounts due to subsidiaries	**660.8**	**(449.9)**	**210.9**
2017			
Current			
Amounts due from subsidiaries	897.5	(893.2)	4.3
Amounts due to subsidiaries	1,197.8	(893.2)	304.6
1 January 2017			
Current			
Amounts due from subsidiaries	454.5	(452.4)	2.1
Amounts due to subsidiaries	794.9	(452.4)	342.5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

10 Contract Balances

The following section provides information about contract assets, contract liabilities and contract cost from contracts with customers.

Contract assets

	Group			Company		
	2018 $m	**2017 $m**	**1 January 2017 $m**	**2018 $m**	**2017 $m**	**1 January 2017 $m**
Contract assets	**351.1**	368.9	353.5	**18.8**	19.4	12.0
Loss allowance	**(6.7)**	(7.2)	(6.2)	**–**	–	–
	344.4	361.7	347.3	**18.8**	19.4	12.0
Analysed as:						
Third parties	**338.6**	355.5	343.0	**18.6**	16.1	8.0
Related parties	**5.8**	6.2	4.3	**0.2**	3.3	4.0
	344.4	361.7	347.3	**18.8**	19.4	12.0
Current	**277.0**	285.0	279.1	**18.7**	18.4	12.0
Non-current	**67.4**	76.7	68.2	**0.1**	1.0	–
	344.4	361.7	347.3	**18.8**	19.4	12.0

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

Movements in the contract asset balances during the year are as follows:

	Group		Company	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
At beginning of year	**368.9**	353.5	**19.4**	12.0
Prior year contract assets reclassified to trade receivables	**(315.3)**	(282.1)	**(18.5)**	(9.9)
Contract assets recognised, net of reclassification to trade receivables	**295.2**	315.8	**17.9**	17.3
Additions through business combinations	**14.2**	1.2	**–**	–
Contract asset written off	**(11.9)**	(19.5)	**–**	–
	351.1	368.9	**18.8**	19.4
Less: Loss allowance	**(6.7)**	(7.2)	**–**	–
	344.4	361.7	**18.8**	19.4

The Group uses an allowance matrix to measure the ECL of contract assets. In determining the ECL, the Group has taken into account the historical termination write-off experience of the corporate and consumer customer bases, adjusted for factors based on the Group's view of economic conditions over the remaining lifetime of future performance obligations.

10 Contract Balances (continued)

Contract assets (continued)

The following table details the risk profile of contract assets based on the Group's provision matrix.

	Group					
	2018			2017		
	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m
Current	**1.91%**	**351.1**	**6.7**	1.95%	368.9	7.2

Movements in loss allowance balances during the year are as follows:

	Group		Company	
	2018 $m	2017 $m	2018 $m	2017 $m
At beginning of year	**7.2**	6.2	**–**	–
Loss allowances recognised	**5.4**	7.3	**–**	–
Allowance utilised	**(5.9)**	(6.3)	**–**	–
	6.7	7.2	**–**	–

Contract liabilities

Contract liabilities primarily relate to amounts billed in advance for telecommunications, broadband and pay TV services, advance consideration received from customers for prepaid mobile services and excess of progress payments over the revenue recognised for managed services.

	Group			Company		
	2018 $m	2017 $m	1 January 2017 $m	2018 $m	2017 $m	1 January 2017 $m
Amounts related to:						
Managed services contracts	**9.1**	2.4	–	**5.0**	2.4	–
Amounts billed in advance for telecommunications, broadband and pay TV services	**70.3**	65.1	68.3	**50.9**	41.1	42.7
Amounts received in advance for prepaid mobile services	**23.3**	33.5	48.2	**–**	–	–
	102.7	101.0	116.5	**55.9**	43.5	42.7

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

10 Contract Balances (continued)

Contract liabilities (continued)

Analysed as:

	Group			Company		
	2018 $m	2017 $m	1 January 2017 $m	2018 $m	2017 $m	1 January 2017 $m
Third parties	**93.0**	90.8	105.7	**46.2**	33.3	31.9
Related parties	**9.7**	10.2	10.8	**9.7**	10.2	10.8
	102.7	101.0	116.5	**55.9**	43.5	42.7
Current	**70.2**	78.6	94.9	**23.4**	21.0	21.1
Non-current	**32.5**	22.4	21.6	**32.5**	22.5	21.6
	102.7	101.0	116.5	**55.9**	43.5	42.7

Movements in the contract liability balances during the year are as follows:

	Group		Company	
	2018 $m	2017 $m	2018 $m	2017 $m
At beginning of year	**101.0**	116.5	**43.5**	42.7
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(76.6)**	(92.5)	**(19.2)**	(19.2)
Cash received, excluding amounts recognised as revenue during the year	**0.4**	3.2	**-**	0.7
Billings in advance, excluding amounts recognised as revenue during the year	**77.8**	73.8	**31.6**	19.3
Additions through business combinations	**0.1**	–	**–**	–
	102.7	101.0	**55.9**	43.5

Contract costs

	Group			Company		
	2018 $m	2017 $m	1 January 2017 $m	2018 $m	2017 $m	1 January 2017 $m
Costs to obtain contracts	**23.0**	24.1	23.9	1.9	2.0	2.9
Current	**17.3**	18.3	17.7	1.4	1.6	2.1
Non-current	**5.7**	5.8	6.2	0.5	0.4	0.8
	23.0	24.1	23.9	1.9	2.0	2.9

Costs to obtain contracts relate to commission fees paid to dealers as a result of obtaining mobile, pay TV and broadband service contracts.

These costs are amortised on a straight-line basis over the contract period. In 2018, amortisation amounting to $24.1 million (2017: $24.1 million) was recognised as marketing and promotion expenses in income statement. There was no loss allowance in relation to the costs capitalised.

11 Inventories

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$m	**$m**	**$m**	**$m**
Equipment held for resale	**72.7**	71.0	**0.6**	0.7
Maintenance and project inventories	**0.5**	0.9	**–**	–
Raw materials	**2.0**	–	**–**	–
Inventories, net of allowance	**75.2**	71.9	**0.6**	0.7
Allowance made/(written back) during the year	**0.3**	(0.2)	**0.1**	0.1

In 2018, inventories of $483.2 million (2017: $475.6 million) were recognised as an expense and included in 'cost of sales'.

12 Trade Receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$m	**$m**	**$m**	**$m**
Trade receivables	**331.6**	248.2	**229.7**	212.0
Loss allowances	**(48.8)**	(46.7)	**(46.6)**	(44.3)
	282.8	201.5	**183.1**	167.7

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group uses an allowance matrix to measure the ECL of trade receivables. In the assessment of ECL, the Group applies the simplified approach and uses the practical expedient to estimate the loss allowance based on aging buckets of the trade receivables, adjusted for certain external indices to different groups between consumer and corporate customers, where applicable.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	2018			2017		
	Weighted average loss rate	**Gross carrying amount $m**	**Loss allowance $m**	**Weighted average loss rate**	**Gross carrying amount $m**	**Loss allowance $m**
Group						
Current	**2.09%**	**105.3**	**2.2**	6.26%	92.6	5.8
Past due 1 -15 days	**4.24%**	**47.1**	**2.0**	7.19%	43.1	3.1
Past due above 15 days	**24.89%**	**179.2**	**44.6**	33.60%	112.5	37.8
		331.6	**48.8**		248.2	46.7
Company						
Current	**2.34%**	**89.6**	**2.1**	7.42%	78.1	5.8
Past due 1 -15 days	**6.41%**	**31.2**	**2.0**	7.67%	40.4	3.1
Past due above 15 days	**39.03%**	**108.9**	**42.5**	37.86%	93.5	35.4
		229.7	**46.6**		212.0	44.3

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

12 Trade Receivables (continued)

Movements in lifetime ECL balances during the year are as follows:

	Group		Company	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
At beginning of year	**46.7**	40.8	**44.3**	39.9
Loss allowances recognised	**13.9**	17.4	**2.1**	5.8
Recharged to subsidiaries	**–**	–	**11.7**	10.1
Allowance utilised	**(11.8)**	(11.5)	**(11.5)**	(11.5)
	48.8	46.7	**46.6**	44.3

There were no adjustments upon initial application of SFRS(I) 9 as the impact was not material.

13 Other Receivables, Deposits and Prepayments

	Group			Company		
	2018 $m	**2017 $m**	**1 January 2017 $m**	**2018 $m**	**2017 $m**	**1 January 2017 $m**
Grant receivables	**0.5**	1.5	6.2	**–**	–	–
Deposits	**4.7**	7.2	4.2	**0.7**	4.0	1.1
Prepayments	**84.7**	76.6	65.4	**30.1**	25.4	17.5
Other receivables	**4.2**	2.1	15.6	**3.0**	1.4	11.6
Forward exchange contracts	**0.1**	–	5.4	**0.1**	–	5.4
	94.2	87.4	96.8	**33.9**	30.8	35.6

14 Cash and Cash Equivalents

	Group		Company	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
Fixed deposits	**86.2**	274.0	**84.2**	273.5
Cash at bank and in hand	**79.8**	71.2	**33.4**	47.6
Cash and cash equivalents in the statement of financial position	**166.0**	345.2	**117.6**	321.1
Restricted cash	**(0.6)**	–	**–**	–
Cash and cash equivalents in the cash flow statement	**165.4**	345.2	**117.6**	321.1

Fixed deposits relate to deposits with financial institutions with maturities of three months or less with effective interest rates ranging from 0.35% to 3.84% (2017: 0.35% to 1.88%) per annum.

At the reporting date, cash and cash equivalents of the Company include $57.3 million (2017: $87.4 million) cash from certain 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.

Restricted cash was set aside for performance bonds with customers.

15 Trade and Other Payables

		Group			Company		
				1 January			1 January
		2018	2017	2017	2018	2017	2017
	Note	$m	$m	$m	$m	$m	$m
Current							
Trade payables		**119.2**	105.1	91.3	**67.5**	69.3	72.1
Accruals		**444.0**	495.6	470.6	**192.2**	219.7	201.1
Deferred grant income	17	**0.8**	0.9	0.8	**0.6**	0.9	0.8
Deposits from customers		**10.2**	11.2	14.3	**9.9**	11.0	14.1
Forward exchange contracts		**0.3**	12.2	–	**0.3**	12.2	–
		574.5	625.0	577.0	**270.5**	313.1	288.1
Non-current							
Deferred grant income	17	**0.3**	0.9	1.4	**0.3**	0.9	1.4
Put liability to acquire non-controlling interests		**33.0**	–	–	**-**	–	–
Put and call options, net		**-**	–	–	**7.0**	–	–
		33.3	0.9	1.4	**7.3**	0.9	1.4

16 Borrowings

		Group		Company	
		2018	2017	2018	2017
	Note	$m	$m	$m	$m
Current					
Bank loans	16.1	**50.1**	120.0	**50.0**	120.0
Non-current					
Bank loans	16.1	**458.4**	337.5	**457.5**	337.5
Medium term notes	16.2	**520.0**	520.0	**520.0**	520.0
		978.4	857.5	**977.5**	857.5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

16 Borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group 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
Balance at 1 January 2018	**977.5**
Changes from financing cash flows	
Proceeds from bank loans	**50.0**
Acquisitions through business combinations (Note 33(i))	**1.0**
Interest paid	**(30.6)**
Total changes from financing cash flows	**20.4**
Total liability-related other changes	**30.6**
Balance at 31 December 2018	**1,028.5**

16.1 Bank loans

	Group		Company	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
Repayable:				
- Within 1 year	**50.1**	120.0	**50.0**	120.0
- After 1 year but within 5 years	**458.4**	337.5	**457.5**	337.5
	508.5	457.5	**507.5**	457.5

At 31 December 2018, the unsecured bank loans bear interest at rates ranging from 1.57% to 4.64% (2017: 1.29% to 2.98%) per annum.

