



Huddling

STARHUB LTD Annual Report 2015

Corporate Profile

StarHub is Singapore's fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets.

Vision

To be Singapore's first choice for information, communications and entertainment services.

Our Mission

To provide every person, home and business in Singapore with world-class multimedia services and content.

Our Core Values

ExCITE:
Excellence,
Creativity,
Integrity,
Teamwork.



Infinite Hubbing.

Offering an extensive selection of innovative services, an unlimited source of inspiring ideas and an instant choice of a wealth of information, Infinite Hubbing is the very essence of StarHub's proposition. Whether for customers, small enterprise or large businesses, StarHub's enduring appeal comes from limitless possibilities.

Our environment fosters new technologies and new technologies shape consumers' behavioural patterns. Nowhere else is this more so than in the info-comm industry. This year, we would like to bring your attention to a whole new section on Industry Trends on page 36.

Welcome to our Annual Report 2015

The Overview, Strategy and Performance sections constitute the Strategic Report and these are based on an assessment of our performance using the value creation areas as set out on page 88. Our financial disclosure is based on the Group's operating companies.

Overview

An introduction covering who we are and a snapshot of where and how we do business.

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Strategy

A summary of how we operate. Plus the Chairman's reflections on the year to running a sustainable business.

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Performance

Commentary on operating performance for the Group and the key operating segments.

Hubbing in Review

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Governance & Sustainability

The governance framework, including the role and effectiveness of the Board, and a summary of key risks.

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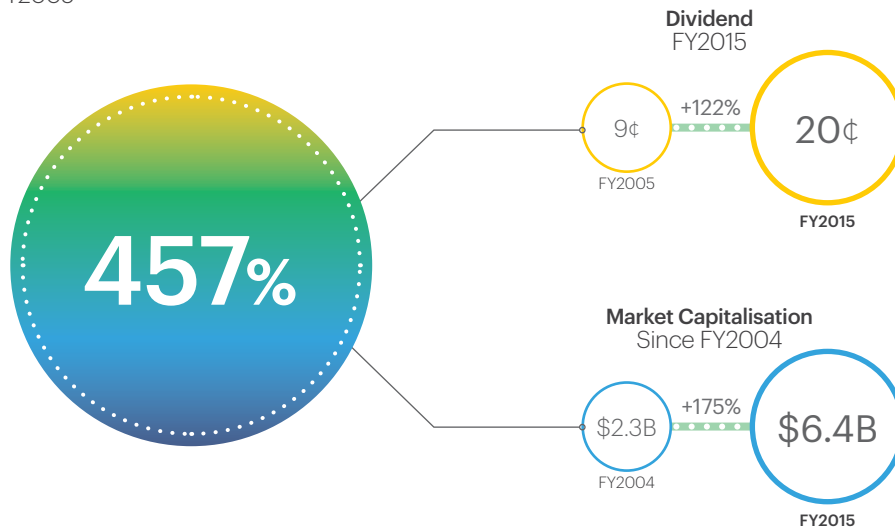
ONLINE ANNUAL REPORT

www.starhub.com/ir/

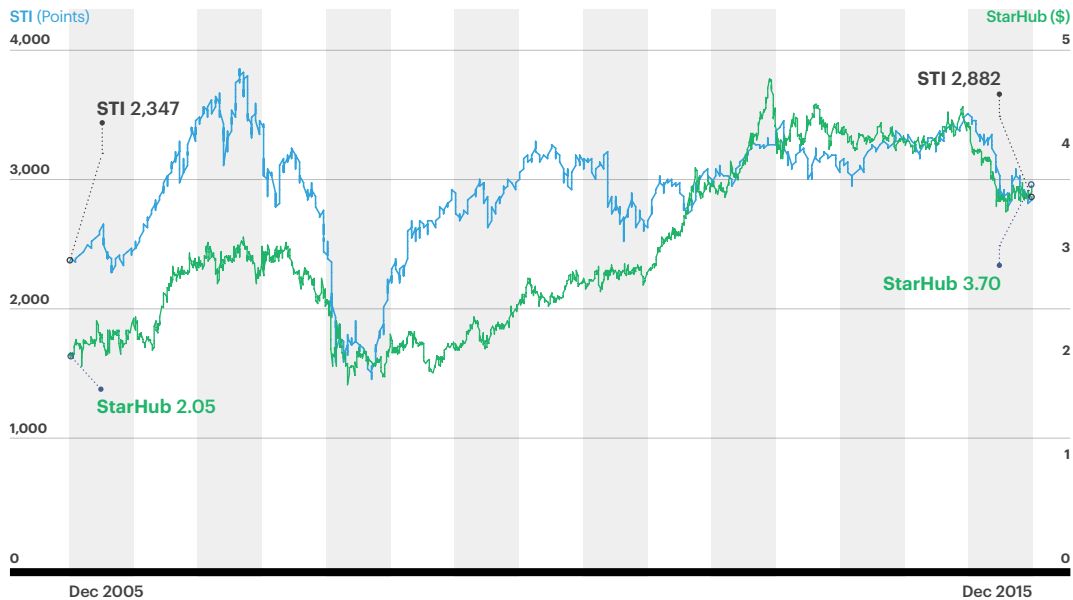
- PDF of annual report
- Presentation of the year's key content
- Senior Management team's review of 2015

KEY FIGURES

Cumulative Total Shareholders' Return Since FY2005

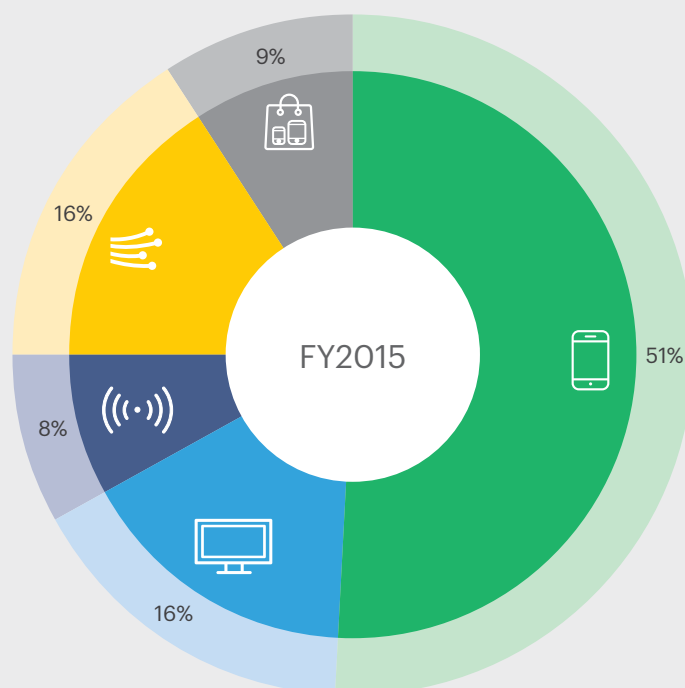


StarHub Share Price Performance Against STI Index (from 2005 – 2015)



THE GROUP TODAY

The Group's total revenue rose to \$2.44 billion due to higher sales of equipment. Service revenue remained stable. Fixed Network Services recorded the highest revenue increase YoY at 1.7%, and Pay TV revenue was stable.

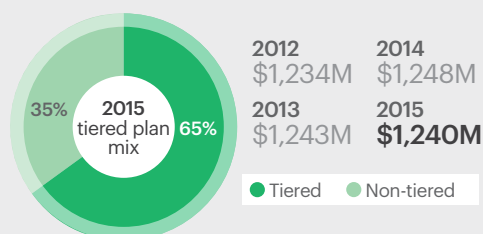


MOBILE

From 2012's \$1.23B

\$1.23B \$1.24B
FY2012 FY2015

REVENUE:



2012	2014
\$1,234M	\$1,248M
2013	2015
\$1,243M	\$1,240M

● Tiered ● Non-tiered

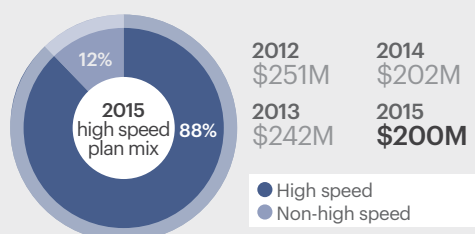
3-YEAR CAGR: 0.2%

BROADBAND

From 2012's \$251M

\$251M \$200M
FY2012 FY2015

REVENUE:



2012	2014
\$251M	\$202M
2013	2015
\$242M	\$200M

● High speed ● Non-high speed

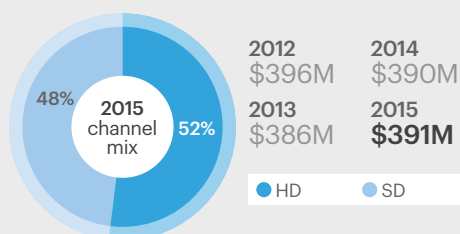
3-YEAR CAGR: -7.3%

PAY TV

From 2012's \$396M

\$396M \$391M
FY2012 FY2015

REVENUE:



2012	2014
\$396M	\$390M
2013	2015
\$386M	\$391M

● HD ● SD

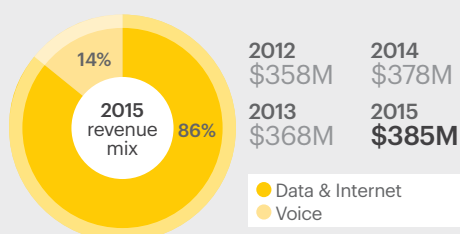
3-YEAR CAGR: -0.5%

FIXED NETWORK

From 2012's \$358M

\$358M \$385M
FY2012 FY2015

REVENUE:



2012	2014
\$358M	\$378M
2013	2015
\$368M	\$385M

● Data & Internet ● Voice

3-YEAR CAGR: 2.5%

Legend

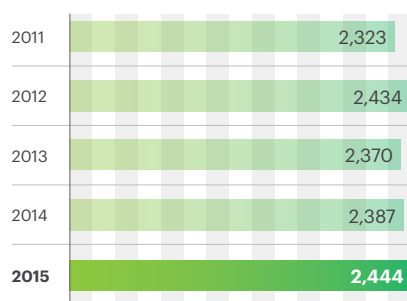
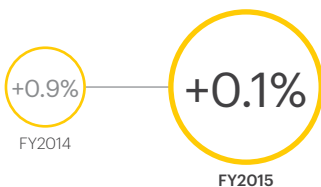
- Mobile
- Pay TV
- Broadband
- Fixed Network
- Sales of Equipment

5-YEAR FINANCIAL HIGHLIGHTS

Revenue

\$M

3-YEAR CAGR

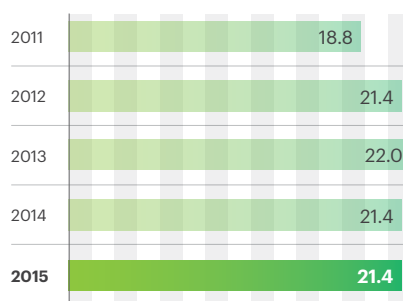
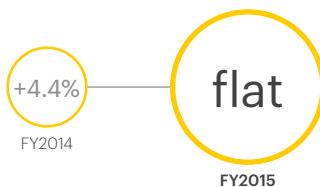


The higher equipment sales resulted in total revenue increasing \$57.1 million or 2.4% YoY to \$2,444.3 million.

Earnings Per Share (EPS)

cents

3-YEAR CAGR

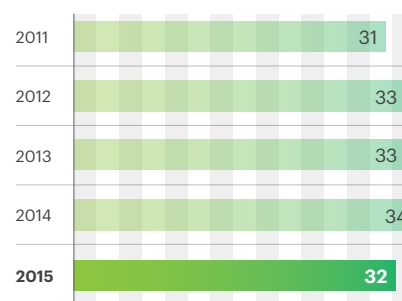
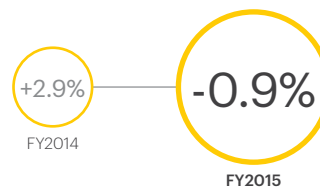


EPS is calculated by dividing the Group's profit attributable to equity holders by the weighted average number of ordinary shares in issue.

EBITDA Margin on Service Revenue

%

3-YEAR CAGR

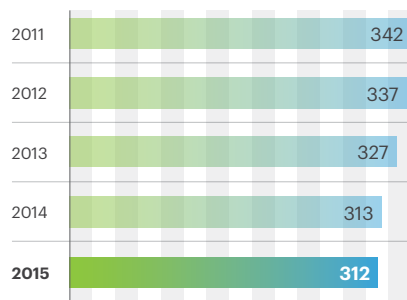
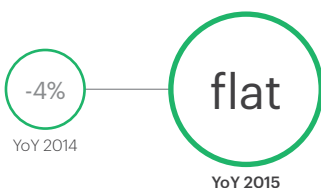


EBITDA amounted to \$712.7 million or 32.2% of service revenue for the full year.

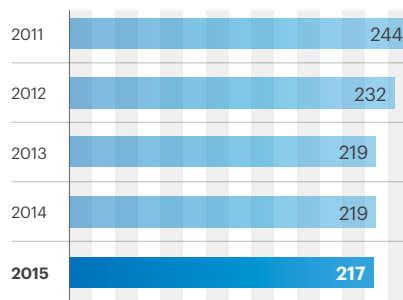
Hubbing Households

'000

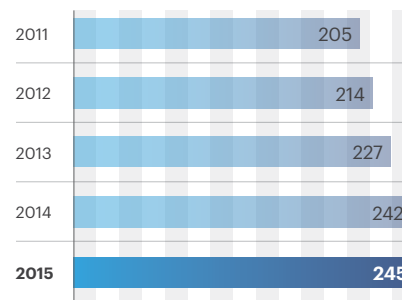
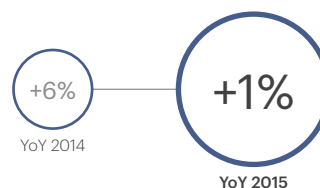
I SINGLE SERVICE HOUSEHOLD



II DOUBLE SERVICE HOUSEHOLD



III TRIPLE SERVICE HOUSEHOLD



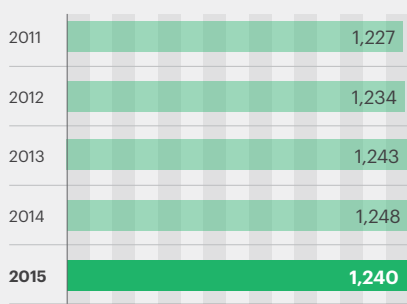
MOBILE

2,188,000
CUSTOMERS



Revenue

\$M



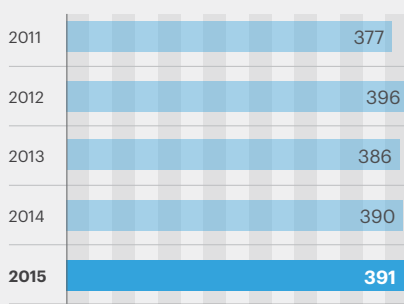
PAY TV

536,000
HOUSEHOLDS



Revenue

\$M



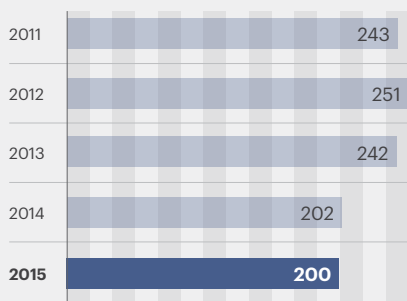
BROADBAND

476,000
HOUSEHOLDS



Revenue

\$M



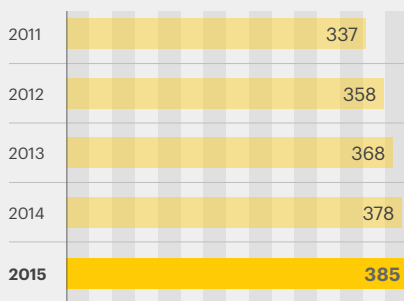
FIXED NETWORK

\$385
MILLION



Revenue

\$M





TAP MORE
Post-paid base grew
3.8%
YoY

Boundless Energy to Perform

Keeping on top of major deadlines has never been smoother with StarHub's range of innovative mobile services.

Read more about Mobile
➤ page 38



WATCH MORE
Stable revenue
\$51
Monthly ARPU



SURF MORE
Broadband revenue turned the corner, it saw
4
sequential quarterly growth in 2015



FIXED NETWORK
Providing traffic diversity for our customers with more undersea cable systems than before

12
Undersea Cables



TAP MORE

Mobile post-paid ARPU increased by \$2 to

\$70



WATCH MORE

TV churn decreased from 0.9% in 2014 to

0.8%
in 2015



SURF MORE

Broadband customer base grew 6k to 476k YoY

88%
On high-speed plans

Endless Opportunities to Enjoy

With StarHub's Pay TV content, it means finishing homework sooner and making playtime last longer, putting bigger smiles on little faces.

Read more about Pay TV
[▶ page 42](#)



FIXED NETWORK
In the hospitality sector,
we serve about
90%
of the businesses

TAP MORE
Monthly average
post-paid mobile churn
was stable at
1.0%
for the year

DUAL BROADBAND
provides additional reliability,
full home Wi-Fi coverage
and ability to segregate work
usage from family usage
2
Connections for 1 price

Abundant Ingredients for Success

Staying ahead of trends has never been easier with StarHub's fibre broadband plans offering speeds of up to 1 Gbps at your fingertips.

Read more about Broadband
➤ page 42



WATCH MORE
Over 200 channels with

52%
on HD



TAP MORE
Increasing post-paid
customers

65%
On tiered data plans



FIXED NETWORK
Service revenue was up

1.7%
YoY



SURF MORE

Total fibre broadband customer
base at 270k was up

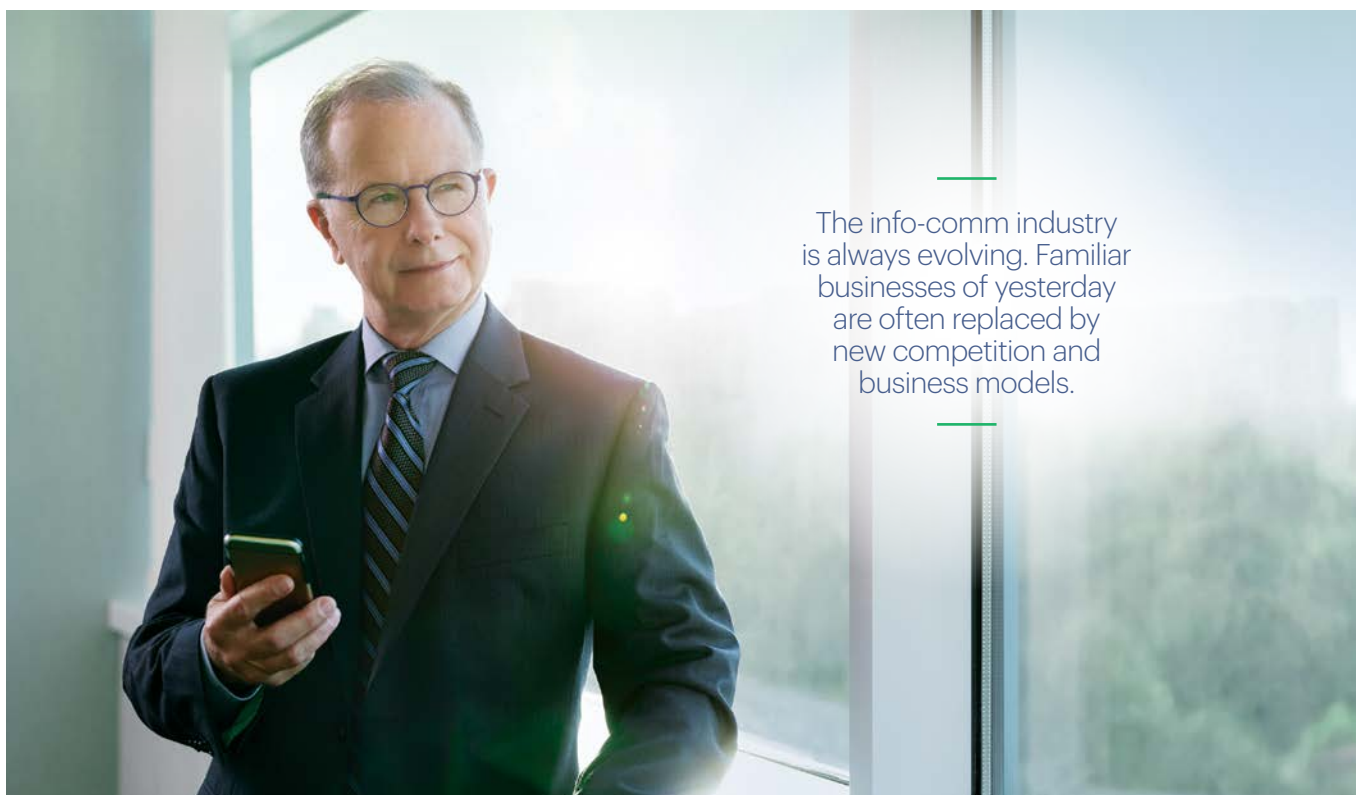
51.1%
YoY

Unlimited Sources of Ideas

Inspiration is only a click away with an unlimited source of information with StarHub's fixed network offering creative enterprise solutions.

Read more about Fixed Network
[▶ page 48](#)

CHAIRMAN'S MESSAGE



The info-comm industry is always evolving. Familiar businesses of yesterday are often replaced by new competition and business models.

Steven Terrell Clontz
Chairman

Read full profile
➤ page 20

Dear Shareholders

The info-comm industry is always evolving. Familiar businesses of yesterday are often replaced by new competition and business models. The info-comm sector has been described as relatively resilient given greater certainty in recurring earnings. With the challenging economic outlook, it is more important than ever that we continue to delight our existing customers, and challenge ourselves to win over new customers.

For the full year, we posted operating revenue of \$2.44 billion, up 2% from FY2014's \$2.39 billion. EBITDA was at \$712.7 million, while EBITDA margin as a percentage of service revenue was at 32.2%. Net profit was slightly higher year-on-year (YoY) at \$372.3 million. For 4Q2015, we propose a final quarterly dividend of five cents per share, keeping to our promise of 20 cents per share for the year.

Recap 2015

We are constantly enhancing our infrastructure, delivery and service. We strengthened our management team with the right talents to better execute our strategies.

In July, we brought in Mr Dennis Chia as the new Chief Financial Officer (CFO), Mr Howie Lau as the new Chief Marketing Officer (CMO) and

Recap 2015

A summary of the progress and events in 2015.

We strengthened the management team to better serve both our consumer and corporate customers.

Find out who they are, go to
➤ page 33

Brought the most advanced mobile network to this market.

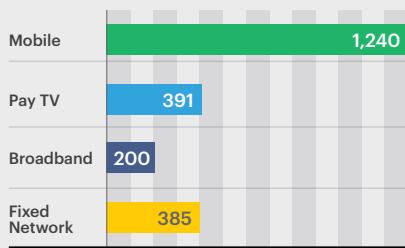
For more details, read
➤ page 39 onwards

STT MediaHub will be a key location for our data centre, media headend and office & innovation activities.

For more details, go to
➤ page 50

Service Revenue Contribution

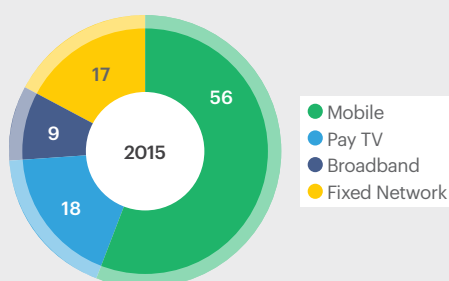
\$M



For the full year, service revenue was 0.1% lower at \$2,216 million.

Service Revenue Mix

%



Looking at the mix, Fixed Network services revenue at 17.4% is fast catching up with pay TV's 17.6%.

Our Hubbing strategy has served us well. As at end of 2015, we had 245,000 triple service households, up 1% from 2014's 242,000.

They have helped to underpin stability in our revenues. We will not rest on our laurels and continue to deliver even better value to our customers.

Ms Jeannie Ong relinquished her CMO role to take on the newly created Chief Strategic Partnership Officer (CSPO) role. The Board and I look forward to working closely with management to bring the Company to the next level.

Our Hubbing strategy has served us well. As at end of 2015, we had 245,000 triple service households, up 1% from 2014's 242,000. They have helped to underpin stability in our revenues. We will not rest on our laurels and will continue to deliver even better value to our customers.

In anticipation of the potential entry of a fourth mobile operator, we developed our Hubbing proposition to a new level by adding a mobile service to our already popular *HomeHub* package. We also adapted to the new dynamics of the market and introduced enhanced *SIM Only* plans. These plans offer better value and greater choice for customers who opt not to acquire the latest smartphone from us.

Our Network team has been busy partnering with Huawei and Nokia Networks, to bring the most advanced mobile network to this market. In our Heterogonous Networks (HetNet) deployment, our infrastructure partner Huawei and us were jointly recognised with the 'Best Innovation in Heterogeneous Networks' award at LTE Asia 2015. Separately, we are proud that an independent study by OpenSignal ranked our network as the world's fastest LTE network.

For the TV business, we are working with Netflix to offer their content over our new fibre HD pay TV platform, called *Fibre TV*. *Fibre TV*, launched in April 2015, provides better viewing quality and allows our subscribers to enjoy interactive and personalised features.

In July, our strategic shareholder, ST Telemedia, took a 70% stake in our MediaHub (renamed STT MediaHub) project. ST Telemedia will have the opportunity to further expand its global data centre network footprint. On our end, we will enjoy a reduced capital expenditure (CAPEX) commitment, whilst leveraging on STT's data centre growth.

Integrated and Sustainability Reporting

The Singapore Exchange (SGX) has intimated that it will be moving away from the current voluntary sustainability reporting guidelines, to a more progressive 'comply or explain' basis for primary-listed companies. Under the proposed changes to the listing rules, companies listed before 2016 will be required to publish annual sustainability reports from the fiscal year ending 31 December 2017.

We are pleased to share that StarHub, one of the earliest adopters of voluntary sustainability reporting in Singapore, already exceeds the proposed requirements. This is our fifth annual report that includes in-depth disclosure of our environmental, social and governance (ESG) performance.

In fact, we are raising the bar with this year's report, by incorporating the International Integrated Reporting Council's Integrated Reporting principles whilst continuing to use the Global Reporting Initiative's

CHAIRMAN'S MESSAGE

G4 framework to present a more holistic account of our sustainability performance.

We believe our progressive approach toward integrated reporting will allow us to assess and communicate how we create value over the short, medium and long term for our investors, as well as for other stakeholders including employees, customers, suppliers, business partners, local communities, regulators and the government.

In 2016, we will review how we can use our expertise in info-comm technology to support the recently launched UN Sustainable Development Goals. We believe that the landmark international agreement on climate change in Paris in December 2015 to keep temperature rises below 2°C, will open new opportunities for the info-comm sector. More businesses will be encouraged to invest in low carbon technologies, including the ones that are driven by telecommunications services.

Internally, we plan to review our own climate change mitigation initiatives and options to align with the new climate change agreement.

Our sustainability performance continues to receive global recognition. In 2015, we ranked 24th on the Corporate Knights' Global 100 list, a global ranking of the world's most sustainable corporations with market value above US\$2 billion. Our ranking in 2014 was 29th jumping from the 66th in the preceding year. We remained the only Singapore telco and one of the few local companies to be ranked in this list.

Looking Ahead

To us, a business owner at work, is a consumer at home too. A lot of what we have been doing, and are going to do, is to bring the same level of excitement enjoyed by our Hubbing households to the office environment.

With Singapore's Smart Nation initiatives underway, this will be an increasingly vibrant space. We believe we have the right pieces in place to capture our fair share of the market in this exciting new chapter in Singapore's growth.

In the Mobile market, some might proposition that a fourth operator will be good for consumers, as they have more choices brought about by competition. Singapore is a highly penetrated and competitive market. No service provider, certainly not us, is complacent. Regardless of the regulator's decision, we are ready. Our Hubbing strategy will continue to put us in good stead to take on competition.

Emerging ways of consuming video content and consumer behavior changes have added pressure to our pay TV business. But there is no reason why we cannot continue to improve our content offerings and the way we deliver our content to suit what consumers want. We intend to stay relevant, and acquire our fair share of the market.

Our StarHub 2016 Strategy



mobile

49K
POST-PAID
NET ADDS

We expanded the post-paid base by 48,900, partly contributed by our ability to serve our customers well, especially enterprise ones.



pay tv

52%
HD
CHANNELS

52% of our TV channels are on HD. We continue to curate the best programmes for our customers.

In 2016, we will review how we can use our expertise in info-comm technology to support the recently launched UN Sustainable Development Goals. We believe that the landmark international agreement on climate change in Paris in December 2015 to keep temperature rises below 2°C, will open new opportunities for the info-comm sector.



51.1%
YOY GROWTH
IN FIBRE
CUSTOMERS

Total fibre broadband customer base at 270k was 51.1% above last year.



1.7%
2015
REVENUE GROWTH

Data & Internet service revenue grew 3.2% YoY to \$331.1 million, mainly due to the increased take up of managed Data & Internet services by enterprise customers.

The Broadband business has been challenged over the past two years, with intense price competition. We note that the drop in our Broadband revenue has turned the corner. We will grow our business by offering better value and bundled packages.

As a leading player in this industry, we have built a solid foundation and reputation for being the first with a long list of innovative products and services that has encouraged the competition to follow suit. Consumers, and increasingly, business customers, will enjoy better value and services from us.

Board Changes

On behalf of the Board and Company, I would like to thank Mr Tan Guong Ching, our long-serving Chairman who retired on 15 July 2015, for his leadership of the Company.

Guong Ching was first appointed to StarHub's Board on 8 August 1998 and became our non-executive Chairman on 1 April 2001. Under his 17-year guidance, the Company's revenue grew from \$778 million in 2001 to \$2.4 billion in 2014. He also led the Company to its successful IPO in 2004.

In September, another of our long-serving non-executive director Mr Kua Hong Pak, who was also chairman of the Audit Committee, stepped down. We thank him for his 14 years of dedicated and invaluable service.

Please also join me in welcoming two new independent directors. Mr Paul Ma Kah Woh is the chairman of Mapletree Logistics Trust Management Ltd, and was a senior partner of KPMG Singapore. He replaced Hong Pak as chairman of the Audit Committee.

Ms Rachel Eng Yaag Ngee, is the Joint Managing Partner at WongPartnership LLP. She is a well regarded and outstanding corporate lawyer. We will tap into her vast experience in the capital markets.

I look forward to working closely with my fellow board members, and Tong Hai and his team, to continue to deliver more value to our business partners, stakeholders, and of course, our customers. Most important of all, I hope to rely on you, my fellow shareholders, for your support.

We look forward to meeting you at the upcoming Annual General Meeting.

Steven Terrell Clontz
Chairman



**CORPORATE KNIGHTS'
GLOBAL 100 LIST**

Ranked 24th

A global ranking of the world's most sustainable corporations with market value of at least US\$2 billion.



STARHUB REMAINS THE

Only Telco in Singapore

to receive the above global recognition.

BOARD OF DIRECTORS

The Board provides strategic guidance to Management and oversight of the Company.



Steven Terrell Clontz ¹

Tan Tong Hai ²

Ma Kah Woh ³

Peter Seah Lim Huat ⁴

Nihal Vijaya Devadas Kaviratne CBE ⁵

Teo Ek Tor ⁶



Sio Tat Hiang ⁷
 Lim Ming Seong ⁸
 Liu Chee Ming ⁹
 Robert J. Sachs ¹⁰
 Rachel Eng Yaag Ngee ¹¹
 Nasser Marafih ¹²
 Takeshi Kazami ¹³



BOARD OF DIRECTORS

Key to Membership of Board Committees	
1	Audit
2	Strategy
3	Executive Resource and Compensation
4	Nominating
5	Risk

1 Steven Terrell Clontz
Chairman | Member: 2

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

Last Re-elected
14 April 2014

Mr Steven Terrell Clontz is Senior Executive Vice-President, International, at Singapore Technologies Telemedia Pte Ltd. He is also a Director of Level 3 Communications, Jasper Wireless, Inc and PSA International Pte Ltd. He served as the CEO of StarHub for 11 years before retiring on 1 January 2010. Mr Clontz is a well-regarded veteran in the telecommunications and media industry with over 43 years of extensive experience. He brings with him invaluable knowledge of the telecoms and media industry and extensive management expertise. During his 11 years at the helm of StarHub, Mr Clontz has 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 in 2009; merging StarHub with StarHub Cable Vision (SCV) in 2002; bring 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. Mr Clontz 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, Mr Clontz has held senior executive positions at BellSouth International, Inc. He was the President of BellSouth International (Asia-Pacific), Inc. between 1991 and 1994. Mr Clontz holds a Bachelor of Science (Physics Major) from the University of North Carolina, USA.

2 Tan Tong Hai
Executive Director and CEO | Member: 5

Date of Appointment
1 March 2013

Last Re-elected
15 April 2013

Mr Tan Tong Hai joined StarHub in 2009 as its Chief Operating Officer, overseeing the day-to-day operations of StarHub. He has over 20 years of experience in the regional information technology (IT), Internet and e-commerce industries and has had broad experience at top management levels. Mr Tan was previously the President and CEO of Singapore Computer Systems from August 2005 to December 2008, and the President and CEO of Pacific Internet (PacNet) from March 2001 to August 2005. He was instrumental in turning both companies around when he was at their helms. In addition, Mr Tan is currently the Chairman of Nanyang Polytechnic’s Board of Governors. He holds a Bachelor of Electrical Engineering (Honours) from the National University of Singapore.

3 Ma Kah Woh
Independent Director | Chairman: 1

Date of Appointment
23 September 2015

Mr Ma Kah Woh is the Chairman of Mapletree Logistics Trust Management Ltd. He is also a Director of Mapletree Investment Pte Ltd, PACC Offshore Services Holdings Ltd and CapitaLand China Development Fund II Limited. Mr Ma serves on the National Heritage Board and is the Chairman of its Audit Committee. Mr Ma 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. Mr Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Singapore Institute of Chartered Accountants.

④ Peter Seah Lim Huat

Non-Executive Director | Chairman: ③ ④

Date of Appointment
22 July 2002

Last Re-elected
14 April 2014

Mr Peter Seah Lim Huat is the Chairman of DBS Bank Ltd, DBS Group Holdings Ltd, Singapore Health Services Pte Ltd and Lasalle College of the Arts Limited. Mr Seah is also the Deputy Chairman of Singapore Airlines Limited. He has extensive experience in the financial industry. He served as the President and CEO and a Director of Singapore Technologies Pte Ltd from December 2001 to December 2004. Prior to that, he held several senior level positions in the former Overseas Union Bank Limited before retiring as Vice Chairman and CEO in September 2001. Mr Seah holds a Bachelor of Business Administration (Honours) from the former University of Singapore.

⑤ Nihal Vijaya Devadas Kaviratne CBE

Independent Director | Chairman: ② Member: ①

Date of Appointment
16 August 2004

Last Re-elected
28 April 2015

Mr Nihal Vijaya Devadas Kaviratne CBE 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. Mr Kaviratne held various senior level management positions in the Unilever group across Asia, Europe and Latin America over forty years. Mr Kaviratne 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". Mr Kaviratne 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.

⑥ Teo Ek Tor

Independent Director | Chairman: ⑤ Member: ③ ④

Date of Appointment
16 August 2004

Last Re-elected
28 April 2015

Mr Teo Ek Tor is the Chairman of PrimePartners Group Pte Ltd and Aris PrimePartners Asset Management Pte Ltd, a joint venture asset management company based in Singapore. Mr Teo 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). Mr Teo 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.

⑦ Sio Tat Hiang

Non-Executive Director | Member: ③ ④ ⑤

Date of Appointment
2 July 2012

Last Re-elected
15 April 2013

Mr Sio Tat Hiang is the Executive Director of Singapore Technologies Telemedia Pte Ltd (ST Telemedia). Mr Sio has more than 20 years of financial and management experience. He was a core member involved in the formation of ST Telemedia as a new business area for the former Singapore Technologies (ST) group, and served as Senior Executive Vice-President of ST Telemedia from September 2010 to March 2012. Prior to that, Mr Sio was Vice-President of Corporate Finance, Director of Strategic Investment and Group Treasurer for the ST group, overseeing the treasury and investment management functions of the ST group. Before joining the ST group, Mr Sio worked in the banking and financial services industries. He holds a Bachelor of Business Administration (Honours) from the former University of Singapore and attended the Senior Management Programme at the London Business School, UK.

BOARD OF DIRECTORS

Key to Membership of Board Committees

- 1 Audit
- 2 Strategy
- 3 Executive Resource and Compensation
- 4 Nominating
- 5 Risk

8 Lim Ming Seong

Non-Executive Director | Member: 1 2 3

Date of Appointment
14 December 2000

Last Re-elected
28 April 2015

Mr Lim Ming Seong is the Chairman of CSE Global Limited and First Resources Ltd and serves on the boards of U Mobile Sdn Bhd, Singapore Technologies Kinetics Ltd and STT GDC Pte. Ltd.. Mr Lim was with the ST group from 1986 to 2002, where he left as Group Director. Prior to joining the ST group, Mr Lim served as the Deputy Secretary with the Ministry of Defence of Singapore. Mr Lim 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. Mr Lim also participated in the Advanced Management Programs conducted by INSEAD and the Harvard Business School, USA.

9 Liu Chee Ming

Independent Director | Member: 2

Date of Appointment
16 August 2004

Last Re-elected
28 April 2015

Mr Liu Chee Ming is the Managing Director of Platinum Holdings Company Limited since 1996. Mr Liu also serves on the boards of Japfa Ltd., Kader Holdings Company Limited and Haitong Securities Co., Ltd. He is also an Independent Non-executive Director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd., which are the REIT Manager and Trustee-Manager respectively of OUE Hospitality Trust, Founder BEA Trust Co., Ltd. and STT GDC Pte. Ltd.. He is also an Independent Supervisor of the Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd. He has over 30 years of experience within the financial services sector and has an invaluable network of contacts in the media industry. Mr Liu's financial and strategic expertise and experience of dealing with major corporations and businesses globally is an asset to the Board. He is a member of the Takeovers Appeal Committee and Deputy Chairman of the Takeovers and Mergers Panel of the Securities and Futures Commission in Hong Kong. Mr Liu holds a Bachelor of Business Administration from the former University of Singapore.

10 Robert J. Sachs

Independent Director | Member: 2

Date of Appointment
29 April 2005

Last Re-elected
28 April 2015

A lawyer by training, Mr Robert J. Sachs is a Principal of Continental Consulting Group, LLC. Mr Sachs has more than 35 years of extensive experience in the cable television and media industry. He was the President and CEO of the National Cable & Telecommunications Association from August 1999 to March 2005. From 1979 to 1998, he held various senior level positions in Continental Cablevision, Inc. and its successor, MediaOne Group, Inc., overseeing the company's legal and regulatory affairs and corporate development. He began his professional career as the legislative staff of US Senator Charles Goodell and thereafter as a consultant to the White House Office of Telecommunications Policy. He was legislative counsel to the National Telecommunications and Information Administration in the United States. Mr Sachs holds a Bachelor of Political Science from the University of Rochester, a Master of Journalism from the Columbia University Graduate School of Journalism, and a Doctorate of Law from the Georgetown University, USA. He has also completed the Program for Management Development at Harvard Business School and is a member of the bar in the District of Columbia and the Commonwealth of Massachusetts.

11 Rachel Eng Yaag Ngee

Independent Director | Member: 1

Date of Appointment
4 May 2015

Ms Rachel Eng Yaag Ngee is the Joint Managing Partner at WongPartnership LLP. She also serves on the Board of SPH Reit Management Pte. Ltd., Certis CISCO Security Pte. Ltd., the Public Utilities Board and the Singapore Accountancy Commission, and the Board of Trustees of Singapore Institute of Technology and the Council of the Singapore Business Federation. Ms Eng is a corporate lawyer with vast experience and expertise in equity and debt capital markets, real estate investment trusts and corporate finance. She has been involved in major transactions such as the \$2.8 billion public listing of CapitaMall Asia Limited in 2009 – then the largest initial public offering in Singapore since 1993 – and the \$10 billion merger of Overseas Union Bank and United Overseas Bank in 2001. Ms Eng holds a Bachelor of Law (Honours) from the National University of Singapore.

12 Nasser Marafih

Non-Executive Director

Date of Appointment **Last Re-elected**
9 July 2007 14 April 2014

Dr Nasser Marafih 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 (formerly known as Qatar Telecom) from 2002 to 2011, a subsidiary of Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C). Dr Nasser began his professional career at Ooredoo Qatar 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.

13 Takeshi Kazami

Non-Executive Director

Date of Appointment **Last Re-elected**
13 April 2012 28 April 2015

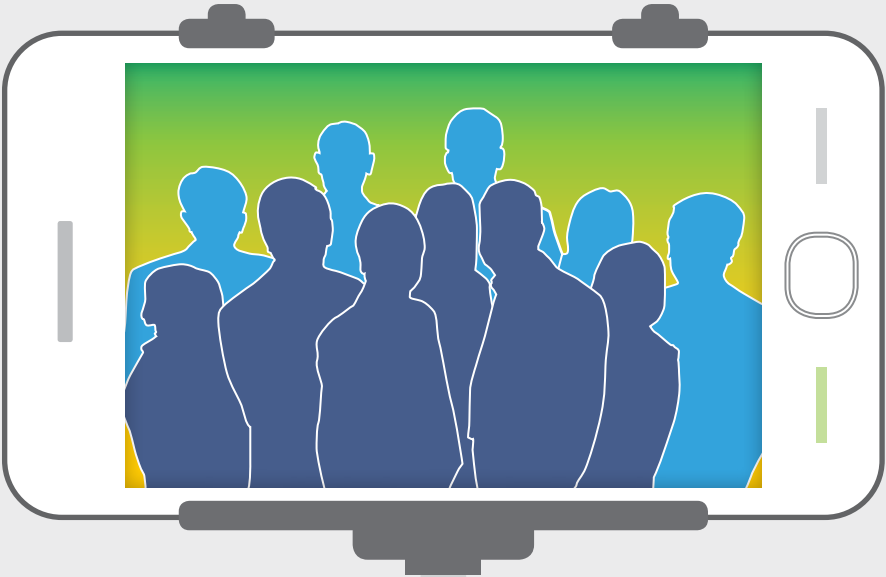
Mr Takeshi Kazami is the President and CEO of NTT Singapore Pte. Ltd., the regional headquarters of NTT Communications Ltd for the Asia Pacific region. He also serves as a director of Emerio GlobeSoft Pte Ltd. He started his career with NTT in 1986 and held various positions, including Area Manager – NTT America. He was seconded to StarHub, as Head of Japanese Sales Sector in 2000. He went on to become the Head of Arcstar, the flagship brand of NTT Communications Ltd's range of global communication services. Upon his return to NTT Communications Ltd in 2005 and after serving as Director, Corporate Sales, he was appointed to his current position in July 2010. He holds a Bachelor of Arts, International Relation Course (Chinese and Sociology), from the Tokyo University of Foreign Studies, Japan. He was a visiting scholar at the Asia Pacific Research Center of Stanford University, USA.

SENIOR MANAGEMENT

The key roles of the Senior Management include providing the vision and strategy to move the Company forward and running the day-to-day operations.



#wefie



Front row from left:

- Chan Hoi San**
Senior Vice President,
Human Resource
- Kevin Lim**
Chief Commercial Officer
- Tan Tong Hai**
Chief Executive Officer & Executive Director
- Jeannie Ong**
Chief Strategic Partnership Officer
- Dennis Chia**
Chief Financial Officer
- Diana Lee**
Senior Vice President,
Customer Service Experience

Back row from left:

- John Tan**
Chief Information Officer
- Tim Goodchild**
Senior Vice President,
Government & Strategic Affairs
- Mock Pak Lum**
Chief Technology Officer
- Veronica Lai**
General Counsel & Company Secretary
- Howie Lau**
Chief Marketing Officer

IN DISCUSSION WITH STARHUB'S MANAGEMENT

Customers demand high service standards; we demand higher standards on ourselves. With Hubbing, we bring value; with superior customer service, we bring satisfaction.



Can you give us a brief recap for 2015?

2015 was a transformational year for StarHub. We embarked on a digital transformation journey to strengthen our services and offerings to both our consumer and enterprise customers.

We began the journey to meet changes in the industry and consumers' lifestyles. For instance, with our omni-channel focus, we improved our self-help platforms, *My StarHub* app and StarHub Online Store to better engage with our customers. This has also helped us stay on top in 'The Customer Satisfaction Index of Singapore' ranking. On the Enterprise front, we continued to build our own infrastructure, solutions offerings and account management team to better support the needs of enterprise and SMBs.

Our senior management team was strengthened with the on-boarding of Mr Dennis Chia and Mr Howie Lau as our new CFO and CMO respectively. In light of our focus on partnership, Ms Jeannie Ong holds the newly-created position of CSPO. The new role sees her building and expanding key relationships with the wider community of content partners, government agencies and strategic partners.

We have also brought Hubbing to the next level with 'Infinite Hubbing'; comprising of 'Personalised Hubbing' for consumers and 'Smart Hubbing' for enterprises. In the consumer space, 'Personalised Hubbing' will enable us to go beyond the household

to engage individual household members and deliver personalised services and content to them.

For enterprises, we will be looking at 'Smart Hubbing' to deliver smart enterprise solutions beyond connectivity and also enable them to serve and target their own customers better. Through our extensive range of innovative solutions on multiple platforms, offering a wealth of information, communications and entertainment services, 'Infinite Hubbing' will provide limitless opportunities for our customers' work and lifestyle needs.

In 2015, our customer-centric focus saw our lines of business performing healthily. Our Broadband revenue gained momentum and post-paid Mobile continued to do well for us. Our pay TV business showed resiliency despite competition and we also witnessed steady growth in our Enterprise business.

Mobility

Our Mobility business is holding up in the face of competition and structural changes. We continued to grow the post-paid business which is the biggest revenue contributor. On the pre-paid front, we see more customers using more data and OTT (over-the-top) services.

Ahead of our competitors, we recorded consistently strong quarterly post-paid net adds numbers, ending the year with 1,325,000 post-paid customers versus 1,277,000 a year ago. Post-paid ARPU also improved by \$2 to \$70 YoY.



TRIPLE-SERVICE
HOUSEHOLDS HAS
INCREASED TO

245,000

from 200,000 households
in 2010.



STRONG YEARLY POST-
PAID NET ADD NUMBERS

48,900

Customers YoY

We have also brought Hubbing to the next level with 'Infinite Hubbing'; comprising of 'Personalised Hubbing' for consumers and 'Smart Hubbing' for enterprises.

During the year, we also introduced enhanced *SIM Only* (no contract) plans. These plans are attractive to those who do not require a handset from their provider but see value in StarHub's mobile services.

Network-wise, we continue to innovate and stay ahead of the technology curve. For example, our 4G HetNet in Marina Bay served hundreds of thousands of customers at the SG50 Jubilee and Formula 1 Singapore Airlines Grand Prix events.

According to an independent study by OpenSignal for their 'The State of LTE' September report, our 4G network was ranked as the world's fastest LTE network. We were also recognised in October, when we received the 'Best Innovation in Heterogeneous Networks' together with our partner Huawei.

Entertainment & SmartLife

The pay TV business remained stable. Despite competition, our churn rate remained low at 0.8%. We are already using and plan to use more data analytics to improve our pay TV business. We launched *Fibre TV* (IPTV over StarHub Fibre) during the year, which offers a superior viewing experience with HD content, personalised features and greater interactivity.

We also introduced *StarHub Go*, our new online streaming service, to offer customers StarHub TV content delivered

on demand, OTT and on any device. Netflix entered the Singapore market in early 2016. We are working with Netflix to offer their content via our set-top boxes. It will be a complementary service to our current TV offerings and customers can charge their Netflix subscription directly to their StarHub bill.

On broadband, we saw a good take-up of our competitive fibre broadband plans driving our total fibre broadband customer base to 270,000 customers, an increase of 51% from 2014.

Enterprise Fixed Network

We have enhanced our solutions and service offerings, especially in the areas of cloud, data analytics and cyber security. For our customers who are advertisers and advertising media buyers, StarHub now offers greater smart targeting capabilities to engage customers across platforms to drive better results for their campaigns.

With Singapore's Smart Nation initiatives now underway, our fixed and mobile networks, and SmartHub (big data analytics division) are well positioned to actively support these initiatives.

In July, we announced the sale of a 70% stake in MediaHub to one of our strategic shareholders, ST Telemedia. Now under construction, MediaHub (renamed STT MediaHub) will be a key location for our data centre, media

headend, as well as for our office and innovation activities.

Sustainability

In our 2014 annual report, we were happy to announce that we were ranked 29th in the Corporate Knights' Global 100 list of the world's most sustainable corporations. That was a big improvement from the 66th place in 2013 – the first year we were recognised. We said that we want to do better. And we did. In 2015, we improved our ranking further to 24th.

We will continue to stay focused on the sustainability aspects that are most material for our business and for our main stakeholders. These include talent management, employee volunteering, customer service, reducing emissions and minimising waste, mobile accessibility and empowerment of the less privileged.

We will also continue our efforts to find creative and effective ways to reduce energy intensity while growing our customer base and overall business.

IN DISCUSSION WITH STARHUB'S MANAGEMENT



As the new CFO, do you have plans to make changes to the dividend payments?

The Board takes a forward three-year view of the Company's earnings, free cash flow, growth plans and balance sheet efficiency to determine the appropriate level of dividend payment. The preference is to make sustainable dividend payments, as the Board believes in providing greater assurance and clarity to our shareholders.

Can you share details on where the CAPEX is needed?

A large portion of the CAPEX is used for maintenance of the IT infrastructure and various networks we own like the Fixed and Mobile networks. The remainder is used for spectrum payments and enhancement of our own fibre network.

In 2013, we participated in the 4G spectrum auction which resulted in two payment tranches; one in 2014 and the other in 2016. In 2016, some of the CAPEX will go towards making that payment. We have highlighted in previous years that we want to be a strong player in the enterprise space. As such, it is necessary for us to invest and enhance our own fibre network as having our own extensive infrastructure is essential.

In your previous companies, you have done M&As for them. Will you be doing the same at StarHub?

We are operating in an environment where the traditional way of running a telecoms business is slowly disappearing. You no longer need to invest in CAPEX intensive networks or be based locally. You could develop an OTT app that has global appeal and your office can be offshore.

In that light, we are looking at adjacent businesses that will help our existing business leap-frog our growth. We will look at each opportunity with a measured financial approach and will definitely keep the market abreast of such developments.



How is the enterprise business coming along?

We have been steadily growing the enterprise business with a targeted approach. This has been paced with the build up of our infrastructure, solutions and capabilities to support the needs of customers. We lead in some sectors such as hospitality where we serve about 90% of the businesses. In other sectors, we continue to penetrate the verticals with fixed and mobile connectivity solutions, premium content and content delivery services and communications services. Our partnerships with global technology providers and carriers like Vodafone, have allowed us to accelerate our successes.

As infrastructure is key to all services, we continue to roll out our fibre network island-wide, over and above the Next Gen NBN, to provide critical connectivity solutions for greater diversity. We have also invested in a low latency solution to serve the financial sector both domestically and in the region. As enterprise mobility becomes a key component of a company's strategy, our mobile network has been enhanced to provide outdoor and indoor coverage with 3G to LTE-Advanced technologies.

Not stopping there, we have also deployed and are testing TDD-LTE cell sites in certain areas of the island. Additionally, we are testing TV White Spaces and small cells technology to ensure we leverage the best that technology has to offer to serve our customers.

Our recent tie-up with our strategic partner, ST Telemedia's wholly-owned subsidiary, STT GDC, on the STT MediaHub project will stand us in good stead. STT MediaHub is slated to be a carrier-neutral and highly secure Tier 3 data centre facility, managed and operated by STT GDC. With the synergy between ST Telemedia's global presence and our extensive facilities management experience, it will have the advantage of attracting enterprise customers in Singapore and beyond.

Beyond connectivity, our investment in SmartHub, our big data analytics division, will see us providing customer insights solutions to enterprises as they strive to understand their customers better. We have already launched our Smart Targeting solution for advertisers using data analytics on our TV platform. We are working with several large establishments on insights solutions for marketing initiatives.

The enterprise business has contributed positively to both top line and more importantly, profitability to the group and we expect this will continue strongly.



You were previously the CMO and now the CSPO. What does the new role entail?

This is a newly-created role and not quite commonly seen among Singapore-listed companies. We would like to believe this is a reflection of StarHub's ability and commitment to stay ahead of the bigger trends in the business world and within the wider communities in which we are a member of.

Strategic partnerships will be pivotal to the Company's growth so efforts will be centred on establishing and maintaining strong strategic relationships with government agencies, content owners, key strategic partners and other complementary companies. Besides that, I will continue to be responsible for building StarHub's corporate reputation in the areas of Corporate Communications, Investor Relations and Corporate Sustainability.

In 2015, there were a slew of CSR projects and related awards. Were there any memorable ones?

Indeed, there were plenty. In February, we became the title-sponsor of the Singapore Environment Council's annual School Green Awards. The following month, we were again the main sponsor of the Nurture 2.0 Programme where volunteers help cultivate reading among 600 children from low-income families in the Central Singapore Community Development Council (CDC).

In June, for the fourth consecutive year, we supported the Hair for Hope charity organised by the Children's Cancer Foundation. Besides our own employees, we are extremely happy to also see customers, business partners, and colleagues from the media go bald under our banner for this good cause.

In July, we partnered with nine voluntary welfare organisations to celebrate SG50 by putting together a music video production of us singing – we cannot find a more befitting song than everyone's favourite National Day song – 'Home'. To drive the message to a wider audience, we carried the video across our various platforms from social media to our own StarHub TV channels.

In September, we expanded the network of RENEW bins, in which we are a pioneering member of the REcycling Nation's Electronic Waste (RENEW) programme. We care about people with disabilities. We increased our sponsorship in training around 100 of them in useful office skills under the SPD Infocomm Accessibility Centre Certificate in Office Skills programme.

In January, we were ranked 24th on the Corporate Knights' Global 100 list of the world's most sustainable corporations. This was an improvement of 29th place in the preceding year, and in turn, a jump from 66th in 2013 – the first year we were ranked on this list.

We are proud to be the only Singapore info-communications company to make it to the list, and again, this could not be possible without the active participation of my colleagues, support of our business partners, and recognition from all stakeholders.



AS MAIN SPONSOR OF THE NURTURE 2.0 PROGRAMME,

600 kids

from low-income families in the Central Singapore CDC benefitted.



STARHUB RANKED

24th

Corporate Knight's Global 100 list of the World's Most Sustainable Corporations.

We are proud to be the only Singapore info-communications company to make it to the list, and again, this could not be possible without the active participation of my colleagues, support of our business partners, and recognition from all stakeholders.

IN DISCUSSION WITH STARHUB'S MANAGEMENT



What are some of the new technologies adopted by StarHub recently?

2015 was a good year for the Network team.

An independent study using crowd sourcing technology by OpenSignal ranked StarHub's LTE network as the fastest LTE network in the world. This was made possible with the deployment of carrier aggregation and small cell technologies in both indoor and outdoor environment, and through the continual tuning of the mobile network to provide the best possible experience for our mobile customers.

The Fixed Network is going through a transformation towards software-defined architecture and more of our network functions are being virtualised. This will provide faster time-to-market for new enterprise offerings and eventually lead to a reduction in CAPEX and OPEX as we complete the transformation in the next two years.

Singapore wants to be a Smart Nation and StarHub has indicated its intent to be involved. What has been the progress so far?

StarHub is well-poised to support the government's Smart Nation initiative. We continue to lay our own fibre throughout the island and are on track to provide a nationwide fibre network with full redundancy by 2020.

In the mobile arena, we are participating in the HetNet trials in the Jurong Lake District. In the year, StarHub and Huawei were awarded the 'Best Innovation in Heterogeneous Network' in the LTE Asia 2015 event. These place us in a strong position to provide HetNet when it is commercially deployed islandwide.

Via our innovation arm, i³, we are also rolling out both onshore and offshore platforms to trial new network technologies and services to support the deployment of IOT devices. These devices will form the backbone of the sensor network that is key to Smart Nation data gathering.

Last but not least, SmartHub, our data analytics arm has launched a customer 360 database and an API platform. They will contribute key demographic and behavioural data to supplement the analytics platform that provides crucial insights to help both government agencies and private sector companies be smarter in their decision making.



Can you tell us more about MediaHub that is being built?

In July, we announced that our strategic shareholder, ST Telemedia's wholly owned subsidiary, STT GDC, will take a 70% stake in MediaHub and StarHub will own the remainder. Under the partnership, the facility, which is renamed STT MediaHub, will be managed and operated by STT GDC as a carrier-neutral and highly secure Tier 3 data centre.

STT MediaHub will be StarHub's convergence hub for our fixed, mobile and pay TV networks. We are building a state-of-the-art TV headend which will incorporate virtualised play-out and a fully IP-enabled delivery backbone. This will put StarHub in a good position as we navigate the changing media business landscape.

STT MediaHub will be our central office in the western part of Singapore providing resiliency in our networks. Being located in the Mediapolis@one-north, this facility will house our innovation and incubation teams which can be closely engaged with the flourishing startup community in the vicinity.

In addition, STT MediaHub will provide carrier-grade data centre facilities for our service provider and enterprise customers. This will contribute hosting, connectivity and managed services revenue when the building is completed in mid-2016.



What are your key tasks and responsibilities as the new CMO?

StarHub is an exciting brand, and my role is to continue to excite and engage our customers through StarHub's brand and marketing across both our consumer and enterprise businesses, as well as customer value management. Over and above Marketing functions, I also oversee the Entertainment & SmartLife and Media Business Unit divisions.

Marketing today is no longer about taking big advertisements in traditional media like newspapers and TV channels. Online platforms and digital marketing are fast becoming the future and they are proving to be great for us to build upon into a stronger competitive advantage. In line with that, Digital Transformation is one of the pillars of our strategy to build mobile-first and social-first, integrating digital, mobile, web, online and social media technologies and management, with the aim of enabling better customer experience and engagement with higher online transactions.

Increasingly, data analytics also play a key role for smarter use of our marketing dollars over a bigger number of platforms. The result of mining big data from StarHub's multiple networks is that you get a massive amount of data. The challenge is in building the right data library in leveraging these data meaningfully for precision marketing.

In addition, as we continue to make inroads into the Enterprise space, we need to build and tap on relationships with the CIOs and other key decision makers, speak their language, empathise with their concerns and show that we have effective solutions to offer.

The pay TV space has seen new entrants from OTT providers like Netflix. Is your pay TV service still relevant?

The customers' changing content consumption habits and existence of OTT providers have created some buzz for a few years now. These providers tend to only have a limited range of content to offer. We believe our StarHub TV, with over 200 channels, caters to a much wider range of tastes and preferences. We have a strong line-up of US-centric content as well as a wide portfolio of multi-cultural Asian and local programming.

We believe we have built a strong, loyal following of customers watching global content as well as Asian content like Hindi, Indonesian, Japanese, and Korean content, among others. We are constantly curating new content so that we can offer a bigger variety of TV content.

Technology and content goes hand in hand in bringing about a smarter way of life. In April, we introduced *Fibre TV* for consumers, an all HD platform offering over 200 channels. In addition, the technology powering IPTV is smarter. For example, viewers can use a better recording service, which allows simultaneous recording of two programmes into a hard disk drive.

Interactive functionalities on *Fibre TV* are also aplenty. They include 'Social TV', where viewers can conveniently recommend and post comments about programmes on their personal Facebook and Twitter accounts on their TV screens. 'Picture-in-Picture' lets our customers view content airing on other channels without disrupting the programme they are simultaneously watching.

In August, we had also launched our own OTT app called *StarHub Go*. This gives our customers the flexibility to catch the shows they want, on the devices they want, where they want, when they want.

Viewers, perhaps, will find some OTT provider's content appealing but they will likely complement it with what we have. In January 2016, we made an announcement that we are working with Netflix to bring their content to StarHub TV customers.

In the Broadband space, competitors tend to compete on pricing, what is your strategy to counter that?

We are pleased that our residential fibre broadband base is expanding steadily as customers continue to affirm their preference for Hubbing with us. Our *HomeHub* and *HomeHub Go* packs, which bundles content into our broadband and even mobile proposition, are very popular.

Our vision is to be the preferred provider and backbone of Singapore's smart homes where we are able to deliver a seamless and premium experience for wireless home networking, home entertainment as well as home control and monitoring services in future. We will continue to strive to deliver a reliable and consistent broadband experience as we are able to leverage our ubiquitous HFC network besides the Next Gen NBN.

Today, we are the only operator that is able to provide customers with Dual Broadband (cable and fibre), and give them the 'always on' proposition.

IN DISCUSSION WITH STARHUB'S MANAGEMENT



DIANA LEE

Senior Vice President
Customer Service Experience

How is the Customer Service team supporting the Company's growth?

Customers demand high service standards; we demand higher standards from ourselves. Our journey to improve customer service is a continuous one. The first phase began when our retail and customer service outlets merged as one in late 2013. The second phase was when we focused on building a solid foundation, and creating the various channels and processes to better support the Company's growth.

In early 2015, we began the next transformational phase to meet changes in the industry and customers' lifestyles. Dubbed 'Retail and Service Transformation (RST) 3.0', the vision is to deliver 'Simplicity of Choice' for both customers and our team of customer service agents. The goal is to improve our service, customer loyalty, and thereby, profitability.

To better gauge how our team is doing, we started using the Retail Net Promoter System (NPS) to measure our customers' experience and loyalty. From a score of 1.4 in 2014, it improved by leaps and bounds to 30.5 by end 2015, even as cost was tightly controlled.

The change in the NPS score was big and underlying this change was a significant shift in the way we engaged our customers as well. For one, there is a growing move towards heavier use of the online platform for customers to better engage with us.

While the online channel is increasingly important, it is but one way customers can choose to interact with us. They may call, email, tap into the *My StarHub* app and self-service or drop by our retail stores. We are aiming for an omni-channel engagement approach. Our customers can expect seamless continuity in the service provided by us regardless of which channel the interactions might take place on.

We do appreciate that a seamless integration across the different avenues might be a complex undertaking. The rise of social media has created new channels via which customers can make their views known. So, there has been a lot of attention on how social media platforms can also augment and enhance our overall customer service levels.

We believe the physical stores will still have a key role to play under the different store categories. Some are our own stores, some are our channel partners. Steps are underway to enable our partner channels to support both sales and post-sales needs of our customers in 2016.



RETAIL NET PROMOTER
SYSTEM (NPS) 2015

30.5 score

From a score of 1.4 in 2014, it improved by leaps and bounds. NPS is used to better gauge how our team is doing in rendering service to our customers.

Our new StarHub Signature Experience stores, a key pillar of RST 3.0, are not just about new layouts or jazzy displays. It is a thorough look at how we can improve the customer's journey through understanding their needs when they visit us so that our staff can proactively engage them in a personalised and seamless manner. We plan to complement the face-to-face interaction at the stores with the relevant digital channels, so that customers may, for example, self-help and get what they want in a more efficient manner.

In addition, we have been improving the quality of our field workforce, the Hub Troopers. They provide the technical fulfilment for our customers, and they are the face of the Company when they do so. We impart technical expertise as well as provide soft-skills training and equipping them with tools to automate the fulfilment functions when they carry out their tasks.

Our Hub Troopers team is an important asset to the Company and we aim to leverage them, together with all our other frontliners, to keep our customers happy and delighted.

Some are our own stores,
some are our channel
partners. Steps are underway
to enable our partner
channels to support both
sales and post-sales needs of
our customers in 2016.

SENIOR MANAGEMENT'S PROFILE

Tan Tong Hai

CEO

(Tong Hai's profile can be found on page 20 of this report.)

Dennis Chia

CFO

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

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

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

Kevin Lim

CCO

Kevin is responsible for the commercial strategy and development of the company, aligning customer needs and customer interface with product and service offerings to meet the company's commercial objectives. His role is closely linked to the company's strategic management function, in drafting, implementing and evaluating cross-functional decisions that will enable the company to achieve its long-term objectives.

The Commercial Group includes Enterprise Business, which services the needs of businesses; the International

Business team which is responsible for international product management, carrier sales, inter-carrier agreements and international network strategy and execution; the Consumer and Channel Sales team which is responsible for StarHub's and partner retail outlets and direct sales; the Customer Service division which provides all post-sales service and support and carries out telesales activities; and the Operations and Process team that oversees the smooth flow from order to billing. In addition to his commercial responsibility, he also manages the Mobility business.

Kevin's experience spans over 30 years in various industries and across the globe. Prior to joining StarHub, he was from Intel where he worked with telecom operators, vendors and regulators on the ecosystem for the proliferation of broadband through wireless access technology. Prior to his Intel role, he was Managing Director of Pacific Internet Singapore and Malaysia. At a global level, he was worldwide division General Manager of Lernout & Hauspie.

Kevin received a Bachelor of Science Degree in Business Administration from Pepperdine University in California and a Masters Degree in International Management from the American Graduate School of International Management (Thunderbird).

Jeannie Ong

CSPO

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

Prior to her current role, Jeannie was the CMO. She joined StarHub in 2001 as its Head of Corporate Communications &

Investor Relations, and helped bring the company public in 2004. Jeannie and her teams have won multiple awards, including Brand of the Year at the prestigious Hall of Fame Awards (2015 and 2014); The Green Award at the Asia Communications Awards (2015 and 2014), in recognition of StarHub's significant efforts in environmental policies and programmes.

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

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

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

Howie Lau

CMO

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

Howie was the VP, Corporate Development of Lenovo's Worldwide Finance Organisation, where he oversaw Lenovo's end-to-end Post Merger

SENIOR MANAGEMENT'S PROFILE

Management and related Merger & Acquisition matters. Previously, he was Lenovo's VP of Marketing and Communications for Emerging Markets Group, and was responsible for the strategy and execution of marketing and communications in the ASEAN, China, Eastern Europe, Hong Kong, India, Korea, Latin America, Middle East, Russia and Taiwan markets.

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

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

Mock Pak Lum CTO

Pak Lum oversees the Network Engineering, SmartHub and i³ divisions at StarHub. He is responsible for establishing the company's technical vision and leading all aspects of technology development. He also looks into the strategy for technology platforms and external partnerships, as well as initiatives for innovations.

Pak Lum started his career in Hewlett Packard. He later joined Pico Art International. With the advent of multimedia technology, he set up a joint venture company with Pico – GT Communications, to offer computer animation and interactive kiosks services.

After that, Pak Lum moved on to head 1-Net Singapore. One of his key achievements was the winning of a \$92 million contract to host the Singapore Government Data Centre. He was also appointed the CEO of the technology arm of MediaCorp in 2002. In 2010, he

left the company to set up an IT software company before joining StarHub.

Pak Lum holds a Bachelor of Electrical/Electronic Engineering from the National University of Singapore and a Master in Business Administration from the University of California, Los Angeles.

John Tan CIO

John is responsible for charting the strategic directions and providing leadership in the development and deployment of information systems. He leads the Information Services division and oversees operations in planning and management, system architecture design and governance, development and implementation, support and maintenance of IT infrastructure, applications and services, to deliver efficient business support for StarHub.

John has over 25 years in the IT industry and education sector. He was recognised for his excellent contributions and was awarded The Public Administration Medal (Silver) in 2007 National Day Awards. In 2012, John became a Fellow Member of the Singapore Computer Society, an esteemed title bestowed in recognition of his contributions to IT and the Society.

John holds a Master Degree in Business Administration from the National University of Singapore, a Master Degree in Computing Science and a Bachelor Degree of Engineering (Hons) from the University of Newcastle Upon Tyne.

Diana Lee

SVP, Customer Service Experience

Diana heads the Customer Service team at StarHub and is responsible for customer sales and service activities at all touch points. Under her leadership, StarHub's customer service practices and standards have won wide recognition at the Annual Call Centre Awards by the Call Centre Council of Singapore.

Diana was instrumental in integrating the two customer service teams and systems into one following the merger of StarHub and SCV in 2002. Today, the single virtual call centre provides enhanced customer experience and convenience through a single hotline number and common technology. To ensure a high level of service to customers, she also initiated several key projects in the area of process efficiencies, staff motivation and customer experience in StarHub.

Prior to her role in heading the Customer Service team, Diana was the Senior Manager of Human Resource in SCV.

Diana has a Graduate Diploma in Financial Management from Singapore Institute of Management and is a Customer Operations Performance Centre (COPC) Certified Six Sigma High Performance Management Techniques Specialist.

Veronica Lai

General Counsel & Company Secretary

Veronica advises the StarHub Group on all legal aspects of operations, strategy and compliance matters. She also supports the Board Chairman and Directors on corporate secretarial matters.

During her career with StarHub, she oversaw the legal aspects of the merger of StarHub and SCV, StarHub's successful IPO and the establishment of StarHub's \$1 billion MTN Programme.

Under her leadership, the StarHub Legal team was recognised with various awards, including the Best Deal for Singapore for their role in the StarHub IPO by Asia Legal Business. Veronica received the 2007 AsiaLaw Singapore In-house Counsel Award by Asia Law and Practice, and was named by ALB as one of the Top 25 in-house counsels in Asia in 2010. In 2013, the StarHub team won the International Law Office's prestigious Global Counsel Award 2013 and Asia Pacific Counsel Award 2013, for their work in regulatory support.

For her corporate secretariat portfolio, Veronica was recognised with the Asian Company Secretary 2013 Award for Singapore by Corporate Governance Asia. In 2014, the Legal team won the International Legal Alliance Gold Award for the Best Asian & South Pacific Legal Department. Veronica is listed as one of the Legal 500's Corporate Counsel 100.

Veronica graduated with an honours degree from the National University of Singapore. Prior to joining StarHub, she spent six years in practice with Rajah and Tann LLP.

Chan Hoi San

SVP, HR

Hoi San is responsible for the overall direction of all HR services in the company. She is also responsible for formulating, developing and ensuring the consistent implementation of the company's strategic HR policies and procedures.

Hoi San has been credited for building a strong groundwork in StarHub's HR division prior to the company's official launch in April 2000. Supported by a dedicated and vibrant team, she had reviewed and put in place the necessary manpower, compensation and benefits, as well as internal communication strategies, policies and procedures to support the company's rapid expansion. She also played an integral part in the merger of StarHub and SCV by aligning and integrating the various business functions and resources, HR policies and procedures.

Hoi San holds a Master of HR Management from Rutgers University, USA and a Bachelor of Arts degree from Scripps College, The Claremont Group for Colleges in the USA. She has a graduate diploma in Personnel Management and is also an Accredited Myers-Briggs Type Indicator Assessor as well as a Certified Evaluator of the Thomas (DISC) Personal Profile System.

Tim Goodchild

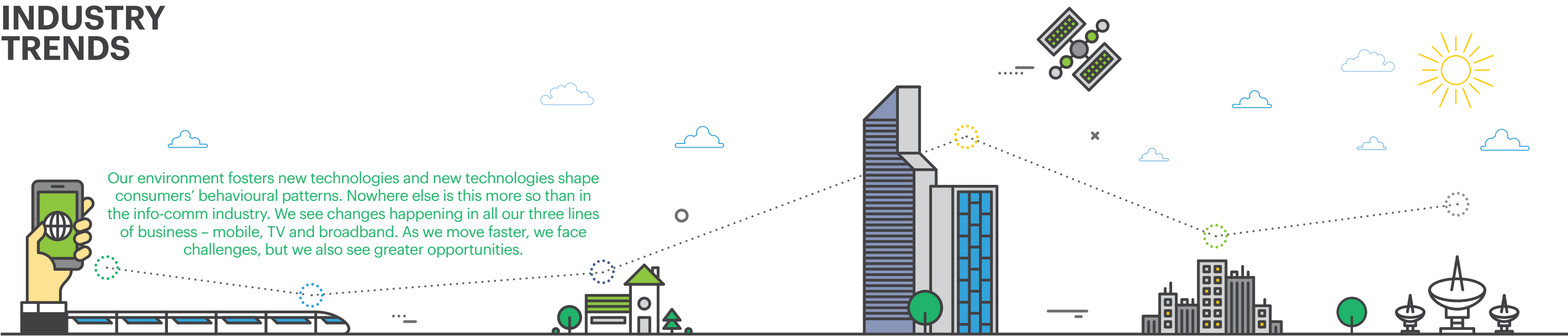
SVP, Government & Strategic Affairs

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

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

Tim holds an honours degree in Economics from Victoria University.

INDUSTRY TRENDS



Our environment fosters new technologies and new technologies shape consumers' behavioural patterns. Nowhere else is this more so than in the info-comm industry. We see changes happening in all our three lines of business – mobile, TV and broadband. As we move faster, we face challenges, but we also see greater opportunities.