There is no material difference between the carrying amount and fair value of the bank loans.

16 Borrowings (continued)

16.2 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 2018, the fair value of the medium term notes are $517.6 million (2017: $533.9 million).

17 Deferred Grant Income

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**$m**	**$m**	**$m**	**$m**
Deferred grants					
At beginning of year		**1.8**	2.2	**1.8**	2.2
Grants received		**0.3**	0.7	**0.1**	0.7
Amount accreted to the income statement		**(1.0)**	(1.1)	**(1.0)**	(1.1)
At end of year		**1.1**	1.8	**0.9**	1.8
Deferred grants to be accreted:					
Current (within 1 year)	15	**0.8**	0.9	**0.6**	0.9
Non-current (after 1 year but within 5 years)	15	**0.3**	0.9	**0.3**	0.9
Total		**1.1**	1.8	**0.9**	1.8

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 costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

18 Deferred Tax Assets and Liabilities

Movements in deferred tax assets/(liabilities) during the year are as follows:

Group	At 1 January $m	Recognised in income statement (Note 27) $m	Recognised in other comprehensive income $m	Recognised in equity $m	Acquired in business combination (Note 33) $m	At 31 December $m
2018						
Deferred tax assets						
Property, plant and equipment and intangible assets	–	–	–	–	**1.5**	**1.5**
Total	–	–	–	–	**1.5**	**1.5**
Deferred tax liabilities						
Property, plant and equipment and intangible assets	**(149.2)**	**16.3**	–	–	**(9.6)**	**(142.5)**
Other payables and accruals	**9.1**	**0.2**	–	–	–	**9.3**
Contract assets	**1.2**	**(0.1)**	–	–	–	**1.1**
Derivatives	**2.0**	–	**(2.0)**	–	–	–
Share-based payment transactions	**1.5**	**(0.7)**	–	**(0.2)**	–	**0.6**
Total	**(135.4)**	**15.7**	**(2.0)**	**(0.2)**	**(9.6)**	**(131.5)**
2017						
Deferred tax liabilities						
Property, plant and equipment and intangible assets	(152.6)	5.4	–	–	(2.0)	(149.2)
Other payables and accruals	2.4	6.7	–	–	–	9.1
Contract assets	1.1	0.1	–	–	–	1.2
Derivatives	(1.0)	–	3.0	–	–	2.0
Share-based payment transactions	2.1	(0.3)	–	(0.3)	–	1.5
Total	(148.0)	11.9	3.0	(0.3)	(2.0)	(135.4)

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:

	Group 2018 $m	Group 2017 $m
Tax losses	**3.8**	3.8
Deferred tax assets	**0.6**	0.6

The Group has not recognised deferred tax assets in respect of the above tax losses 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.

18 Deferred Tax Assets and Liabilities (continued)

Unrecognised deferred tax assets (continued)

Company	At 1 January $m	Recognised in income statement $m	Recognised in equity $m	At 31 December $m
2018				
Deferred tax liabilities				
Property, plant and equipment and intangible assets	**(79.5)**	**2.2**	**-**	**(77.3)**
Other payables and accruals	**4.1**	**(3.0)**	**-**	**1.1**
Share-based payment transactions	**1.5**	**(0.7)**	**(0.2)**	**0.6**
Total	**(73.9)**	**(1.5)**	**(0.2)**	**(75.6)**
2017				
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)

19 Share Capital

Company	2018 Number of shares '000	2018 $m	2017 Number of shares '000	2017 $m
Issued and fully paid ordinary shares:				
At beginning and 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.

20 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 SFRS(I) 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 $7.9 million (2017: $4.3 million) were accrued to perpetual security holders of which $7.9 million (2017: $4.0 million) has been paid.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

21 Reserves

	Group			Company		
			1 January			1 January
	2018	2017	2017	2018	2017	2017
	$m	$m	$m	$m	$m	$m
Treasury shares	**(3.0)**	(8.2)	(12.3)	**(3.0)**	(8.2)	(12.3)
Capital reserve	**21.7**	–	–	**–**	–	–
Fair value reserve	**(5.9)**	18.1	12.5	**(5.9)**	18.1	12.5
Goodwill written off	**(276.3)**	(276.3)	(276.3)	**–**	–	–
Share-based payments reserve	**8.7**	13.0	14.1	**8.7**	13.0	14.1
Hedging reserve	**(0.2)**	(10.1)	4.4	**–**	–	–
Translation reserve	**1.3**	1.4	1.3	**–**	–	–
Retained profits	**282.2**	364.0	388.6	**2,118.0**	2,001.9	2,026.2
	28.5	101.9	132.3	**2,117.8**	2,024.8	2,040.5

Treasury shares

Treasury shares comprise the cost of the Company's shares held by the Company. 1,634,770 treasury shares were transferred to share-based payments reserve during the year (2017: 1,306,589).

Capital reserve

The capital reserve comprises:

- acquisitions and disposals with non-controlling interests that do not result in a change in control; and
- present value of a put liability in relation to put options entered into with the non-controlling shareholders on their equity interests in a subsidiary. Subsequent changes in the carrying value of the put liability are also recognised within capital reserve.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI (2017: available-for-sale financial assets).

Goodwill written off

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.

Share-based payments reserve

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.

Hedging reserve

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.

Translation reserve

The translation reserve comprises all foreign currency translation differences arising from the translation of the financial statements of foreign operations.

22 Revenue

	Group 2018 $m	Group 2017 $m
Disaggregation of revenue from contracts with customers		
Mobile revenue	**824.5**	897.7
Pay TV revenue	**311.3**	353.5
Broadband revenue	**185.8**	186.8
Enterprise Fixed revenue	**510.8**	440.5
Total Service Revenue	**1,832.4**	1,878.5
Sales of equipment	**529.6**	532.2
	2,362.0	2,410.7

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations have not been fulfilled at the reporting date:

Group	2019 $m	2020 $m	2021 $m	2022 $m	2023 onwards $m	Total $m
Mobile revenue	191.9	64.0	0.1	–	–	256.0
Pay TV revenue	50.6	21.4	–	–	–	72.0
Broadband revenue	79.6	27.2	–	–	–	106.8
Enterprise Fixed revenue	178.7	67.6	22.4	6.8	19.7	295.2
Total	500.8	180.2	22.5	6.8	19.7	730.0

Variable consideration that is constrained and therefore not included in the transaction price, is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if the performance obligations is part of a contract that has an original expected duration of one year or less. In addition, amounts that are not contractually committed are excluded.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

23 Operating Expenses

	Group	
	2018	**2017**
	$m	**$m**
Cost of equipment sold	**483.2**	475.6
Cost of services	**482.3**	464.4
Traffic expenses	**109.5**	100.9
Depreciation and amortisation	**291.2**	280.4
Impairment loss on property, plant and equipment	**2.6**	–
Loss allowances of:		
- Contract assets	**5.4**	7.3
- Trade receivables	**13.9**	17.4
Marketing and promotions	**102.2**	95.8
Staff costs	**275.9**	282.5
Repairs and maintenance	**101.2**	99.1
Operating leases	**117.0**	129.2
Other expenses	**105.3**	100.1
	2,089.7	2,052.7

Included in the Group's cost of services is government grant income amounting to $0.2 million (2017: $4.2 million).

23.1 Depreciation and amortisation

Depreciation and amortisation expenses comprise the following:

	Group	
	2018	**2017**
	$m	**$m**
Depreciation of property, plant and equipment	**228.4**	231.0
Accretion of asset grants to the income statement (note 17)	**(1.0)**	(1.1)
	227.4	229.9
Amortisation of intangible assets	**63.8**	50.5
Total	**291.2**	280.4

23.2 Staff costs

The following are included in staff costs:

	Group	
	2018	**2017**
	$m	**$m**
Defined contribution plans	**26.3**	26.5
Share-based payments	**1.0**	3.4
Government grants - Wage Credit Scheme	**(1.1)**	(2.0)

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2018	**2017**
	$m	**$m**
Short-term employee benefits	**13.7**	12.7
Share-based payments	**2.1**	3.2
	15.8	15.9

Included in the above is the total compensation to directors of the Company which amounted to $4.2 million (2017: $5.3 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.

During the year, conditional awards of shares of 497,600 (2017: 1,215,900 shares) under the StarHub Performance Share Plans and conditional awards of shares of 344,000 (2017: 689,000 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Group during the year. 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 year, awards of 204,400 shares (2017: 134,800 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.

Based on the actual level of achievement of the pre-determined performance targets over the 2015 to 2017 performance period, final awards comprising nil (2017: nil) shares were delivered to the key management personnel of the Group during the year under the 2015 conditional awards granted to key management personnel of the Group in March 2015 pursuant to the StarHub Performance Share Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2017 performance period, final awards comprising 331,375 (2017: nil) shares were delivered to the key management personnel of the Group during the year under the 2017 conditional awards granted to the key management personnel of the Group in March 2017 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 2018, 1,683,901 (2017: 2,245,483) of the conditional awards of shares under the StarHub Performance Share Plans, and 640,875 (2017: 1,487,210) 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 (Cont'd)

Year ended 31 December 2018

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.2 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 are no vesting periods beyond the performance achievement periods.