01 Mobile Data All The Way

Globally, we have seen the decline in voice usage, substituted by OTT apps. Consumers prefer to instagram, message, tweet and whatsapp rather than talk on the phone. Also, content viewing is no longer confined to one spot. Consumers view content anytime, anywhere and with any device.

With these changes in behaviour, we also see consumers looking to augment their data needs with tiered mobile data plans and Wi-Fi. The smartphone has become a nexus of our time awake. We play with it; work on it and shop using it. In fact, searching for product information, business details or product reviews are the top ways customers are currently using their smartphone; fuelling the way for mobile commerce growth.

In 2016, we may see the entry of a fourth mobile operator in Singapore, increasing competition. However, we are witnessing a different view elsewhere. European telcos have argued that consolidation is essential to the industry, enabling them to invest in the technology and infrastructure required.

02 Smart Way to Go

Changes keep us on our toes; changes keep us excited; changes open up new possibilities. And one huge change many cities around the world now want is to become Smart Cities.

For Singapore, we have gone beyond expressing aspirations; we have stated a bolder aim: we want to become a Smart Nation. Administered directly under the Prime Minister's Office, the Smart Nation Programme Office has been set up to drive this whole-of-nation effort, to harness ICT, networks and data to support better living, stronger communities and create more opportunities.

The key pieces of this massive undertaking are already on the move – and we are one of them. As a leading fully-integrated info-comm service provider of Singapore, we see ourselves playing a long-term, indispensable role providing connectivity and the applications that a Smart Nation needs. We have four key parts whose tight integration will help support the Smart Nation push – fixed and mobile networks, SmartHub (data analytics lab) and i³ (innovation hub) divisions.

03 Smart Homes

We use our smartphones extensively but end of the day, this device is but a complement to what we can do at home. The nation's foundation has to be hundreds of thousands of homes – the lynchpins of our lives, the place where we return to the warmth of our families. We believe a Smart Nation starts from having Smart Homes.

We are already working with many other industry partners to deliver a growing range of services to what we envision to be a Smart Home. Leveraging on the IOT trend, our consumers can expect Smart Home solutions to help deliver more convenience and intelligence to their home and living.

For example, intelligent security devices and monitoring systems can help keep our loved ones safe. Easy to use and reliable tele-health systems give us a peace of mind that our elderly at home are taking their medication regularly.

We know that 'cord cutting' is happening around the world, especially in the USA. Customers, perhaps, will find some OTT provider's content appealing but they will likely complement it with what we have. We offer a strong line-up of US-centric content as well as a wide portfolio of multi-cultural Asian and local programming.

Besides constantly curating a strong portfolio of content, we also find smarter ways to deliver content the way consumers want in their Smart Homes. A greater variety of media content, on platforms like our *Fibre TV* or *StarHub Go*, provides more entertainment options for the family, anytime, anywhere.

04 Multi-function STT MediaHub

Singapore has fostered conditions for a vibrant start-up community. Many of them are located within the one-north area, where the most exciting names and the most passionate advocates in science, technology and media are congregated. one-north is also where our STT MediaHub is located. This makes it easy for us to choose and partner with start-ups with the next great idea and we look forward to exchanging views with them.

The ideas will not be limited for use within Smart Homes. The consumers are for now, the bigger portion of our business. Going forward, we see a bigger addressable market from the enterprise and SMB markets. For many of them, they are not the ones enjoying benefits of a Smart Nation; they are the ones actively driving and creating new possibilities for other businesses and consumers.

The STT MediaHub will add capabilities in many different areas for all our customers. Besides being a key facility for our telecommunications and media assets, it will also be the latest inclusion to our portfolio of data centres. Combined with our networking infrastructure, which is also being expanded, we are in a very good position to offer wide-ranging ICT services to the most demanding enterprise customers and support them in their business needs.

05 Smart Use of SmartHub

In addition, the STT MediaHub will be where we will locate SmartHub and i³. Providing the fastest bandwidth and being the most reliable may not be enough in this increasingly competitive industry. We are adding new and relevant capabilities like the intelligence in the analytical functions that we can offer to our customers.

With our SmartHub providing marketing analytics, we can help corporate customers generate better returns for less. Through anonymised data collected via our networks, we can help turn such data into insights into smarter decision-making.

As more companies turn to cloud-based services and applications to run their business, the complexity of networks and the supporting IT infrastructure can be substantial. We have joined the shift towards using SDN. The transformation will happen over two years and this will provide faster time-to-market for new enterprise offerings resulting from a more flexible and easily managed network.

We expect significant benefits from having the flexibility and ease running not only our own networks, but also the potpourri of networking requirements that our growing pool of business customers will inevitably have. The complexity will be even more so, but we are confident we can deal with more ease.

06 HetNet

A Smart Nation is living, breathing and constantly on the move. To strengthen Singapore's connectivity infrastructure, the regulator is exploring the concept of a HetNet. Its role is to provide an improved user experience through seamless switching between different types of wireless networks such as cellular and Wi-Fi networks, and the use of small cells to complement macro cells in increasing network capacity.

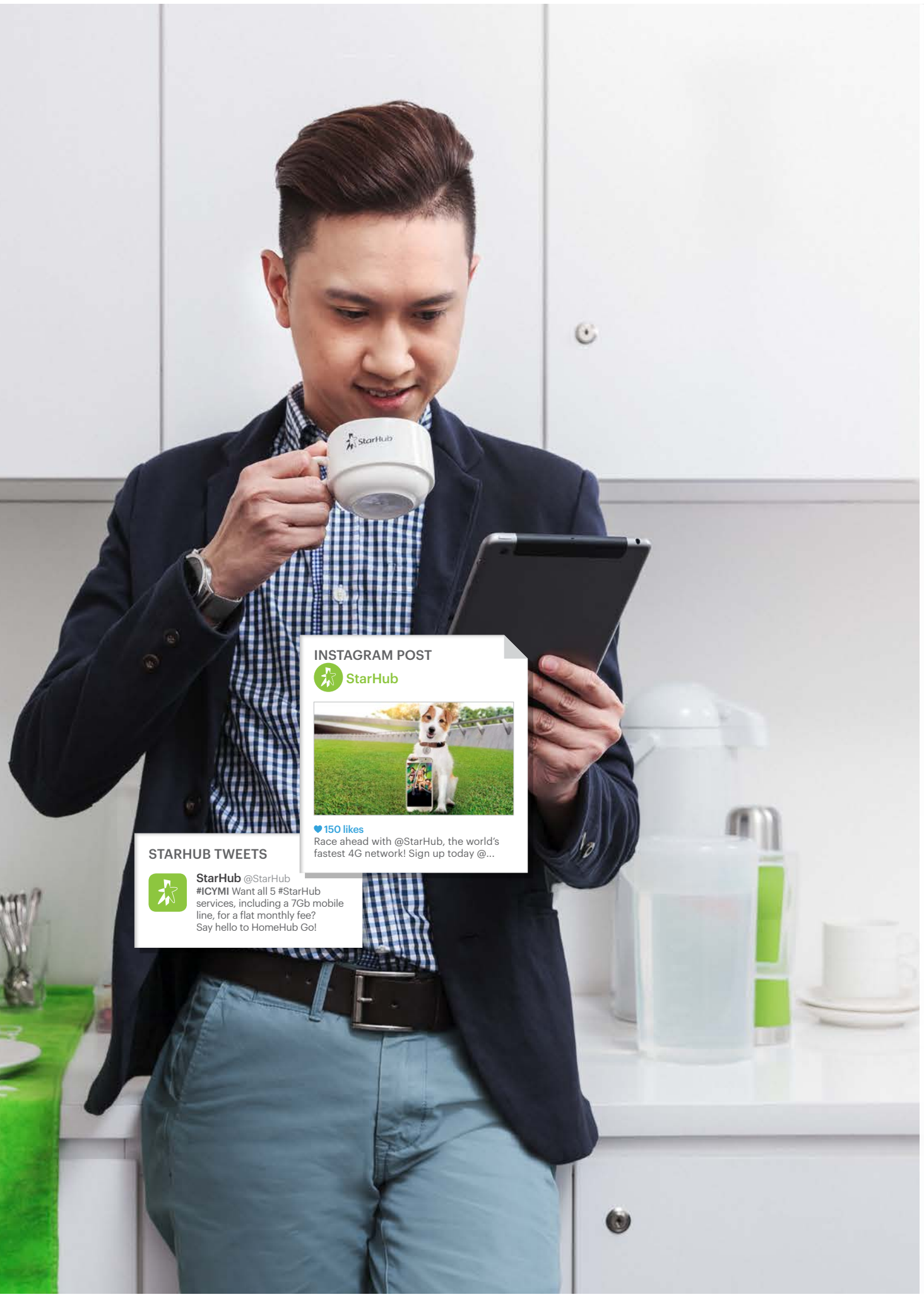
We are currently participating in the government's HetNet trials in the Jurong Lake District. It is a given that down the road, access speeds will accelerate, and that bandwidth requirements will surge, particularly as the Smart Nation vision takes shape. We see HetNet deployments as a sensible way to anchor ourselves a role within the ecosystem.



HUBBING IN REVIEW

Significant Achievements FY2015

- **January**
Commercial trial of Huawei's LampSite solution
- **February**
Organised inaugural Southeast Asia Pacific Mobile App Challenge
- **March**
- **April**
- **May**
Showcased LTE-Advanced at 600Mbps using 4X4 MIMO technology with Nokia Networks
- **June**
Introduced *Goru* travel app
- **July**
Launched *HomeHub Go* (multi-services pack)
- **August**
First in Singapore to offer no data roaming fees for pre-paid users
- **September**
Ranked as world's fastest LTE network by OpenSignal
- **October**
Jointly won 'Best Innovation in Heterogeneous Networks' award at LTE Asia Awards 2015 with Huawei
- **November**
Re-introduced enhanced *SIM Only* plans
- **December**



INSTAGRAM POST

 **StarHub**



150 likes

Race ahead with @StarHub, the world's fastest 4G network! Sign up today @...

STARHUB TWEETS

 **StarHub** @StarHub
#ICYMI Want all 5 #StarHub services, including a 7Gb mobile line, for a flat monthly fee? Say hello to HomeHub Go!

mobility

Singapore's mobile penetration rate remains high and the popularity of smart devices continues to drive mobile data usage upwards. In 2015, we introduced enhanced *SIM Only* plans in response to changing consumers' preferences and continued to enhance our network to support the increase in mobile data consumption.

The enhancements have paid off handsomely. According to an independent study by OpenSignal for their 'The State of LTE' September report, we were ranked as having the world's fastest LTE network.

You probably would have heard of the spectrum auction in 2016 and the possibility of a fourth operator joining this market. We are prepared for that. By drawing our Hubbing offerings in more attractive and tighter bundles, we increase our ability to ward off competition. Most importantly, our customers enjoy better value and we remain their preferred mobile service provider.

In the bigger scheme, what matters is how we can make our different business segments help one another grow, and our core Hubbing strategy remains very much in play.

HomeHub Go
In July, we introduced *HomeHub Go*, which adds 4G mobile post-paid to the popular *HomeHub* four-in-one bundle that already consists of fibre broadband, mobile broadband, fibre TV and a home fixed line. By including the mobile line, one of our top-selling services just got better. Users

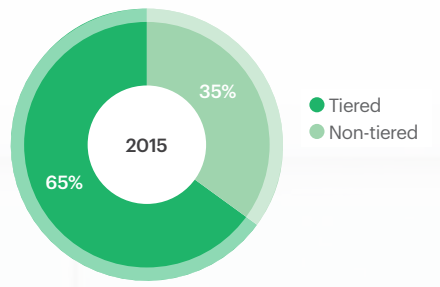
can choose between a data-heavy and more talk-time mobile plan.

App Space
We continue to work hand-in-hand with major handset vendors to bring in the latest smartphones and give consumers what they want. Having the most powerful smartphone is not the complete mobile experience. We need to have the most useful apps as well. Besides our core mobile services, StarHub, via our i3 division, has been engaging young entrepreneurs to find the most interesting apps in development, as a means to help boost the start-up community.

In February, we announced regional winners of the inaugural Southeast Asia Pacific Mobile App Challenge, which we organised in collaboration with industry players. Hundreds of teams took part; they were whittled down to 26 regional finalists, and out of which three finally came up tops.

They include Taiwan's Claco Music, which is a music training app that allows students to practise their instruments with the help of backing music accompaniment. Also from Taiwan, Erdo is a music player app that first measures the quality of the user's

Tiered Plans Mix



Total Revenue

	\$M
2012	1,234
2013	1,243
2014	1,248
2015	1,240

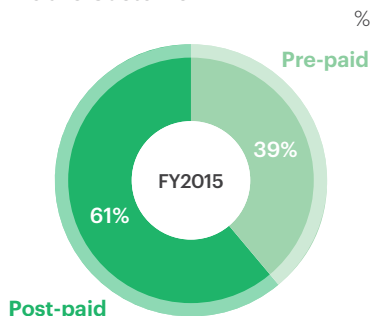


IMPROVED SPEED & PERFORMANCE

300Mbps

4G speeds of up to 300Mbps.

Mobile Customer Mix



Post-paid base was at 1,325,000 after the year's net addition of 48,900 customers.

hearing and then plays music tracks that are optimised for his or her hearing capability. Last but not least, Jetbay, from China, is a travel research and booking platform for China, providing inbound travellers with access to reliable information on what to do and where to go in the country.

In addition to organising competitions, i³ also introduced *Goru*, the first all-in-one digital concierge smartphone app for travellers to Asia to compare and book hotel deals, make dining reservations and browse through event listings.

This app taps into content provided by partners like hotel booking platform Agoda, restaurant review and booking app Chope, and lifestyle portals City Nomads and YourSingapore.com. We plan to bring this user-friendly app, which helps distil the most relevant country-specific tips for travellers, to other countries.

SIM Only

We recognise that the market dynamics has changed. Although majority of customers prefer to buy handsets from us and enjoy a subsidy in return for taking up a contract, there are some users who prefer to acquire

handsets on their own and enjoy the attractive value the *SIM Only* plans offer. The *SIM Only* plans do not come with any subsidised handsets and only cost half the regular post-paid subscriptions. We have already been offering *SIM Only* plans for a few years now but in November, we re-introduced a suite of six enhanced *SIM Only* plans that is more compelling. These new plans offer up to 12GB of bundled mobile data, data upsize options, 4G speeds of up to 300Mbps and the widest 4G roaming coverage.

Happy To Roam

In August, we made the first move in Singapore to allow our mobile pre-paid customers, while travelling, to social network, share memories and surf the Internet without data roaming costs. Called *Happy Roam*, the service allows them to stay online in Australia, Hong Kong, Indonesia, Malaysia, Taiwan and Thailand at local rates using their StarHub Mobile SIM.

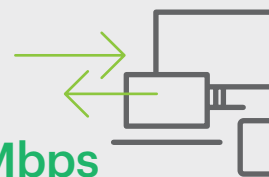
In these six countries, customers can use their pre-paid data bundles as they normally would in Singapore, without data roaming costs or any additional activation or subscription fee.



Connectivity in Demand

Beginning with Marina Bay Sands, we have been steadily expanding our HetNet coverage. Our HetNet now also covers Marina Bay City Gallery, The Esplanade, The Float@Marina Bay, The Promontory@Marina Bay, The Fullerton Heritage, The Padang and War Memorial Park.

600Mbps



trailed and showed peak download speed using Nokia Network – a first for the mobile industry of Southeast Asia.



Customers enjoy the seamless coverage even as they move between different parts of the networks.

HetNet Heats Up

Our Network team is very much on top of the most advanced mobile technologies in the industry and we are eager to put this know-how to good use for our customers. While the basic island-wide mobile networks are up and running, we can always make additional improvements and upgrades to boost speeds and capacity.

More importantly, we are doing so in a more cost-effective manner. Rather than building entirely new networks, we integrate the different networks together.

Broadly called HetNet, it refers to networks that are typically a mix of macro base stations and small cells. Quite often, enterprise-grade Wi-Fi access points are part of the networks as well. We do not require our customers to remember all these; we just want them to enjoy the seamless coverage even as they move between different parts of the networks.

We have been working closely with our infrastructure partners, drawing on where they can offer optimal solutions that give us a good balance between shareholders' demands and our customers' satisfaction.

In January, together with Huawei, we deployed its Lampsite indoor coverage solution at The Shoppes at Marina Bay Sands. This expansive mall has an indoor floor space of some 800,000 sq ft. This easily deployed solution lets us build on existing infrastructure by combining different spectrum bands into a single platform that is able to achieve peak throughput rates of 300Mbps.

This initiative was recognised when in October, we were jointly presented with the 'Best Innovation in Heterogeneous Networks' at LTE Asia Awards 2015.

Meanwhile, in a separate trial in May, we successfully demonstrated a whopping 600Mbps peak download speed using Nokia Network's 4X4 MIMO technology with LTE-Advanced carrier Aggregation. This was a first for the mobile industry of Southeast Asia.

We are just getting warmed up. Beginning with Marina Bay Sands, we have been steadily expanding our HetNet coverage with help from both Huawei and Nokia. Our HetNet now also covers Marina Bay City Gallery, The Esplanade, The Float@Marina Bay, The Promontory@Marina Bay, The Fullerton Heritage, The Padang and War Memorial Park.

By the end of 2016, we plan to further expand HetNet coverage to some 40 commercial buildings and shopping malls such as nex and Jem, as well as the KK Women's and Children's Hospital. We will also conduct tests to integrate enterprise-grade Wi-Fi at the Jurong Lake District, where there is an IDA HetNet trial.

Thanks, 2G

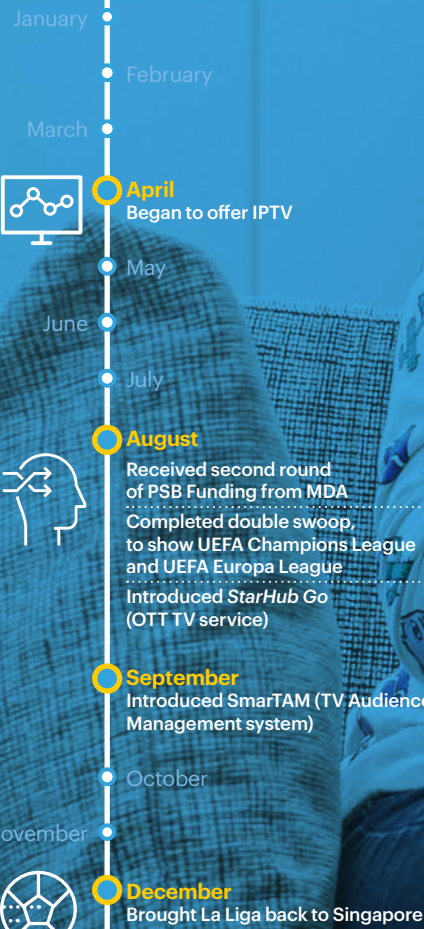
With the range of new technology options available, it makes sense to move on from what has served us well. In June, all three mobile operators announced that they will no longer provide 2G voice, messaging and data services from 1 April 2017. 2G services have been around since 1994. 3G, offering a much faster speed, began to run in tandem but now, with the much more advanced 4G already the mainstay of mobile networks in Singapore, it makes sense for the industry to free up 2G spectrums for the more advanced 3G and 4G services instead.

We appreciate that a very small percentage of customers are still using 2G-only mobile devices. We will reach out to them to ease the transition, and we trust they will look forward to a richer mobile experience with what we are already offering.

By the end of 2016, we plan to further expand HetNet coverage to some 40 commercial buildings and shopping malls such as nex and Jem, as well as the KK Women's and Children's Hospital.

HUBBING
IN REVIEW

Significant Achievements
FY2015



STARHUB TWEETS

 **StarHub** @StarHub
#ICYMI Enjoy the latest and greatest TV content on your phone, tablet or laptop with StarHub Go!

INSTAGRAM POST

 **StarHub**



♥ 3,520 likes
Catch your favourite HK stars in person @ the #StarHub TVB Awards!

entertainment &
smartLife

Technology has brought opportunities for StarHub to deliver more seamless experiences for our customers. We have leveraged OTT technologies to deliver a personalised entertainment experience over any screen. A significant portion of our customer base has been enjoying the convenience of streaming live events or their favourite series on their personal screen when they want.

In early 2016, Netflix announced the launch of their services in Singapore. Following that, we made an announcement that we are working with Netflix to bring their content to StarHub TV customers. It will be a complementary service to our current TV offerings, helping us to reach a wider audience.

We listen to our customers about their needs in terms of broadband connectivity. We have invested in improving the in-home Wi-Fi experience, as well as introduced Dual Broadband which effectively makes use of the in-home HFC network to deliver more consistent wireless experience at home. We are continuing to innovate in this aspect by working with our partners to improve the consistency and reliability of this experience.

Leveraging on the IOT trend, our consumers can expect Smart Home solutions from StarHub where we will introduce services that help deliver more convenience and intelligence to their home and living.

Fibre, Features

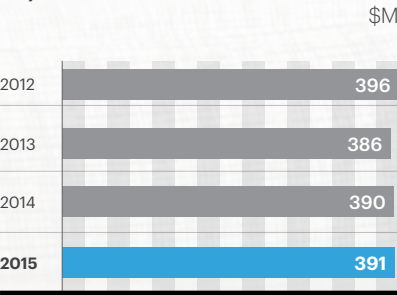
In April, we introduced *Fibre TV*, an IPTV service, which runs via the Next Gen NBN. This all-HD platform gives our customers more than just access to the same breadth of over 200 existing StarHub TV channels. Customers will be able to enjoy next-generation interface and features such as ‘Social TV’, personalised recommendations and OTT applications, at one price.

Let’s Go

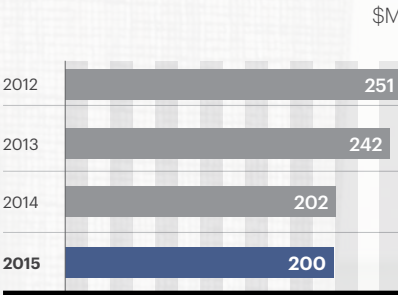
We are proud of our extensive TV network infrastructure that can deliver both connectivity and content to our consumers. However, we also appreciate that consumption habits are changing. This led to the introduction of *StarHub Go*, which delivers the most popular entertainment on demand, over-the-top, on any device, anytime, anywhere.

We have partnered with our content partners like BBC, CBS, Discovery, HBO, RTL, Sanlih, TVB and Viacom to curate a

Pay TV Revenue



Broadband Revenue



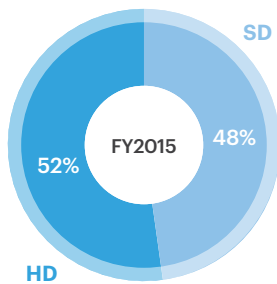


STARHUB TV PROVIDES

>100 HD channels

Always curating
better content.

Channel Mix



More than half of StarHub TV channels are now in HD.

%

great catalogue of entertainment that can be streamed over any device. Anyone can subscribe to this, including non-StarHub customers, which can be delivered over any broadband connection.

Indeed, HBO, our key content partner for more than two decades, clearly shares our view of the need to move into new ways of delivery as well. In conjunction with the launch of *StarHub Go*, HBO introduced HBO GO as well. From over 300 hours of HBO and Cinemax Original content at the launch, the catalogue is expanding weekly and has reached some 1,000 hours by end of 2015.

Celebrating Multiple Cultures

We already have more than 200 channels on StarHub TV but we are always curating better content.

In January, we launched Varnam, Singapore's first Tamil Subscription Video on Demand channel. This channel offers a library of crowd-pleasing movies, award presentations, dramas, and reality programmes. As this channel is shown with English subtitles, we hope to reach out to a wider audience.

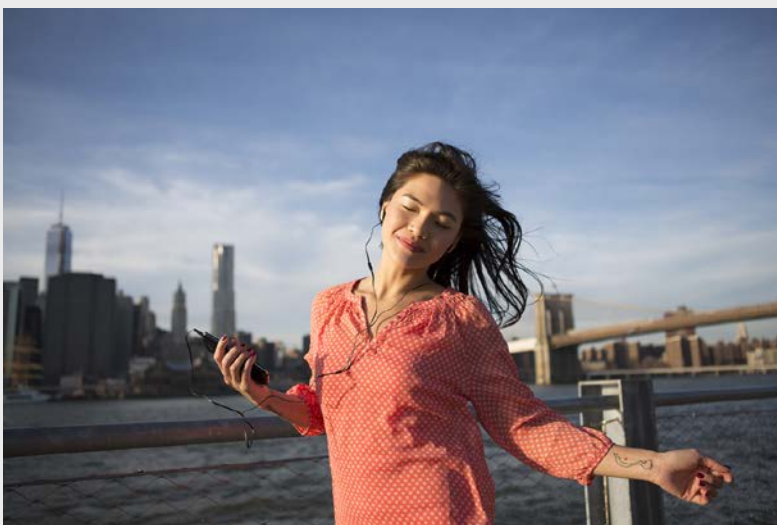
Our Hindi offerings have improved as well. In September, &TV, a general entertainment channel by Zee Entertainment, was added to the line-up. Also available on *StarHub Go*, this channel offers fresh and trendy content that stays dear to the essence of traditional Indian values.

Just one month after &TV's launch, we added Asianet Movies, a dedicated Malayalam movie channel. This channel carries more than 1,000 titles – the largest Malayalam film library in India – ranging from evergreen classics to the latest hits.

Hectic Sporting Action

Sports fans are not neglected. In August, we announced the completion of our 'double swoop' of the UEFA Champions League (UCL) and the UEFA Europa League (UEL) on Eurosport and Eurosport 360 for three years from the 2015/2016 season. This marks the return of the UCL and UEL to StarHub TV after seven years and this time round, sports fans will get to enjoy the matches in HD. The matches are also shown via *StarHub Go*.

We give sports fans another reason to ring in the New Year happily. In December, we announced that we had secured a multi-



Super Fast Dual Broadband

We have invested in improving the in-home Wi-Fi experience, as well as introduced Dual Broadband which effectively makes use of the in-home HFC network to deliver more consistent wireless experience at home.

2 CONNECTIONS
FOR 1 PRICE

1 plan. 2 super fast broadband connections. 1 fibre broadband and 1 cable broadband that can be connected to two different routers to provide Wi-Fi coverage in the home.



SOCCER FANS CAN DELIGHT FOR

3 seasons

The return of the UCL and UEL to StarHub TV after seven years and this time round, sports fans will get to enjoy the matches in HD. The matches are also shown via **StarHub Go**.

year agreement for the rights to broadcast the Spanish La Liga. Widely recognised as one of the strongest professional football leagues in the world, La Liga is littered with instantly recognisable stars like Lionel Messi, Cristiano Ronaldo and Neymar. The matches are shown on SuperSports 2 and our free cable channel SuperSports Arena.

Women Power and Knowledge

In September, existing Sony Pictures Television Networks' channels AXN, ONE and Animax were joined by Sony Channel, which offers the best of Hollywood drama, comedy and lifestyle programming.

Sony Channel complements its sister channels with its rich offering of programming featuring strong female characters. For example, there is the legal drama 'How to Get Away with Murder', a medical drama series 'Code Black' and 'State of Affairs'. Besides drama, the channel also offers reality shows like 'The Millionaire Matchmaker' as well as culinary competitions 'Top Chef' and 'Cupcake Wars'.

We constantly improve our offerings. In September, BBC Earth was introduced to replace BBC Knowledge, to better showcase what top-notch nature documentary makers can do. With content produced by BBC's world-renowned Natural History Unit, StarHub TV viewers get to dive deep with the smallest creature under the microscope, or soar high on journeys of discovery.

Among the slew of programmes in the line-up, there was the Asia premiere of 'The Hunt', a landmark series featuring the iconic voice of Sir David Attenborough narrating the life and death relationship among animals. Besides BBC Earth, other BBC channels carried on StarHub TV include BBC World News, BBC Entertainment, BBC Lifestyle and CBeebies.

Local and National

We do not just bring a rich library of international shows to our audiences; as a proud Singapore company, we made it a point to deliver relevant and interesting local content to our customers.

The Chinese Media Group of Singapore Press Holdings (SPH) produced a series called 'Ministerial Coffee Talk', to discuss issues close to the hearts of Singaporeans. The eight-episode was shown not only on SPH's platforms, but on StarHub's as well. As a Broadcast Partner, it was shown on our linear channels, **StarHub Go** and Video on Demand.

Between 2013 and 2014, we had a successful run under the Public Service Broadcast (PSB) Contestable Funds Scheme. In 2015, we are pleased to receive a new round of fresh funds. With this funding, we will commission more than 80 hours of original local productions.

Examples of titles commissioned by StarHub under this scheme include: 'My Secret App', a family drama about a precocious boy who helps his family tide over difficult times with an out-of-the-world gadget; 'Pursuit of Champions', an edutainment programme documenting the challenges faced by Singaporean athletes who left home to pursue their sporting dreams in foreign environments; and 'Saturday Night Lights', a documentary that shows how soccer brings meaning, hope and inspiration to a group of boys from broken homes and troubled families.

Besides showing these programmes on channels such as E City and SuperSports Arena, viewers, including the public, can also enjoy the content via other StarHub platforms like **StarHub Go**, for free.

We are very much in sync with not just the kind of content under this scheme, but also the format in which the content should be produced. Rather than longer videos, the shift is towards bite-sized programming that is more readily consumed by an audience watching online, most likely on smartphones.

The platforms might be changing, but the values of what the content wants to show stay true. We continue to celebrate Singapore's cultural heritage, racial and religious harmony, and promote the Singapore identity.

Between 2013 and 2014, we had a successful run under the PSB Contestable Funds Scheme. In 2015, we are pleased to receive a new round of fresh funds.



6th StarHub TVB Awards

In October, we saw the sixth edition of the StarHub TVB Awards, where we sprinkle Singapore with star dust, welcoming 25 of the brightest celebrities from the iconic Hong Kong TV station. A total of 33 awards in 17 categories were presented. Two legends, Adam Cheng and Liza Wang, received the special 'SG50: Star of the Stars Awards' in recognition of strong, lasting bonds with audiences in Singapore throughout the past decades.

Fans who were not present at the ceremony at Marina Bay Sands were still able to catch the full glory in Cantonese a week later via TVB First on StarHub TV. The show was also repeated in Mandarin on VV Drama and E City.

SmarTAM for more effective ads

As Singapore's leading pay TV operator, we do not just delight our customer; we want this to be a useful platform for businesses to get their messages across too. To help the industry better understand pay TV's viewership and reach, we partnered Nielsen, the leading global name in media research, to launch a first-in-Singapore way of TV audience management in September.

StarHub SmarTAM, as this system is called, is possible because of the two-way interactive set-top boxes that we have introduced to our pay TV customers. This system tracks 'Return Path Data', and can measure real-time and time-shift viewing of TV content and advertising spots across more than 200 StarHub TV channels.

With this system, media agencies can help their clients and advertisers make better planning on when to buy and where to buy, so that they can generate a much more effective return on their spending.





SMARTAM TRACKS 'RETURN PATH DATA', and can measure real-time and time-shift viewing of TV content and advertising spots across

>200 StarHub TV Channels

Work Can Wait

We have the widest array of TV content, including TVB dramas, sports coverage and kids programmes.



Broadband Competition

Even prior to the Next Gen NBN days, our robust HFC infrastructure, attractive subscription plans, and quality support, helped us become a leader in the home broadband market. In 2014, with our unique ability to use our own HFC network and tap on the Next Gen NBN, we introduced the *Dual Broadband* packages – which come with both cable broadband and fibre broadband. This unique-to-market offering provides customers with additional reliability, full home Wi-Fi coverage, as well as the ability to segregate work usage from family usage. The same year, we also launched our *HomeHub* four-in-one bundle that consists of fibre broadband, mobile broadband, fibre TV and a home phone line.

In 2015, we added a 4G mobile post-paid line to our popular *HomeHub* plans. By including the mobile line, *HomeHub Go* will only make one of our top-selling services better.

In 2014, upstart competition, who offered their services via the Next Gen NBN, dragged our revenue down with their low-priced plans but the trend has reversed itself in 2015. With our appealing and innovative broadband plans, and with the newer entrants shifting the competition to offering higher priced plans at higher download speeds, our quarterly Broadband revenue has seen an uptick trend beginning 2015.

With SmarTAM, media agencies can help their clients and advertisers; make better planning on when to buy and where to buy, so that they can generate a much more effective return on their spending.

HUBBING IN REVIEW

Significant Achievements FY2015

January

February

March

April

May

June

July

August

September

October

November

December









Formed strategic partnership with Ooredoo Myanmar
Started transformation to open, cloud-based network

Partnered Avaya to deliver new unified communications service for Singapore businesses

Partnered ST Telemedia to develop MediaHub (renamed STT MediaHub)

NetworkWorld Asia Reader's Choice Product Excellence – Best IP Services Infrastructure
Cisco TOP Select Partner 2015
Cisco Major Architecture Contributor 2015 – Enterprise Networks (Select Partner)
Cisco Major Architecture Contributor 2015 – Security (Select Partner)



STARHUB TWEETS

 **StarHub** @StarHub
#ICYMI Day in, day out, we work to expand #StarHub's fibre network nation wide to better serve our enterprise customers.

INSTAGRAM POST

 **StarHub**



♥ 2,050 likes

With the right expertise and experience, #StarHub truly understands the ICT ecosystem to identify and deliver opportunities to you.

fixed network

Fixed Network services is fast catching up with pay TV and will soon be the Company's second largest revenue contributor. This did not happen by chance. We have identified the market trends, customers' needs, and have made our investments accordingly.

Our Fixed Network business is a broad portfolio of ICT services and solutions, built on our expanding network assets. It includes voice, data, hosting solutions, value added services, WiFi, analytics – the kind of connectivity and capabilities that business customers, be it large MNCs or SMBs, will need in today's fast-moving environment.

Additionally, we have re-enforced our commitment to provide best-in-class fixed infrastructure services to our customers when we were voted by the readers of Networkworld Asia as the winner of 'Best IP Services Infrastructure'. This award is given to service providers who build or provide infrastructure solutions for voice, video and other traffic over IP.

Our investment in Fixed Network includes expanding our own fibre network to more commercial buildings islandwide. This investment has helped us in three folds. Firstly, it provides access to businesses to these connected buildings allowing us to service them. Over the last few years, we have progressively extended our fixed network connectivity. This is in complement to the Next Gen NBN network to provide true diversity and ensure high service availability without any single point of failure.

With this, we are less dependent on other carriers to provide services to our end customers, allowing us to be successful in offering managed and secure connections to government agencies and enterprises.

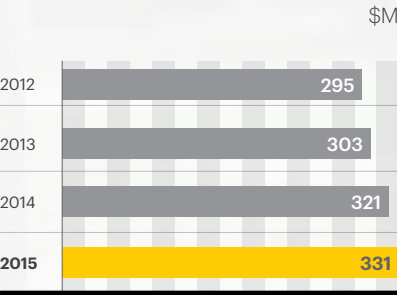
Secondly, we boost our own mobile backhaul capacity around those buildings, enabling our mobile customers to enjoy seamless and faster data connections. And lastly, we replace the leases that we may have with our competitors with our own fibre; thereby reducing our leasing costs.

Hubbing Enterprises

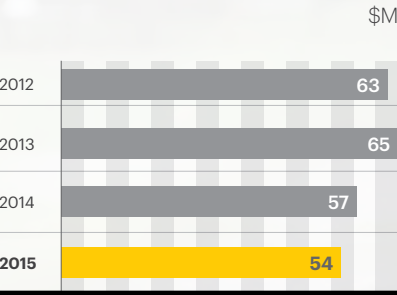
Hubbing is not the exclusive domain of households – businesses can hub, and they do on a larger scale as well. On a fundamental level, hubbing for an enterprise customer relates to using our core products such as network connectivity and stacking different IP-based solutions on top like managed services or cyber security solutions.

On another note, an enterprise user of our Fixed Network services can also be our mobile, pay TV or home broadband customer. This is another level of hubbing opportunity that we aim to leverage and generate revenues from.

Data & Internet Revenue



Voice Revenue



HUBBING IN REVIEW

fixed network

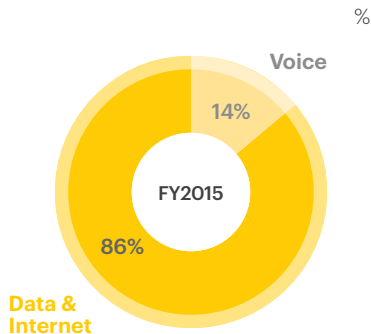


ALL ROUND PROTECTION

Anti-website defacement

This cloud-based solution consists of unique and patent pending web defacement monitoring and restorer algorithm.

Revenue Mix



Our Fixed Network business is a broad portfolio of ICT services and solutions, built on our expanding network assets.

Anti-Website Defacement Solution

The Enterprise Business Group has introduced an anti-website defacement solution that can stack onto our core services. With cyber attacks on the rise, corporate websites in the public and private sectors may be prone to such attacks. This cloud-based solution consists of unique and patent pending web defacement monitoring and restorer algorithm. It is based on a subscription model (SaaS) with simplified management, provisioning and scalability features.

SQL injection, web defacement and the hosting of malicious malware on trusted websites have become major security risks that reputable organisations have to deal with. It is widely acknowledged in the cyber security industry that it will be impossible to guarantee that any system can be un-hackable. As such, it is important that we have innovative cyber security solutions that will constantly innovate to keep up with such attacks.

Win-win at STT MediaHub

We have been committing to build up the best infrastructure to support our customers and our own business. The STT MediaHub, a multi-purpose, state-of-the-art facility, will be a cornerstone of our strategy.

The STT MediaHub will serve as a highly specialised telecommunications, media and data centre facility with a TV headend; it will also serve as a central office and host our i³ division which is tasked with seeking new growth. This will be our convergence hub for fixed, mobile and pay TV networks. The STT MediaHub is located at Mediapolis@one-north, which is shaping up to be the nexus of Singapore's digital media industry.

In July, we formed a strategic joint venture with ST Telemedia, whereby its wholly-owned subsidiary STT GDC, will take a 70% stake in the STT MediaHub.

This partnership is a win-win. ST Telemedia has been steadily growing its data centre footprint across the various key markets. STT MediaHub will be its second data centre location in Singapore. Under the agreement, STT GDC will operate a carrier-neutral and highly secure Tier-3 data centre. As we will now own only 30% of STT MediaHub, our capital expenditure can be kept low, giving us more financial flexibility. Yet, we will still enjoy the same level of access to the facilities to grow our business as we have planned.



Connecting People & Businesses

We are committed to build up the best infrastructure to support our customers and our own business. The STT MediaHub, a multi-purpose, state-of-the-art facility, will be a cornerstone of our strategy.

one-north



STT MediaHub is located at Mediapolis@one-north, which is shaping up to be the nexus of Singapore's digital media industry.



SMART NATION

Connecting people and places
and making better use of data

Many different kinds of applications and services will be developed and more demands will be foisted upon networks, and we are ready to do our part.

Avaya SmartUC

In May, we team up with Avaya, a leading provider of customer and team communication solutions, to provide a comprehensive suite of unified communications capabilities, *SmartUC*.

Targeted at SMBs but easily scalable to support large enterprises of up to 2,500 users, *SmartUC* is based on the Avaya IP Office platform. This solution offers just about any manner of communication channel that is preferred within an office environment: voice, SMS, web chat, video, email, or fax. IP Office also helps people work from anywhere, integrating effortlessly with mobile devices and video solutions on multiple systems and platforms.

We bring to the table our Session Initiation Protocol Voice, and our close relationship with the growing base of enterprise customers. We believe with *SmartUC*, we are offering a cost-effective way for the business community to operate more efficiently, as they go about growing their own businesses.

SDN Switch

To better prepare for our expanding business of serving business customers, we have made careful plans to deploy an infrastructure that can better support the growth.

In April, we began to transform our existing core and access networks to open, cloud-based networks using SDN technology. Simply put, SDN is a more flexible way of managing increasingly dynamic IT networks. SDN technology will help us improve our ability to deliver bandwidth in a more flexible way to our corporate customers.

One need not be within the IT industry to appreciate that businesses are operating in ever-complex environments where there is an explosion of customers and staff using a myriad of applications and devices, anytime, anywhere. The design of our SDN environment was finalised together with our technology partners Cisco and Huawei. We expect to achieve complete transformation to SDN in two years.

Smart Nation

We have all heard about the Smart Nation initiative that Singapore is trying to push. At the core, a Smart Nation is about connecting people and places and making better use of data generated by the connections. Many different kinds of applications and services will be developed, and it is not certain if all will take off, but what is certain is that more data will be generated, more demands will be foisted upon networks, and we are ready to do our part. For one, we are on track to lay our own fibre network throughout the island, with full redundancy by 2020.

Ooredoo Myanmar

Ties between Singapore and Myanmar have always been close but with the latter opening up further, we are making better connections, literally. In April, we announced a strategic partnership with Ooredoo Myanmar, one of the leading telcos in Myanmar. We will collaborate on the provision of international private leased lines, as well as managed services, such as IP-VPN, through each telco's network. We hope to leverage each party's networks as well as reach and expertise in our home markets, benefitting both our respective corporate customers and consumers.

We began to transform our existing core and access networks to open, cloud-based networks using SDN technology.

CORPORATE GOVERNANCE

Transparency, accountability and integrity in StarHub's business practices and culture.

CORPORATE GOVERNANCE STATEMENT

StarHub continues to be committed to embrace good corporate governance practices that foster transparency, accountability and integrity. We see this as fundamental for the long-term sustainability of our business and value creation for our stakeholders.

CORPORATE GOVERNANCE REPORT 2015

This report describes our corporate governance framework, policies and practices for the financial year ended 31 December 2015 (FY2015). StarHub has complied, in all material aspects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012.

1. BOARD MATTERS THE BOARD'S CONDUCT OF AFFAIRS

The Board's Role

The Board has oversight of the business performance and affairs of the Group. The Board leads, directs and works closely with Management, with a view to the long-term success of the various businesses of the Group.

The Board takes on the following key roles and responsibilities:

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

- Provide guidance on the social, ethical and environmental impact of the Group's activities and monitor compliance with our sustainability policies and practices; and
- Ensure the Group's compliance with all relevant laws and regulations.

Directors, collectively and individually, are obliged to act in good faith and consider the best interests of StarHub and all its shareholders at all times.

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

Board Committees

The Board has established the following Board committees (Board Committees) to facilitate the discharge of its functions:

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

The composition of the Board Committees and their specific responsibilities are set out in the later sections of this Report.

Additional Board committees may be formed to undertake specific duties, as necessitated by business imperatives.

The Board delegates specific areas of responsibilities to each Board Committee. Each Board Committee is required to operate and make decisions on matters within its terms of reference and applicable limits of authority.

The Board reviews the decisions made by each Board Committee regularly. The respective Chair of the Board Committees updates the Board at Board meetings, on key matters raised and/or decisions made at the last held Board Committee meeting. For any matter requiring the Board's approval, the Board Committees would recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, the SC and the RC are also circulated to the Board for its information.

Board Meetings

For FY2015, the Board held a total of five meetings. In keeping with past practice, a full-day Board Strategy offsite was held to review in depth the Group's strategy going forward and to consider the Group's budget for the next financial year.

Throughout the financial year, as and when deemed necessary by the Board, additional Board meetings may be convened to consider urgent proposals or matters that require the Board's expeditious review and approval. StarHub's Constitution allows Board meetings to be held via audio and video conferencing to facilitate the Board's decision-making process.

Board meetings for the ensuing financial year are scheduled in

advance before the end of the current financial year so that the Directors are able to plan ahead and attend the next year's Board meetings in their respective meeting schedules.

The number of Board and Board Committee meetings held in FY2015 and the attendance of Directors at these meetings as well as the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) held in FY2015 are tabulated below:

Table 1

	Board Meetings	Board Committee Meetings					AGM & EGM
		AC	NC	ERCC	SC	RC	
No. of Meetings Held	5	4	3	4	4	2	1
Steven Terrell Clontz	5	–	–	–	4	–	1
Tan Tong Hai	5	–	–	–	–	2	1
Ma Kah Woh ⁽¹⁾	1 out of 1	1 out of 1	–	–	–	–	–
Peter Seah Lim Huat	5	–	3	4	–	–	1
Nihal Vijaya Devadas Kaviratne CBE	5	4	–	–	4	–	1
Teo Ek Tor ⁽²⁾	5	2 out of 2	3	4	–	1 out of 1	1
Sio Tat Hiang	5	–	3	4	–	2	1
Lim Ming Seong	5	4	–	4	4	–	1
Liu Chee Ming	5	–	–	–	4	–	1
Robert J. Sachs	4	–	–	–	4	–	–
Rachel Eng Yaag Ngee ⁽³⁾	4 out of 4	2 out of 2	–	–	–	–	–
Nasser Marafih	3	–	–	–	–	–	1
Takeshi Kazami	4	–	–	–	–	–	1

Note:

- (1) Mr Ma Kah Woh was appointed as a non-executive Director and the AC Chairman with effect from 23 September 2015. He attended the Board meeting and the AC meeting which were held after his appointment.
- (2) Mr Teo Ek Tor was appointed the RC Chairman and ceased to be an AC member with effect from 15 July 2015. He attended the RC meeting which was held after his appointment.
- (3) Ms Rachel Eng Yaag Ngee was appointed as a non-executive Director with effect from 4 May 2015 and an AC member with effect from 15 July 2015. She attended the Board meetings and the AC meetings which were held after her respective appointments.
- (4) Mr Nikhil O.J. Eapen was co-opted onto the SC as a member with effect from 5 August 2015, succeeding Mr Stephen Miller. Mr Eapen attended the SC meetings which were held after his appointment.

Board Orientation and Continual Training & Development

StarHub has a comprehensive induction programme for all newly-appointed Directors tailored specifically for the businesses of the Group. Management conducts briefings for new Directors to familiarise them with the Group's business activities, strategic directions, financials, policies and governance practices, as well as StarHub's corporate culture and the key developments in the Group and industry. The induction program includes meetings with the CEO and Senior Management.

To ensure that all Directors have relevant information and up-to-date working knowledge of the Group's business and operations, each Director is issued with a tablet which enables him or her to access the StarHub Board Portal. The StarHub Board Portal is bespoke to provide information in accordance with the guidelines and principles of the Code including:

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

The Board encourages the Directors to continually develop and refresh their knowledge and skills, and keep themselves abreast with relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. The Company Secretary facilitates the arrangement of internal briefings as well as external seminars and trainings for the Directors (including those conducted by StarHub's panel law firms and the Singapore Institute of Directors in conjunction with SGX-ST). In addition, the Company Secretary also regularly

CORPORATE GOVERNANCE

provides updates to keep the Directors abreast with relevant developments, including:

- Updates on key legal, regulatory, industry and accounting changes which affect the Group, given during Board meetings or via email; and
- Articles and reports (including industry news and analyst reports) relevant to the Group's businesses, regularly circulated to the Directors and uploaded on the StarHub Board Portal for their reference.

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

BOARD COMPOSITION AND GUIDANCE

As at 31 December 2015, the Board comprises 13 Directors. During FY2015, Mr Steven Terrell Clontz succeeded Mr Tan Guong Ching as the non-executive Chairman, following Mr Tan's resignation on 15 July 2015 after having served on the Board for 14 years. Mr Clontz is a non-executive Director. Mr Kua Hong Pak also stepped down as the non-executive AC Chairman, and Mr Ma Kah Woh was appointed to assume the role on 23 September 2015. The Board thanks Mr Tan and Mr Kua for their past service and contributions to the Group.

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

The independent Directors on the Board are: Mr Ma Kah Woh, Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor, Mr Liu Chee Ming, Mr Robert J. Sachs and Ms Rachel Eng Yaag Ngee, representing more than one third of the Board. The Chairman, Mr Steven Terrell Clontz, is not an independent Director within the meaning of the Code given his executive position at Singapore Technologies Telemedia Pte Ltd.

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

The NC rigorously reviews the independence of each non-executive Director annually, particularly those who have served more than nine years. As at 31 December 2015, four independent Directors of StarHub, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor, Mr Liu Chee Ming and Mr Robert J. Sachs have served on the Board for more than nine years. The NC recommends, and the Board takes the view that the key consideration in ascertaining the effectiveness

of a Director's independence is his ability to exercise independence of mind and judgement to act honestly and in the best interest of the Group. When assessing objectivity and independent judgement, the NC and the Board consider, *inter alia*, the approach, character and attitude of each non-executive Director, including whether such Director:

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

After careful rigorous review, the NC recommends, and the Board is of the firm view that Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor, Mr Liu Chee Ming and Mr Robert J. Sachs have each demonstrated the essential independence of mind and objectivity of judgement to act in the best interests of StarHub in the discharge of their Directors' duties, and therefore considers them to be independent.

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 discussion or voting on the subject matter.

Interested person transactions (IPTs) entered into by any of the entities in the Group are governed by the Shareholders' Mandate for Interested Person Transactions as approved by shareholders each year at StarHub's EGM, as well as Chapter 9 of the SGX-ST Listing Manual. All IPTs are undertaken on an arm's length basis and on normal commercial terms. StarHub does not provide loans to Directors. No loans have been provided to the Directors by StarHub. In FY2015, there were no IPTs or related party transactions that can be classified as financial assistance to entities other than wholly-owned subsidiary companies.

The Board, through the NC, annually examines its size and composition to ensure its overall effectiveness. Given the scope and nature of the Group's operations, the Board is of the view that its current size of 13 is conducive and facilitates effective decision-making. In this regard, the Board has also taken into account the complexity and requirements of the business.

The Board consists of Directors who are business leaders and professionals of high calibre and integrity. They possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning

experience, and customer-based experience and knowledge. The Board, as a group, constantly seeks to maintain an appropriate mix of expertise, experience (both local and international), knowledge, gender, culture and geography. It encourages robust and quality deliberations among the Directors, and mitigates 'group thinking' in decision making. The Board enjoys the unique contribution that each Director brings in the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges at discussions. The immense network of contacts across the industry which the diversity provides has proven invaluable to StarHub.

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

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

CHAIRMAN AND CEO

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

The Chairman is Mr Steven Terrell Clontz. He is a non-executive Director and is 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 debate at the Board;
- ensures that the Directors receive complete, adequate and timely information. He works with the CEO in relation to the Board's requirements for information to contribute effectively to the Board decision-making process;
- encourages effective communication with shareholders;
- encourages constructive relations within the Board and between the Board and Management. As the primary link between the Board and Management, he provides continuity between Board meetings and thereby oversees the effective implementation of the Board's decisions;
- facilitates the effective contribution of non-executive Directors; and
- promotes high standards of corporate governance.

The CEO is Mr Tan Tong Hai. He leads the Management, and is responsible for the day-to-day running of the Group's business

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

The Board does not have a lead independent Director. The NC and the Board are of the view that the appointment of a lead independent director is not necessary as the Board has sufficient independence given that: (a) the Chairman and the CEO are separate persons; (b) the Chairman and the CEO are not family members; (c) the Chairman is not part of the Management team; and (d) the Directors are able to exercise objective and independent judgement.

BOARD MEMBERSHIP

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

As at 31 December 2015, the NC comprises the following non-executive Directors, who are independent of Management:

- Mr Peter Seah Lim Huat (NC Chairman);
- Mr Teo Ek Tor (independent Director); and
- Mr Sio Tat Hiang.

During FY2015, the NC held three meetings.

The Board notes that the NC Chairman and Mr Sio Tat Hiang are not considered independent within the meaning of the Code given their directorships at STT Communications Limited. However, after due consideration, the Board and the NC are of the view that such appointments do not interfere with the exercise of independent judgement by the NC Chairman and Mr Sio on the Board or prevent them from acting objectively in the best interests of the Group in carrying out their duties. The Board and the NC further note that the NC Chairman and Mr Sio 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 from Management in the deliberations of the NC.

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

CORPORATE GOVERNANCE

the Info-communications Development Authority of Singapore and the Media Development Authority of Singapore.

In accordance with StarHub's Constitution, all Directors who are appointed by the Board are subject to retirement at the first AGM of StarHub subsequent to their appointment. In compliance with the Code, all Directors retire from office at least once in every three years. The Directors retiring from office will be eligible for re-election by the shareholders.

The NC reviews and considers the independence of each Director on an annual basis. If the NC considers a Director to be independent, notwithstanding that he has one or more of the specific relationships mentioned in the Code, it provides its view to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a Director is not independent even if he or she does not fall within the circumstances set out in the Code, and similarly provides its views to the Board for the Board's consideration. The NC has considered and is of the view that all the independent Directors are sufficiently independent and are able to objectively exercise their judgement in the interest of StarHub.

Directors with multiple board representations and/or other principal commitments (as defined in the Code) must ensure that they are able to devote sufficient time and attention to the affairs of StarHub to adequately carry out their duties as Directors of StarHub. The NC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of StarHub and have properly discharged their duties for FY2015, and will continue to do so in the financial year ending 31 December 2016 (FY2016). Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director with multiple board representations may hold, the NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub.

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

BOARD PERFORMANCE

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

For FY2015, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd as independent external consultants to

facilitate the annual evaluation process on the effectiveness of the Board and the Board Committees. The evaluation included a review of detailed questionnaires completed by each Director, which invited feedback on key areas such as:

- the adequacy of the Board composition;
- the relationship between the Board and Management, including the level of engagement and flow of information;
- Board processes, including level and timeliness of information provided to the Board;
- managing the Company's performance;
- the effectiveness of Board Committees; and
- risk management.

The evaluation process also included individual interviews with each Director.

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

The awards and accolades that StarHub has received from the investment community are testament to sound corporate governance. The significant awards received by StarHub in 2015, included the Silver – Best Managed Board in the Singapore Corporate Awards 2015 and the Most Transparent Company Award (Services Category) in the SIAS 16th Investors' Choice Award.

ACCESS TO INFORMATION

Management provides the Directors with timely information relevant to matters on the agenda for the meeting at least three (3) business days prior to each Board and Board Committee meeting, except for the sensitive matters which may be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are password-protected to safeguard security. Throughout the financial year, the Board also receives monthly management and financial reports providing updates on key performance indicators and financial analysis on the Group, and regular analysts' reports and media articles on StarHub and the industry. Collectively, such reports enable the Directors to keep abreast at all times of key issues and developments in the industry, as well as challenges and opportunities for the Group and thereby make informed and sound decisions.

In addition to and independent of the information provided above, Management remains available at all times to answer any query raised by any Director. Frequent dialogue and interaction take place between Management and the Directors. The Directors

are able to access StarHub's operations and information at a deeper level, allowing them to better strategise and guide StarHub in their role as Directors.

Furthermore, the StarHub Board Portal allows Board members to securely access and read Board/Board Committee papers and materials electronically at any place and any time, using tablet devices provided by StarHub.

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

2. REMUNERATION MATTERS PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The ERCC comprises the following non-executive Directors, who are independent of Management:

- Mr Peter Seah Lim Huat (ERCC Chairman);
- Mr Teo Ek Tor (independent Director).
- Mr Sio Tat Hiang; and
- Mr Lim Ming Seong.

During FY2015, the ERCC held four meetings.

The Board notes that the ERCC Chairman and Mr Sio Tat Hiang are not considered independent within the meaning of the Code given their directorships at STT Communications Limited. However, after due consideration, the Board and the NC are of the view that such appointments do not interfere with the exercise of independent judgement by the ERCC Chairman and Mr Sio on the Board or prevent them from acting objectively in the best interests of the Group in carrying out their duties. The Board and the NC further note that the ERCC Chairman and Mr Sio 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 from Management in the deliberations of the ERCC.

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

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

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

- the performance of StarHub, the Group and the individuals;
- industry practices and compensation norms; and
- the need to attract key management personnel to ensure continuing development of talent and renewal of strong leadership for StarHub.

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

In addition, the ERCC oversees the following:

- succession planning for the CEO, the CFO and other key officers. Potential candidates for immediate, medium and long term needs are identified each year;
- assessing and approving performance share awards and restricted stock awards under StarHub's approved share plans, and recommending to the Board for approval the grant of share awards to Directors and key management personnel;
- assessing and approving candidates for key appointments; and
- overseeing the development of Management and reviewing succession plans for key positions in the Group.

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

CORPORATE GOVERNANCE

incentives or any form of benefits to be granted to him, or where there are conflicts of interests. The CEO is present at all ERCC discussions on the compensation and incentive policies, such as share awards, bonus framework, salary and other incentive schemes, of StarHub's key staff save for ERCC discussions which relate to his 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 remuneration of the Board and executives. The ERCC has appointed Carrots Consulting Pte Ltd (Carrots) as its remuneration consultant and is satisfied that the independence and objectivity of Carrots, is not affected by any relationship between StarHub and Carrots.

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

During FY2015, the ERCC engaged Carrots to conduct a Pay-for-Performance Alignment Study. The results showed Pay-for-Performance alignment for StarHub in both absolute and relative terms over the 3-year period from financial years 2012 to 2014. Carrots also conducted a Compensation Risk Assessment. ERCC reviewed the various compensation risks that may arise and introduced mitigating policies to better manage risk exposure identified. ERCC has been undertaking periodic reviews of the compensation-related risks.

LEVEL AND MIX OF REMUNERATION DISCLOSURE ON REMUNERATION

Non-Executive Directors' Remuneration

Non-executive Directors receive 70% of their directors' remuneration in cash and the remaining 30% in share awards granted pursuant to the StarHub Restricted Stock Plan. This

remuneration structure encourages non-executive Directors to hold shares in StarHub so as to better align the interests of the non-executive Directors with the interests of shareholders and the long-term interests of StarHub.

Cash Component

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

Share Component

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

The non-executive Directors' remuneration for FY2015 will be subject to shareholders' approval at the forthcoming AGM.

Table 2

Annual Fees for the Board

Board Chairman:	\$165,000
Non-Executive Director:	\$65,000

Additional Annual Fees for the Board Committees

Type of Committee	Chairman	Member
Audit Committee	\$43,000	\$25,000
Nominating Committee	\$24,000	\$15,000
Executive Resource and Compensation Committee	\$30,000	\$16,000
Strategy Committee	\$30,000	\$16,000
Risk Committee	\$30,000	\$16,000

Breakdown of Directors' Remuneration

The following shows the composition of Directors' remuneration for FY2015:

	Executive Director's Remuneration				
Name of Executive Director	Fixed ⁽¹⁾ (\$)	Variable ⁽²⁾ (\$)	Benefits ⁽³⁾ (\$)	Share-based Compensation ⁽⁴⁾ (\$)	Total (\$)
Tan Tong Hai	979,875	897,664	79,862	1,364,588	3,321,989
	Non-Executive Directors' Remuneration				
Name of Non-Executive Directors	Cash-based (\$)		Share-based (\$)		Total (\$)
Steven Terrell Clontz ^{(a)(e)}	138,950		59,550		198,500
Ma Kah Woh ^(b)	24,962		10,698		35,660
Peter Seah Lim Huat	108,850		46,650		155,500
Nihal Vijaya Devadas Kaviratne CBE	131,950		56,550		188,500
Teo Ek Tor ^(c)	116,095		49,755		165,850
Sio Tat Hiang ^(e)	106,750		45,750		152,500
Lim Ming Seong	117,950		50,550		168,500
Liu Chee Ming	88,550		37,950		126,500
Robert J. Sachs	74,550		31,950		106,500
Rachel Eng Yaag Ngee ^(d)	53,655		22,995		76,650
Nasser Marafih	49,700		21,300		71,000
Takeshi Kazami ^(e)	58,100		— ^(f)		58,100
Non-Executive Directors who resigned during FY2015					
Tan Guong Ching ^(g)	88,781		38,049		126,830
Kua Hong Pak ^(h)	68,838		— ^(h)		68,838

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2015.

(2) Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2015. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under this scheme, each of StarHub's employees is given clear objectives on his personal scorecard, which are aligned to StarHub's overall strategic objectives of growth and profitability, creating customer value, operational efficiency, excellence and optimal customer management, and developing a motivated and well trained workforce. Under the EVA scheme, a notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him each year is credited. One third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

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

(4) Based on the fair values of the contingent shares granted pursuant to the StarHub Performance Share Plan and StarHub Restricted Stock Plan in 2015, using the Monte Carlo simulation model.

(a) Mr Steven Terrell Clontz was appointed as the Chairman of the Board on 15 July 2015.

(b) Mr Ma Kah Woh was appointed as a non-executive director and the AC Chairman on 23 September 2015.

(c) Mr Teo Ek Tor was appointed as the RC Chairman and resigned as an AC member on 15 July 2015.

(d) Ms Rachel Eng Yaag Ngee was appointed as a non-executive director on 4 May 2015 and an AC member on 15 July 2015.

(e) Fees are payable to Director's employer company.

(f) Mr Takeshi Kazami had declined the share award and will only receive the cash component of his remuneration. Mr Kazami holds no shares in StarHub.

(g) Mr Tan Guong Ching resigned as the Chairman of the Board and a non-executive Director on 15 July 2015. For Mr Tan's remuneration in respect of FY2015, he will receive \$88,781 in cash and \$38,049 in the form of share award granted pursuant to the StarHub Restricted Stock Plan.

(h) Mr Kua Hong Pak resigned as a non-executive Director and the AC Chairman on 23 September 2015. Mr Kua has declined the share award and will only receive the cash component of his remuneration in the amount of \$68,838 for FY2015. Mr Kua does not hold any shares in StarHub.

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

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CEO/Executive Director and Key Management Personnel Remuneration

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

Remuneration for the CEO¹ and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits:

A. Fixed Component:

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

B. Variable Cash Component:

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

Annual Variable Bonus (AVB)

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

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

The target AVB for the CEO and key management personnel is pre-set at a fixed percentage of their annual base salary, and is adjusted based on the Group performance and the achievement of individual performance targets at the end of performance year. The final AVB payout can range from 0 to 1.5 times of the target payout.

EVA Incentive Plan (EIP)

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

Under the plan, one-third of the accumulated EVA-based bonus, comprising the EVA declared for the financial year and the balance of such bonus brought forward from preceding

financial years (which comprises multiple years of incentive dollars retained in the EVA bank), is paid out in cash each financial year. The remaining two-thirds are carried forward in the individual executive's EVA bank. Amounts in the EVA bank are at risk because negative EVA will result in a clawback of EVA accumulated in previous financial years. This mechanism encourages the CEO and key management personnel to work for sustainable EVA generation and to 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 FY2015 had partially met the pre-determined targets, the resulting annual payout under EVA was adjusted accordingly to reflect the performance level achieved.

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

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

Pursuant to the PSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on meeting targets set for a three-year performance period. The performance measures used in PSP grants during FY2015 are:

- Relative TSR against the MSCI Asia Pacific Telecommunications Index (including Japan); and
- Absolute Total Shareholder Return (TSR) against Cost of Equity hurdles (i.e. measure of Wealth Added).

A minimum threshold performance is required for any performance shares to be released to the recipient at the end of the performance period. The actual number of performance shares released will depend on the achievement of set targets over the performance period. For the performance measure of Absolute TSR, the achievement factor ranges from 0 to 2.0 times of 65% of the conditional award. For the performance measure of Relative TSR, the achievement factor ranges from 0 to 1.5 times of 35% of the conditional award.

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

The Group has attained an achievement factor which is reflective of meeting the pre-determined target performance level for PSP awards granted based on the performance period from financial years 2013 to 2015.

Restricted Stock Plan (RSP)

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

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

Pursuant to the RSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on targets set for a two-year performance period. The performance measures, set based on the Group corporate objectives, are:

- Return on Invested Capital (ROIC); and
- Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

A minimum threshold performance is required for any restricted shares to be released to the recipient at the end of the performance period. The actual number of shares released will depend on the achievement of set targets over the performance period, and will be determined by the ERCC at the end of the performance period, capped at 1.5 times of the conditional award. The shares will be released in equal tranches over two consecutive years.

The Group has attained an achievement factor which is reflective of meeting the pre-determined target performance level for RSP awards granted based on the performance period from financial year 2014 to 2015.

As at 31 December 2015, StarHub does not have any existing StarHub Share Option Plan.

D. Market-related Benefits:

The benefits provided are comparable with local market practices.

The details of the top five key management personnel remuneration in bands of \$250,000 and percentage terms for the services rendered by them to the Group for FY2015, are set out in Table 3 below.

Table 3

	Fixed ⁽¹⁾ (%)	Variable ⁽²⁾ (%)	Benefits ⁽³⁾ (%)	Share-based Compensation ⁽⁴⁾ (%)	Total (%)	Remuneration Bands ⁽⁵⁾ (%)
Dennis Chia	80	16	4	–	100	A ⁽⁶⁾
Kevin Lim	43	21	4	32	100	C
Howie Lau	59	14	5	22	100	A ⁽⁶⁾
Jeannie Ong	43	20	4	33	100	C
Mock Pak Lum	49	20	5	26	100	B
Total					\$4,388,148	

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2015.

(2) Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2015. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under this scheme, each of StarHub's employees is given clear objectives on his personal scorecard, which are aligned to StarHub's overall strategic objectives of growth and profitability, creating customer value, operational efficiency, excellence and optimal customer management, and developing a motivated and well trained workforce. Under the EVA scheme, a notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him each year is credited. One third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

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

(4) Based on the fair values of PSP and RSP contingent shares granted in 2015, using the Monte Carlo simulation model.

(5) Remuneration bands:

"A" refers to remuneration between \$500,001 and \$750,000 p.a.

"B" refers to remuneration between \$750,001 and \$1,000,000 p.a.

"C" refers to remuneration between \$1,000,001 and \$1,250,000 p.a.

(6) Mr Dennis Chia and Mr Howie Lau joined StarHub as CFO and CMO respectively with effect from 8 July 2015. Accordingly, the amount of actual compensation received was based on the period from 8 July 2015 to 31 December 2015. Their fixed pay includes sign-on bonus awarded to both Mr Dennis Chia and Mr Howie Lau upon joining StarHub and there was share-based compensation granted to Mr Howie Lau as a one-off time-based restricted award of 32,500 shares.

(7) Mr Nicholas Tan Kok Peng resigned as CFO of StarHub with effect from 1 May 2015. For his employment with StarHub, he received compensation (including benefits-in-kind and deferred compensation accrued for FY2015) from StarHub for services rendered in all capacities to the Group. Upon Mr Tan's departure, he was awarded a package of S\$383,040 in recognition of his contribution to StarHub. The outstanding conditional share awards granted to Mr Tan under the StarHub Performance Share Plan in 2014 lapsed on 1 May 2015 and the outstanding conditional share award granted under the StarHub Restricted Share Plan in 2014 was pro-rated and will continue to be vested to Mr Tan on the relevant vesting date. Mr Tan's earned EVA bank will be paid out to him in two equal tranches during the next two annual payout dates.

CORPORATE GOVERNANCE

If the executive Director or any key management personnel of StarHub is involved in fraud or misconduct, which results in re-statement of StarHub's financial results or financial loss to StarHub, the Board may reclaim the unvested components of remuneration from such executive Director or key management personnel from all incentive plans for the relevant period, to the extent such incentive has been earned but not yet released or disbursed. The Board, taking into account the ERCC's recommendation, may decide whether and to what extent, such recoupment of the incentive is appropriate, based on the specific facts and circumstances of the case.

During FY2015, no employee of the Group whose remuneration exceeded \$50,000 per annum was an immediate family member of any Director or the CEO.

3. STRATEGIC MATTERS

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

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

As at 31 December 2015, the SC comprises non-executive Directors and a co-opted member who are independent of Management. The members are:

- Mr Nihal Vijaya Devadas Kaviratne CBE (SC Chairman);
- Mr Steven Terrell Clontz;
- Mr Lim Ming Seong;
- Mr Liu Chee Ming;
- Mr Robert J. Sachs; and
- Mr Nikhil O. J. Eapen (co-opted).

During FY2015, the SC held four meetings.

4. ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

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

For the quarterly financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the SGX-ST Listing Manual. For FY2015, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements for the Group. StarHub recognises that prompt and full compliance with statutory reporting requirements is imperative in maintaining shareholder confidence and trust.

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The RC assists the Board in its discharge of this responsibility. As at 31 December 2015, the RC comprises the following Directors:

- Mr Teo Ek Tor (RC Chairman, independent Director);
- Mr Tan Tong Hai; and
- Mr Sio Tat Hiang.

During FY2015, the RC held two meetings.

The RC has the following mandate:

- To 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 risks that are consistent with StarHub's risk appetite;
- To provide oversight in the design, implementation and monitoring of the risk management framework, and system of internal controls (including operational, compliance and information technology controls), and to ensure that Management puts in place action plans to mitigate the risks identified where possible;
- To review the adequacy and effectiveness of StarHub's internal controls and risk management systems, including operational, compliance and information technology controls;
- To review policies and procedures for timely risk identification and containment; and
- To set and instill in StarHub, an appropriate risk-aware culture for effective risk governance.

The Board, upon recommendation by the RC, approved a Risk Appetite Statement to provide guidance to the Management on

key risk parameters. StarHub is committed to upholding high standards of corporate governance and applying consistent and effective risk management to enhance shareholder value. The Group faces a variety of internal and external risks due to complex business operations and the dynamic and competitive market in which it operates. The Group recognises risk management as an optimisation of the risk-reward relationship, within known and agreed risk appetite levels. The Group will manage or avoid situations or actions that risk having a negative impact on its reputation and brand, network integrity and business continuity. StarHub seeks to treat its customers reasonably and fairly. StarHub requires its staff to uphold integrity. StarHub also seeks to meet applicable legal and regulatory requirements. The Group is prepared to take measured risks to seek new growth and pursue value-creation opportunities as they arise, while leveraging its current scale and core strengths.

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

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

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

For FY2015, the Board has received assurance from CEO and 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 and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations. In addition, Management has implemented

an enhanced process to sign off assurance to CEO and CFO, 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.

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 by external and internal auditors and the relevant assurance by CEO and CFO, the Board with the concurrence of the AC and the RC is of the opinion that the risk management system and internal controls of the Group, are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations.

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

AUDIT COMMITTEE

As at 31 December 2015, the AC comprises the following non-executive Directors, with a majority (including the AC Chairman) being independent Directors:

- Mr Ma Kah Woh (AC Chairman, independent Director);
- Mr Nihal Vijaya Devadas Kaviratne CBE (independent Director);
- Mr Lim Ming Seong; and
- Ms Rachel Eng Yaag Ngee (independent Director).

During FY2015, the AC held four meetings and met with the external auditors without Management at least once.

The AC members are appropriately qualified to discharge their responsibility and collectively have strong accounting and related financial management expertise and experience. The AC's key responsibilities include:

- 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 the adequacy and effectiveness of StarHub's internal controls,

CORPORATE GOVERNANCE

- including financial, operational and compliance controls;
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors (with regard to 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 that is renewable annually;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditor;
- commissioning and reviewing findings of internal investigations into suspected fraud, irregularity or failure of internal controls or violation of any law that is likely to have a material impact on the Group's results; and
- reviewing StarHub's Whistle Blowing Policy and the arrangements therein by which employees of StarHub and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and such concerns will be independently investigated and appropriate follow-up action(s) will be taken.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and co-operation by 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 such reasonable resources to enable it to discharge its functions properly.

The AC has performed a review of the independence and objectivity of the external auditors, and also a review of the volume and type of non-audit services provided by the external auditors during FY2015. The aggregate amount of external auditors' fees for FY2015 and the breakdown for the audit and non-audit services are set out in Note 20.3 to the Financial Statements of the Annual Report.

Based on the information, 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. Accordingly, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment as the Group's external auditors at the 2016 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. As the audit partner in-charge of the Group, Ms Ang Fung Fung has completed her five-year tenure as at 31 December 2015, a new

audit partner will be appointed for FY2016 at the 2016 AGM. Further, the Board ensures that a former audit partner will not be appointed as an AC member of StarHub within 12 months upon his or her cessation as KPMG LLP partner and for so long as he or she has any financial interest in KPMG LLP. None of the directors or senior management is or has in the past two years been a former employee or partner of the Group's external auditors.

INTERNAL AUDIT

The internal audit function of the Group is carried out by RSM Risk Advisory Pte. Ltd. (internal auditor), 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 CFO of StarHub administratively. The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor has unfettered access to all StarHub's documents, records, properties and personnel, including access to the AC.

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

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

During FY2015, the AC met with the internal auditor at least once a year without the presence of Management.

5. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via the SGXNET. The

SGXNET announcements are also posted on StarHub's Investor Relations website. StarHub recognises that the release of timely and relevant information is central to good corporate governance and assists shareholders to make informed investment decisions.