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:

Company	Balance outstanding at 1 January '000	Number of performance shares granted '000	Number of performance shares forfeited '000	Balance outstanding at 31 December '000
2018				
Date of grant				
16 March 2015	**516**	-	**(516)**	-
22 March 2016	**594**	-	**(108)**	**486**
6 April 2017	**1,135**	-	**(408)**	**727**
28 March 2018	-	**498**	**(27)**	**471**
Total	**2,245**	**498**	**(1,059)**	**1,684**
2017				
Date of grant				
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

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 2018 and 2017 are as follows:

	Year of grant	
	2018	**2017**
Fair value	**$0.91**	$1.18
Share price	**$2.29**	$2.85
Expected volatility of the Company's shares	**18.64%**	15.53%
Expected dividend yield	**6.65%**	5.53%
Risk-free interest rates	**1.99%**	1.39%

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.2 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 year, conditional grants of 2,373,200 (2017: 3,497,690) 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 year, 204,400 (2017: 178,900) 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:

Date of grant	Balance outstanding at 1 January '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 '000
2018						
22 March 2016	**2,095**	-	-	(117)	(1,978)	-
20 May 2016	**27**	-	-	-	(27)	-
15 March 2017	**282**	-	(272)	(10)	-	-
6 April 2017	**2,614**	-	(1,159)	(200)	-	**1,255**
28 March 2018	-	**2,050**	-	(211)	-	**1,839**
8 June 2018	-	**204**	(204)	-	-	-
7 September 2018	-	**119**	-	-	-	**119**
Total	**5,018**	**2,373**	(1,635)	(538)	(2,005)	**3,213**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans (continued)

Date of grant	Balance outstanding at 1 January '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 '000
2017						
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

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 2018 and 2017 are as follows:

	Year of grant 2018	Year of grant 2017
Fair value	\$1.53 - \$2.07	\$2.44 - \$2.83
Share price	\$1.64 - \$2.29	\$2.83 - \$2.85
Expected volatility of the Company's shares	18.64% – 26.96%	15.53% - 15.58%
Expected dividend yield	6.65% - 8.58%	5.53% - 7.07%
Risk-free interest rates	1.72% - 1.97%	0.99% - 1.40%

23 Operating Expenses (continued)

23.3 Other expenses

Included in other expenses are the following:

	Group	
	2018	**2017**
	$m	**$m**
Audit fees paid to:		
- Auditors of the Company	**0.7**	0.5
- Other auditors	**0.2**	–
Non-audit fees paid to:		
- Auditors of the Company	**1.4**	0.4
Foreign currency exchange loss/(gain), net	**7.6**	(0.1)

24 Other Income

	Group	
	2018	**2017**
	$m	**$m**
Rental income	**0.1**	–
Income related grants	**1.1**	4.4
	1.2	4.4

25 Net Finance Costs

	Group	
	2018	**2017**
	$m	**$m**
Interest income under the effective interest method on:		
- Bank deposits	**2.9**	3.4
- Loan to associate	**0.3**	0.3
Finance income	**3.2**	3.7
Interest expense:		
- Bank loans	**12.8**	12.5
- Medium term note	**17.4**	17.4
Finance costs	**30.2**	29.9

26 Non-operating Loss

	Group	
	2018	**2017**
	$m	**$m**
Fair value loss on initial recognition of available-for-sale financial assets	**-**	(0.7)

The fair value loss on initial recognition of the 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

27 Taxation

	Group	
	2018	**2017**
	$m	**$m**
Current tax		
Current income tax	**59.9**	73.5
Under/(Over) provision in prior year	**0.7**	(1.8)
	60.6	71.7
Deferred tax		
Reversal and origination of temporary differences	**(13.7)**	(12.7)
(Over)/Under provision in prior year	**(2.0)**	0.8
	(15.7)	(11.9)
Total income tax in the income statement	**44.9**	59.8

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	
	2018	**2017**
	$m	**$m**
Profit before taxation	**245.5**	333.3
Income tax using Singapore tax rate of 17%	**41.7**	56.7
Income not subject to tax	**(0.6)**	(0.1)
Non-deductible expenses	**4.8**	4.2
Over provision in prior year, net	**(1.3)**	(1.0)
Others	**0.3**	–
Total income tax in the income statement	**44.9**	59.8

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group	
	2018	**2017**
	$m	**$m**
Cash flow hedge, before taxation	**11.9**	(17.5)
Taxation	**(2.0)**	3.0
Effective portion of changes in fair value of cash flow hedge	**9.9**	(14.5)

28 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	
	2018	**2017**
	$m	**$m**
Profit attributable to owners of the Company	**201.7**	272.9
Less: Perpetual capital securities distribution	**(7.9)**	(4.3)
Adjusted profit attributable to owners of the Company	**193.8**	268.6

	Number of shares	
	2018	**2017**
	’000	**’000**
Weighted average number of ordinary shares (basic) during the year#	**1,730,141**	1,728,789
Adjustment for dilutive effect of share plans	**4,897**	7,263
Weighted average number of ordinary shares (diluted) during the year	**1,735,038**	1,736,052

\# *Excludes treasury shares.*

29 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 SFRS(I).

The Group defines EBITDA* as follows:

	Group	
	2018	**2017**
	$m	**$m**
Profit before taxation	**245.5**	333.3
Adjustments for:		
Depreciation and amortisation	**291.2**	280.4
Finance income	**(3.2)**	(3.7)
Finance expense	**30.2**	29.9
Non-operating loss	**–**	0.7
Impairment loss on property, plant and equipment	**2.6**	–
Share of loss of associate (net of tax)	**1.0**	2.2
EBITDA	**567.3**	642.8

* *For purpose of measurement, the Group had included non-operating loss, impairment loss on property, plant and equipment and share of loss of associate in arriving at the EBITDA*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

30 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.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group with related parties during the financial year were as follows:

	Group	
	2018	**2017**
	$m	**$m**
Ultimate holding company		
Sales	**0.3**	0.4
Associate		
Purchase of property, plant and equipment	**2.4**	3.0
Rental expenses	**7.5**	6.4
Purchase of services	**7.3**	2.9
Related corporations		
Sales	**64.8**	66.7
Purchase of property, plant and equipment	**19.8**	15.2
Rental expenses	**45.2**	63.6
Purchase of services	**83.2**	126.9
Purchase of inventories	**166.8**	176.5

31 Dividends

	Group and Company	
	2018	**2017**
	$m	**$m**
Final dividend of $0.04 (2017: $0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	**69.2**	86.4
Interim dividends of $0.12 (2017: $0.12) per share (1-tier tax exempt) paid in respect of the current financial year	**207.7**	207.5
	276.9	293.9

32 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 assesses 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 three segments, namely the telecommunications, cyber security and high security assurance product segments. Overseas operations to the Group are not significant. The Group delivers its Mobile, Pay TV, Broadband, Enterprise Fixed services and equipment sales ("Telecommunications") on a fully integrated network, and has a centralised customer service, sales, marketing and administration support. The other segments that the Group operates in is the Cyber Security and high security assurance product segment. In 2017, the Group operated only in the telecommunication segment.

The Group has a large and diversified customer base consisting of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

The Group's reportable segment information is as follows:

	Telecommunications and High Security Assurance Product 2018 $m	Cyber Security 2018 $m	Elimination of intersegment transactions 2018 $m	Group 2018 $m	Group 2017 $m
Mobile revenue	**824.5**	–	–	**824.5**	897.7
Pay TV revenue	**311.3**	–	–	**311.3**	353.5
Broadband revenue	**185.8**	–	–	**185.8**	186.8
Enterprise Fixed revenue	**477.6**	**33.3**	**(0.1)**	**510.8**	440.5
Sales of equipment	**529.6**	–	–	**529.6**	532.2
Total revenue	**2,328.8**	**33.3**	**(0.1)**	**2,362.0**	2,410.7
EBITDA	**566.8**	**0.5**	–	**567.3**	642.8
Depreciation and amortisation	**(287.9)**	**(3.3)**	–	**(291.2)**	(280.4)
Finance income	**3.2**	–	–	**3.2**	3.7
Finance expense	**(30.2)**	–	–	**(30.2)**	(29.9)
Non-operating loss	–	–	–	–	(0.7)
Impairment loss on property, plant and equipment	**(2.6)**	–	–	**(2.6)**	–
Share of loss of associate (net of tax)	**(1.0)**	–	–	**(1.0)**	(2.2)
Profit before taxation	**248.3**	**(2.8)**	–	**245.5**	333.3
Taxation	**(44.5)**	**(0.4)**	–	**(44.9)**	(59.8)
Profit for the year	**203.8**	**(3.2)**	–	**200.6**	273.5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

32 Segment Reporting (continued)

	Telecommunications and High Security Assurance Product 2018 $m	Cyber Security 2018 $m	Elimination of intersegment transactions 2018 $m	Group 2018 $m	Group 2017 $m
Assets and liabilities					
Non-current assets	**1,589.6**	**115.1**	**-**	**1,704.7**	1,601.8
Current assets	**813.9**	**123.2**	**(6.3)**	**930.8**	1,034.2
Total assets	**2,403.5**	**238.3**	**(6.3)**	**2,635.5**	2,636.0
Borrowings	**1,028.5**	**-**	**-**	**1,028.5**	977.5
Other non-current liabilities	**191.1**	**6.2**	**-**	**197.3**	158.7
Other current liabilities	**773.7**	**54.3**	**(6.3)**	**821.7**	893.9
Total liabilities	**1,993.3**	**60.5**	**(6.3)**	**2,047.5**	2,030.1
Other information					
Capital expenditure	**305.9**	**1.0**	**NA**	**306.9**	299.3

33 Acquisition of Subsidiaries and Non-Controlling Interests

(i) D'Crypt Pte Ltd ("DPL")

On 24 January 2018, the Company completed the acquisition of 65% of DPL, a privately-owned company based in Singapore, for a consideration of $57.5 million. DPL is in the business of designing and developing high security assurance products and technology in telecommunication systems, equipment and related products. The acquisition of DPL will enable the Group to improve its capabilities in areas such as cryptographic and digital security, secure info-communication technologies and Internet of Things.

The Company has entered into a put and call option agreement with the existing shareholders of DPL (i.e. non-controlling shareholders upon the Group's acquisition of 65% in DPL) to allow the Company to acquire the remaining 35% equity interest in DPL from them in future based on an agreed formula set out in the agreement.

Since the acquisition date to 31 December 2018, DPL contributed revenue of $25.3 million and profit of $2.5 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimated that there would not be any significant difference to the Group's consolidated revenue and profit for the year.

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(i) D'Crypt Pte Ltd ("DPL") (continued)

Consideration transferred

The acquisition was completed for a cash consideration of $57.5 million.

	2018 $'m
Total purchase consideration	**57.5**
Less: Cash and cash equivalents in subsidiary acquired	**(0.9)**
Net cash outflow on acquisition	**56.6**

Acquisition-related costs

The Group incurred acquisition-related costs of $0.2 million on legal fees and due diligence costs. These costs have been included in other expenses.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	2018 $'m
Property, plant and equipment	4	**4.6**
Intangible assets	5	**38.8**
Net current assets (excluding cash and cash equivalents)		**12.6**
Cash and cash equivalents		**0.9**
Provision for taxation		**(1.6)**
Borrowings		**(1.0)**
Deferred tax liabilities		**(5.6)**
Total identifiable net assets		**48.7**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the respective intangible assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(i) D'Crypt Pte Ltd ("DPL") (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2018 $'m
Total consideration transferred	57.5
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	17.0
Fair value of identifiable net assets	(48.7)
Goodwill	25.8

The goodwill is attributable mainly to the skills and technical talent of DPL'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.