All shareholders are entitled to attend and vote at general meetings and are afforded the opportunity to participate effectively in the general meetings. Shareholders are allowed to appoint up to two proxies to attend, speak and vote in their place at general meetings. In view of the Companies (Amendment) Act 2014, shareholders who are nominee companies, custodian banks or CPF agent banks (Relevant Intermediaries) may appoint more than two proxies to attend, speak and vote at the upcoming Eighteenth Annual General Meeting in 2016 and subsequent general meetings.

6. COMMUNICATION WITH SHAREHOLDERS

StarHub protects and facilitates the exercise of shareholder's rights. StarHub reaches out to its shareholders through regular, effective and non-discriminatory communication with shareholders.

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

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

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

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

7. CONDUCT OF SHAREHOLDER MEETINGS

At general meetings, StarHub encourages shareholder participation through active discussion at the question and answer session.

Notices of the AGM, together with the annual reports are issued to all shareholders (including foreign shareholders) at least 21 days prior to the scheduled AGM. This provides ample time for shareholders to review the notice of AGM and annual reports before the AGM and if they wish, appoint their proxies to attend the AGM. As part of StarHub's commitment towards more environmentally-friendly and sustainable efforts, electronic copies of annual reports (in the form of a CD-ROM) are issued. Shareholders may elect to receive hardcopies of annual reports upon request.

All Directors (in particular the Chairman of the Board and the respective Chairman of the Board Committees) together with Senior Management attend all general meetings to address shareholders' queries. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Registered shareholders are invited to attend and participate actively in such general meetings, including seeking clarification and/or querying the Group's strategic direction, business, operations, performance and proposed resolutions.

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

Minutes of general meetings are made available to shareholders upon their request.

CORPORATE GOVERNANCE

8. CONTINUAL COMMITMENT TO ENHANCE CORPORATE GOVERNANCE

Going beyond the requirements of the Code, the SGX-ST Listing Manual, the Companies Act and the Securities and Futures Act, StarHub has continued to implement additional measures to enhance corporate governance for the Group for FY2015:

Securities Dealings

StarHub has adopted an enhanced insider trading policy, with respect to dealings in the securities of StarHub by the Directors and employees of the Group, which exceeds the requirements of the SGX-ST Listing Manual:

- All Directors and employees of the Group are prohibited from dealing in StarHub's securities:
 - (a) two weeks prior to the announcement of the Group's results for each of the first three quarters of its financial year; and
 - (b) one month prior to the announcement of the Group's full year results; and
- All Directors, Management and employees directly involved in the preparation of the Group's quarterly and full year results are prohibited from dealing in StarHub's securities one month prior to the announcement of each of the Group's quarterly and full year results.

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

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

The Board has voluntarily undertaken to reduce the amount of shares it may issue and allot pursuant to the general authority granted by StarHub's shareholders to the Board, from 20% to 15% of StarHub's total issued share capital. In addition, the Board has voluntarily reduced the aggregate amount of Share awards that can be granted under the StarHub Performance Share Plan and StarHub Restricted Stock Plan which were approved by the shareholders at the 2014 EGM, from 15% to 8% of StarHub's total issued share capital (taking into account any outstanding unexercised options and unvested share awards).

Whistle Blowing Policy

StarHub takes a zero tolerance stance towards fraud and ethical violations. As such, the Group has instituted a robust procedure for the purpose of providing third parties and employees with accessible channels for reporting suspected fraud, corruption, financial impropriety, unethical conduct and other criminal or dishonest practices. Such channels include the employees' immediate supervisors, the relevant Heads of Department or the Head of Human Resource (as may be appropriate), as well as the AC.

The Investigation Committee (constituting representatives from the Senior Management) will investigate the suspected wrongdoing and implement rectification and prevention measures. Any personnel with a conflict of interest (actual or potential) will be barred from appointment to the Investigation Committee. All cases of wrongdoing will also be reported to and reviewed by the AC.

In cases of suspected wrongdoing involving the CEO and/or CFO, the Investigation Committee will be chaired by the AC Chairman (or his nominee). Upon completing the investigations for each case of suspected wrongdoing, the Investigation Committee may at its discretion decide whether to circulate the findings of the investigations to all employees, taking into account the interests of the Group.

The Group's whistle-blowing policy aims to encourage the reporting of such matters in good faith, by lending confidence that whistle-blowers will be treated fairly and accorded with protection against reprisals. StarHub will take disciplinary action against any party who victimises whistle-blowers. Further, StarHub does not disregard anonymous complaints but will give such complaints appropriate weight. The Group's whistle-blowing policy is available on StarHub's intranet and corporate website for easy access by all employees and members of the public.

Employee Code of Conduct and Rules on Business Conduct

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

- StarHub's Employee Code of Conduct and Ethics;
- Corporate Gift and Hospitality Policy; and
- Supplier and Vendor Policy.

StarHub's Employee Code of Conduct and Ethics and the Corporate Gift and Hospitality Policy cover business conduct (including employees' compliance with anti-corruption and anti-bribery laws), conduct in the workplace, protection of StarHub's assets, proprietary and confidential information and intellectual property, conflict of interest, non-solicitation of customers and employees, and workplace health and safety. In parallel, the Supplier and Vendor Policy covers internal controls on tenders, vendor selection and purchasing to ensure transparency, objectivity and compliance.

The Employee Code of Conduct and Ethics and the Corporate Gift and Hospitality Policy are available on StarHub's intranet, while the Supplier and Vendor Policy are available on both StarHub's intranet and corporate website for easy access.

Compliance Leave Policy

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

Document Classification Policy

StarHub has a document classification policy to guide employees in their handling of information and documents relating to the Group's business, activities and operations. Such information and documents are required to be classified as "Confidential", "For Internal Use" or "For Public Distribution". This classification helps to safeguard the information and documents, ensures that only appropriate persons have access to that information and that access is on a need-to-know basis only.

Strategic Business Continuity Management (BCM)

StarHub was the first Info-Communications company in Singapore to be successfully certified to Singapore Standards SS540: 2008 for Business Continuity Management (BCM) in May 2011. In May 2014, StarHub successfully converted to ISO 22301:2013 which is the ISO standard for BCM. StarHub's BCM program focuses on Info-Communications Network, Infrastructure and Support Services for Mobile, Television, Broadband and Fixed. The BCM program is also supplemented by Pandemic Plan, Haze Response Plan and Crisis Communication Plans to ensure StarHub is able to address different crisis situations.

Security Measures for Data Protection

In addition to the Laptop Encryption Solution, StarHub has implemented Mobile Device Management (MDM) to ensure commercially sensitive and confidential corporate emails and information accessed by employees using their mobile devices are protected. In the event an employee's mobile device is lost or stolen, MDM will remove corporate data stored on the mobile device by performing a remote factory reset. Both the Laptop Encryption Solution and the MDM enhance the security of StarHub's commercially sensitive and confidential corporate data accessed through or stored on such mobile devices and laptops by employees. On an on-going basis, StarHub continually evaluates new technologies which may further enhance the security of its confidential and sensitive information. StarHub has put in place a comprehensive Personal Data Protection compliance program to ensure compliance with the law.

CORPORATE GOVERNANCE

DISCLOSURE GUIDE – Code of Corporate Governance 2012

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	StarHub has complied, in all material aspects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Please see above.

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, and specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency. Board approval is required for all material transactions.
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MEMBERS OF THE BOARD

Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board recognises the importance and value of diversity. It constantly seeks to maintain an appropriate mix of expertise, experience (both local and international), knowledge, gender, culture and geography in its composition. With Board diversity, each Director is able to bring in his or her unique contribution to the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges at discussions.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board consists of Directors who possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning experience and customer-based experience and knowledge. The individual profile of the Directors can be found in the 'Board of Directors' section of the Annual Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	In identifying and considering each director nominee, the Nominating Committee (NC) takes into account several factors, including the composition, diversity and progressive renewal of the Board, each director nominee's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with Board renewal and selection process as necessary.

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	The NC leads on the process for the selection and appointment of new directors and re-election of incumbent directors. It takes into consideration the composition, diversity and progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with Board renewal and selection process as necessary. All new appointments to the Board are subject to the approval of StarHub's regulators, namely the Info-communications Development Authority of Singapore (IDA) and the Media Development Authority of Singapore (MDA). Both IDA and MDA will be merged to form the Info-communications Media Development Authority (IMDA) in the second half of 2016.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Yes (i) StarHub has a comprehensive induction programme for all newly-appointed Directors tailored specifically for the businesses of the Group. Management conducts briefings for new Directors to familiarise them with the Group's business activities, strategic directions, financials, policies and governance practices, as well as StarHub's corporate culture and the key developments in the Group and industry. The induction program includes meetings with the CEO and Senior Management. (ii) Existing Directors are regularly provided with updates on key legal, regulatory, industry and accounting developments which affect the Group. The updates may be by way of (a) briefings at Board meetings or email, and (b) articles and reports (including industry news and analyst reports) relevant to the Group's businesses, regularly circulated to the Directors and uploaded on the StarHub Board Portal for their reference. Directors are also encouraged to attend external seminars and trainings (including those conducted by the Singapore Institute of Directors, SGX-ST and StarHub's panel of law firms).
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? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	StarHub has not prescribed a maximum number of listed company board representations that a Director may hold. The NC is responsible for determining whether each Director is able to adequately devote sufficient time to discharging their responsibilities to the Company. The NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub. The table of attendance can be found in the Corporate Governance Report. The specific considerations are as set out in (b) above.

CORPORATE GOVERNANCE

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 FY2015, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd as independent external consultants to facilitate the annual evaluation process on the effectiveness of the Board and the Board Committees. The evaluation included a review of detailed questionnaires completed by each Director, which invited feedback on key areas such as the adequacy of the Board composition; the relationship between the Board and Management, including the level of engagement and flow of information; Board processes, including level and timeliness of information provided to the Board; managing the Company's performance; the effectiveness of Board Committees; and risk management. The evaluation process also included individual interviews with each Director. Feedback and comments received from the Directors are reviewed by the NC in consultation with the Chairman of the Board, and tabled to the Board for discussion.
	(b) Has the Board met its performance objectives?	Based on the NC's review, the Board and the various Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board.
INDEPENDENCE OF DIRECTORS		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The current StarHub Board comprises 12 non-executive Directors of whom six are independent, representing more than one-third of the Board.
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.	Mr Peter Seah Lim Huat (NC and Executive Remuneration and Compensation Committee (ERCC) Chairman) and Mr Sio Tat Hiang (NC member and ERCC members) are not considered independent within the meaning of the Code given their directorships at STT Communications Limited, a holding company of StarHub. After due consideration, the Board and the NC are of the view that such appointments do not interfere with the exercise of independent judgement by Mr Seah and Mr Sio on the Board or prevent them from acting objectively in the best interests of the Group in carrying out his duties. The Board and the NC further note that Mr Seah and Mr Sio 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 from Management in the deliberations of the NC and ERCC.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Please see above.

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 2015, four independent Directors of StarHub, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor, Mr Liu Chee Ming and Mr Robert J. Sachs have served on the Board for more than nine years. After careful rigorous review, the NC recommends, and the Board is of the firm view that Mr Kaviratne, Mr Teo, Mr Liu and Mr Sachs have each demonstrated the essential independence of mind and objectivity of judgement to act in the best interests of StarHub in the discharge of their Directors' duties, and therefore considers them to be independent. When assessing the independent judgement and objectivity, the NC and the Board take into consideration, <i>inter alia</i> , the approach, character and attitude of each non-executive Director, including whether such Director (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group; and (ii) has any material contractual relationship with the Group other than as a Director. Two additional independent directors, Mr Ma Kah Woh and Ms Rachel Eng Yaag Ngee were appointed in 2015.

DISCLOSURE OF 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.
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? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Yes. StarHub has disclosed the aggregate remuneration paid to the top five key management personnel in the Corporate Governance Report. The aggregate remuneration paid to the top five key management personnel is \$4,388,148.
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.

CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	The ERCC seeks to ensure that the level and mix of remuneration of the CEO (Executive Director) and key management personnel are competitive and relevant, linked to the achievement of business and individual performance targets and aligned with shareholders' interest and promote long-term success of the Group. Remuneration for the CEO and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits. The performance targets are determined by the ERCC and are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short and long-term quantifiable objectives. Please refer to the performance conditions used to determine the key management personnel's entitlement under the short-term and long-term incentive schemes as set out in the Corporate Governance Report. The performance conditions were met according to the performance level achieved.
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?	The Board receives monthly management and financial reports providing updates on key performance indicators and financial analysis on the Group, and regular analysts' reports and media articles on StarHub and the industry. Other related business reports are also provided to the Board regularly and upon request by the Board from time to time. Such reports enable the Directors to keep abreast of key issues and developments in the industry, as well as challenges and opportunities for the Group and thereby make informed and sound decisions. Every quarter, Board papers and agenda items are dispatched to the Directors prior to scheduled meetings. 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 respective Chair of the Board Committees at Board meetings on key matters raised and/or decisions made at the last held Board Committee meeting. For any matter requiring the Board's approval, the Board Committees would recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, the SC and the RC are also circulated to the Board for its information. The Board has access to Management at all times to answer any query raised by any Director. Frequent dialogues 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.

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.	The Board's view on the adequacy and effectiveness of the risk management system and internal controls (including financial, operational, compliance and information technology controls) established and maintained by the Group is made in concurrence with the Audit Committee (AC) and the Risk Committee (RC), based on the reviews performed by Management as supported by audit findings by external and internal auditors and the relevant assurance by CEO and CFO. In assessing the adequacy and effectiveness of 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 FY2015, the Board has received assurance from CEO and CFO as well as the internal auditor 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 and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations. In addition, Management has implemented an enhanced process to sign off assurance to CEO and CFO, 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.
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 FY2015 and the breakdown for the audit and non-audit services are set out in Note 20.3 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.	Non-audit fees amount to less than 50% of the total fees paid/payable to the auditor of StarHub. On this basis, 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.

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Guideline	Questions	How has the Company complied?
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, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST, on a non-discriminatory basis.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET and the annual report, the StarHub IR website at www.starhub.com/ir is the primary source of information for the investors. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, and other corporate information relating to the Group. The website is regularly updated. Investors may also elect to be notified of any new updates via an e-mail alert service. The StarHub Investor Relations team together with senior management also meet with institutional investors regularly, 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 the financial year.

DIRECTORS' PARTICULARS

Director	Age in Year 2016	Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2013 to 30 Dec 2015)
Steven Terrell Clontz	66	Level 3 Communications, Inc. Jasper Wireless, Inc. Virgin Mobile Latin America, Inc. PSA International Pte Ltd	InterDigital, Inc. Equinix, Inc.
Tan Tong Hai	53	StarHub Cable Vision Ltd. StarHub Internet Pte Ltd StarHub Mobile Pte Ltd Nanyang Polytechnic Singapore Workforce Development Agency	–
Ma Kah Woh	69	Mapletree Investments Pte Ltd Mapletree Logistics Trust Management Limited PACC Offshore Services Holdings Ltd	SMRT Corporation Ltd Hwa Hong Corporation Ltd Nucleus Connect Pte. Ltd. National University of Singapore NRF Holdings Pte Ltd
Peter Seah Lim Huat	70	DBS Bank Ltd DBS Group Holdings Ltd GIC Private Limited Lasalle College of the Arts Limited Singapore Health Services Pte Ltd Singapore Airlines Limited	CapitaLand Limited Singapore Technologies Engineering Ltd STATS ChipPAC Ltd
Nihal Vijaya Devadas Kaviratne CBE	72	DBS Bank Ltd SATS Ltd. Olam International Limited GlaxoSmithKline Pharmaceuticals Limited Akzo Nobel India Limited	TVS Motor Company (Europe) BV Wildlife Reserves Singapore Pte Ltd
Teo Ek Tor	63	PrimePartners Group Pte Ltd PrimePartners Corporate Finance Pte Ltd Aris PrimePartners Asset Management Pte Ltd WhiteRock Medical Company Pte Ltd	Prime Agrico Ltd
Sio Tat Hiang	69	Singapore Technologies Telemedia Pte Ltd Asia Mobile Holdings Pte. Ltd. STT Communications (Beijing) Co., Ltd TeleChoice International Limited U Mobile Sdn Bhd GDS Holdings Limited	–

DIRECTORS' PARTICULARS

		Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
Director	Age in Year 2016	Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2013 to 30 Dec 2015)
Lim Ming Seong	69	CSE Global Limited First Resources Ltd Singapore Technologies Kinetics Ltd Singapore Technologies Telemedia Pte Ltd Amplus Communications Pte Ltd STT GDC Pte. Ltd.	WhiteRock Partners Ltd WhiteRock Management Pte Ltd WhiteRock Management (USA), Inc. Servelec Group Limited
Liu Chee Ming	65	Platinum Holdings Company Limited Haitong Securities Co., Ltd. Dalian Wanda Commercial Properties Co., Ltd.	–
Robert J. Sachs	68	Principal, Continental Consulting Group, LLC Governing Trustee and Executive Member, Dana-Farber Cancer Institute, Inc. (“DFCI”) Chair, Joint Committee on Quality Improvement and Risk Management, DFCI Public Broadcasting Service	WGBH Educational Foundation Big Band Networks, Inc.
Rachel Eng Yaag Ngee	48	Member of the Committee on the Future Economy (CFE) Steering Committee, Ministry of Trade & Industry SPH REIT Management Pte. Ltd. Certis CISCO Security Pte. Ltd. Public Utilities Board Singapore Accountancy Commission	Advisory Board Member, Singapore Management University, School of Law Member of the Singapore Capital Markets Committee, Monetary Authority of Singapore
Nasser Marafih	55	PT Indosat, Tbk Asiacell Communications PJSC Ooredoo Myanmar Limited GSMA for Mobile Development Foundation Asia Mobile Holdings Pte. Ltd.	–
Takeshi Kazami	53	Emerio GlobeSoft Pte Ltd NTT MSC Sdn. Bhd. PT. NTT Indonesia NTT Communications (Vietnam) Ltd.	NTT Communication (Thailand) Co., Ltd. NTT Communications India Private Ltd.

AWARDS & INDUSTRY HONOURS

Advertising/ Branding/Customer Service/Marketing

Best Buy Award 2015/2016

- Digital TV service provider that offers best price-quality ratio in Singapore: 1st place
- Garnered the most votes for best value-for-money digital TV service

Creative Circle Awards 2015

- Creative Client of the Year: **GOLD** (Oliver Chong – AVP, Brand & Marcom)

HWM + HardwareZone.com Tech Awards 2015

- Best Pay TV Service (Singapore)

Loyalty & Engagement Awards 2015

- **GOLD**: Best Loyalty Programme of the Year
- **BRONZE**: Best Partnership in a Loyalty Programme
- **BRONZE**: Best Use of Social

Marketing Excellence Awards 2015

- Excellence in Corporate Social Responsibility: **GOLD** (Home by Homes)
- Excellence in Viral Marketing: **GOLD** (Home by Homes)
- Excellence in Loyalty Marketing: **SILVER** (StarHub Rewards & Customer Engagement)
- Excellence in Search Marketing: **BRONZE** (SEO Zero to SEO Hero)

New York Festivals 2015

- **GOLD**: Best Animation: Promotion/Open & IDs (French Open 2014)
- **GOLD**: Best Animation: Promotion/Open & IDs (SuperSports 1, 2, 3 Idents)
- **GOLD**: Best Station/Image Promotion (LionsXII The Legend Returns)
- **SILVER**: Best Station/Network ID (SuperSports 1, 2, 3 Idents)
- **BRONZE**: Best Direction: Promotion/Open & IDs (LionsXII The Legend Returns)

PromaxBDA ASIA 2015

- Four **GOLDS**: Best Movie Promo; Best Sports Promo; Best Sports Campaign; and Best On-air Channel Branding

PromaxBDA Global Excellence Promotion, Marketing and Design Awards 2015

- **GOLD**: Art Direction & Design: General Channel Image Spot (The New SuperSports 1234 Idents)
- **GOLD**: Theatrical Films Shown On Television Spot Or Campaign (The VOD Experience)
- **SILVER**: Art Direction & Design: Sports General Image Campaign (US Open 2014)
- **BRONZE**: Art Direction & Design: Holiday/Seasonal/Special Events Spot (The Legend Returns)
- **BRONZE**: Copywriting (The Legend Returns)

Singapore Advertising Hall of Fame Awards 2015

- Brand of the Year (for the second consecutive year): StarHub
- **GOLD**: Social Campaign of the Year (StarHub Home by Homes)
- **SILVER**: Digital Design Campaign of the Year (StarHub.com)
- **BRONZE**: Content Marketing Campaign of the Year (StarHub Home by Homes)
- **BRONZE**: Transmedia Campaign of the Year (StarHub Home by Homes)

Corporate

2015 Corporate Knights' Global 100

- Ranked 24th in the list of the world's most sustainable company
- Improved from the ranking of 29th in 2014
- Remains the only local telco to be awarded

Asia Communication Awards 2015

- The Green Award
- Winner for the second consecutive year
- Won for RENEW programme

Governance and Transparency Index 2015

- Ranked 20th out of 639 companies

IR Magazine Global Top 50 Awards 2015

- StarHub ranked in Global Top 50 Silver

PRWeek Asia Awards 2015

- **BRONZE**: Corporate Social Responsibility Campaign of the Year (4G4Good)

SIAS 16th Investors' Choice Award

- Most Transparent Company Award (Services Category)
- Winner for the second consecutive year

Singapore Computer Society's IT Leader Awards 2015

- Tan Tong Hai: IT Leader of the Year

Singapore Corporate Awards 2015

- **SILVER**: Best Managed Board
- Latest award makes StarHub the only listed company in Singapore to have been awarded in all five categories: Best Managed Board, Best CEO, Best CFO, Best IR and Best Annual Report.

Technology

LTE Asia Awards 2015

- Best Innovation in Heterogeneous Networks
- A joint win for StarHub and Huawei

NetworkWorld Asia Readers' Choice Product Excellence 2015

- Winner: IP Services Infrastructure

OpenSignal's 'The State of LTE' September 2015 Report

- The world's fastest 4G network: StarHub
- Clocked the world's fastest average 4G speeds of 38Mbps

INVESTOR RELATIONS

Our investor relations (IR) programme is packed with meetings, presentations, ad-hoc, or scheduled. In 2015, we met more than 250 investors in over 210 meetings. We run a predominantly Singapore business, but we reach out to investors all over the world. We conduct regular interactions with them at the key financial centres such as Hong Kong, London, New York and Singapore.

We hold quarterly earnings calls, which see lively participation from analysts, fund managers and journalists alike. They field all manners of questions and our management hosting these calls responds candidly, so that the StarHub investment thesis can be better appreciated.

Besides the usual presentation decks, financial statements, we have also made it easy for investors to check our

IR website with recordings and even transcripts of these sessions.

Leveraging on technology and trends, we widened our communication channels and started tweeting our quarterly results as well. Regardless of how we engage our shareholders, we make sure our message is clear and consistent, giving them plenty of visibility and assurance.

This year, we also organised two events to help investors know the StarHub story better. In May, the senior management team shared more details of the Company's growth strategies at an Investors' Day. In November, the investment community had a luncheon with our new Chairman and former CEO, Terry Clontz. He touched on industry trends and affirmed the Company's growth strategies.

We understand that there are new developments in this fast-paced industry. New policies might be in the pipeline, competing services or products might be launched. We stand ready to address whatever queries our investors have and even proactively address any foreseeable concerns by emailing them our views.

Our pledge to good corporate governance has been steadfastly maintained since our listing back in October 2004. Tong Hai, our CEO, is the champion of our IR team's efforts. Dennis, our CFO, may be new to the StarHub investors but he too fly our flag high at all investor meetings overseas and locally. The StarHub IR team remains fully committed in our duty to communicate effectively with all shareholders regularly and disclose in a timely manner.

WHY INVEST IN STARHUB

01

PROVEN MANAGEMENT TEAM

Experienced, performance-oriented management team with solid industry expertise, technical depth and company tenures

02

WIDELY RECOGNISED BRAND

Well-known in the info-communications and media industry to be innovative, providing good values to customers, household and enterprise – a brand that cares for the community and a company with a heart

03

PROVEN STRATEGY

The Hubbing strategy has been successfully executed since July 2002 across multiple service platforms. It has consistently delivered increased revenues and total dividend payouts

04

FINANCIALLY SOUND

Stable cash flow generation, strong financial flexibility and consistently providing a high dividend yield

05

FOCUS ON CUSTOMER SERVICE

Extensive retail distribution channels, dedicated account management team, Hub Trooper service and recognised for customer service excellence

Corporate social responsibility (CSR) activities are increasingly becoming more and more important to listed companies as they are seen by the investment community as another barometer to gauge the company's performance. We have ambitions to be an attractive investment for shareholders all over the world, and we recognise that our sustainability scorecard will also figure in investment decisions.

We are proud to say that we are part of a growing trend in Singapore. In 2013, three quarters of the S&P 500 companies produced sustainability reports. Back in 2011, only 20% did so, according to the Governance & Accountability Institute in the US.

For the fifth consecutive year, we have included a sustainability report, which will not be just a list of CSR activities, but a report that gives a bigger

picture of our risk management and operational impacts. We are moving into integrated reporting and be on top of corporate governance trends, especially in the ESG categories.

Accolades and Acknowledgments

We are glad to have received a steady stream of awards – including awards at the regional and global levels, acknowledging our commitment in CSR and IR.

In the 2015 Corporate Knights' Global 100, we ranked 24th in the list of the world's most sustainable company. This is an improvement from the ranking of 29th in 2014 and 66th in 2013. StarHub remains the only local telco to be awarded. For the second consecutive year at the Asia Communication Awards 2015, we walked away with 'The Green Award' for our 'RENEW' electronic waste programme.

In the 2015 SIAS Investors' Choice Award, we were named winner of the 'Most Transparent Company, Services Category' for the second consecutive year. During the Singapore Corporate Awards 2015, we won Silver for 'Best Managed Board'. This award makes StarHub the only listed company in Singapore to have been awarded in all five categories: Best Managed Board, Best CEO, Best CFO, Best IR and Best Annual Report. Internationally, we were ranked 'Global Top 50 Silver' in IR Magazine Global Top 50 Awards 2015.

CUMULATIVE TSR
SINCE FY2005

+457%

06

SINGAPORE'S FIRST FULLY- INTEGRATED INFO- COMMUNICATIONS COMPANY

Fully-integrated info-communications and entertainment service provider based in Singapore, providing at least one service to over 60% of local households

07

REGIONAL CONNECTIVITY

Strategic investments in submarine cable systems like AAG, ASE and APG ensure low network latency, resilience and diversity, and support future growth needs

08

STRATEGIC PARTNERSHIPS

Developing and fostering strategic relationships to run an efficient business model, provide complete end-to-end service offerings and continue to lead innovation in all areas

09

BUSINESS SUSTAINABILITY

Constantly measuring and assessing the impact of the landscape and stakeholders on the Company and vice versa, working towards long-term profitability

RISK MANAGEMENT

StarHub is committed to establishing a structured and disciplined approach towards managing risk, with a systematic and effective risk management process integrated into our core business processes and decision-making activities.

StarHub recognises that risks are inherent in all businesses and a sound system of risk management and internal controls does not eliminate risk, but rather mitigates and manages risk-taking, so that StarHub is able to make business decisions which commensurate with its risk tolerance.

Through our risk management programme, we aim to have a current and comprehensive understanding of our significant risks, which will be managed within risk tolerances endorsed by the Board, reflecting our values, objectives and resources.

StarHub's Risk Management Approach

01

CREATE VALUE by contributing to the achievement of StarHub's mission, business and strategic objectives;

02

FORM AN INTEGRAL PART of StarHub's management practices, organisational processes and core business activities, including strategic planning, project processes and change management processes;

03

ENABLE STARHUB'S DECISION MAKERS to make informed choices, prioritise actions and distinguish alternative courses of action;

04

TAKE INTO ACCOUNT UNCERTAINTIES, the nature and extent of the uncertainties and how they can be addressed;

05

FOLLOW A SYSTEMATIC, disciplined and structured approach which is efficient and produce consistent, comparable and reliable results;

06

BASED ON RELIABLE INFORMATION SOURCES such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgment;

07

ALIGNED TO STARHUB'S CULTURE, processes and structure, taking into account the internal and external parameters for risk management;

08

REMAIN RELEVANT AND UPDATED by involving relevant and appropriate stakeholders and decision makers regularly and on a timely basis;

09

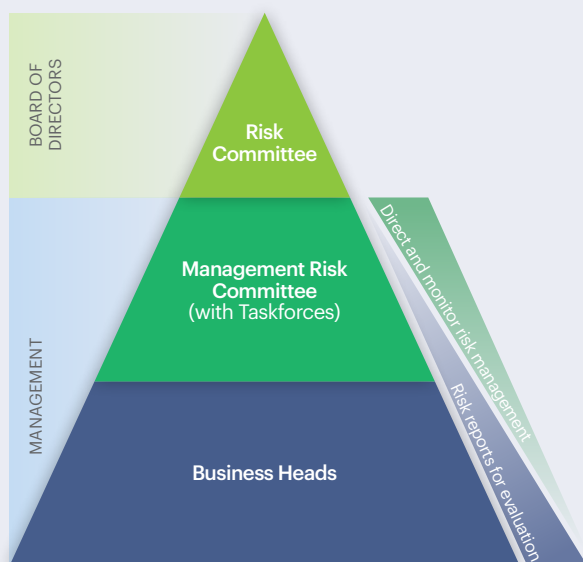
CONTINUOUSLY ADAPT TO CHANGE, including occurrence of internal and external events, change in risks and emergence of new risks; and

10

CONTINUOUSLY IMPROVE StarHub's capability/capacity, adequacy of resources and availability of requisite experience to identify, manage, mitigate and take on new risks.

Risk Structure

The risk structure sets out our risk management functions, roles and responsibilities of key stakeholders for the governance of risk, as illustrated below:

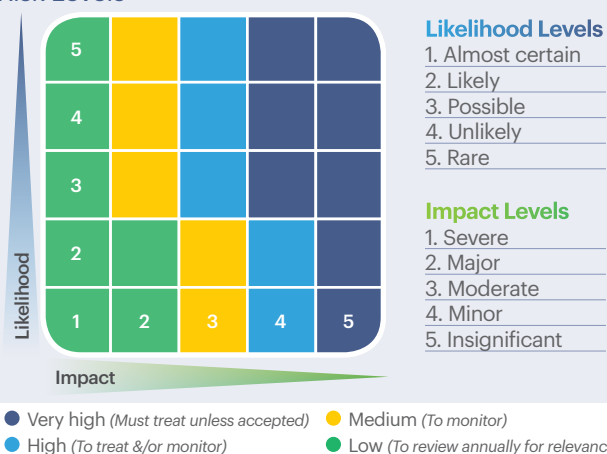


Risk Considerations

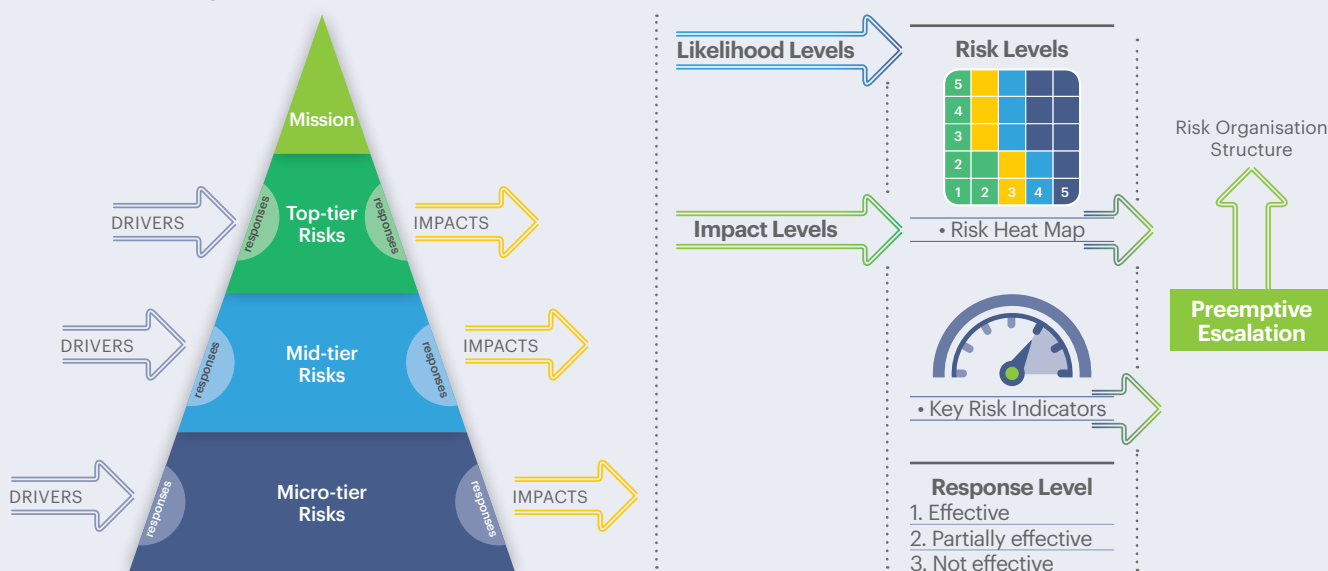
StarHub's external environment is characterised by numerous challenges, including rapid technological changes, intensifying competition in a saturated market, growing government and sectoral regulation, and global and domestic economy changes.

Our Mobile, Broadband, and Pay TV lines of business have been prioritised for in-depth risk assessments, management, monitoring and reporting.

Risk Levels



StarHub's current risk management process, which is an integral part of StarHub's key business activities is summarised and illustrated in the diagram below:



Risk Management Training

We build and create employee risk awareness through training programmes for employees to build up competency for managing risk through workshops, communication bulletins and other channels.

RISK MANAGEMENT

StarHub is committed to upholding high standards of corporate governance and applying effective risk management to enhance shareholder value.

The Group faces a variety of internal and external risks due to complex business operations, and the dynamic and competitive market in which it operates. The Group recognises risk management as an optimisation of the risk-reward relationship, within known and agreed risk appetite levels. The Group will manage or avoid situations or actions that risk having a negative impact on its reputation and brand, network integrity and business continuity.

StarHub seeks to treat its customers reasonably and fairly. StarHub requires its staff to uphold integrity. StarHub also seeks to meet applicable legal and regulatory requirements. The Group is prepared to take measured risks to seek new growth and pursue value-creation opportunities as they arise, while leveraging its current scale and core strengths.

StarHub's corporate risk appetite statement as approved by the Board

Key Risks

01

Technology, IT, Security and Resiliency

StarHub's business as an info-communications service provider is dependent on the security, availability and resilience of the underlying network infrastructure and information systems it operates on. While our network is designed to be resilient and robust, points of failure, network outages and external events (such as accidents stemming from human error and disasters beyond our control) could cause an extended disruption to our network services and business operations.

The technology evolution cycle is much shorter in our industry than in other industries and continuously influences strategic decisions necessary to identify the most appropriate technology to adopt and implement, due to the high levels of capital expenditure involved and the uncertainty of the return on investment.

Cyber risks can potentially lead to security breaches, compromise of network integrity and loss of customer information, resulting in potential breaches of statutory or regulatory as well as contractual obligations.

Mitigation

StarHub is careful in its infrastructure investments to upgrade and modernise its network and IT infrastructure, expand capacity to handle growth in data traffic, address security issues and to control capital expenditure. Network infrastructure and information systems are kept refreshed, secured and up to date with technological changes and the ever-evolving technology threats.

We have established specialised security, business continuity and disaster recovery functions and programmes to prevent, monitor, detect, respond and escalate incidents, as well as coordinate and operate across the company to mitigate the security and resiliency risk.

02

Customers

In Singapore, fixed broadband and mobile networks have become a widely used platform for access to businesses and services on the Internet. Global technology players, device manufacturers and over-the-top content and service providers continue to enter the highly competitive market.

Customers have increasing demands on network capacity, including faster network speeds and higher download capacity while also being price sensitive.

Mitigation

StarHub has put in place strategies to meet the expectations of our customers to win their loyalty. Our Hubbing strategy continues to evolve to meet changing market and customers' needs.

Our leading position in content and channel offerings is aligned with our strategies to move into content development and internet delivery of content to our customers across different technical platforms. We continue to make investments to improve our customer service excellence. Our products and services are continuously reviewed and improved to keep up to date with technology changes and our customers' needs.

03

Legal & Regulatory

StarHub faces a dynamic legal and regulatory landscape in the local technology and info-communications sector. In recent years, regulators have lowered the barriers for new entrants in a competitive and highly saturated local market. As part of our operations, we are also exposed to litigation risks, from regulators, customers and suppliers.