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign")

On 5 September 2018, the Company announced that it had with Leone incorporated Ensign to jointly undertake a cyber security business with end-to-end capabilities.

In connection with the above transaction, Leone contributed Ensign InfoSecurity (Cybersecurity) Pte. Ltd. (formerly known as Quann World Pte. Ltd.) and its subsidiaries (collectively known as "EIC Group"), whilst StarHub contributed its cyber security business and EIS to Ensign in exchange for cash and equity shares in Ensign. The Group's shareholding in Ensign is 40% from the transaction.

Leone has assigned rights, benefits and interests in 20% equity interest in Ensign to the Company for cash consideration of $52 million, resulting in the Group's effective interest in Ensign to increase to 60%.

Arising from the above, the Group has effectively disposed 40% of its cyber security business and EIS, and acquired 60% interest in EIC Group. The transaction was completed on 4 October 2018.

Since the completion date of 4 October 2018 to 31 December 2018, Ensign and its subsidiaries (collectively, the "Ensign Group") contributed revenue of $33.3 million and losses of $3.4 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimated that the Group's consolidated revenue would have increased by $82.9 million, and consolidated profit for the year decreased by $13.9 million. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Acquisition of non-controlling interests in EIS

Immediately prior to the sale of EIS to Ensign, the Group acquired the remaining 19.6% interest in EIS for a cash consideration of $9.8 million, resulting in EIS becoming a wholly-owned subsidiary of the Group. The carrying amount of EIS's net assets in the Group's consolidated financial statements on the date of acquisition was $26.7 million.

	2018 $'m
Carrying amount of NCI acquired ($26.7 million x 19.6%)	5.2
Consideration paid to NCI	(9.8)
Decrease in equity attributable to owners of the Company	(4.6)

The decrease in equity attributable to owners of the Company comprised a decrease in capital reserves of $4.6 million.

Consideration transferred to acquire 60% interest in Ensign Group

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	2018 $'m
Cash consideration for the assigned rights	52.0
Non-cash consideration comprising the Company's cyber security business and equity interest in EIS held by the Group immediately before the acquisition, net of $16 million cash received	104.0
Total consideration transferred	156.0

	$'m
Total purchase consideration	156.0
Add: Consideration paid to acquire remaining 19.6% interest in EIS	9.8
Less: Non-cash consideration	(120.0)
Less: Cash and cash equivalents in subsidiaries acquired	(37.0)
Net cash outflow on acquisition	8.8

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Acquisition-related costs

The Group incurred acquisition-related costs of $0.9 million on legal fees and due diligence costs. These costs have been included in other expenses.

Identifiable assets acquired and liabilities assumed of EIC Group

The following table summarises the recognised provisional amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	2018 $'m
Property, plant and equipment	4	13.4
Intangible assets	5	15.3
Deferred tax assets		1.5
Cash and cash equivalents		37.0
Net current liabilities (excluding cash and cash equivalents)		(38.4)
Provision for taxation		(1.6)
Deferred tax liabilities		(4.0)
Total identifiable net assets		23.2

Fair values measured on a provisional basis

Management is still carrying out the purchase price allocation exercise at the date of this report.

The fair value of intangible assets (customer contracts and relationships) has been determined provisionally pending completion of an independent valuation. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Goodwill arising from acquisition of EIC Group

The provisional goodwill arising from the acquisition of EIC Group is as follows:

	2018 **$'m**
Total consideration transferred	**73.4**
Provisional fair value of identifiable net assets	**(23.2)**
Provisional goodwill	**50.2**

The goodwill is attributable mainly to the skills and technical talent of EIC Group work force, and the synergies expected to be achieved from integrating both companies' existing cyber security capabilities. None of the goodwill recognised is expected to be deductible for tax purposes.

(iii) Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS")

In the prior year, the Group acquired 80.4% interest in EIS.

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

An additional contingent consideration not exceeding $4.7 million was agreed to be paid to the non-controlling shareholders of EIS if the acquiree's cumulative net profit before tax for financial years ended 31 March 2017 and 31 March 2018 exceeded an agreed performance target. This amount was fully paid in 2018 (see Note 9.2).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(iii) Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") (continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	2017 $'m
Property, plant and equipment	4	1.8
Intangible assets	5	10.0
Net current assets (excluding cash and cash equivalents)		3.0
Cash and cash equivalents		7.7
Provision for taxation		(0.9)
Deferred tax liabilities		(2.0)
Total identifiable net assets		19.6

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

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

34 Financial Risk Management

Overview

Exposure to credit, liquidity, interest risk, foreign exchange and market risks arises in the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee, who in turn is assisted by the Management Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Management Risk Committee reports to the Risk Committee on a regular basis. The Risk Committee reports to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group from both an operational and execution basis. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to promote a culture of risk management which entails awareness, accountability and ownership in all employees.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates, where appropriate. 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

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

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.

Counterparty risk arising from cash and cash equivalents and treasury transactions is managed by dealing mainly with high credit quality counterparties, which have a minimum rating of A/A1 based on Standard & Poor or Moody's ratings.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position less collaterals held. Collaterals in the form of cash or bank guarantees are obtained from counterparties where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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 include 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 remaining 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					
2018					
Non-derivative financial liabilities					
Borrowings	**(1,028.5)**	**(1,167.9)**	**(76.3)**	**(764.3)**	**(327.3)**
Trade and other payables ^	**(516.1)**	**(517.7)**	**(483.1)**	**(34.6)**	**-**
Amounts due to related parties	**(57.5)**	**(57.5)**	**(57.5)**	**-**	**-**
	(1,602.1)	**(1,743.1)**	**(616.9)**	**(798.9)**	**(327.3)**
Derivative financial assets					
Forward exchange contracts used for hedging (gross-settled)	**0.1**				
- Outflow		**(27.1)**	**(27.1)**	**-**	**-**
- Inflow		**27.2**	**27.2**	**-**	**-**
	0.1	**0.1**	**0.1**	**-**	**-**
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	**(0.3)**				
- Outflow		**(68.3)**	**(68.3)**	**-**	**-**
- Inflow		**68.0**	**68.0**	**-**	**-**
	(0.3)	**(0.3)**	**(0.3)**	**-**	**-**

34 Financial Risk Management (continued)

Liquidity risk *(continued)*

		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 ^	(502.4)	(502.4)	(502.4)	–	–
Amounts due to related parties	(64.8)	(64.8)	(64.8)	–	–
	(1,544.7)	(1,696.1)	(712.2)	(646.6)	(337.3)
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)	–
Company					
2018					
Non-derivative financial liabilities					
Borrowings	**(1,027.5)**	**(1,166.8)**	**(76.2)**	**(764.0)**	**(326.6)**
Trade and other payables ^	**(179.7)**	**(179.7)**	**(179.7)**	**-**	**-**
Amounts due to related parties	**(235.8)**	**(235.8)**	**(235.8)**	**-**	**-**
	(1,443.0)	**(1,582.3)**	**(491.7)**	**(764.0)**	**(326.6)**
Derivative financial assets					
Forward exchange contracts used for hedging (gross-settled)	**0.1**				
- Outflow		**(27.1)**	**(27.1)**	**-**	**-**
- Inflow		**27.2**	**27.2**	**-**	**-**
	0.1	**0.1**	**0.1**	**-**	**-**
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	**(0.3)**				
- Outflow		**(68.3)**	**(68.3)**	**-**	**-**
- Inflow		**68.0**	**68.0**	**-**	**-**
	(0.3)	**(0.3)**	**(0.3)**	**-**	**-**
Put and call options, net	**(7.0)**	**(7.0)**	**–**	**(7.0)**	**-**
	(7.3)	**(7.3)**	**(0.3)**	**(7.0)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Liquidity risk *(continued)*

	Carrying amount $m	Contractual cash flows Total $m	Within 1 year $m	After 1 year but within 5 years $m	After 5 years but within 10 years $m
2017					
Non-derivative financial liabilities					
Borrowings	(977.5)	(1,128.9)	(145.0)	(646.6)	(337.3)
Trade and other payables ^	(189.9)	(189.9)	(189.9)	–	–
Amounts due to related parties	(334.3)	(334.3)	(334.3)	–	–
	(1,501.7)	(1,653.1)	(669.2)	(646.6)	(337.3)
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)	–

^ *The carrying amount of trade and other payables disclosed in the table excludes deferred income, forward exchange contracts, put and call options, net GST payable and employee benefits.*

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.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. Generally, the Group seeks to apply hedge accounting in order to management volatility in profit or loss.

34 Financial Risk Management (continued)

Market risk *(continued)*

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.

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 on the Group's and the Company's profit before taxation.

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings, that are denominated in a currency other than the respective functional currencies of the Group entities. The functional currency of the Group entities is the Singapore Dollar. 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	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
Contract assets	**15.9**	14.2	**4.2**	4.6
Trade and other receivables	**41.6**	32.8	**12.0**	14.5
Cash and cash equivalents	**57.4**	33.0	**48.7**	18.3
Trade and other payables	**(105.3)**	(107.9)	**(46.5)**	(50.8)
	9.6	(27.9)	**18.4**	(13.4)

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk exposure on committed payment obligations. At 31 December 2018, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately $95.5 million (2017: $351.8 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 (Cont'd)

Year ended 31 December 2018

34 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.

Hedge accounting

Cash flow hedges

The Group held the following instruments to hedge exposures to changes in foreign currency.

		Maturity	
	1-6 months	**6-12 months**	**More than one year**
2018			
Foreign currency risk			
Forward exchange contracts			
Net exposure (in millions of SGD)	**0.2**	-	-
Average SGD:USD forward contract rate	**1.3689**	**1.3608**	-
2017			
Foreign currency risk			
Forward exchange contracts			
Net exposure (in millions of SGD)	6.5	3.9	1.8
Average SGD:USD forward contract rate	1.3909	1.3755	1.3622

34 Financial Risk Management (continued)

Hedge accounting (continued)

Cash flow hedges *(continued)*

The amounts at the reporting date relating to items designated as hedged items are as follows:

Group	Change in value used for calculating hedge ineffective hedge ineffectiveness $m	Cash flow hedge reserve $m	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $m
2018			
Foreign currency risk			
Other receivables, deposits and prepayments	**–**	**(0.1)**	**–**
Trade and other payables	**–**	**0.3**	**–**
	–	**0.2**	**–**
2017			
Foreign currency risk			
Trade and other payables	–	12.2	–

The amounts relating to items designated as hedging instruments are as follows:

Group	2018				During the year – 2018
	Nominal amount $m	Carrying amount – assets $m	Carrying amount – liabilities $m	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $m
Foreign currency risk					
Forward exchange contracts – trade payables	**95.9**	**0.1**	**(0.3)**	**Other receivables, deposits and prepayments, trade and other payables**	11.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Hedge accounting (continued)

Cash flow hedges *(continued)*

Group	2017				During the year – 2017
	Nominal amount $m	Carrying amount – assets $m	Carrying amount – liabilities $m	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $m
Foreign currency risk					
Forward exchange contracts – trade payables	351.8	–	(12.2)	Trade and other payables	(17.5)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

Group	2018 Hedging reserve $m	2017 Hedging reserve $m
At beginning of the year	**(10.1)**	4.4
Cash flow hedges		
Change in fair value:		
Foreign currency risk – trade payables	**11.9**	(17.5)
Tax on movements on reserves during the year	**(2.0)**	3.0
	(0.2)	(10.1)

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group enters into forward exchange contracts to hedge the foreign currency risk on committed payment obligations.