Mitigation

StarHub engages with regulators by participating in consultations conducted by the relevant government ministries and authorities, to safeguard StarHub's long term interests and competitiveness.

Our in-house legal and regulatory support functions provide prompt advisory and guidance to ensure that internal stakeholders are aware of and comply with the existing and new legislation and regulatory obligations.

04

Human Resource

Human resource is a significant StarHub asset. Hiring, growing and retaining talented, experienced, innovative and passionate people are vital and strategic factors to the company's success. In a tight labour market, it poses an additional challenge to recruit the right people with the right skill sets.

Mitigation

We regularly invest in developing our people with ongoing training. Retention strategies are in place to minimise employee turnover including talent and performance management, competitive remuneration, recognition and reward programmes and fast-tracking of high-performance employees. Human resource policies and functions are also in place to support, attract, retain and grow talent, as well as to create a conducive work environment.

We also have succession planning programmes to mitigate key employee risks.

05

Partnership

StarHub works with partners in various aspects of its info-communications business and also forms strategic partnerships with key vendors and other complementary service providers to expand its footprint and serve new market segments. This exposes us to potential supply chain risks.

Mitigation

Our senior management regularly engages with key partners and plays an active role in sustaining the strength and commitments of our strategic relationships and joint ventures. We have established service standards, training programmes, and feedback mechanisms to drive consistent and desirable service standards from our partners.

Significant Achievements
FY2015

- January

Ranked 24th in the Corporate Knights Global 100 Most Sustainable Corporations list.
Remains the only local telco on the list.
- February

Provided a total of \$450,000 for a three-year title sponsorship of the SEC-StarHub School Green Awards.
- March

Contributed \$250,000 to Central Singapore CDC to support learning opportunities and literacy for children from low-income families.
- April
- May
- June

Awarded the Green Award for our e-waste recycling initiative RENEW, at the Asia Communications Awards 2015.
Awarded Corporate Social Responsibility Campaign of the Year (Bronze) for our 4G4Good initiative at the PRWeek Asia Awards 2015.
Provided second round of funding (\$100,000) to social enterprise Grid Synergy's Entrepreneurs With Disabilities programme.
- July

Raised funds for Community Chest's Heartstrings Walk through Crowdivate.
Organised annual StarHub Open and raised \$213,850 for Singapore Association for the Visually Handicapped and Metta Welfare Association.
- August
- September

Renewed support for SPD's ICOS programme with increased funding of \$300,000 to train 100 individuals with disabilities till 2017.
Increased bin locations for RENEW programme, with more than 31.7 tonnes of e-waste collected in the year.
- October

Awarded Most Transparent Company Award (Services Category) at the 16th SIAS Investors' Choice Awards, winning for the second consecutive year.
- November

Awarded Excellence in Corporate Social Responsibility (Gold) at the Marketing Excellence Awards 2015 for our "Home by Homes" campaign.
Implemented the Managed Print Services to optimise our document output.
- December



SUSTAINABILITY

StarHub’s fifth annual sustainability report presents our economic, social and environmental performance for the calendar year 2015.

About This Report

StarHub’s fifth annual sustainability report presents our economic, social and environmental (ESG) performance for the calendar year 2015. As with previous reports, this report has been prepared in conformance with the “in accordance-Core” criteria of the Global Reporting Initiative (GRI) G4 guidelines. The report also includes relevant indicators from GRI’s Telecommunications Sector Supplement and the Media Sector Supplement. We have also started our journey to progressively incorporate the principles of Integrated Reporting as advocated by the International Integrated Reporting Council by placing greater focus on communicating value creation as a result of our environmental, social and governance strategies.

This report covers ESG performance of all business divisions and subsidiaries which are under the financial and operational control of StarHub.

Information presented in the report has been extracted from the primary internal records and documents to ensure accuracy using internationally accepted measurement data units.

Reporting Process

From our very first sustainability report, we have followed the latest GRI principles for defining the sustainability report content and quality.

G4-18

StarHub’s Sustainability Reporting Committee, which includes senior executives from major functions, provides the overall direction for preparing the report. The Committee’s responsibilities include reviewing, assessing and determining the sustainability context, material topics, scope, boundary, and prioritisation of issues to be included in the report. The Committee also takes into account formal and informal feedback from a range of internal and external stakeholders received throughout the year to determine the most material issues to be addressed in the report. The Committee is supported by a cross-functional project team which gathers and verifies performance data. The entire process is coordinated by StarHub’s Corporate Sustainability & Responsibility (CSR) advocate.

Defining the Report Content

Our reporting cycle begins with reviewing the sustainability report published for the preceding year to re-assess the material aspects and their boundaries. Priority issues are re-visited for adjustments, if necessary, to reflect business environment changes, stakeholder feedback and sustainability trends.

Restatements

This report does not include any restatements of previously published data.

SUSTAINABILITY

Assurance

While the financial statements in the report are audited by independent auditors, we rely on our internal process to verify the accuracy of ESG performance data and information presented in the report.

Availability

A PDF version of the report is available for download at our website www.starhub.com. Smart device users can also download the StarHub Annual Report app to browse and experience the StarHub Annual Reports on their smart devices.

A small number of copies of this report have been printed on the Forest Stewardship Council (FSC) certified sustainable paper to reduce the environmental impact.

Feedback

We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report or our sustainability performance to StarHubCSR@StarHub.com

StarHub Value Creation Scorecard

Strategic Area	FY 2015	FY 2014	FY 2013
ENVIRONMENTAL			
CO ₂ e emissions (tonnes)	56,706	54,624	58,383
Carbon emission intensity per \$million revenue (tonnes CO ₂ e)	23.2	22.9	24.8
Energy intensity per \$million revenue (Gigajoules)	183	183	181
Water consumption (cubic metres)	27,500	27,832	29,348
General waste (non-hazardous) (tonnes)	30	33	49
E-waste recycled (tonnes)	117*	385	259
Paper recycled (kilogrammes)	19,295	12,210	10,260
Copier paper consumption (kilogrammes)	40,065	53,230	59,635
Electricity used (million kWh)	121.7	118.8	115.2

* Please refer to pg 98 for explanation.

SOCIAL

Employees			
Permanent employees ⁺	88%	88%	80%
Local employees (Singapore citizens) ⁺⁺	75%	76%	81%
New hires	320	346	464
Female employees ⁺⁺	43%	43%	42%
Female managers (% of Senior level)	36%	35%	37%
Female managers (% of Middle level)	38%	38%	38%
Female Heads of Department (% of HODs)	33%	33%	34%
Average training hours per employee	20	17	25
Training expenditure per employee	\$611	\$873	\$884
HR Satisfaction Survey (Employee satisfaction level based on survey scores)	92%	92%	97%
Employee turnover rate	12.0%	14.0%	15.5%
Fatal Accidents	0	0	0

⁺ % refers to base of total StarHub workforce

⁺⁺ % refers to base of StarHub permanent employees

Suppliers

Share of local suppliers as % of total supplier payments	89.0%	91.0%	87.0%
Proportion of local suppliers	82.7%	86.4%	87.0%

Community

Employee volunteerism (number of days)	144.0	213.5	211.5
Community investment and donations to charities (\$million)	\$1.1	\$1.4	\$1.2

FINANCIAL

Revenue (\$million)	\$2,444	\$2,387	\$2,370
Net profit (\$million)	\$372	\$371	\$380
Dividends paid to shareholders (\$million)	\$346	\$345	\$344

Sustainability Organisational Structure

StarHub's sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. StarHub's Sustainability Committee is the highest body tasked with overseeing the development and implementation of organisation-wide sustainability strategy. The StarHub Sustainability Committee includes senior management executives and is headed by the CEO. The sustainability committee's responsibilities include developing sustainability strategy, reviewing StarHub's material impacts, considering stakeholder expectations and setting priorities, goals and targets. StarHub's CSR advocate is responsible for developing and managing CSR programmes. The CSR advocate is supported by a cross-functional project team which has the responsibility to collect, verify, monitor and report performance data for sustainability reporting.

StarHub Core Values: ExCITe

StarHub's management approach to a sustainable business is defined by the four pillars of our Core Values:

Excellence

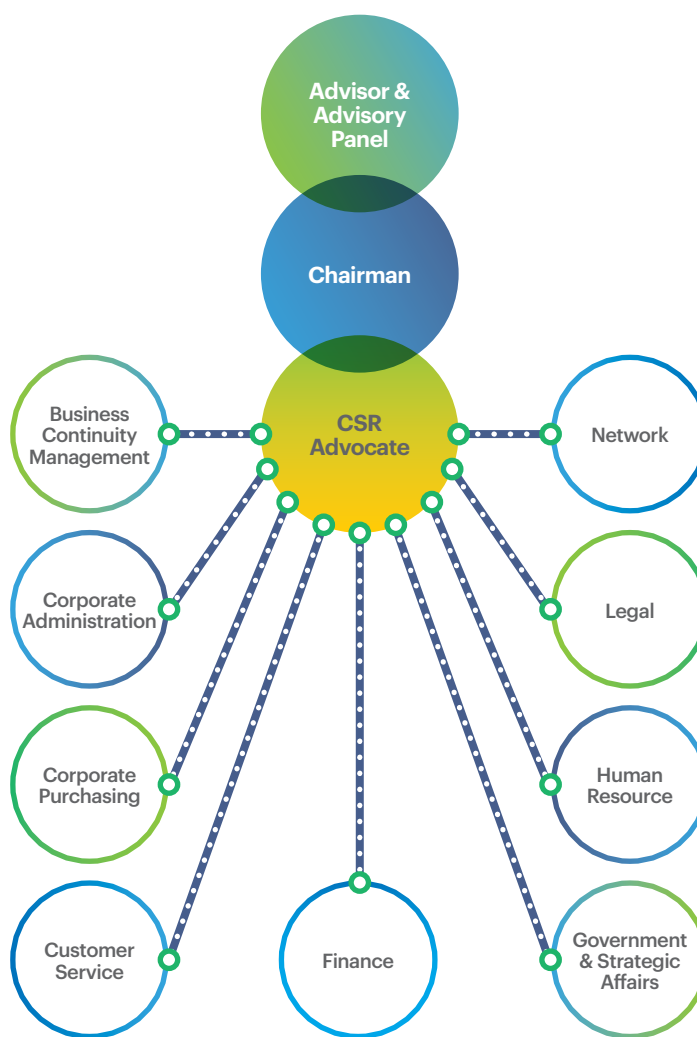
Creativity

Integrity—social, environmental and financial

Teamwork

Our set of Core Values is the driving force for creating long-lasting value for our shareholders and stakeholders.

StarHub Sustainability Reporting Committee



CASE STUDY

StarHub improves in the Global 100 ranking

In 2015, StarHub improved its ranking in the Corporate Knights' Global 100 listing to the 24th place from the previous 29th place. StarHub, listed for the third consecutive year, is the only Singaporean info-communications provider included in this prestigious ranking.

The Global 100 list is an index of world's 100 most sustainable corporations calculated by Corporate Knights based on an extensive data-driven corporate sustainability assessment.

SUSTAINABILITY

VALUE CREATION

We see our role as a key contributor in building a Smart Nation where info-communications services enrich lives, enable inclusive growth, spur economic development and help businesses thrive.

Creating Sustainable Value For All

Strategic Areas	Value Created	Challenges	Beneficiaries
ENVIRONMENT			
Energy efficiency	- Lower environmental footprint. - Reduced energy cost.	- Cost of upgrading technology. - Employee and customer awareness.	- Shareholders - Environment - Community
Climate change mitigation	- Lower carbon footprint. - New business opportunities in a low carbon economy.	- Cost of upgrading technology. - Ensuring continued awareness among employees and customers.	- Shareholders - Environment - Community
Waste minimisation	- Resource efficiency. - Lower pollution. - Mitigate regulatory risk.	- Collection, segregation and tracking of all waste across business. - Building employee and customer awareness. - Cost of disposal.	- Shareholders - Environment - Community
Water conservation	- Saving water. - Employees' pride in saving water.	- Cost of retrofitting. - Cost of water efficient fittings. - Creating employee awareness.	- Shareholders - Environment - Community
SOCIAL			
Employee development	- Employee satisfaction. - Innovative problem-solving. - Motivated and engaged employees. - Higher productivity. - Lower turnover and reduced hiring cost.	- Competition for talents. - Continuous skills upgrading. - Engaging cross-generational workforce. - Developing leadership and mentoring skills across management levels.	- Shareholders - Employees - Local economy - Community
Customer service excellence	- Customer retention. - Customer loyalty. - Reduced cost of new customer acquisition. - Avoid expensive administrative time in solving customer problems by being proactive.	Increasing competition.	- Shareholders - Customers
Uninterrupted availability of services	- Trust in brand, attract and retain customers. - Customer satisfaction. - Mitigate regulatory risk.	- Cost of preventive maintenance. - Investment in expanding infrastructure.	- Shareholders - Customers - Local economy
Access to telecom services for all	- Inclusive growth. - Narrowing digital divide. - More resilient and stronger communities.	Cost of subsidy.	Community
Fair market practices	- Build Trust through transparency. - Attract customers and business partners. - Mitigate regulatory risk.	- Ongoing employee training and awareness. - Building customer awareness.	- Shareholders - Customers - Local economy
Community development	- Goodwill of community. - Stronger brand equity and respect. - More resilient, stable and stronger communities. - Trusted relations with society.	Complex to determine rate of return.	- Community - Employees - Shareholders
Employee volunteering	- Greater employee engagement. - Greater job satisfaction. - Stronger community engagement.	- Identifying high impact programmes. - Meeting employee expectations for choice of programmes. - Cost of volunteering.	- Community - Employees - Shareholders

As Singapore's first fully integrated info-communications company, our goal is provide every person, every home and every business in Singapore with world-class information, communications and entertainment services. Our vision is to be Singapore's first choice for information, communications and entertainment services. Our approach is to nurture StarHub as a trusted brand through innovation, integrity and customer service excellence.

Strategic Areas	Value Created	Challenges	Beneficiaries
ECONOMIC			
Info-com- munications infrastructure	State-of-the-art modern and energy efficient mobile and cable TV infrastructure to support customers and the local economy.	- Rapid technological advancements and innovation. - High investment cost. - Competitive market place.	- Customers - Economy - Community - Government Shareholders
Local suppliers	- Supporting local businesses' growth. - Creating indirect local jobs. - Contributing to local economic growth.	- Local suppliers may have cost disadvantage due to adverse economies of scale. - Capacity limitations. - Limited capital for expansion or modernisation.	- Suppliers - Suppliers' employees - Suppliers' suppliers - Government
Supply chain sustainability assessments	Reducing social and environmental impacts and risks in supply chain.	- Cost of supplier training, assessments and monitoring. - Limited influence on dominant suppliers.	- Suppliers - Suppliers' employees - Community - Government
GOVERNANCE			
Board diversity	Holistic guidance to the company.	Recruitment of good directors.	- Shareholders - Potential investors - Regulators
Risk management and internal controls	- Effective risk taking and management, aligned with the organisation's business objectives with an integrated, proactive and systematic approach in risk management. - Better corporate governance.	- Creating a risk aware culture. - Keeping updated with the latest emerging risks and treats.	- Shareholders/ Investors - Potential investors - Regulators - Employees - Customers - Regulators - Business Units - Business Partners - Auditors
Whistle blowing policy	- Mitigate business risks. - Fraud prevention.	Ongoing training and awareness for existing and new employees.	- Shareholders - Potential investors - Regulators
Employee code of conduct	- Ethical conduct. - Conducive working environment with high level of trust and professionalism. - Minimised business risks.	Ongoing training and awareness for existing and new employees.	- Shareholders - Potential investors - Regulators
Strategic Business Continuity Management	- Robust plans to keep business operational during crisis or emergency situations such as haze, pandemic periods etc. - Mitigate regulatory risk.	Increase resiliency of core network infrastructure to meet stakeholders' requirements.	- Shareholders - Potential investors - Regulators - Customers
Data protection	- Safety of sensitive commercial and strategic data and information. - Mitigate regulatory risk. - Increased confidence of customers, business partners and employees.	- Increase customer consent. - Investment in automated systems. - Employee training and awareness.	- Shareholders - Potential investors - Regulators

OUR STAKEHOLDERS

Listening to our stakeholders enables us to make business decisions that create the most sustainable value for all. Stakeholder feedback, formal and informal, across businesses and across functions plays an important part in how we develop products

How we engage with diverse stakeholders is summarised below:

Customers	Employees
HOW WE ENGAGE: Customer surveys, Twitter®, Facebook® pages, advertisements, retail stores, online store, Customer Service outlets, Customer Service Hotlines. STAKEHOLDERS' EXPECTATIONS: Seamless, high-quality coverage, rich content, affordability, data security, prompt level of service. - Friendly processes & policies - Ease of use - Hassle free sign up - Employees with excellent product knowledge - Easy to understand promotional packages and mechanics HOW WE RESPOND: By committing ourselves to respect consumers' rights, provide clear product information, offer value for money, ensure product performance and quality, reliable service, prompt handling of complaints, and respect for privacy. Provide customers with fulfilment channels such as Retail, Online, Roadshow, Telesales and also self-help options like <i>My StarHub</i> App. PROGRESS DURING 2015: We stepped up the quality reflected in our Net Promoter System (NPS), a systematic framework for measuring customer experience, which has improved by more than 11%. We achieved this by streamlining the product launch process and focussing on customer experience. These included refreshing the process right from product conceptualisation and rigorous User Acceptance Test before launch. PLANS FOR 2016: Besides working towards operational excellence, we continue to provide more digital touch points and self-help services, deploying OmniChannel solutions that proactively and intuitively offer customers the next step forward.	HOW WE ENGAGE: Intranet, emails, internal newsletter publications, workshops, frequent company-sponsored sporting and social activities such as in-house games organised for employees, small group discussions, twice-yearly employees communication sessions, twice-yearly video addresses by CEO, encouragement of employees to interact more personally in and out of the office, free fruits on certain Fridays. Also through social media platforms like dedicated pages on StarHub Community. STAKEHOLDERS' EXPECTATIONS: A caring and conducive environment where employees are motivated, equipped and motivated to do their best work and they continue to excel in personal development. HOW WE RESPOND: By adopting sound HR policies and practices that promote fair treatment, safe working conditions, reward and recognition for performance, teamwork and career growth, e.g. we also promote work-life balance and a conducive work environment for employees through provision of nursing rooms, a well-equipped gym and encouraging employees to take part in sporting activities such as marathons, bowling, futsal, as well as giving employees early release from work on the last Friday of each quarter for them to spend meaningful family time with their loved ones. We also organised Bring-Your-Kids-to-Work Day for our employees. PROGRESS DURING 2015: We continued our Career Development efforts for employees through internal Career Fairs; Career Guidance workshops and Career Coaching, and actively encouraged and facilitated internal transfers and job expansion. We equipped the people managers with performance management skills so that they can hold open discussion on employees' strengths and gaps. We also stepped up on communication to help employees see the linkage between the top-level company goals and their individual work objectives, so that they can understand their role in contributing to the company's success. PLANS FOR 2016: To foster effective performance management for employees by: - Introducing 360 Feedback tool for selected people managers. - Revamping internal rating system to allow for greater differentiation of performance. - Continuing to equip people managers with relevant skillsets to lead and motivate their teams. To enhance employees' way of life at work by: - Instilling a sense of purpose and meaning in each employee to drive effective business transformation. - Simplifying and automating processes in employee benefit management. - Creating more opportunities for peer socialising and informal cross-functional collaboration.

and services, serve customers, create employee happiness, cater to community needs and become a better business.

Combined with insights from materiality analysis, stakeholder feedback allows us to assess, identify, prioritise and address the most significant ESG issues.

G4-24 to G4-27

Suppliers	Distributors/Retailers	Business Partners	Investors
HOW WE ENGAGE: Quotations, Request For Proposals, tenders, regular meetings, email correspondence, teleconferences. STAKEHOLDERS' EXPECTATIONS: Compliance with terms and conditions of prevailing purchasing policies and procedures, while maintaining ethical standards; appropriate costs; marketing support from suppliers. HOW WE RESPOND: By establishing policies and practices that ensure a fair selection and procurement process, ethical business practices and respect for contractual obligations. PROGRESS DURING 2015: We have completed Supplier Sustainability Survey for 50 top suppliers, up from 20 in the previous year. PLANS FOR 2016: We expect to simplify some of the supplier related processes after the SAP version upgrade is completed in end Q1. Our target is to increase the number of top suppliers covered by the Supplier Sustainability Survey to 60.	HOW WE ENGAGE: Regular meetings, shop visits, email correspondence. STAKEHOLDERS' EXPECTATIONS: Timely delivery; quality assurance; strong dealer collaboration, driving good customer experience; after-sales support. HOW WE RESPOND: By proactive sales planning; sales support; regular visits by Account Managers and providing Single Point of Contact for distributors/partners for timely response. PROGRESS DURING 2015: With the action plans that were put in place, we have improved our Partner Delight Index score from 3.5 to 3.8 points in 2015. PLANS FOR 2016: We will continue to engage through quarterly and yearly performance updates, sharing sales trends. We will also review our NPS performance weekly and do the necessary to improve customer service levels.	HOW WE ENGAGE: Frequent discussions with telecom and content partners. STAKEHOLDERS' EXPECTATIONS: Partnerships for business opportunities and growth. HOW WE RESPOND: By engaging them to seek mutually beneficial business opportunities. PROGRESS DURING 2015: - Partner engagement and communications were key in 2015 as we moved from three distribution channels to one. - From account manager to GM levels, we engaged channel partners on regular platforms such as business reviews, product and promotion trainings, sales and achievement reporting and retailers get together events. PLANS FOR 2016: We will continue to enhance engagement. We will also be leveraging technology via mobile app to enhance information and communication with our channels, on various aspects of the business such as new product launches, targets, incentives and partner events.	HOW WE ENGAGE: Quarterly briefings, annual press conference, Investors' Day, regular meetings, discussions, emails with over 240 institutional investors, across Asia, Europe and the US. STAKEHOLDERS' EXPECTATIONS: Transparency, timely information on company progress and status, profitability. HOW WE RESPOND: By endeavouring to generate optimum return on investment, good governance, transparency and disclosure, as well as sustainable and long-term growth of business. PROGRESS DURING 2015: We continued a strong investor engagement in the reporting year that included 210 face-to-face investor meetings. PLANS FOR 2016: To maintain current levels of investor engagement, with good corporate governance, transparency and disclosure.

SUSTAINABILITY

Local Communities	Media	Government and Regulators
HOW WE ENGAGE: Community outreach programmes, corporate sponsorships. STAKEHOLDERS' EXPECTATIONS: Support from a caring corporate citizen. HOW WE RESPOND: By regularly reviewing community needs, partnering with Voluntary Welfare Organisations, and investing in community projects to help the less privileged. PROGRESS DURING 2015: Empowerment, awareness and engaging for a cause were the main themes of our various community engagement initiatives during the year that involved community investment, targeted social initiatives and employee volunteering. Please see the chapter on Our Community for more information. PLANS FOR 2016: Continue to make a meaningful difference in the community.	HOW WE ENGAGE: Media events, briefings and interviews. Regular media releases and email updates. STAKEHOLDERS' EXPECTATIONS: Exposure and access to company developments and news, as well as breaking stories on products, entertainment and related content. HOW WE RESPOND: By providing dedicated media contacts, and offering timely and accurate information on company affairs of public interest. PROGRESS DURING 2015: With 50 press releases, media engagement remained consistently strong in 2015. Timely announcements. Well handled communications on outages through timely updates on various channels including mainstream media and social media. PLANS FOR 2016: To maintain the existing level of media engagement, with timely and accurate company information.	HOW WE ENGAGE: Regular discussions with relevant agencies and departments. STAKEHOLDERS' EXPECTATIONS: Adherence to regulations, reporting of any service delivery issues as required by regulators, prompt resolution of issues. HOW WE RESPOND: By committing ourselves to comply with applicable laws, putting in place policies and procedures to ensure compliance. PROGRESS DURING 2015: No significant changes were implemented in the reporting year. PLANS FOR 2016: To maintain the current level of dialogue with adherence to regulations, as well as prompt reporting and resolution of issues.

Membership of Associations

StarHub actively engages with several national and international trade forums and advocacy organisations through active membership and participating as office bearers or in work groups wherever possible. Our contribution to these organisations includes membership and participating as office bearers wherever possible.

For example, **Jeannie Ong**, StarHub's Chief Strategic Partnership Officer and Head of Sustainability, continues to be a member of the Management Committee of Global Compact Network Singapore (formerly Singapore Compact), and is a Director of Investor Relations Professional Association of Singapore.

Kevin Lim, Chief Commercial Officer of StarHub, holds the following positions: Council Member of the Singapore InfoComm Technology Federation, and Member of the Technology Committee at the Singapore Chinese Chamber of Commerce and Industry.

Howie Lau, Chief Marketing Officer, is President of Singapore Computer Society.

Trade Associations	Trade Unions	NGOs & Advocacy Groups
HOW WE ENGAGE: Joining relevant trade associations. STAKEHOLDERS' EXPECTATIONS: Support in addressing issues facing the industry. HOW WE RESPOND: By contributing through active membership and participating in industry forums and dialogues, sharing knowledge and information. PROGRESS DURING 2015: No significant changes were implemented in the reporting year. PLANS FOR 2016: No major plans for enhanced engagement have been scheduled for the year 2016.	HOW WE ENGAGE: Dialogue with the unions. STAKEHOLDERS' EXPECTATIONS: Access to employees for promoting membership and engagement with management. HOW WE RESPOND: By maintaining an open communication with the union. We have signed a Memorandum of Understanding with Singapore Industrial and Services Employees' Union (SISEU) which allows rank and file employees to participate in recreational and social activities organised by the Union. PROGRESS DURING 2015: We continue our collaborative efforts with SISEU in encouraging employees training and skills upgrading. PLANS FOR 2016: To continue to work closely with SISEU to ensure our employees' skills continue to stay relevant as we go through business transformation, tapping on the WDS Skillsfuture, IDA and WDA training programmes and grants, to support our employee skills upgrading effort.	HOW WE ENGAGE: Attending conferences, meeting with interest groups, and sustainability reporting. STAKEHOLDERS' EXPECTATIONS: Responsible business practices, reducing environmental impacts, and disclosing information about sustainability performance. HOW WE RESPOND: By committing to wider sustainability programmes that seek to harmonise our economical, social and environmental goals. PROGRESS DURING 2015: Worked a number of VWOs and NGOs to support programmes for communities and environment as reported in the chapters on Our Environment and Our Community in the Sustainability section. PLANS FOR 2016: To work more closely with advocacy groups, to reach out to less privileged groups and to expand the RENEW programme.

OUR MATERIALITY ANALYSIS

We have reported on our material issues from the very first sustainability report. Ongoing analysis of the most significant impacts of our business operations combined with the insights gained from stakeholder engagements are at the core of our value creation efforts. This essentially means we are focussed on those ESG and economic issues which are most important for our business as well as for our stakeholders. This also allows us to use our resources judiciously to create maximum value for shareholders and stakeholders.

We revisit our material aspects and topics every year with the help of experts and internal stakeholders. The review process takes into account the feedback received on our sustainability report, insights gathered from our engagement with a wide variety of stakeholders, broader sustainability trends and the issues facing the telecom and media industries.

As we move toward greater focus on value creation, a key challenge is in developing an understanding of impacts, risks and opportunities across the full spectrum of our value chain. To facilitate this process, we have undertaken a study of the boundaries of our material impacts to understand where they actually occur.

Addressing the impacts that occur outside of our organisation does present multiple challenges as we may have limited or no influence on some of these. Our approach is to engage with our suppliers and business partners to address the impacts that occur outside of the organisation wherever possible. Supplier surveys that we started in 2014 are our efforts in this direction.

Presented below is a summary of our material impacts and where they occur.

Our Most Material Aspects

ENVIRONMENT	SOCIAL			ECONOMIC
- Energy - Emissions - Water - Effluents and Waste	Marketplace - Reliable access to telecom services (GRI Telecom Sector Aspect) - Product and Service Labelling: Customer Satisfaction - Customer Privacy - Procurement Practices - Clarity of Charges and Tariffs (GRI Telecom Sector Aspect) - Customer Relations (GRI Telecom Sector Aspect) GRI Media Sector Aspects: - Content Creation - Content Dissemination	Workplace - Employment - Diversity and Equal Opportunity - Training and Education - Employee Turnover - Occupational Health and Safety	Community - Local Communities GRI Telecom Sector Aspects: - Access to Telecom Products and Services/Bridging Digital Divide - Access to Content	- Economic Performance - Indirect Economic Impacts - Infrastructure (GRI Telecom Sector Indicators)
Read more on Our Environment > page 96	Read more on Our Marketplace > page 102	Read more on Our Workplace > page 106	Read more on Our Community > page 112	Read more on Economic Performance > page 118

Boundary of Our Most Material Aspects

StarHub's environmental, social and economic material aspects and their impact within StarHub, such as on employees, or outside of StarHub such as on the supply chain, are illustrated below.

G4-17 to G4-23

Our Material Aspects (GRI G4 Aspects)	Material Within Organisation	Material Outside Organisation	Material for StarHub Entities
ENVIRONMENT			
• Energy	○		All
• Emissions	○	○	All
• Water	○		All
• Effluents and Waste	○	○	All
SOCIAL			
Workplace			
• Employment	○		All
• Diversity and Equal Opportunity	○		All
• Training and Education	○		All
• Employee Turnover	○		All
• Health and Safety	○		All
• Human Rights	○	○	All
Marketplace			
• Supply Chain Sustainability		○	All
• Product and Service Labelling: Customer Satisfaction		○	All
• Customer Privacy		○	All
GRI Telecom Sector Aspect:			
• Customer Relations		○	StarHub Mobile Pte Ltd
GRI Media Sector Aspects:			
• Content Creation		○	StarHub Cable Vision Ltd
• Content Dissemination		○	StarHub Cable Vision Ltd
• Audience Interaction		○	StarHub Cable Vision Ltd
• Media Literacy		○	StarHub Cable Vision Ltd
Community			
• Local Communities	○	○	All
GRI Telecom Sector Aspects:			
• Access to Telecom Products and Services/ Bridging Digital Divide		○	StarHub Mobile Pte Ltd
• Access to Content		○	StarHub Mobile Pte Ltd
ECONOMIC			
• Economic Performance	○		All
• Indirect Economic Impacts		○	All
GRI Telecom Sector Aspect:			
• Infrastructure	○	○	StarHub Mobile Pte Ltd

Our Environment

HOW WE CREATE VALUE

- Reduce energy intensity.
- Reduce greenhouse gas emissions.
- Reduce water use.
- Reduce and recycle waste.
- Increase employee awareness about and participation in environmental issues.
- Comply with regulations.



PERFORMANCE HIGHLIGHTS

Energy Intensity:

183
gigajoules
per \$M
revenue

Carbon Emissions Intensity:

23.2 tonnes
CO₂ per \$M
revenue

Water Use:

27,500m³

General Waste:

30 tonnes

Total e-waste Recycling:

148.7 tonnes

Our mission is to create value by continuously minimising the environmental impacts of our business operations.

Our environmental initiatives are focussed on minimising the material environmental impacts of our operations which include energy, greenhouse gas emissions and waste.

We also actively engage employees and customers to champion and address some of the environmental impacts together.

StarHub Green at Ubi, where our head office is located, is a Green Mark Gold certified building which continues to save energy and water while providing healthier indoor air quality and environment for the employees.

StarHub Green Policy

The StarHub Green Policy which includes a six-point commitment continues to guide our environmental initiatives. The six-point commitments include:

1. Minimise the environmental impact of our operations. Continually review our goals and commitment to protect the global environment.
2. Adhere to environmental recommendations by the relevant authorities.
3. Reduce our environmental impact by efficiently using resources, saving energy, reducing waste, encouraging material recycling, minimising emissions of greenhouse gases and ozone-depleting substances, and using environmentally-friendly materials.
4. Minimise environmental loads by adopting environmentally friendly technologies.
5. Raising employees' environmental awareness through education.
6. Disclose environmental information and support to environmental conservation initiatives.

Climate Change

We welcome the adoption of historic climate change deal in Paris in December 2015 to keep temperature rises well below 2°C. We support Singapore's pledge to reduce

national emissions intensity by 36 per cent from 2005 levels by 2030, and to stabilise country's emissions with the aim of peaking around 2030.

Potential impacts of climate change on Singapore include sea level rise, affected water resources, biodiversity risks, effects on public health, urban heat island effect and food security, and that may pose potential risks for our business if these impacts materialise.

We believe wireless and telecom technologies will play an important role in helping the world to make a transition to low carbon economies.

Our climate change mitigation efforts are in the areas of emissions reduction, energy efficiency, green building, reducing and recycling waste, water conservation and promoting individual action.

In recent years, we have upgraded our telecom infrastructure to adopt energy efficient technologies. Our employees are involved in several environmental volunteering programmes. Our customers regularly participate in our e-waste recycling initiatives.

Our Performance Energy

Our energy consumption mainly results from data centres, base stations, offices and transport operations. Our strategies to reduce energy consumption include employee education, adopting energy efficient technologies and using renewable energy wherever possible.

Measures to improve the cabling management and air-conditioning equipment have improved energy efficiency in our data centres over the years.

Our energy use inched up slightly compared with the previous year on account of addition of new equipment to support growth and serve our customers better.

Renewable energy

Our renewable energy projects include the two solar-powered mobile base transceiver stations (BTS) located at the headquarters building StarHub Green and on the roof of IKEA Store at Alexandra Road. We also have a solar-powered BTS-enabled vehicle used to boost signal strength.

Greenhouse gas emissions

Our organisational greenhouse gas emissions result from the use of electricity, diesel and petrol. Reducing energy consumption and continuously improving energy efficiency are our key strategies to minimise our carbon footprint.

Ozone Depleting Fugitive Emissions

Our ozone depleting fugitive emissions, attributed to the use of refrigerant R22 in air-conditioning equipment, amounted to 786 tonnes CO₂e in 2015 as against 807 tonnes in the prior year.

Waste

Our waste management approach is based on the principles of "Reduce, Reuse and Recycle".

Paper and packaging waste are the main types of waste generated at our offices. We have put in place paper and other waste recycling bins at our offices. As a result of increased employee awareness, paper waste at our offices has declined over the years.

We also have in place an e-waste recycling programme to encourage our employees, customers and the Singaporean public to recycle their after-use mobile phones, routers, set-top boxes, remote controls and more.

REcycling Nation's Electronic Waste (RENEW)

Under our RENEW programme, we recycled 31.7 tonnes of e-waste collected from the public in 2015, much higher than 8.7 tonnes in 2014.

In 2012, StarHub partnered with TES-AMM to recycle e-waste with five bins in five locations. In 2014, StarHub, TES-AMM and DHL signed MOU to expand the newly

renamed RENEW Programme. There are now 234 bins in 185 locations.

Examples of items that people can recycle in the RENEW bins include answering machines, cables, car stereos, computer mice, CDs/ DVDs, docking stations, CD/ DVD/ VCD players, electronic toys, hard drives, keyboards, laptops, lithium-ion (Li-on) batteries, mobile phones, modems, MP3 players, printed circuit boards, printers, remote controls, routers, set-top boxes, telephones, VCRs and wires among other electronic goods.

DHL delivers the e-waste from the bins to TES-AMM recycling facility where the items are manually dismantled into smaller components which are then fed into a shredder to be broken down into increasingly smaller pieces. By this point, no data is recoverable. Through a chemical process, metals are extracted and separated from the plastics and these are all melted down into bars or pellets for new uses.

StarHub, DHL and TES-AMM comply with all relevant laws applicable to the RENEW programme, including but not limited to the Personal Data Protection Act of Singapore for any collection, use and/or disclosure of personal data.

RENEW continues to be Singapore's most extensive and inclusive e-waste recycling programme for the community.

StarHub won the Green Award at the Asia Communication Awards 2015 for the RENEW programme.

Recycling

Figures for our recycling programme that targets paper and e-waste are presented in the chart overleaf. The figure for e-waste recycled in 2015 was comparatively lower than in the preceding two years. E-waste was higher in 2013 and 2014 as we upgraded the set-top boxes for our cable TV customers and replaced the old set-top boxes.

Under our RENEW programme, we recycled 31.7 tonnes of e-waste collected from the public in 2015, much higher than 8.7 tonnes in 2014.

CASE STUDY

My StarHub e-Bill

My StarHub e-bill, an initiative to encourage customers to switch from receiving printed bills to electronic statements, saved an estimated 2,306kg of paper. Some 154,060 billing accounts were on the scheme as of 31 December 2015 as against 94,779 accounts at the end of 2014.

Board Portal

The Board Portal, implemented in 2013, completely replaces all hard copy Board papers with electronic versions continues to save paper. The portal allows StarHub directors to access all Board documents and information from anywhere anytime using tablets. The initiative saves about 2,000 sheets of paper annually.

Sustainable Paper

We use sustainably sourced Forest Stewardship Council (FSC) Certified paper for internal use to reduce impact on forests. We have reduced our FSC paper usage from 53,230kg (2014) to 40,065kg (2015).

DETAILED EMISSIONS SUMMARY (CO₂e tons)

Emission sources	2015	2014	2013
SCOPE 1			
Stationary Combustion	112	87	148
Mobile Combustion	568	600	639
Fugitive emissions (refrigerant gases)	1,252	494	255
Total Scope 1 emissions	1,932	1,181	1,042
SCOPE 2			
Purchased electricity	54,774	53,444	57,342
Total Scope 2 emissions	54,774	53,444	57,342
Total CO ₂ e emissions	56,706	54,624	58,383

Water

We continue to make efforts to save water in our offices even though water has no industrial or process use in our operations and as such does not constitute a material impact. Water is only used for drinking or washing in our offices.

Our water conservation programme results from the fact that Singapore lacks natural fresh water resources and water saving is a national need. We therefore measure, monitor and report our water consumption.

StarHub Support for Environmental Activism in Schools

In February 2015, StarHub signed a deal with the Singapore Environment Council (SEC), to title-sponsor the SEC-StarHub School Green Awards (SGA) with a total of \$450,000 for three years starting 2015.

StarHub has been collaborating with the SEC on the SGA since 2014 and will continue to provide \$150,000 annually in cash for the duration of their title-sponsorship of the SGA.

A Memorandum of Agreement was signed between the two parties in conjunction with the launch of the SGA 2015 at MINDS Fernvale Gardens School in the presence of Dr Vivian Balakrishnan, Minister for the Environment and Water Resources.

The SEC received 376 submissions in 2015 from schools for the annual School Green Awards programme, an increase from the 344 submissions in 2014—an impressive growth compared to the mere 28 submissions received in its pilot year in 2001, when SGA was originally introduced as 'How Green Is Your School?' programme.

To encourage more school-going youths in Singapore to take on environmental stewardship, the awards programme was extended to pre-schoolers in 2013, and to tertiary students in institutes of higher learning in 2014. This extended outreach to students in Singapore ensures that environmental awareness can be inculcated among students throughout their entire time spent in schools, from pre-school up to tertiary education.

Compliance

StarHub was not fined or sanctioned for any non-compliance with environmental laws or regulations in 2015.

SUSTAINABILITY **our environment**

Environmental Advocacy at StarHub

We continued with several programmes in 2015 aimed at spreading awareness about the environment among our employees, customers, business partners, students and other stakeholders. Some of the initiatives are listed below.

Awareness

In January 2015, a special screening of Bhopal: A Prayer For Rain – a film based on the Bhopal Gas Leak of 1984, one of the world's worst industrial disasters ever was screened at a local theatre for our employees and the representatives from schools who have won the SEC-StarHub School Green Awards.

Continuing our Green Learning Journey, an ongoing programme to raise environmental awareness among employees, a tour to TES-AMM e-waste Recycling Plant was organised for our employees in September 2015 to increase awareness about RENEW, Singapore's most extensive and inclusive e-waste recycling programme.

See more Green Learning Journey events involving our beneficiaries in the Community chapter.

Earth Hour 2015

Community (Gardens@Green)

In commemoration of the Earth Hour 2015, StarHub's Gardening Interest Group for employees was formed. As its first project, the Gardening Interest Group created three Community-In-Bloom Gardens—to be collectively called Gardens@Green—in StarHub Green where our head office is located. StarHub also switched off non-essential lights and dimmed others in our stores on 28 March 2015 for an hour. Lights that lit up our company logo at StarHub Green were also switched off.

Managed Print Services Save paper and Save Printing Costs



In 2015, we successfully rolled out the Managed Print Services (MPS) at our headquarters StarHub Green to further optimise consumption of paper in our offices.

Employees' buy-in was a key challenge in successfully implementing MPS to replace individual department printers. Switching to MPS required a change in printing habits, letting go of department printers and faxes, embracing a centralised system and learning how to use MPS. To overcome the challenge, we embarked on an awareness campaign highlighting the environmental benefits of MPS. MPS orientation sessions were organised for employees to smoothly transit to the new system.

After the roll-out, in a survey to seek employees' feedback on their experience with MPS, 94% employees rated the transition as smooth and said they would recommend other departments to use MPS over the old system.

Transition to MPS has replaced 168 printers, photocopiers and fax machines. The new system has also resulted in reduction in paper use and toner consumption, making our office documentation more environmentally friendly while saving cost at the same time.

Green Mark Platinum Rating for MediaHub



MediaHub (renamed STT MediaHub) a highly specialised telecommunications, media and data centre facility jointly developed by StarHub and ST Telemedia, was awarded the BCA-IDA Green Mark Platinum for New Data Centres rating by the Building and Construction Authority (BCA) in January 2016. StarHub owns 30% of STT MediaHub.

The dedicated green building rating system for data centres is jointly developed by Building and Construction Authority (BCA) and the Infocomm Development Authority (IDA). The rating system assesses data centres based on five key criteria - energy efficiency, water efficiency, sustainable construction & management, indoor environment quality as well as other green features.

StarHub Customers Save the Planet

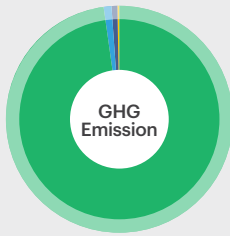


The StarHub Rewards Redemption for Community programme, launched in 2013, allows our customers to use their reward points to make a tax-deductible \$5 donation to World Wide Fund for Nature (WWF). In 2015, the redemption donation amounted to \$26,760 as compared to \$28,445 in the prior year.

Our Performance Chart

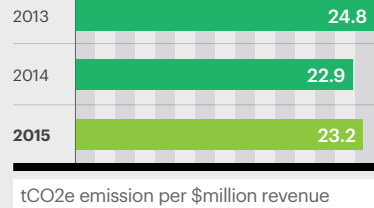
Source of GHG Emissions 2015

%



- Purchased electricity 96.59
- Mobile combustion 1.00
- Fugitive emissions 2.21
- Stationary combustion 0.20

Emission Intensity

tCO₂e

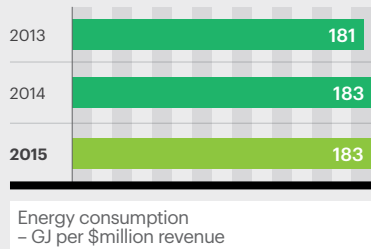
Electricity Use

million kWh



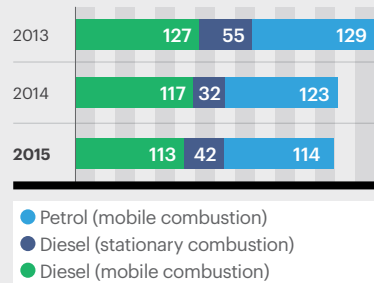
Energy Intensity

gigajoules



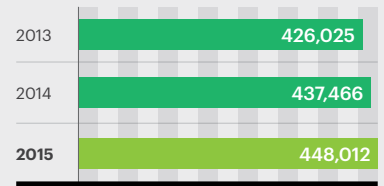
Fuel Consumption

(thousand) litres



Total Energy Consumption

gigajoules



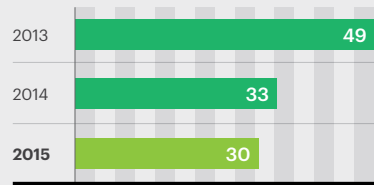
Water Consumption

cubic metres



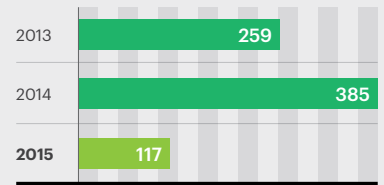
General Waste

tonnes



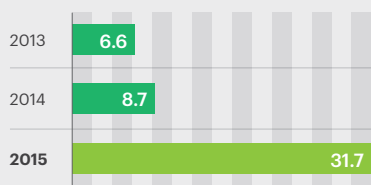
E-waste Recycled

tonnes



E-waste Recycled via RENEW

tonnes



Our Marketplace

HOW WE CREATE VALUE

- Ensure reliable access to telecom, broadband and TV services.
- Customer satisfaction through service excellence.
- Protect customer privacy and personal data.
- Create and disseminate content with responsibility.
- Protect children against undesirable content through safeguards.
- Ensure clarity of tariffs.



Our customers also have the options to use a range of tools including the channel locking feature, parent advisory messages and content ratings to make informed choices about viewing content carried on our mobile or TV platforms.

Our mission is to nurture StarHub as a trusted brand through innovation, integrity and customer service excellence.

Millions of businesses, homes and individuals rely on connectivity and entertainment provided by our mobile, broadband and TV services. Meeting their expectations, including on service reliability, is our top priority.

Our other important priorities include transparency in tariffs, customer satisfaction, privacy protection, making telecom services available to all sections of society, responsible content and supply chain sustainability.

Mobile Accessibility

Over the years, we have consistently maintained and achieved quality and reliability of service above 99.9%.

Our telecom services are accessible to all sections of society including residents and visitors in accordance with the registration criteria set by the regulatory agencies.

Our approach to human rights relating to the access and use of telecommunication products and services is in line with the policies issued by the regulators, the Infocomm Development Authority (IDA) and Media Development Authority (MDA).

Cable TV Disruption

In May 2015, StarHub Cable Vision was fined \$50,000 by the MDA for a cable TV disruption on 28 September 2013. The disruption was caused by a power trip at our cable TV head-end. We have since put in place contingency measures.

Content Responsibility

We have taken strict measures to protect children from harmful online content. For example, our SafeSurf service feature automatically blocks out harmful websites and content on both mobile devices and home PC. StarHub SafeSurf on Mobile is a network-based mobile Internet content filtering service which allows children the freedom to use their mobile devices to access content and information while protecting them from undesirable and

inappropriate contents. Customers can use StarHub SafeSurf Online, an Internet content filtering service for all computers connected to a home network to block out undesirable websites.

Content Values

The Voluntary Code for Self-regulation of Mobile Content in Singapore that we jointly developed with the other two telecom companies continues to guide our content policies. Our policies prohibit content that is objectionable on the grounds of public interest, public morality, public security, national harmony, or that is illegal under Singapore laws.

Our customers also have the options to use a range of tools including the channel locking feature, parent advisory messages and content ratings to make informed choices about viewing content carried on our mobile or TV platforms.

StarHub promotes content in all national languages. We support art, culture and education by promoting TV programmes for schools, educational TV shows, news and information programmes; arts and cultural programmes; and drama and sports programmes.

In 2015, StarHub secured the second round of funding from the MDA under its PSB Contestable Funds Scheme. The funding will help StarHub to commission over 80 hours of original local productions.

All contents produced under the Scheme will incorporate PSB values, such as the celebration of Singapore's culture and heritage, enhancement of racial and religious harmony, and the promotion of the Singapore identity.

Emergency Preparedness

We recognise the importance of providing, maintaining and swiftly recovering our info-communications services in the event of an emergency, disaster or crisis situation. StarHub is certified to the ISO 22301:2013 standard for Business Continuity Management (BCM).

Our BCM programme focuses on Info-Communications Network, Infrastructure and Support Services for Mobile, Television, Broadband and Fixed services. Our BCM programme is also supported by Pandemic Plan, Haze Response Plan and Crisis Communication Plans to effectively deal with different emergency situations.

People Developer

In 2015, StarHub adopted SPRING Singapore's People Developer standard to attract, manage and engage employees for high performance. StarHub had earlier achieved the Singapore Quality Class (SQC) certification, a business excellence recognition awarded by SPRING Singapore, in December 2014. The certification recognises an organisation's commitment in the pursuit of excellence in the areas of Leadership, Planning, Information, People, Processes, Customers and Results.

Clarity of Charges and Tariffs

We believe that transparency and clarity in our tariff plans is important to maintaining customer trust in StarHub. We offer fair prices and affordable price plans that meet the needs of customers in various segments. We clearly communicate the pricing structure and the contract terms to all mobile, TV, broadband and voice customers through marketing channels. Our key measures include prominently displaying price plans at all retail outlets, making pricing plans available on our website and clear guidelines for our employees to explain the contract terms to customers at the point of signing up.

Our customers can avoid "bill shocks" by managing their data roaming bill with our free Roam Manager service, Singapore's first roaming tool that lets customers check rates, track data spend, and set daily data alerts for total peace of mind. DataRoam Cap@ \$100, another free service, allows StarHub mobile post-paid customers to limit their data roaming usage to \$100 per bill cycle for total peace of mind. Our Premium Rate Services (PRS)

barring facility allows blocking of the subscription of PRS and its charges offered by StarHub or third parties.

To maintain transparency about internet speeds, StarHub has embarked on the measurement and publication of the typical performance (i.e. download speeds) of our broadband plans. We publish the typical speed range on our website that consumers can expect to experience.

Customer Satisfaction and Feedback

Customer satisfaction is a key driver of our business success and sustainable growth. We use the Net Promoter System (NPS), a systematic framework, for measuring and tracking customer satisfaction.

Insights from NPS have allowed us to make many changes to improve our customer experience. An understanding of our customers allows us to segment customers by loyalty, identify unsatisfied and at-risk customers, benchmark against industry and competitor scores and uncover customer loyalty drivers.

These changes include non-date-specific rewards redemptions and the creation of guided agent workflows for our employees to better interact with customers in a more proactive manner. Customers can make an appointment online through My StarHub App before visiting our retail shops.

Consumer Privacy and Data Security

We take customers' privacy and protection of customer data very seriously. In line with our privacy policy, we do not send promotional and marketing messages via phone calls, text messages and faxes to the customers who have registered their phone numbers with the National Do Not Call (DNC) Registry except for those who had given specific consent to receive marketing messages. The StarHub web

portal allows customers to provide or easily withdraw their consent for various communication platforms (e.g. Call, SMS) from StarHub and our partners.

Supply Chain Sustainability

Creating value through supporting local suppliers and engaging our key suppliers through sustainability performance surveys are the main features of our supply chain programme. Our sustainable procurement policies include strict adherence to the ethical code of conduct, which addresses issues of integrity, due diligence, fairness and conflict of interest in the selection of vendors, suppliers and contractors.

We engage with suppliers across all four main business areas – Mobile, TV, Broadband and Fixed Network. Our significant purchases include network equipment, consumer handsets and customer premise equipment, and media content.

In 2015, we purchased from 1,344 suppliers. Out of these, 83% were local suppliers. Our total purchases during the year amounted to \$1.27 billion. Local suppliers' share in the total purchase was 89%, down from 91% in the preceding year.

An overview of our supply chain is illustrated on the right.

Supplier Sustainability Survey

To strengthen our engagement with key suppliers, we started an annual Supplier Sustainability Survey covering our top 20 suppliers in 2014 and disclosed the findings in last year's sustainability report. In 2015, we expanded the survey to cover 50 suppliers. Our target for 2016 is to cover 60 suppliers in the survey.

Results of the Supplier Sustainability Survey conducted in 2015 are presented on the right.

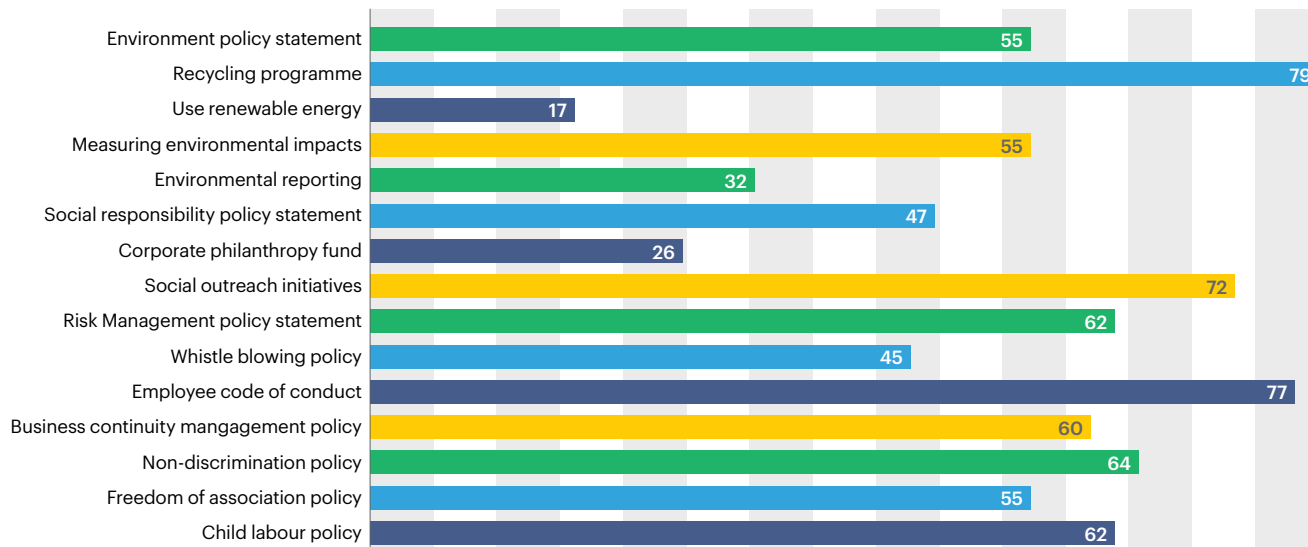
Anti-corruption

StarHub has strict policies against unethical conduct including bribery. There was no reported incident of corruption for the reporting period.

Supplier Sustainability Survey Result

(Proportion of vendors with sustainability initiatives 2015)

%



An Overview of StarHub Group Supply Chain

Business Unit	External	Collaterals Suppliers	Soft Content Suppliers	IT Suppliers	Own Network	Customer Premise Equipment	Sales & Fulfilment Channels	After Use
Mobile	Fibre	Printers (of publicity/marketing materials), corporate gift vendors, etc.	Apps	Customer Relationship Management, Enterprise Planning Resource, Billing, Database, Storage, etc.	2G, 3G, 4G	Mobile handsets, SIM cards, mobile accessories	Stores, Exclusive Partners, Resellers, Sales Partners, Direct Sales, Retail Chain Stores, Field Services	Traded-in handsets, donated handsets, take-back of faulty/obsolete equipment for recycling, recycling of surplus/old marketing/publicity material
TV			Programmes (content providers and production partners)		Hybrid Fibre Coaxial (HFC), Fibre IP	Set-top boxes		
Broadband					HFC, Fibre IP	Cable modems, routers		
Fixed Network					Fibre, Fibre IP, Undersea Cable	Customer Premise Equipment		
Corporate				Intranet Office IT hardware		Expendable office supplies		

Our Workplace

HOW WE CREATE VALUE

- Nurture a caring workplace based on fair and inclusive employment practices.
- Promote teamwork as a core value.
- Promote diversity and providing equal opportunity.
- Develop people through regular training and education.
- Attract, nurture and retain talent.
- Ensure health and safety at workplace.
- Encourage employee volunteering.



PERFORMANCE HIGHLIGHTS

Women in Workforce:

43%

Female Heads of Department:

33%

Local Employees:

75%

Training Hours Per Employee:

20

Training Spend Per Employee:

\$611

Employee Turnover:

12%

Fatal Accidents:

0

Employee Satisfaction Rate:

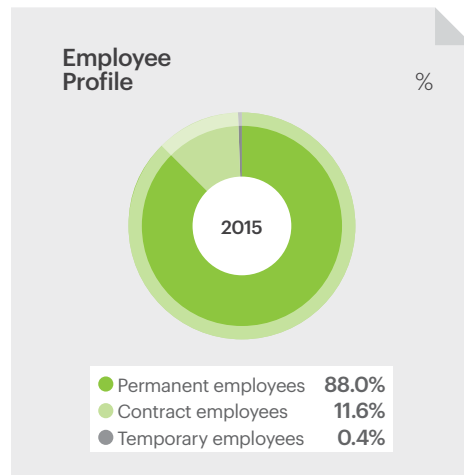
92%

Our mission is to create a vibrant workplace based on trust, teamwork, inclusivity and excellence.

Our HR approach is to promote merit-based hiring and remuneration, fair treatment, teamwork, creativity, excellence, safe and conducive working conditions, diversity, reward and recognition for performance, people development, career growth and work-life balance.

Employee Profile

StarHub employed 3,131 people in 2015 with a median age of 36 years. Out of these, 16% employees held supervisory or managerial positions. The CCO Group (45%), Network Engineering (22%), Corporate Services (12%) and Information Services (11%) accounted for the largest shares of the headcount.



Our Performance

Diversity and equal opportunity

StarHub values workforce diversity and meritocracy. Our policies actively promote diversity. We offer equal opportunity based on merit irrespective of gender, age, racial, ethnic or cultural background.

StarHub employed three persons with physical disabilities in 2015, all of them male employees.

Equal Remuneration for Men and Women

Ratio of base salary: Female to Male

	2015	2014	2013
Female	1	1	1
Male	1.1	1.1	1.1

Training and Education

Employee development continues to be a key priority for us. A wide range of both in-house as well as external training opportunities are available to StarHub employees for skills and personal development. StarHub has implemented a comprehensive Learning & Development Framework for planning and managing employee training. The framework aims to build leadership quality, and identify and equip employees with critical technical skills to meet current and future business challenges.

In 2015, we invested \$1.68 million on employee training resulting in 55,985 hours of training, up from 49,234 hours of training in 2014.

Performance Management

All StarHub employees are covered by a comprehensive and objective performance management system. Respective managers carry out periodic performance reviews and career development discussions with their employees.

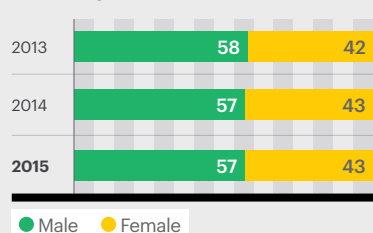
We continue our Career Development efforts for employees through internal Career Fairs, Career Guidance workshops and Career Coaching, and actively encourage and facilitate internal transfers and job expansion. We also equip the people managers with performance management skills so that they can hold open discussion on employees' strengths and gaps.

We also step up on communication to help employees see the linkage between the top-level company goals and their individual work objectives, so that they can understand their role in contributing to the company's success.

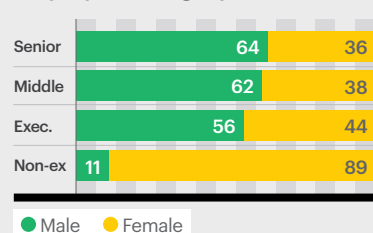
In 2016, we plan to introduce 360 Feedback tool for selected people managers. Plans also include revamping internal rating system to allow for greater differentiation of performance and continuing to equip people managers with relevant skills to lead and motivate their team members.

Diversity at StarHub

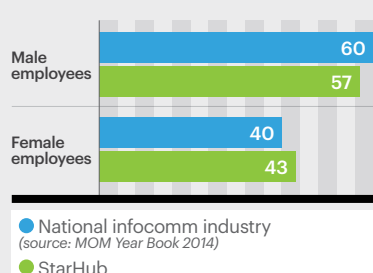
Gender Diversity



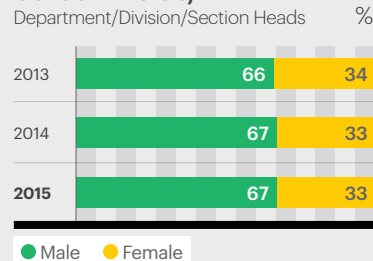
Gender Profile by Employee Category



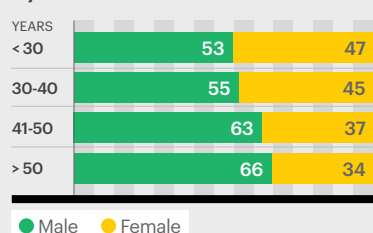
Gender Diversity StarHub Vs Infocomm



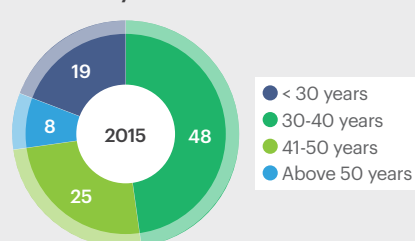
Gender Diversity



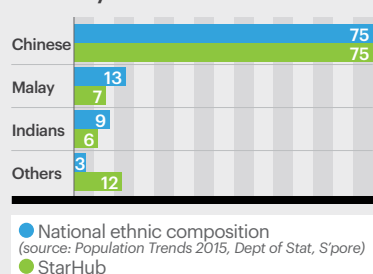
Age Diversity by Gender



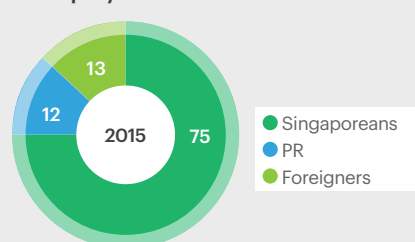
Age Diversity



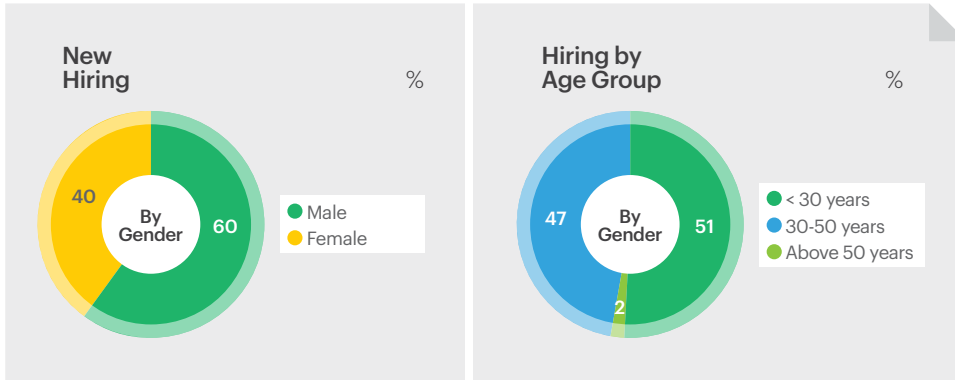
Ethnic Diversity



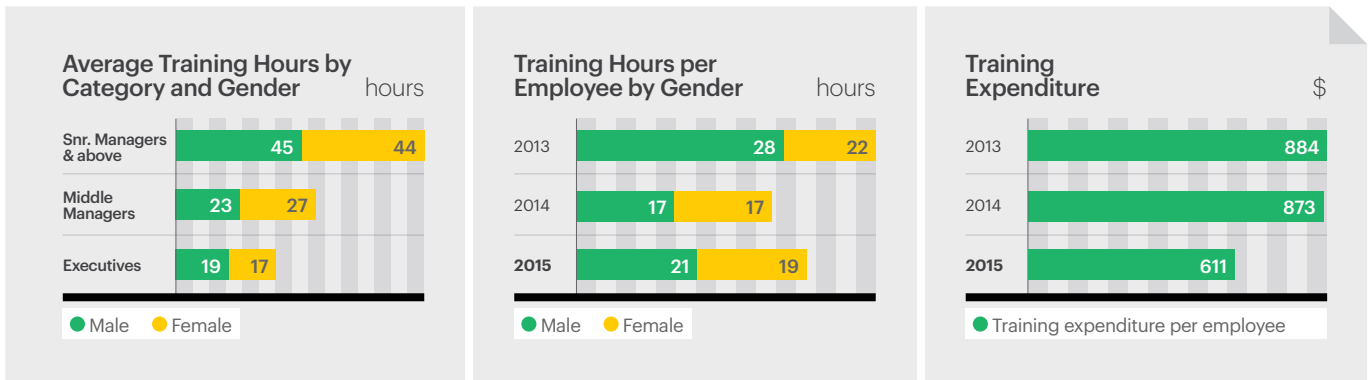
Local Employees



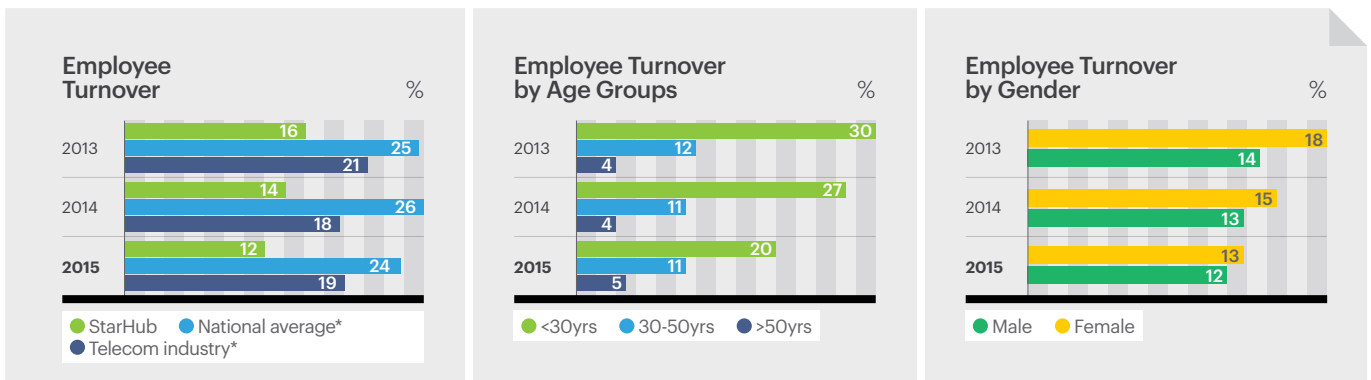
New Hiring



Training and Education



Employee Turnover



* Estimation based on first three quarters' data in 2015

SUSTAINABILITY

social: our workplace

Employee Benefits

In 2015 we enhanced the Employee Mobile Plan for employees, through increased mobile data bundle, so that they can stay connected on the go with greater ease. In addition, we enhanced our Employee StarHub TV and Broadband plans to ensure that employees enjoy greater benefits and they can be the ambassadors of our products and services.

By experiencing our products and services to the fullest, the employees, as well as their family and friends, will in turn help promote StarHub services and StarHub as the preferred service provider.

Benefits exclusive to StarHub's permanent employees, which temporary employees are not eligible for, include Comprehensive Health Screening, additional insurance coverage other than Work Injury Compensation insurance coverage, leave entitlement (except for National Service Leave), medical and dental consultation and/or treatment reimbursement, transport allowance, training except for the job related training necessary for them to perform their job, claim for professional fees for joining professional associations, Long Service Awards, entry passes for places of interest, and tokens for special occasions.

Other benefits for StarHub employees include the childcare leave, paternity leave and eldercare leave, and access to the supplementary major medical insurance coverage to the employees' family at very favourable premium negotiated with the insurance brokers.

Human Rights

In line with nationally and internationally accepted human rights principles and labour standards, StarHub policies ban child labour, discrimination and forced labour in own operations as well as in supply chain. Our employees have the right to freedom of association in accordance with local laws. Our supply chain sustainability survey includes assessment questions relating to protection of human rights.

Employee Satisfaction

We measure employee satisfaction on overall HR support in terms of people initiatives and policies through an annual survey. In the 2015 Annual HR Satisfaction Survey, 92% of the participants said that the overall HR performance met or exceeded expectations.



Occupational Health and Safety

Employee safety and well-being remains a priority issue for us. We regularly assess potential health and safety risks, take preventive measures and increase employee awareness about safety. StarHub's Workplace Safety and Health Committee periodically reviews safety and health policies, procedures and practices. Our Risk Assessment Team works with nominated Risk Management Champions to assess risks for every work activity and process carried out at the workplace.

StarHub is a certified bizSafe Level 3 organisation, awarded by the Workplace Safety and Health Council Singapore based on an independent audit by a Ministry of Manpower approved bizSafe auditor.

In 2015, 87 employees were certified in the new Office First-aid course where these first-aiders are trained to use automated external defibrillator.

Health Education

As in previous years, we continued organising lunch-talks and workshops throughout 2015 to raise employee awareness on health issues. During the year, topics covered were





1: StarHub employees working out at the office gym.

2: StarHub's senior management team visiting the various StarHub offices to celebrate the Lunar New Year.



Fengshui, Advanced Sushi Making Class, How to Resolve Back and Neck Pain without Drugs or Surgery, Spinal Screening, TCM Lunch Talk: Feeling Stressed What's So Scary About it, TCM Tuina, Dental Health and Nutrition Trail 101. We also conducted Onsite Health Screening at five locations as well as a Dental Screening.

Enrichment talk topics and engagement activities organised in 2015 included Raising Financially Savvy Kids, Employee Bowling Tournament, Balloon Sculpting Workshop, and Bring Your Kids to Work Day.

In total, 976 participants attended these events.

Collaboration with Nanyang Polytechnic

StarHub and Nanyang Polytechnic (NYP) entered into a mutually beneficial agreement in June 2015. Under the arrangement, StarHub worked with NYP to set-up a StarHub store at the main campus to provide operations and management training opportunities in retail to students of the School of Business Management.

StarHub also contributed \$16,000 towards two NYP-StarHub scholarships. NYP will match another two scholarships, bringing to a total of four NYP-StarHub scholarships for the academic years 2015 and 2016.

Safety for Field Employees

Our Workplace Safety and Health system includes a detailed Code of Practice on WSH Risk Management, Risk Assessment, safety procedures for installation of radio equipment and a disaster recovery plan. Our field employees and contractors involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside work are required to adhere to strict safety procedures. Contractors undertaking work at our sites are required to comply with the provisions of the Workplace Safety & Health Act. Our safety procedures require contractors to submit a risk assessment report for necessary approval prior to carrying out any work on site.

There were no fatal accidents in 2015. There were two reported cases for Work Injury Compensation. Injuries sustained could include those relating to traffic accident, trips and falls at workplace.

Siting of Masts

Our policies and practices on the siting of masts and transmission sites encourage stakeholder consultation, site sharing and initiatives to reduce visual impacts.

A brief description of our sites as at end 2015 is presented below:

Type of Site	Percentage
Standalone Mobile Sites	2.1%
Shared Sites (Mobile-CAS)	24.7%
Sites on Existing Structures	70.2%

Our Community

HOW WE CREATE VALUE

- Make positive contribution to local communities, focus on the underprivileged.
- Promote local sports.
- Bridge digital divide.
- Encourage employee volunteering.
- Encourage customers to participate in community initiatives.



PERFORMANCE HIGHLIGHTS

Community investment:

\$1.13M

Employee volunteering:

144 days

Donations redeemed by customers through StarHub's Rewards Redemption for Community Programme:

\$93,300

Our mission is to build trusted long-term relationships with the community by making a positive contribution.

Our community investment strategy is to help build a strong and resilient society.

StarHub's community initiatives aim to encourage equality and the social integration of the less fortunate by fulfilling their basic needs and supporting opportunities to maximise human potential through training and skills enhancement. Our community programmes also aim to empower the less privileged with the resources and platforms they require to uncover their talents and make a positive difference to society.

Involving our employees and customers continues to be an important feature of our community programmes.

We also make continuous efforts to make our telecom services accessible and affordable to the weaker sections of the society.

Community Investment

Our community initiatives are focussed on the following strategic areas: corporate giving, engaging employees and customers in community efforts and community investment.

Our community initiatives are mainly supported by the StarHub Sparks Fund. Since it was set up in 2000, the fund has received 1% of revenue earned from all IDD 008 and IDD 018 calls. Reflecting StarHub's

sincere belief in corporate philanthropy, the fund aims to benefit the less fortunate, widening their visions and opportunities in life through education, skills enhancement and by fulfilling basic needs.

Our donations in 2015 amounted to \$1.13 million.

Community Chest Awards

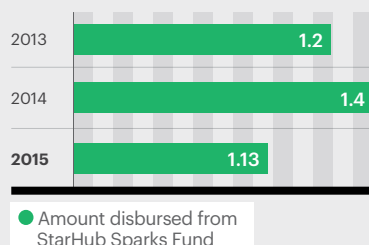
StarHub's fund raising efforts were recognised at the annual Community Chest Awards in September 2015 with three awards: Corporate Platinum (for our donation of \$300,000 towards their Heartstrings Walk 2014); Special Events Platinum (for our donations via StarHub Rewards Redemption for Charity and StarHub Open 2014); and 5 Years Outstanding Special Events (for our donations via StarHub Rewards Redemption for Charity).