34 Financial Risk Management (continued)

Master netting or similar agreements (continued)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

Group	Note	Gross amounts of recognised financial instruments $m	Related financial instruments that are not offset $m	Net amount $m
2018				
Financial assets				
Forward exchange contracts used for hedging	**13**	**0.1**	**(0.1)**	**-**
Financial liabilities				
Forward exchange contracts used for hedging	**15**	**0.3**	**(0.1)**	**0.2**

Accounting classification of financial instruments

The carrying amounts of financial instruments are as follows.

	Carrying amount			
	Group		Company	
	2018 $m	2017 $m	2018 $m	2017 $m
Financial assets at amortised cost				
Cash and cash equivalents	**166.0**	345.2	**117.6**	321.1
Trade receivables	**282.8**	201.5	**183.1**	167.7
Other receivables#	**9.4**	10.8	**3.7**	5.4
Amounts due from related parties	**26.5**	32.8	**22.4**	29.5
	484.7	590.3	**326.8**	523.7
Equity investments at FVOCI				
Quoted equity securities	**36.0**	–	**36.0**	–
Available-for-sale financial assets				
Quoted equity securities	–	60.0	–	60.0
Financial liabilities at amortised cost				
Trade and other payables^	**(483.1)**	(502.4)	**(179.7)**	(189.9)
Amounts due to related parties	**(57.5)**	(64.8)	**(235.8)**	(334.3)
Borrowings	**(1,028.5)**	(977.5)	**(1,027.5)**	(977.5)
	(1,569.1)	(1,544.7)	**(1,443.0)**	(1,501.7)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Accounting classification of financial instruments (continued)

	Carrying amount			
	Group		Company	
	2018 $m	2017 $m	2018 $m	2017 $m
Financial liabilities at fair value				
Put liability to acquire non-controlling interests	**(33.0)**	–	**–**	–
Put and Call options, net	**–**	–	**(7.0)**	–
	(33.0)	–	**(7.0)**	–
Fair value hedging instruments				
Forward exchange contracts used for hedging (derivative asset)	**0.1**	–	**0.1**	–
Forward exchange contracts used for hedging (derivative liability)	**(0.3)**	(12.2)	**(0.3)**	(12.2)
	(0.2)	(12.2)	**(0.2)**	(12.2)

\# *The carrying amount of other receivables disclosed in the table excludes prepayments and marked-to-market financial instruments.*

^ *The carrying amount of trade and other payables disclosed in the table excludes deferred income, forward exchange contracts, put liability to acquire non-controlling interests, put and call options, net GST payable and employee benefits.*

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. 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.

34 Financial Risk Management (continued)

Estimation of fair values (continued)

Amounts due from related parties (non-current)
Non-current amounts due from related parties approximates their fair values which 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.

Equity investments at FVOCI and available-for-sale quoted equity investments
The carrying amounts of equity investments at FVOCI and available-for-sale quoted equity investments 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, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

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 the above valuation methods, at reporting date:

Group	Fair value level	2018 $m	2017 $m
Financial assets			
Marked-to-market financial instrument			
- Forward exchange contracts	2	0.1	–
Other investments	1	36.0	60.0
Financial liabilities			
Marked-to-market financial instrument			
- Forward exchange contracts	2	0.3	12.2
Put liability to acquire non-controlling interests	3	33.0	–
Company			
Put and Call options, net	3	7.0	–

There were no transfers between level 1 and 2 in 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Estimation of fair values (continued)

The following table presents the reconciliation for the put liability to acquire non-controlling interests and put and call options measured at fair value based on unobservable inputs (Level 3):

	Group	Company
	Put liability to acquire non-controlling interest 2018 $m	Put and call options, net 2018 $m
Balance at beginning of the year	–	–
Arising from business combination	42.7	13.9
Fair value change recognised in income statement	–	(6.9)
Fair value change recognised in capital reserve	(9.7)	–
Balance at end of the year	33.0	7.0

The fair value of the put liability is estimated based on the present value of expected payments, and the fair value of the put and call options are valued based on the Black Scholes model.

35 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.

36 Commitments

(a) Capital and other financial commitments

	Group		Company	
	2018 **$m**	2017 $m	**2018** **$m**	2017 $m
Contracted and not provided for in the financial statements:				
- Capital expenditures	**527.1**	570.8	**93.1**	160.4
- Other operating expenditures	**217.8**	324.6	**–**	–
	744.9	895.4	**93.1**	160.4

As at 31 December 2018, the Group has outstanding capital and other financial commitments with related companies amounting to $11.7 million (2017: $18.5 million), which has been included above.

Included in the capital expenditures contracted by the Company is an amount of approximately $0.2 million (2017: $0.3 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	
	2018 **$m**	2017 $m	**2018** **$m**	2017 $m
Payable:				
- Within 1 year	**83.8**	80.1	**49.3**	47.8
- Within 2 to 5 years	**128.5**	140.9	**97.8**	101.0
- After 5 years	**139.2**	197.5	**139.1**	197.4
	351.5	418.5	**286.2**	346.2

As at 31 December 2018, the Group has outstanding operating lease commitments with related companies amounting to $229.0 million (2017: $305.6 million), which have been included above.

Included in the operating lease commitments of the Company is $9.3 million (2017: $10.0 million) which was 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 (Cont'd)

Year ended 31 December 2018

37 Subsequent Events

Dividend declaration

The directors have proposed a final dividend of $0.04 (2017: $0.04) per share, tax exempt (one tier), totalling $69.2 million (2017: $69.2 million) in respect of the financial year ended 31 December 2018. 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 2019.

38 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contract*s issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 15 have affected the Company's financial position, financial performance and cash flows is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 on the Group's and the Company's financial positions as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's income statement and other comprehensive income for the year ended 31 December 2017. There were no material adjustments to the Group's consolidated cash flow statement for the year ended 31 December 2017 arising on the transition to SFRS(I).

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's equity

Consolidated statement of financial position

	Note	31 December 2017 FRS framework $'m	SFRS(I) 15 $'m	SFRS(I) framework $'m	1 January 2018 SFRS(I) framework $'m
Non-current assets					
Property, plant and equipment	4	870.1	–	870.1	**870.1**
Intangible assets	5	557.6	–	557.6	**557.6**
Associate	7	23.7	–	23.7	**23.7**
Other investments	8	60.0	–	60.0	**60.0**
Amounts due from related parties	9	7.9	–	7.9	**7.9**
Contract assets	10	–	76.7	76.7	**76.7**
Contract costs	10	–	5.8	5.8	**5.8**
		1,519.3	82.5	1,601.8	**1,601.8**
Current assets					
Inventories	11	71.9	–	71.9	**71.9**
Contract assets	10	–	285.0	285.0	**285.0**
Contract costs	10	–	18.3	18.3	**18.3**
Trade receivables	12	201.5	–	201.5	**201.5**
Other receivables, deposits and prepayments	13	183.5	(96.1)	87.4	**87.4**
Amounts due from related parties	9	30.6	(5.7)	24.9	**24.9**
Cash and cash equivalents	14	345.2	–	345.2	**345.2**
		832.7	201.5	1,034.2	**1,034.2**
Current liabilities					
Contract liabilities	10	–	(78.6)	(78.6)	**(78.6)**
Trade and other payables	15	(736.5)	111.5	(625.0)	**(625.0)**
Amounts due to related parties	9	(64.8)	–	(64.8)	**(64.8)**
Borrowings	16	(120.0)	–	(120.0)	**(120.0)**
Provision for taxation		(71.6)	(53.9)	(125.5)	**(125.5)**
		(992.9)	(21.0)	(1,013.9)	**(1,013.9)**
Net current (liabilities)/assets		(160.2)	180.5	20.3	**20.3**
Non-current liabilities					
Contract liabilities	10	–	(22.4)	(22.4)	**(22.4)**
Trade and other payables	15	(23.3)	22.4	–	**(0.9)**
Borrowings	16	(857.5)	–	(857.5)	**(857.5)**
Deferred tax liabilities	18	(133.4)	(2.0)	(135.4)	**(135.4)**
		(1,014.2)	(2.0)	(1,016.2)	**(1,016.2)**
Net assets		344.9	261.0	605.9	**605.9**
Equity					
Share capital	19	299.7	–	299.7	**299.7**
Perpetual capital securities	20	199.9	–	199.9	**199.9**
Reserves	21	(159.1)	261.0	101.9	**101.9**
Equity attributable to owners of the Company		340.5	261.0	601.5	**601.5**
Non-controlling interests		4.4	–	4.4	**4.4**
Total equity		344.9	261.0	605.9	**605.9**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's equity (continued)

Consolidated statement of financial position *(continued)*

		1 January 2017		
	Note	FRS framework $'m	SFRS(I) 15 $'m	SFRS(I) framework $'m
Non-current assets				
Property, plant and equipment	4	918.0	–	918.0
Intangible assets	5	463.8	–	463.8
Associate	7	25.9	–	25.9
Other investments	8	40.0	–	40.0
Amounts due from related parties	9	7.6	–	7.6
Contract assets	10	–	68.2	68.2
Contract costs	10	–	6.2	6.2
		1,455.3	74.4	1,529.7
Current assets				
Inventories	11	49.6	–	49.6
Contract assets	10	–	279.1	279.1
Contract costs	10	–	17.7	17.7
Trade receivables	12	172.2	–	172.2
Other receivables, deposits and prepayments	13	212.2	(115.4)	96.8
Amounts due from related parties	9	21.8	(3.9)	17.9
Cash and cash equivalents	14	285.2	–	285.2
		741.0	177.5	918.5
Current liabilities				
Contract liabilities	10	–	(94.9)	(94.9)
Trade and other payables	15	(707.9)	130.9	(577.0)
Amounts due to related parties	9	(67.1)	–	(67.1)
Borrowings	16	(10.0)	–	(10.0)
Provision for taxation		(70.5)	(48.2)	(118.7)
		(855.5)	(12.2)	(867.7)
Net current (liabilities)/assets		(114.5)	165.3	50.8
Non-current liabilities				
Contract liabilities	10	–	(21.6)	(21.6)
Trade and other payables	15	(23.0)	21.6	(1.4)
Borrowings	16	(977.5)	–	(977.5)
Deferred tax liabilities	18	(145.4)	(2.6)	(148.0)
		(1,145.9)	(2.6)	(1,148.5)
Net assets		194.9	237.1	432.0
Equity				
Share capital	19	299.7	–	299.7
Reserves	21	(104.8)	237.1	132.3
Total equity		194.9	237.1	432.0

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's income statement

Consolidated Income Statement

	Year ended 31 December 2017		
	FRS framework $'m	SFRS(I) 15 $'m	SFRS(I) framework $'m
Revenue	2,400.7	10.0	2,410.7
Operating expenses	(2,071.6)	18.9	(2,052.7)
Other income	4.4	–	4.4
Profit from operations	333.5	28.9	362.4
Finance income	3.7	–	3.7
Finance expense	(29.9)	–	(29.9)
Net finance costs	(26.2)	–	(26.2)
Non-operating loss	(0.7)	–	(0.7)
Share of loss of associate, net of tax	(2.2)	–	(2.2)
Profit before taxation	304.4	28.9	333.3
Taxation	(54.8)	(5.0)	(59.8)
Profit for the year	249.6	23.9	273.5
Profit attributable to:			
Owners of the Company	249.0	23.9	272.9
Non-controlling interests	0.6	–	0.6
Profit for the year	249.6	23.9	273.5

* *Under the transition methods chosen, comparative information has not been restated except for separately presenting loss allowances on trade receivables and contract assets to conform to SFRS(I) presentation requirements for the purpose of this note.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's total comprehensive income

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2017		
	FRS framework $'m	**SFRS(I) 15 $'m**	**SFRS(I) framework $'m**
Profit for the year	249.6	23.9	273.5
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets, net of taxation	5.6	–	5.6
Foreign currency translation differences	0.1	–	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	(14.5)	–	(14.5)
Other comprehensive loss for the year, net of taxation	(8.8)	–	(8.8)
Total comprehensive income for the year	240.8	23.9	264.7
Total comprehensive income attributable to:			
Owners of the Company	240.2	23.9	264.1
Non-controlling interests	0.6	–	0.6
Total comprehensive income for the year	240.8	23.9	264.7

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Company's equity

Statement of financial position for the Company

		31 December 2017			
	Note	**FRS framework $'m**	**SFRS(I) 1 $'m**	**SFRS(I) 15 $'m**	**SFRS(I) framework $'m**
Non-current assets					
Property, plant and equipment	4	425.2	–	–	425.2
Intangible assets	5	92.3	–	–	92.3
Subsidiaries	6	2,507.8	604.3	–	3,112.1
Associate	7	27.8	–	–	27.8
Other investments	8	60.0	–	–	60.0
Amounts due from related parties	9	7.9	–	–	7.9
Contract assets	10	–	–	1.0	1.0
Contract costs	10	–	–	0.4	0.4
		3,121.0	604.3	1.4	3,726.7
Current assets					
Inventories	11	0.7	–	–	0.7
Contract assets	10	–	–	18.4	18.4
Contract costs	10	–	–	1.6	1.6
Trade receivables	12	167.7	–	–	167.7
Other receivables, deposits and prepayments	13	47.2	–	(16.4)	30.8
Amounts due from related parties	9	24.8	–	(3.2)	21.6
Cash and cash equivalents	14	321.1	–	–	321.1
		561.5	–	0.4	561.9
Current liabilities					
Contract liabilities	10	–	–	(21.0)	(21.0)
Trade and other payables	15	(334.2)	–	21.1	(313.1)
Amounts due to related parties	9	(334.3)	–	–	(334.3)
Borrowings	16	(120.0)	–	–	(120.0)
Provision for taxation		(20.7)	–	(0.3)	(21.0)
		(809.2)	–	(0.2)	(809.4)
Net current (liabilities)/assets		(247.7)	–	0.2	(247.5)
Non-current liabilities					
Contract liabilities	10	–	–	(22.5)	(22.5)
Trade and other payables	15	(23.4)	–	22.5	(0.9)
Borrowings	16	(857.5)	–	–	(857.5)
Deferred tax liabilities	18	(73.9)	–	–	(73.9)
		(954.8)	–	–	(954.8)
Net assets		1,918.5	604.3	1.6	2,524.4
Equity					
Share capital	19	299.7	–	–	299.7
Perpetual capital securities	20	199.9	–	–	199.9
Reserves	21	1,418.9	604.3	1.6	2,024.8
Total equity		1,918.5	604.3	1.6	2,524.4

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Company's equity (continued)

Statement of financial position for the Company *(continued)*

		1 January 2017			
	Note	FRS framework $'m	SFRS(I) 1 $'m	SFRS(I) 15 $'m	SFRS(I) framework $'m
Non-current assets					
Property, plant and equipment	4	431.0	–	–	431.0
Intangible assets	5	78.3	–	–	78.3
Subsidiaries	6	2,472.8	604.3	–	3,077.1
Associate	7	27.8	–	–	27.8
Other investments	8	40.0	–	–	40.0
Amounts due from related parties	9	7.6	–	–	7.6
Contract costs	10	–	–	0.8	0.8
		3,057.5	604.3	0.8	3,662.6
Current assets					
Inventories	11	0.7	–	–	0.7
Contract assets	10	–	–	12.0	12.0
Contract costs	10	–	–	2.1	2.1
Trade receivables	12	141.7	–	–	141.7
Other receivables, deposits and prepayments	13	43.6	–	(8.0)	35.6
Amounts due from related parties	9	19.4	–	(0.2)	19.2
Cash and cash equivalents	14	236.0	–	–	236.0
		441.4	–	5.9	447.3
Current liabilities					
Contract liabilities	10	–	–	(21.1)	(21.1)
Trade and other payables	15	(309.4)	–	21.3	(288.1)
Amounts due to related parties	9	(356.5)	–	(4.0)	(360.5)
Borrowings	16	(10.0)	–	–	(10.0)
Provision for taxation		(15.4)	–	(0.6)	(16.0)
		(691.3)	–	(4.4)	(695.7)
Net current (liabilities)/assets		(249.9)	–	1.5	(248.4)
Non-current liabilities					
Contract liabilities	10	–	–	(21.6)	(21.6)
Trade and other payables	15	(23.0)	–	21.6	(1.4)
Borrowings	16	(977.5)	–	–	(977.5)
Deferred tax liabilities	18	(73.5)	–	–	(73.5)
		(1,074.0)	–	–	(1,074.0)
Net assets		1,733.6	604.3	2.3	2,340.2
Equity					
Share capital	19	299.7	–	–	299.7
Reserves	21	1,433.9	604.3	2.3	2,040.5
Total equity		1,733.6	604.3	2.3	2,340.2

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations

A. SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Other than as disclosed below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Fair value as deemed cost for investments in subsidiaries at the Company level

The Group elected the optional exemption in SFRS(I) 1 to measure the cost of investments in certain subsidiaries held by the Company at the date of transition to SFRS(I) at fair value and used that fair value as its deemed cost in its SFRS(I) financial statements.

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, due to passage of time, the cost of investment in the subsidiaries held by the Company was not reflective of the real business value of the respective subsidiaries. As such, the Group considered that the election of fair value at the date of transition as its deemed cost would result in more relevant financial information. The fair value of certain subsidiaries was determined by the income approach. As such, the carrying amount of cost of investment in subsidiaries and retained profits of the Company increased by $604.3 million as at 1 January 2017 and 31 December 2017.

(ii) Merger/capital reserve

The Company elected to transfer the merger/capital reserve arising from the acquisition of StarHub Cable Vision Ltd ("SCV") in 2002 to retained profits. As such, retained profits of the Company increased by $276.5 million with a corresponding decrease in merger/capital reserve.

B. SFRS(I) 15

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.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

The Group has applied the following practical expedients as allowed under SFRS(I) 1.

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.
- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information.
- For contracts modified before 1 January 2017, the Group has reflected the aggregate effect for all modifications that occurred before 1 January 2017 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

B. SFRS(I) 15 (continued)

The impact upon the adoption of SFRS(I) 15 are described below.

(i) 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 SSP at contract inception.

(ii) 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.

(iii) 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 SSP.

(iv) 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.

(v) 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.

Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

(a) 'Managed services contract in progress' classified as 'Other receivables' of $7.7 million as at 31 December 2017 and $Nil as at 1 January 2017 were reclassified to 'Contract assets'.

(b) 'Customer loyalty credits' and 'Customer advances' classified as 'Unearned revenue' of $133.9 million as at 31 December 2017 and $152.5 million as at 1 January 2017 were reclassified to 'Contract Assets' and 'Contract Liabilities'.

(c) 'Unbilled revenue' classified as 'other receivables' of $88.4 million as at 31 December 2017 and $115.4 million as at 1 January 2017 were reclassified to 'Contract Assets'.

(d) 'Amounts due from related parties' of $5.7 million as at 31 December 2017 and $3.9 million as at 1 January 2017 were reclassified to 'Contract Assets'.

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

C. SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. 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.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were 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 of the principal amount outstanding; and
  - The designation of an equity investment that is not held-for-trading as FVOCI.

- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 December 2017 met the criteria for hedging accounting under SFRS(I) 9 at 1 January 2018 and therefore were regarded as continuing hedging relationships.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – equity instrument or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.6.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

C. SFRS(I) 9 (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

Group	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'m	1 January 2018 New carrying amount under SFRS(I) 9 $'m
Financial assets					
Other investments, including derivatives					
Equity investments	*(a)*	*Available-for-sale*	FVOCI – equity instrument	**60.0**	**60.0**
				60.0	**60.0**
Trade receivables	*(b)*	*Loans and receivables*	Amortised cost	**201.5**	**201.5**
Other receivables	*(b)*	*Loans and receivables*	Amortised cost	**10.8**	**10.8**
Amounts due from related parties	*(b)*	*Loans and receivables*	Amortised cost	**32.8**	**32.8**
Cash and cash equivalents	*(b)*	*Loans and receivables*	Amortised cost	**345.2**	**345.2**
Total financial assets				**650.3**	**650.3**

Company	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'m	1 January 2018 New carrying amount under SFRS(I) 9 $'m
Financial assets					
Other investments, including derivatives					
Equity investments	*(a)*	*Available-for-sale*	FVOCI-equity instrument	**60.0**	**60.0**
				60.0	**60.0**
Trade receivables	*(b)*	*Loans and receivables*	Amortised cost	**167.7**	**167.7**
Other receivables	*(b)*	*Loans and receivables*	Amortised cost	**5.4**	**5.4**
Amounts due from related parties	*(b)*	*Loans and receivables*	Amortised cost	**29.5**	**29.5**
Cash and cash equivalents	*(b)*	*Loans and receivables*	Amortised cost	**321.1**	**321.1**
Total financial assets				**583.7**	**583.7**

(a) These equity investments represent investments that the Group and the Company intend to hold for the long term for strategic purposes. The Group and the Company have designated these investments at 1 January 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to remeasurement of these investments will never be reclassified to profit or loss.

(b) Trade and other receivables, amounts due from related parties and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There were no adjustments on transition to SFRS(I) 9 as the impact was not material.

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

C. SFRS(I) 9 (continued)

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

Loss allowances on other financial assets are presented under 'finance costs', similar to the presentation under FRS 39, and not presented separately in the income statement due to materiality considerations.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Company measure the loss allowance is described in Note 3.7.

(iii) Hedge accounting

The Group adopted the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases. The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Group applies hedge accounting under SFRS(I) 9, see Note 3.6(iii).

(iv) Transition impact on equity

The application of SFRS(I) 9 general hedge accounting and ECL loss allowance model requirements at 1 January 2018 did not result in any adjustment or additional/reduction in loss allowances as the impact was not material.

39 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier applications is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning on or after 1 January 2019:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

39 New standards and interpretations not yet adopted (continued)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

SFRS(I) 16 - *Leases*

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group's financial statements is described below.

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.

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. The nature of expenses related to those lease will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation change for ROU assets and interest expense on lease liabilities.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 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 SFRS(I) INT 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*; SFRS(I) 15 *Operating Leases-Incentives*; and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

<u>Potential impact on the financial statements</u>

The Group will adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The ROU assets recognised at the date of initial application shall comprise of lease prepayments and the present value of future lease payments at that date.

The potential impact from adoption of SFRS(I) 16 are as follows:

- Operating lease expense is expected to decrease;
- Depreciation and finance expenses are expected to increase; and
- Total assets and total liabilities are expected to increase.

Accordingly, subject to application of practical expedients, lease components of existing lease contracts that are effective on 1 January 2019 will be accounted for as leases under SFRS(I) 16.

The Group is still in the process of assessing the impact on the financial statements.

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)	Aggregate value of all 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)
	1 January 2018 to 31 December 2018 $m	1 January 2018 to 31 December 2018 $m
Transactions for the Sale of Goods & Services		
CapitaLand Limited & its associates	1.1	–
SembCorp Industries Ltd & its associates	0.3	–
Singapore Airlines Limited & its associates	4.2	–
Singapore Power Limited & its associates	0.6	–
Singapore Technologies Engineering Ltd & its associates	4.0	–
Singapore Telecommunications Limited & its associates	17.8	–
TeleChoice International Ltd & its associates	65.0	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	5.3	–
	98.3	–
Transactions for the Purchase of Goods & Services		
CapitaLand Limited & its associates	0.3	–
SembCorp Industries Ltd & its associates	15.0	–
Singapore Technologies Engineering Ltd & its associates	0.1	–
Singapore Telecommunications Limited & its associates	59.2	–
TeleChoice International Ltd & its associates	208.0	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	27.6	–
	310.2	–
Sale of Cyber Security Business		
Leone Investments Pte. Ltd. and Ensign InfoSecurity Pte. Ltd.	–	189.6
	–	189.6

During the financial year ended 31 December 2018, 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 12 March 2019

Class of shares	: Ordinary share
Voting rights	: One vote per share
Total number of issued shares excluding treasury shares	: 1,730,220,090
Total number of treasury shares held	: 1,431,353
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	: 0.08%
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	212	0.77	9,118	0.00
100 – 1,000	4,664	16.94	3,734,714	0.21
1,001 – 10,000	17,596	63.90	79,805,837	4.61
10,001 – 1,000,000	5,034	18.28	184,861,761	10.68
1,000,001 and above	29	0.11	1,463,240,013	84.50
Total	27,535	100.00	1,731,651,443	100.00

Substantial shareholders

	Number of shares		
Name	Direct interest	Deemed interest	% of issued share capital [5]
Temasek Holdings (Private) Limited	-	970,855,461 [1]	56.11
Singapore Technologies Telemedia Pte Ltd	-	965,845,290 [2]	55.82
STT Communications Ltd	-	965,845,290 [2]	55.82
Asia Mobile Holding Company Pte. Ltd.	-	965,845,290 [2]	55.82
Asia Mobile Holdings Pte. Ltd.	965,845,290	-	55.82
Ooredoo Q.S.C.	-	965,845,290 [3]	55.82
Ooredoo Investment Holding S.P.C.	-	965,845,290 [3]	55.82
Nippon Telegraph and Telephone Corporation	-	171,490,520 [4]	9.91
NTT Communications Corporation	171,490,520	-	9.91

Notes:

(1) Temasek Holdings (Private) Limited (Temasek) is deemed to have an interest in 970,855,461 shares of StarHub in which Singapore Technologies Telemedia Pte Ltd (ST Telemedia) 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. QIH holds approximately 25% of the total issued share capital of AMH. QIH 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 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	55.82
2	NTT Communications Corporation	171,490,520	9.91
3	Citibank Nominees Singapore Pte Ltd	110,582,305	6.39
4	DBS Nominees Pte Ltd	69,635,704	4.03
5	DBSN Services Pte Ltd	24,914,296	1.44
6	HSBC (Singapore) Nominees Pte Ltd	19,856,975	1.15
7	Raffles Nominees (Pte) Ltd	18,767,639	1.09
8	Oh Yung Hsing Andrew (Hu Rongxin Andrew)	10,635,000	0.61
9	United Overseas Bank Nominees Pte Ltd	8,505,215	0.49
10	OCBC Securities Private Limited	7,660,470	0.44
11	OCBC Nominees Singapore Pte Ltd	7,614,302	0.44
12	Phillip Securities Pte Ltd	7,281,024	0.42
13	UOB Kay Hian Pte Ltd	4,244,790	0.25
14	Chen Chun Nan	3,850,000	0.22
15	DB Nominees (Singapore) Pte Ltd	3,756,921	0.22
16	Maybank Kim Eng Securities Pte. Ltd.	3,604,007	0.21
17	Yeo Kok Pin	3,544,000	0.20
18	Choo Piang Wong	3,170,000	0.18
19	DBS Vickers Securities (Singapore) Pte Ltd	2,409,190	0.14
20	Merrill Lynch (Singapore) Pte Ltd	2,205,186	0.13
Total		1,449,572,834	83.78

[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 12 March 2019, approximately 33.88% 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 TWENTY-FIRST ANNUAL GENERAL MEETING

STARHUB LTD
(Incorporated in the Republic of Singapore)
Co. Reg. No. 199802208C

NO SERVICE OF FOOD
Please be informed that StarHub will not be serving food at the Annual General Meeting. Tea and coffee will be provided.

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at NTUC Centre, One Marina Boulevard, Level 7, Stephen Riady Auditorium @ NTUC, Singapore 018989, on 30 April 2019 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 2018 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 Nayantara Bali; **Resolution 2**

(b) Ms Ng Shin Ein (independent Member of the Audit Committee); and **Resolution 3**

(c) Mr Lionel Yeo Hung Tong. **Resolution 4**

The profiles of Ms Bali, Ms Ng and Mr Yeo can be found in the Board of Directors and Additional Information on Directors Seeking Re-Election sections of the StarHub Ltd Annual Report 2018.

3 To re-elect the following Directors who will retire and who, being eligible, will offer themselves for re-election:

(a) Mr Ma Kah Woh (independent Chairman of the Audit Committee); and **Resolution 5**

(b) Mr Lim Ming Seong. **Resolution 6**

The profiles of Mr Ma and Mr Lim can be found in the Board of Directors and Additional Information on Directors Seeking Re-Election sections of the StarHub Ltd Annual Report 2018.

4 To approve the sum of S$1,610,405.00 (FY2017: S$1,586,856.00) as Directors' Remuneration incurred in the financial year ended 31 December 2018 comprising: **Resolution 7**

(a) S$1,144,199.00 to be paid in cash (FY2017: S$1,226,311.90); and

(b) S$466,206.00 to be paid in the form of restricted share awards (FY2017: S$460,544.10).

5 To declare a final dividend of four cents per ordinary share for the financial year ended 31 December 2018. **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.

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, 11 April 2019

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

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$1,610,405.00, as Directors' remuneration for the non-executive Directors of the Company for the financial year ended 31 December 2018. It includes (a) the aggregate sum of S$148,595.00 being the Directors' remuneration for Mr Liu Chee Ming and Ms Rachel Eng Yaag Ngee who resigned as non-executive Directors of the Company on 19 April 2018 and 30 September 2018, respectively, and (b) the amount of S$89,330.00 being the fees payable in arrears for the services rendered by the Board Executive Committee ("**Board ExCo**") for the period from its establishment on 5 December 2017 to its dissolution on 7 August 2018. The Board ExCo Terms of Reference provided that payment of the Board ExCo fees is to be made in arrears after the dissolution of the Board ExCo. Save for the arrears payment for the Board ExCo fees for the period from 5 December 2017 to 31 December 2017, the total Directors' remuneration for the non-executive Directors of the Company for the financial year ended 31 December 2018 takes into account the 10% voluntary fee reduction, which the non-executive Directors took to support StarHub's strategic transformation plan. If approved, each of the non-executive Directors will receive 70% of his/her Directors' remuneration in cash and (with the exception of Mr Naoki Wakai) 30% of his/her Directors' remuneration in the form of a restricted share award. Mr Naoki Wakai has declined the restricted share award grant and will only receive the cash component of his remuneration. See the section on "2. Remuneration Matters" in the Corporate Governance section of the Annual Report 2018 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 Twenty-First Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 8 May 2019.

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 7 May 2019 ("**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 22 May 2019.

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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	NAYANTARA BALI	NG SHIN EIN
Date of appointment	6 August 2018	17 September 2018
Date of last re-appointment (if applicable)	-	-
Age (in 2019)	53	45
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors has considered and accepted the recommendation of the Nominating and Governance Committee, which has reviewed Ms Bali's qualifications, experience and independence, and approved the re-appointment of Ms Bali as an independent Non-Executive Director of StarHub.	The Board of Directors has considered and accepted the recommendation of the Nominating and Governance Committee, which has reviewed Ms Ng's qualifications, experience and independence, and approved the re-appointment of Ms Ng as an independent Non-Executive Director of StarHub.
Whether appointment is executive and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director Strategy Committee Member Risk Committee Member	Independent Non-Executive Director Audit Committee Member Strategy Committee Member
Professional qualifications	-	Advocate & Solicitor, Supreme Court of Singapore
Working experience and occupation(s) during the past 10 years	• Vice-President, Beauty Care Asia-Pacific, Procter & Gamble Singapore September 2013 – March 2016 Diversity & Inclusion, Asia July 2011 – March 2016 • Vice-President, Global Skin Care, Procter & Gamble Singapore/Cincinnati August 2012 – September 2013 • Vice-President, Gillette, Procter & Gamble, Singapore July 2009 – August 2012	• Managing Director, Blue Ocean Associates Pte Ltd 2006 to present • Singapore's Non-Resident Ambassador to Hungary, Ministry of Foreign Affairs 2013 to present
Shareholding interest in StarHub Ltd and its subsidiaries	Nil	Nil

	LIONEL YEO HUNG TONG	PAUL MA KAH WOH	LIM MING SEONG
	10 January 2019	23 September 2015	14 December 2000
	-	19 April 2016	12 April 2017
	47	72	72
	Singapore	Singapore	Singapore
	The Board of Directors has considered and accepted the recommendation of the Nominating and Governance Committee, which has reviewed Mr Yeo's qualifications, experience and independence, and approved the re-appointment of Mr Yeo as an independent Non-Executive Director of StarHub.	The Board of Directors has considered and accepted the recommendation of the Nominating and Governance Committee, which has reviewed Mr Ma's qualifications, experience and independence, and approved the re-appointment of Mr Ma as an independent Non-Executive Director of StarHub.	The Board of Directors has considered and accepted the recommendation of the Nominating and Governance Committee, which has reviewed Mr Lim's qualifications and experience, and approved the re-appointment of Mr Lim as a Non-Executive Director of StarHub.
	Non-Executive	Non-Executive	Non-Executive
	Independent Non-Executive Director Executive Resource and Compensation Committee Member	Independent Non-Executive Director Audit Committee Chairman Risk Committee Member	Non-Executive Director Audit Committee Member Strategy Committee Member Executive Resource and Compensation Committee Member
	–	Fellow of the Institute of Chartered Accountants in England and Wales Member of the Singapore Institute of Chartered Accountants	–
	• CEO Advisor, GrabTaxi Holdings Pte Ltd September 2018 to present • Chief Executive and Board Member, Singapore Tourism Board June 2012 – May 2018 • Dean & CEO, Civil Service College December 2008 – May 2012 • Deputy Secretary (Development), Public Service Division December 2008 – May 2012	• Senior Partner, KPMG Singapore Retired in 2003	• Group Director, Singapore Technologies Group Retired in 2002
	Nil	117,680 shares	277,736 shares (including deemed interest in 100,000 shares)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Cont'd)

Name of Director	NAYANTARA BALI	NG SHIN EIN
Any relationship (including immediate family relationships) with any existing director, existing executive officer, StarHub Ltd and/ or substantial shareholder of StarHub Ltd or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to StarHub Ltd	Yes	Yes
Other Principal Commitments, including Directorships		
Past (for the last 5 years)	• SingX Pte Ltd (Advisor) • Procter & Gamble (Vice-President Beauty Care Asia-Pacific)	• NTUC Fairprice Cooperative Limited (Director) • Sabana Real Estate Investment Management Ltd (Director) • Eu Yan Sang International Ltd* (delisted) (Director)
Present *** Listed Companies**	• ANV Consulting Pte Ltd (Director)	• Yanlord Land Group Limited* (Director) • First Resources Limited* (Director) • Avarga Limited* (Director) • Dreamscape Networks Ltd* (Director) • Blue Ocean Associates Pte Ltd (Managing Director)

	LIONEL YEO HUNG TONG	PAUL MA KAH WOH	LIM MING SEONG
	No	No (except for the directorships held in Mapletree Investments Pte Ltd and Mapletree North Asia Commercial Trust Management Ltd.)	No (except for the directorships held in Singapore Technologies Telemedia Pte Ltd, STT Communications Ltd, STT GDC Pte. Ltd. and U Mobile Sdn. Bhd.)
	No	No	No
	Yes	Yes	Yes
	• Singapore Tourism Board (Chief Executive and Board Member) • Mandai Park Holdings Pte. Ltd. (Director) • Sentosa Development Corporation (Director) • National Healthcare Group Pte Ltd (Director) • Urban Redevelopment Authority of Singapore (Board Member)	• Mapletree Logistics Trust Management Ltd (the manager of Mapletree Logistics Trust)(Director)	• Singapore Technologies Kinetics Pte Ltd (Director)
	• GrabTaxi Holdings Pte Ltd (CEO Advisor) • Raffles Institution (Member, Board of Governors)	• PACC Offshore Services Holdings Ltd* (Director) • Mapletree North Asia Commercial Trust Management Ltd (Director) • Mapletree Investments Pte Ltd (Director)	• CSE Global Limited* (Chairman) • First Resources Limited* (Chairman) • Singapore Technologies Telemedia Pte Ltd (Director) • Amplus Communications Pte Ltd (Director) • STT GDC Pte. Ltd. (Director) • U Mobile Sdn. Bhd. (Director)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Cont'd)

Name of Director	NAYANTARA BALI	NG SHIN EIN
Other Information		
(a) **Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?**	No	No
(b) **Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?**	No	No
(c) **Whether there is any unsatisfied judgment against him?**	No	No
(d) **Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?**	No	No
(e) **Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?**	No	No

LIONEL YEO HUNG TONG	PAUL MA KAH WOH	LIM MING SEONG
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Cont'd)

Name of Director	NAYANTARA BALI	NG SHIN EIN
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

LIONEL YEO HUNG TONG	PAUL MA KAH WOH	LIM MING SEONG
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Cont'd)

Name of Director	NAYANTARA BALI	NG SHIN EIN
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange?	No	Yes
If yes, please provide details of prior experience.	N.A.	• Yanlord Land Group Limited* (Director) • First Resources Limited* (Director) • Avarga Limited* (Director)
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	No requirement when Ms Bali was first appointed on 6 August 2018.	N.A.

LIONEL YEO HUNG TONG	PAUL MA KAH WOH	LIM MING SEONG
No	No	No
No	No	No
No	No	No
No	No	No
No	Yes	Yes
N.A.	• PACC Offshore Services Holdings Ltd* (Director)	• CSE Global Limited* (Chairman) • First Resources Limited* (Chairman)
Mr Yeo has enrolled for the 2019 Listed Entity Directors Programme conducted by the Singapore Institute of Directors.	N.A.	N.A.
N.A.	N.A.	N.A.

CORPORATE INFORMATION

Board of Directors
Steven Terrell CLONTZ (Chairman)
Paul MA Kah Woh
Nihal Vijaya Devadas KAVIRATNE CBE
TEO Ek Tor
Stephen Geoffrey MILLER
Michelle Lee GUTHRIE
Nayantara BALI
NG Shin Ein
Lionel YEO Hung Tong
LIM Ming Seong
Nasser MARAFIH
Naoki WAKAI

Audit Committee
Paul MA Kah Woh (Chairman)
Nihal Vijaya Devadas KAVIRATNE CBE
NG Shin Ein
LIM Ming Seong

Strategy Committee
Steven Terrell CLONTZ (Chairman)
Nihal Vijaya Devadas KAVIRATNE CBE
Stephen Geoffrey MILLER
Michelle Lee GUTHRIE
Nayantara BALI
NG Shin Ein
LIM Ming Seong
Peter KALIAROPOULOS
Nikhil O. J. EAPEN

Nominating and Governance Committee
Nihal Vijaya Devadas KAVIRATNE CBE (Chairman)
Steven Terrell CLONTZ
TEO Ek Tor

Executive Resource and Compensation Committee
TEO Ek Tor (Chairman)
Stephen Geoffrey MILLER
Michelle Lee GUTHRIE
Lionel YEO Hung Tong
LIM Ming Seong

Risk Committee
Stephen Geoffrey MILLER (Chairman)
Paul MA Kah Woh
Nayantara BALI
Peter KALIAROPOULOS

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.
D'Crypt Pte Ltd
Ensign InfoSecurity Pte. Ltd. and its subsidiaries.

Associates
SHINE Systems Assets Pte. Ltd.
Vectra Corporation Limited

Investor Relations
For enquiries on the Group's business performance, contact the Investor Relations team at email: ir@starhub.com

PROXY FORM

Twenty-First 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 Twenty-First Annual General Meeting dated 11 April 2019.
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 NTUC Centre, One Marina Boulevard, Level 7, Stephen Riady Auditorium @ NTUC, Singapore 018989 on 30 April 2019 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 Nayantara Bali as Director		
3	To re-elect Ms Ng Shin Ein as Director		
4	To re-elect Mr Lionel Yeo Hung Tong as Director		
5	To re-elect Mr Ma Kah Woh as Director		
6	To re-elect Mr Lim Ming Seong 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/or 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 ______________ 2019.

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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A BIG THANK YOU

to the Daring StarHubbers & their little ones who have made this Annual Report a more vibrant and colourful one with their bright smiles and warm personalities.

Lavene Looi
EBG Media Sales

I dare to evolve because it opens the door of opportunity to bring new spark and joy to my life!

Lucien Chia and Cayla Chia
Lavene's Children

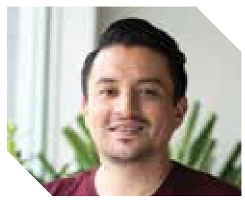
We dare to dream and imagine whatever we want to be!

Ashutosh Mishra
EBG Digital Platforms

It excites me to continuously push the boundaries of innovation. "Dream big, fail fast and learn faster" is our mantra at the Digital Platforms Team.

Tan Yee Kiat
Legal & Secretariat

Change is the only constant, and we must dare to keep moving forward.



Victor Solares
Experience Design

As part of the Experience Design team, I'm focused on helping StarHub evolve and become the benchmark for customer-focused experiences.

Mark Leong
Digital Copywriter

It's exciting to be contributing to an ever-evolving telco landscape, and my work with words makes it even more exhilarating!

Lynette Ng
Mobile Postpaid Product

Being in the mobile product team offers me multiple opportunities to evolve and step out of my comfort zone, and create more meaningful products for our customers.

Debra Leong
Legal & Secretariat

As part of StarHub's legal M&A team, I aim to support the business to achieve growth.

Chiam Xiu Ping
Finance - Commission

Challenges are what makes life interesting and overcoming them is what makes life meaningful.

Chow Xin Ying
Corporate Communications & Investor Relations

With an extreme fear of heights, jumping down a plane 18.500ft off the ground was my biggest accomplished challenge to date. I hope to always be daring, never stop trying and continue pushing my limits.

Lim Wei Ting
Brand & Marcom

Nothing motivates me more than the love for our brand and being part of an awesome team!

Jamie Seah
Legal & Secretariat

We work towards refreshing and relooking the way we do things, to provide the best possible experience for customers.

Matthew Aw
Jamie's Son

I enjoy learning and exploring new things. I hope one day to change the world for the better!

Raine Feng
Enterprise Marketing

Differentiation is at the heart of Marketing. Daring to reinvent in a competitive climate gives us the opportunity to be truly remarkable.

Mandy Cheung
Enterprise Marketing

No one says pursuing your dream is going to be without any difficulty. Those who triumphed have dared to overcome it.

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

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