Employee Volunteering

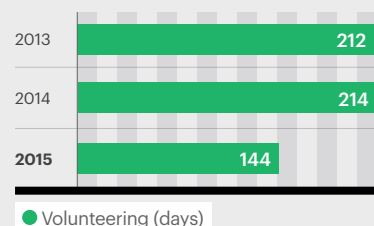
Employee volunteering for various social and environmental causes is part of our corporate culture. This volunteerism was formalised by the company at the end of 2006, by providing each employee with up to two working days of paid volunteerism leave each year.

The Sparklers' Initiative, introduced in January 2013, allows StarHub employees to create their own social outreach events, for which they can also tap on their volunteerism leave and receive up to \$10,000 fund matching for any donations they raise for their beneficiary. Some of the

Community Investment



Employee Volunteering



Sparklers' Initiatives executed by StarHub employees have even engaged StarHub's business partners to raise funds for a designated charity. Sparklers' Initiatives also aid in employee bonding within and between teams.

In 2015, StarHub integrated some of our environmental programmes with community initiatives. StarHub employees volunteered 144 man-days.

StarHub Community Outreach 2015

We continued to join hands with our employees, customers and business partners to share joy with the less privileged throughout the year. Some of the initiatives in 2015 are mentioned below.

Empowerment

Empowering underprivileged sections of society through education and providing resources is an important part of our community outreach. In 2015, we continued with several initiatives to empower the community.

StarHub reaffirmed its support of SPD's Infocomm Accessibility Centre Certificate in Office Skills (ICOS), an office skills training programme that enables people with disabilities to find open, gainful employment in administrative positions. SPD is a voluntary welfare organisation dedicated to serving persons with disability.

StarHub's support of ICOS from 2013 to 2015 with initial donation of \$200,000 covered the course fees of 53 participants, of which 25 have found open employment. For the 2015 to 2017 period, StarHub's increased \$300,000 sponsorship will aim to train 100 individuals with disabilities. StarHub provided the second round of funding support to social enterprise Grid Synergy's Entrepreneurs With Disabilities (EWD) programme in 2015. StarHub's sponsorship of \$100,000, up from the previous \$65,000, was used by Grid Synergy to provide assistance to people with disabilities through engagements, training and mentoring to become financially independent through starting

their own business. So far, 26 PWDs have benefitted from the EWD programme.

Awareness

We continued the initiatives that spread awareness of environmental issues among our employees and the community.

Continuing the Green Learning Journey programme in 2015, our employees accompanied children from low-income families to Jurong Bird Park, the Botanic Gardens, Gardens by the Bay's Cloudforest and Flower Dome in support of the Central Singapore CDC's Nurture 2.0 Programme. The guided excursions were part of StarHub's ongoing efforts to raise environmental awareness amongst employees and our beneficiaries through Green Learning Journeys.

Nearly 600 children from low-income families in the Central Singapore District are expected to benefit from the Nurture 2.0 Programme in 2015 which has received \$250,000 funding from the StarHub Sparks Fund.

In celebration of International Women's Day, StarHub organised several screenings of Girl Rising, a powerful film that documents the oppression and exploitation of girls around the world and how nine girls in particular are standing up to make their voices heard, for employees. One of the screening sessions was followed by a talk by a representative from HOME (Humanitarian Organisation for Migration Economics) on the exploitation of young women in Asia and Singapore.





1: StarHub volunteers imparting office skills to SPD clients.

2: StarHub CEO Tan Tong Hai presenting cheque to Community Chest at StarHub Open.

3: StarHub volunteers accompanied children from Nurture 2.0 programme on Green Learning Journey to Gardens by the Bay.

4: StarHub SVP of Human Resource, Chan Hoi San signing cheque for Community Chest's Christmas Light-up.



1: StarHub volunteers, and SPD clients gave ICOS programme the thumbs-up.

2: StarHub volunteers brought children from Nurture 2.0 programme to TES-AMM to understand e-waste recycling.

A special screening of “Ah Boys to Men 3”, a 2015 Singaporean comedy film produced and directed by Jack Neo, and the third film in the Ah Boys to Men franchise, was organised for NorthLight students in February 2015 and was attended by 46 students and six teachers.

StarHub supported the Children’s Cancer Foundation’s (CCF) Hair for Hope effort for the fourth consecutive year with 93 shavees, including employees, partners and customers, going bald in support of children with cancer in June 2015. Altogether, over \$110,000 was raised by StarHub.

Through the symbolic gesture of going bald, shavees help to spread awareness of childhood cancer in Singapore, and raise funds to help affected children and their families, assuring children that they are not alone in their fight against cancer.

Engaging for a Cause

For the first time, we offered a crowd-funding platform to members of the public to support the Community Chest’s Heartstrings Walk with an online donation on Crowdfunder in July 2015. Causes supported by Community Chest include providing accommodation for persons with disabilities and specialised education for children with multiple disabilities. StarHub matched the first \$10,000 in donations dollar-for-dollar and all donations from the public and StarHub were matched dollar-for-dollar by the Government.

At the annual StarHub Open in July 2015, a fund raising golf event, TVB artistes Ruco Chan, Sharon Chan, Lawrence Ng, Grace Chan and Stephanie Ho turned up to tee off with StarHub management and business partners. Ruco also joined all the golfers to help raise \$213,850 in donations from our corporate philanthropy vehicle, the StarHub Sparks Fund. The money was donated to the Singapore Association for the Visually Handicapped and Metta Welfare Association.

As the nation gathered to celebrate Singapore’s Golden Jubilee, StarHub and nine voluntary welfare organisations (VWOs) came together in July 2015 to spread the message of inclusivity through a heartfelt rendition of the National Day favourite *Home* sung in Singapore’s four official languages—English, Malay, Mandarin and Tamil. StarHub customers donated \$80,715 to these nine VWOs by redeeming their StarHub Rewards Points.

A donation drive “Spare Your Change” was organised at our StarHub Green and Nobel offices in October 2015 to commemorate World Cerebral Palsy Day.

StarHub sent an eDM to a list of customers/partners to give them the option of receiving a festive hamper from StarHub or donating the amount to buy tickets for a play – Treasure Island organised by Singapore Repertory Theatre.

Beneficiaries of StarHub’s Community Outreach Programmes in 2015

- **\$213,850** raised through the annual StarHub Open to Singapore Association for the Visually Handicapped and Metta Welfare Association.
- **\$250,000** as the Title Sponsor of Central Singapore CDC’s Nurture 2.0 Programme for children from less privileged families.
- **\$110,000** for Hair for Hope project to the Children’s Cancer Foundation.
- **\$300,000** for SPD’s ICOS programme (2015, 2016 & 2017).
- **\$100,000** for second round of funding support to social enterprise Grid Synergy’s EWDs programme.
- **\$31,522** towards contributions for ISCOS’ Gift of Hope.
- **\$20,000** towards contributions for the Sing50 Fund co-organised by The Straits Times and The Business Times.
- **\$80,715** to nine VWOs via the Homes by Homes campaign.
- **\$53,420** to MINDS Towner Gardens School redeemed under StarHub Rewards Redemption for Charity Programme.
- **\$13,120** to Care Corner Counselling Centre redeemed under StarHub Rewards Redemption for Charity Programme.
- **\$26,760** to WWF’s redeemed under StarHub Rewards Redemption for Charity Programme.
- **\$10,000** to support the Community Chest Heartstrings Walk.

Promoting Local Sports Content

A three-year Memorandum of Understanding (MOU) signed between StarHub and the Singapore Sports Council in October 2013 will see an overall increase in local sports content on StarHub’s broadcast platforms to a wider audience and enhance the sports viewership experience of Singaporeans.

We will also dedicate a segment of our upcoming daily sports news show on SuperSports Arena, a free sports channel, to cover local sports events and profile local athletes.

Media Spots for Social Campaigns

Our in-kind donations in the form of TV commercial spots for social and environmental campaigns amounted to \$1.93 million in 2015. The campaigns included WWF’s Earth Hour 2015, Children Cancer Foundation’s Hair for Hope 2015, Santa Run for Wishes 2015 and President’s Challenge.

Economic Performance

HOW WE CREATE VALUE

- Create sustainable economic value for shareholders as well as stakeholders.
- Make a positive indirect impact on local economy and communities.
- Support local suppliers.
- Invest in infrastructure.

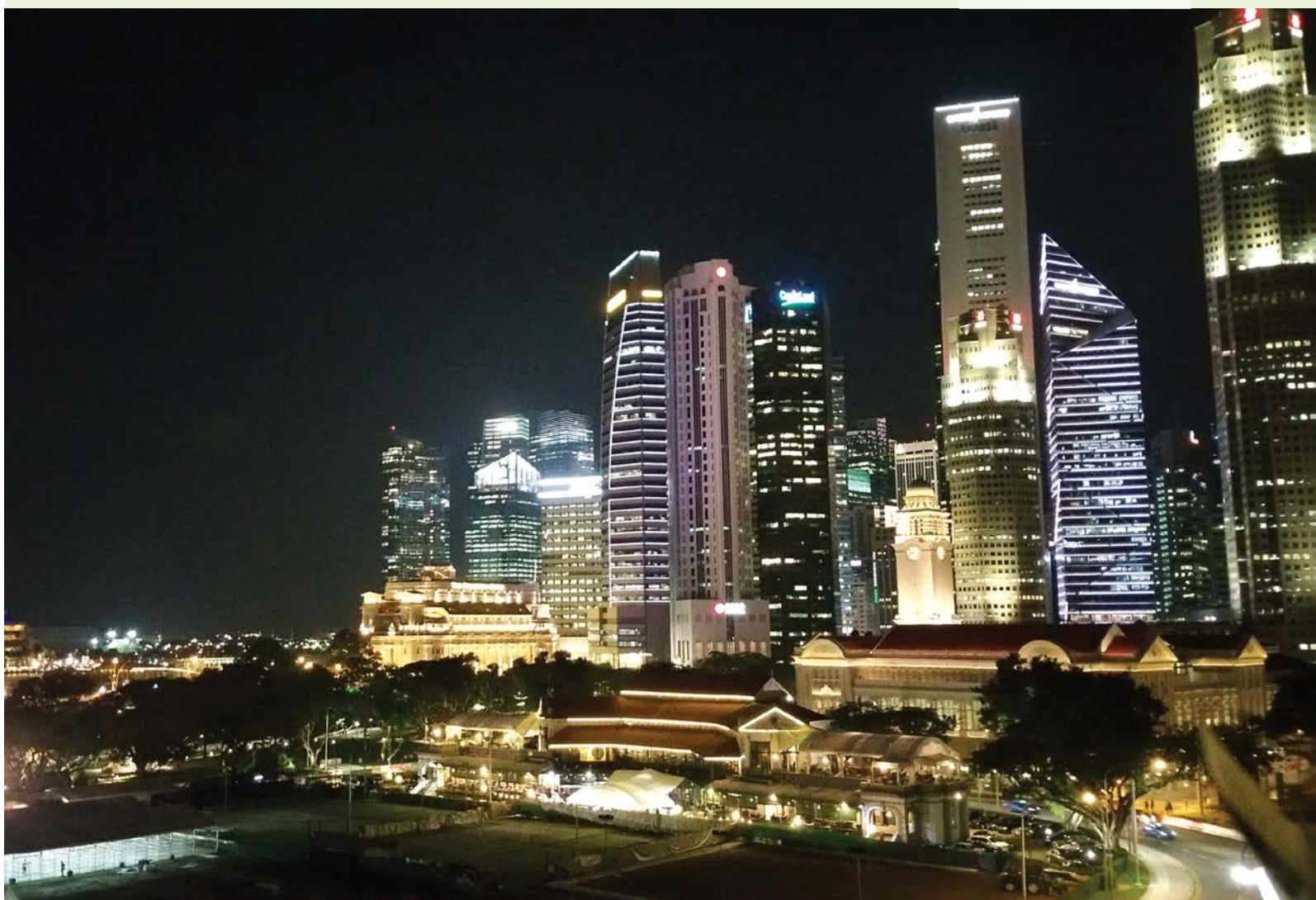
PERFORMANCE HIGHLIGHTS

Net Profit:
\$372m

Direct Jobs:
3,131

Local Suppliers:
1,344

Local Suppliers'
Share in Total
Supplier Payments:
89%



Sustainable business growth for us means relentlessly working toward maximising financial returns for our shareholders in a manner that has a positive economic impact on our stakeholders.

Our business strategy has resulted in a consistent and healthy dividend for our shareholders over the years.

We have continuously invested in upgrading our telecom, wireless communications and cable TV infrastructure which is a critical part of Singapore's national infocomm infrastructure.

Our investment in modern infrastructure and technologies means millions of people can connect with confidence and businesses can run their operations enjoying world class telecom and wireless services.

On the jobs front, StarHub continues to create and support high quality direct and indirect jobs which in turn have a positive impact on the local economy and community.

Our support for local suppliers in turn supports a large number of indirect jobs and contributes to the vibrancy of Singapore's business landscape.

In upgrading our infrastructure, we adopt energy efficient technologies to become greener in our operations.

Our other important contributions to the local economy include tax payments and community investments.

StarHub provided 3,131 direct jobs across the Group as of end December 2015.

Our operating expenditure, including staff costs, exceeded \$2,048 million in 2015, contributing to the national economic activity. We paid \$271 million in wages, adding further value to the local economy.

Supporting Local Suppliers

Our significant purchases from local suppliers contributed to the national economic development through supporting jobs and tax opportunities for the government. In 2015, local suppliers accounted for 83% of our entire supplier base. The share of local suppliers was 89% of the total purchases in 2015.

Investing in Infrastructure

We regularly invest in upgrading our telecommunications, broadband and cable TV infrastructure. A major portion of our \$329 million CAPEX was used for infrastructural investments in 2015.

Investing in Research and Development

We regularly invest in research and development projects that promise new technological breakthroughs, reinvigorate our infrastructure, enhance productivity for customers and empower the community. These projects include Big Data Analytics, Mobile applications, TV White Spaces and telco application programmable interfaces amongst others.

Financial Assistance from the Government

Some of our research and development programmes received funding support from the government in 2015.

We received \$64,458 in subsidy for employee training in 2015 under various schemes run by the Singapore Workforce Development Agency.

Financial Performance

A summary of our economic performance is presented below in line with the GRI G4 guidelines. These figures have been extracted from the Audited Annual Report approved by the Board of Directors for the respective financial years. Please refer to Group Financial Review and Financial Statements sections of this report for more detailed information on our financial performance.

Summary of StarHub's Economic Performance (\$m)

Economic performance indicators	2015	2014	2013
Operating revenue	2,444	2,387	2,370
Net profit	372	371	380
Operating costs (including staff costs)	2,049	1,957	1,946
Staff costs	271	275	277
Dividends paid to shareholders	346	345	344

SUSTAINABILITY

GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE		
GENERAL STANDARD DISCLOSURES		External Assurance
		Indicate if the Standard Disclosure Item has been externally assured.
		We did not seek external assurance for this report.
GENERAL STANDARD DISCLOSURES		Page no. / Direct Reference
STRATEGY AND ANALYSIS		
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	14-16
ORGANISATIONAL PROFILE		
G4-3	Report the name of the organisation.	Cover
G4-4	Report the primary brands, products, and services.	3, 4, 39, 43, 49
G4-5	Report the location of the organisation's headquarters.	Singapore
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Mainly Singapore
G4-7	Report the nature of ownership and legal form.	192-193, 194
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	3-5
G4-9	Report the scale of the organisation.	2-6, 86
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	108-109
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	110
G4-12	Describe the organisation's supply chain.	105
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions, • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations), • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.	None
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	94-95
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	85, 104
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: Holds a position on the governance body, Participates in projects or committees, Provides substantive funding beyond routine membership dues, Views membership as strategic.	92
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	163-164
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	85, 94-95
G4-19	List all the material Aspects identified in the process for defining report content.	94
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	95
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	95
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	N.A.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None
STAKEHOLDER ENGAGEMENT		
G4-24	Provide a list of stakeholder groups engaged by the organisation.	90-93
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	90-93
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	90-93
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	90-93

REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	85
G4-29	Date of most recent previous report (if any).	85
G4-30	Reporting cycle (such as annual, biennial).	85
G4-31	Provide the contact point for questions regarding the report or its contents.	86
G4-32	a. Report the 'in accordance' option the organisation has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.	85
G4-33	a. Report the organisation's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organisation and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	86
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G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	18-23, 52-74
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G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	52-74

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G4 DMA	Procurement Practices.	89
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G4: DMA	Emissions.	88, 96, 98-99
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G4-DMA	Employment.	88
G4-DMA	Equal remuneration for women and men.	88
G4-DMA	Supplier Assessment for Labour Practices.	89
G4-DMA	Freedom of Association and Collective Bargaining.	110
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G4: DMA	Local Communities.	88
G4-DMA	Anti-corruption.	105
G4-DMA	Supplier Assessment for Impacts on Society.	89
G4-DMA	Customer Health and Safety.	111
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ECONOMIC PERFORMANCE		
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G4-EC2	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.	97
G4- EC4	Report the total monetary value of financial assistance received by the organisation from governments during the reporting period.	119
INDIRECT ECONOMIC IMPACTS		
G4-EC7	Development and impact of infrastructure investments and services supported.	119
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PROCUREMENT PRACTICES		
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SUSTAINABILITY

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G4-LA15	Report the number of suppliers subject to impact assessments for labour practices.	105
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G4-HR3	Total number of incidents of discrimination and corrective actions taken.	110
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G4-HR4	Operations and suppliers identified in which the right to exercise freedom of Association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	110
CHILD LABOUR		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	110
FORCED OR COMPULSORY LABOUR		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	110
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G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	112-117
ANTI CORRUPTION		
G4-SO5	The total number and nature of confirmed incidents of corruption. The total number of confirmed incidents in which employees were dismissed or disciplined for corruption. The total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases.	105
COMPLIANCE		
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IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radio frequency (RF) emissions from base stations.	111
IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing and initiatives to reduce visual impacts.	111
IO8	Number and percentage of stand-alone sites, shared sites and sites on existing structures.	111
PROVIDING ACCESS		
PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas.	103
PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	103
PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, time periods and locations of down time.	103
PA4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates.	103
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PA7	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services.	103
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GRI MEDIA SECTOR SPECIFIC INDICATORS

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M3	Actions taken to improve adherence to content creation values, and results obtained.	103
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GROUP FINANCIAL REVIEW

1.1 Revenue

	Year ended 31 December					
	2015 \$m	2015 %	2014 \$m	2014 %	Incr/(Decr) \$m	%
Mobile revenue	1,239.8	50.7	1,247.6	52.3	(7.8)	(0.6)
Pay TV revenue	391.0	16.0	389.7	16.3	1.3	0.3
Broadband revenue	200.3	8.2	201.9	8.5	(1.6)	(0.8)
Fixed Network Services revenue	384.9	15.8	378.3	15.8	6.6	1.7
Total service revenue	2,216.0	90.7	2,217.5	92.9	(1.5)	(0.1)
Sale of equipment	228.3	9.3	169.7	7.1	58.6	34.5
Total	2,444.3	100.0	2,387.2	100.0	57.1	2.4

The Group's total revenue rose 2.4% year-on-year (YoY) to \$2,444.3 million in 2015, on the back of higher revenue from sale of equipment which rose 34.5%; service revenue was 0.1% lower at \$2,216.0 million.

The lower service revenue in 2015 was primarily due to Mobile and Broadband services revenue which was lower by 0.6% and 0.8% YoY respectively. This was mitigated by higher revenue from Fixed Network and Pay TV services, which registered a 1.7% and 0.3% YoY increase respectively.

Mobile revenue decreased \$7.8 million or 0.6% YoY to \$1,239.8 million, mainly due to lower pre-paid and roaming revenue. Pay TV service revenue grew \$1.3 million or 0.3% YoY, while Broadband revenue at \$200.3 million was \$1.6 million or 0.8% lower when compared to 2014. Fixed Network service revenue was \$6.6 million higher, primarily due to Data & Internet services.

Revenue from sale of equipment was up \$58.6 million or 34.5% YoY to \$228.3 million in 2015, driven by increased quantities sold and increased mix of higher end phones.

1.2 Operating Expenses

	Year ended 31 December			
	2015 \$m	2014 \$m	Incr/(Decr) \$m	%
Cost of sales	1,053.1	949.0	104.1	11.0
Other operating expenses	995.5	1,008.1	(12.6)	(1.2)
Total	2,048.6	1,957.1	91.5	4.7

Against 2014, total operating expenses in 2015 was 4.7% higher at \$2,048.6 million due mainly to the higher cost of sales.

As a percentage of revenue, total operating expenses was higher at 83.8%, up from 82.0% in 2014.

A breakdown of total operating expenses is as follows:

(i) Cost of Sales

	Year ended 31 December			
	2015 \$m	2014 \$m	Incr/(Decr) \$m	%
Cost of equipment sold	487.1	411.4	75.7	18.4
Cost of services	415.8	382.9	32.9	8.6
Traffic expenses	150.2	154.7	(4.5)	(2.9)
Total	1,053.1	949.0	104.1	11.0

Cost of sales increased 11.0% YoY to \$1,053.1 million, driven by higher cost of equipment sold and cost of services.

With increased quantities sold and a higher mix of high end models which were costlier, this resulted in cost of equipment sold to increase \$75.7 million or 18.4% higher YoY to \$487.1 million.

Compared to 2014, cost of services at \$415.8 million in 2015 was \$32.9 million or 8.6% higher driven mainly by the higher NGNBN service costs and increased services' costs of the enterprise solutions and projects.

Traffic expenses decreased \$4.5 million or 2.9% YoY to \$150.2 million, primarily due to lower international traffic volume and lower interconnection rates in 2015.

(ii) Other Operating Expenses

	Year ended 31 December			
	2015	2014	Incr/(Decr)	
	\$m	\$m	\$m	%
Staff costs	270.7	275.0	(4.3)	(1.6)
Operating leases	121.7	128.4	(6.7)	(5.2)
Marketing and promotions	144.6	156.2	(11.6)	(7.5)
Allowance for doubtful receivables	18.4	15.9	2.5	15.6
Repair and maintenance	86.0	69.2	16.8	24.4
Other expenses	82.7	92.2	(9.5)	(10.3)
Subtotal	724.1	736.9	(12.8)	(1.7)
Depreciation and amortisation (net of asset grants)	271.4	271.2	0.2	0.1
Total	995.5	1,008.1	(12.6)	(1.2)

Compared to 2014, total other operating expenses decreased 1.2% to \$995.5 million in 2015. As a percentage of revenue, other operating expenses was lower at 40.7% compared to 42.2% in 2014.

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

Staff costs

Compared to 2014, staff costs was 1.6% lower at \$270.7 million due to lower temporary staff costs.

Operating leases

2015 operating lease expenses was 5.2% lower at \$121.7 million as the higher leases and related expenses were mitigated by the reversals of accruals no longer required in 1Q-2015 for international capacity leases.

Marketing and promotions

Marketing and promotions decreased 7.5% to \$144.6 million mainly driven by directing marketing budgets more effectively and efficiently through data analytics as customer acquisition and retention programs were rolled out.

Allowance for doubtful receivables

Against 2014, allowance for doubtful receivables was higher at \$18.4 million in 2015. Additional allowance for doubtful debts was made in the current year for certain accounts receivables' that were assessed to be of higher risk of collection.

Repair and maintenance

Repair and maintenance in 2015 was higher at \$86.0 million as a result of the expanded network and systems infrastructure. This would have been higher by 2.1% for 2015 when compared to last year, which had been lowered by adjustments for accruals no longer required.

Other expenses

Other expenses decreased \$9.5 million or 10.3% to \$82.7 million when compared to 2014. Gains on exchange differences, compared to a loss last year; and disposal of fixed assets were the main contributing factors to the decrease YoY.

GROUP FINANCIAL REVIEW

1.3 Profitability

	Year ended 31 December			
	2015	2014	Incr/(Decr)	
	\$m	\$m	\$m	%
Total revenue	2,444.3	2,387.2	57.1	2.4
Operating expenses	(2,048.6)	(1,957.1)	91.5	4.7
Other income	45.6	46.6	(1.0)	(2.2)
Profit from operations	441.3	476.7	(35.4)	(7.5)
Finance income	2.0	2.0	0.0	3.0
Finance expenses	(17.8)	(22.6)	(4.8)	(21.2)
	425.5	456.1	(30.6)	(6.7)
Non-operating income	15.0	–	15.0	–
Share of loss of associate (net of tax)	(0.3)	–	(0.3)	–
Profit before taxation	440.2	456.1	(15.9)	(3.5)
Taxation	(67.9)	(85.6)	(17.7)	(20.7)
Profit for the year	372.3	370.5	1.8	0.5
EBITDA	712.7	747.9	(35.2)	(4.7)
Service revenue	2,216.0	2,217.5	(1.5)	(0.1)
EBITDA as a % of service revenue	32.2%	33.7%	-1.6% pts	

Profit from operations decreased \$35.4 million or 7.5% to \$441.3 million when compared to 2014, impacted by the lower service revenue and increased operating expenses.

EBITDA for 2015 was lower by \$35.2 million or 4.7% to \$712.7 million. As a percentage of service revenue, EBITDA margin was 32.2% in 2015, down from 33.7% last year.

Finance income maintained at \$2.0 million in 2015, while finance expenses at \$17.8 million was \$4.8 million or 21.2% lower compared to 2014 which had higher financing expenses for new bank loan facilities taken.

Profit before taxation at \$440.2 million was boosted by a non-operating income of \$15.0 million, being gain from the deconsolidation of SHINE Systems Assets Pte. Ltd. (SSAPL) in 3Q-2015.

Compared to 2014, taxation in 2015 was \$17.7 million or 20.7% lower at \$67.9 million as the tax expense for the current year's taxable profits was reduced by adjustments for prior periods' group tax relief benefits. Excluding this adjustment, the Group's effective tax rate was approximately 18% (excluding the gain on deconsolidation of a subsidiary), due mainly to certain non-deductible expenses for tax purposes.

Profit for the year was \$1.8 million or 0.5% higher YoY at \$372.3 million.

1.4 Liquidity and Resources

	Year ended 31 December	
	2015 \$m	2014 \$m
Profit before taxation	440.2	456.1
Non-cash items & net finance expenses adjustments	233.7	256.0
Net change in working capital	(36.7)	8.1
Income tax paid	(92.7)	(65.3)
Net cash from operating activities	544.5	654.9
Net cash used in investing activities	(300.3)	(318.8)
Net cash used in financing activities	(335.3)	(339.0)
Net change in cash and cash equivalents	(91.1)	(2.9)
Exchange difference on cash and cash equivalents	0.3	0.2
Cash and cash equivalents at beginning of the year	264.2	266.9
Cash and cash equivalents at end of the year	173.4	264.2
Free Cash Flow ⁽¹⁾	215.7	333.3

⁽¹⁾ Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement.

The Group's total net cash from operating activities was \$110.4 million lower at \$544.5 million. This was attributable to lower cash flows from operations which accounted for \$38.2 million, higher working capital needs of \$44.8 million and higher income tax paid of \$27.4 million.

The Group's negative working capital changes of \$36.7 million in 2015 were mainly due to lower trade and other payables, coupled with higher inventories balances. This was offset by lower trade receivables, and higher net balances due to related parties.

Compared to 2014, net cash outflow from investing activities was \$18.5 million lower at \$300.3 million. CAPEX payments were \$7.2 million higher at \$328.8 million compared to \$321.6 million in 2014, and represented 13.5% of total revenue in both years. The higher net cash used in CAPEX investments was mitigated by the net proceeds from the loan repayment by the associate

company – SSAPL, net of an additional \$12.0 million investment in SSAPL pursuant to an equity call post dilution of the Group's equity interest from 100% to 30% in SSAPL in 3Q-2015.

As a result of the lower cash from operating activities and higher CAPEX payments, the Group's free cash flow was lower at \$215.7 million. This was \$117.6 million lower when compared to \$333.3 million last year.

Net cash outflow from financing activities was \$3.7 million lower at \$335.3 million. Cash used for dividends payment totaled \$345.9 million in 2015, slightly higher than last year. During the year, there were higher grants received and lower payment of finance expenses.

As at 31 December 2015, the Group's net cash and cash equivalents totaled \$173.4 million, compared to \$264.2 million a year ago.

GROUP FINANCIAL REVIEW

1.5 Financial Position

	As at 31 December	
	2015 \$m	2014 \$m
Non-current assets	1,305.6	1,315.6
Current assets	603.8	671.6
Less: Current liabilities	1,027.9	1,192.9
Less: Non-current liabilities	693.9	645.3
Net assets	187.6	149.0
Shareholders' equity	187.6	149.0

As at 31 December 2015, the Group's non-current assets was \$1,305.6 million, \$10.0 million lower than 31 December 2014. The decrease was largely due to the de-consolidation of SSAPL's non-current assets, mainly fixed assets, following the dilution of the equity interest from 100% to 30% at fair value in 3Q-2015, with a corresponding increase in investment in associate (SSAPL). Fixed assets additions to the network infrastructure and systems during the year also contributed to the movements in this non-current assets balance YoY.

Total current assets at \$603.8 million as at 31 December 2015 was lower when compared to \$671.6 million as at 31 December 2014. The decrease of \$67.8 million was made up of lower cash and cash equivalents, and trade receivables, higher inventories, other receivables, deposits and prepayments, and balances due from related parties.

Against 31 December 2014, total current liabilities was \$165.0 million lower at \$1,027.9 million as at 31 December 2015. This was attributed to lower trade and other payables, provision for taxation, higher balances due to related parties and a lower current portion of borrowings that became due in the year. During the year, the Group refinanced the \$200 million current bank borrowing as at 31 December 2014 with a new term loan, which has now been included as Borrowings under the

non-current liabilities. In addition, \$137.5 million bank loans became due within the next 12 months and was included in current liabilities.

For non-current liabilities, the balance as at 31 December 2015 amounted to \$693.9 million, an increase of \$48.6 million from a year ago. This was attributed to "Borrowings" where a new bank term loan was taken to refinance the \$200 million current borrowings on its maturity date and a reclassification of \$137.5 million bank loans that will become due within the next 12 months.

Compared to 31 December 2014, the Group's shareholders' equity was up \$38.6 million to \$187.6 million as at 31 December 2015, contributed by higher share capital and increased retained profits.

Gearing

As at 31 December 2015, the Group's total borrowings were maintained at \$687.5 million.

The lower cash balances as at 31 December 2015 resulted in higher net debt of \$514.1 million, compared to \$423.3 million last year. As a percentage of 2014 EBITDA, the Group's net debt was higher at 0.69 times as at 31 December 2015 when compared to 0.57 times as at 31 December 2014.

Financial Statements 2015

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STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 141 to 190 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 2015 and the financial performance and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Steven Terrell Clontz	(Chairman)
Tan Tong Hai	(Chief Executive Officer)
Ma Kah Woh	(Appointed on 23 September 2015)
Peter Seah Lim Huat	
Nihal Vijaya Devadas Kaviratne CBE	
Teo Ek Tor	
Sio Tat Hiang	
Lim Ming Seong	
Liu Chee Ming	
Robert J. Sachs	
Rachel Eng Yaag Ngee	(Appointed on 4 May 2015)
Nasser Marafih	
Takeshi Kazami	

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore 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:

Shares in the Company and in related corporations

	1 January 2015/ date of appointment	31 December 2015
The Company		
<i>Ordinary Shares</i>		
Steven Terrell Clontz	51,700	62,900

Shares in the Company and in related corporations (continued)

	1 January 2015/ date of appointment	31 December 2015
The Company		
Ordinary Shares		
Tan Tong Hai	741,380	1,049,830
Ma Kah Woh	78,580	78,580
Peter Seah Lim Huat	567,092	578,092
Nihal Vijaya Devadas Kaviratne CBE	56,000	21,000
Teo Ek Tor	142,138	153,838
Sio Tat Hiang	15,100	25,600
Lim Ming Seong	210,336	222,036
Liu Chee Ming	170,684 ⁺	180,184 ⁺
Robert J. Sachs	105,534	114,034
Nasser Marafih	50,230	59,930
Related Corporations		
Singapore Technologies Engineering Ltd		
Ordinary Shares		
Peter Seah Lim Huat	545,325	545,325
Nihal Vijaya Devadas Kaviratne CBE	17,000	17,000
Lim Ming Seong	94,436	98,336
Singapore Telecommunications Limited		
Ordinary Shares		
Ma Kah Woh	380	380
Peter Seah Lim Huat	3,217	3,217
TeleChoice International Limited		
Ordinary Shares		
Peter Seah Lim Huat	50,000	50,000
Sio Tat Hiang	187,000	253,000
Lim Ming Seong	60,000	60,000

⁺ Held (partly or wholly) by a nominee.

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

Other interests in the Company and in related corporations

	1 January 2015	31 December 2015
The Company		
<i>Conditional awards of shares under StarHub Performance Share Plan</i>		
Tan Tong Hai	122,000 ⁽¹⁾	–
	210,000 ⁽²⁾	210,000 ⁽²⁾
	278,600 ⁽³⁾	278,600 ⁽³⁾
<i>Conditional awards of shares under StarHub Performance Share Plan 2014</i>		
Tan Tong Hai	–	261,200 ⁽⁴⁾
<i>Conditional awards of shares under StarHub Restricted Stock Plan</i>		
Tan Tong Hai	44,350 ⁽⁵⁾	–
	160,000 ⁽⁶⁾	87,200 ⁽⁶⁾
	195,400 ⁽⁷⁾	195,400 ⁽⁷⁾
<i>Conditional awards of shares under StarHub Restricted Stock Plan 2014</i>		
Tan Tong Hai	–	156,200 ⁽⁸⁾

⁽¹⁾ A conditional award was granted in May 2012. The performance period was from 2012 to 2014. The final award was granted in March 2015 based on the actual level of achievement of the pre-determined targets. The shares under the final award were delivered in April 2015.

⁽²⁾ A conditional award was granted in May 2013. The performance period is from 2013 to 2015. 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 stretched performance targets are met or exceeded.

⁽³⁾ A conditional award was granted in March 2014. The performance period is from 2014 to 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 stretched performance targets are met or exceeded.

⁽⁴⁾ A conditional award was granted in March 2015. The performance period is from 2015 to 2017. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

⁽⁵⁾ A conditional award was granted in May 2012. The performance period was from 2012 to 2013. The final award was granted in March 2014 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were delivered in phases according to the stipulated vesting periods from 2014 to 2015.

⁽⁶⁾ A conditional award was granted in May 2013. The performance period was from 2013 to 2014. The final award was granted in March 2015 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2015, and the balance will be delivered in 2016.

⁽⁷⁾ A conditional award was granted in March 2014. The performance period is from 2014 to 2015. 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 stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

⁽⁸⁾ A conditional award was granted in March 2015. The performance period is from 2015 to 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 stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

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 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 2016.

Except as disclosed under the "Other interests" section of this statement, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share-based Payments

The Company has in place the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, “StarHub Share Plans 2014”, and each, “StarHub PSP 2014” and “StarHub RSP 2014” respectively).

The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting (“EGM”) of the Company held on 14 April 2014, in replacement of the then existing StarHub Performance Share Plan and the StarHub Restricted Stock Plan which were adopted by the Company on 16 August 2004 (collectively, “StarHub Share Plans 2004”, and each, “StarHub PSP 2004” and “StarHub RSP 2004” respectively).

The StarHub Share Plans 2004 together with the StarHub Share Option Plan 2004 were terminated at the EGM of the Company held on 14 April 2014. The Company had also in 2000 adopted the StarHub Pte Ltd Share Option Plan (“StarHub Share Option Plan 2000”) and terminated the same in 2004.

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 four directors, namely Peter Seah Lim Huat (Chairman), Teo Ek Tor, Sio Tat Hiang and Lim Ming Seong.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company (“Parent Company”) for purposes of the Plans.

(a) *Options granted under the StarHub Share Option Plan 2000 and the StarHub Share Option Plan 2004 (collectively, the “StarHub Share Option Plans”)*

- (i) The termination of the StarHub Share Option Plans was without prejudice to the rights of holders of options accepted and outstanding under the StarHub Share Option Plans as at the date of termination. The outstanding options under the StarHub Share Option Plans were exercised according to the terms of the StarHub Share Option Plans and the respective grants.
- (ii) Since 31 December 2010, there has been no option outstanding held by the directors of the Company.
- (iii) Details of options granted to directors of the Company under the StarHub Share Option Plans are as follows:

Name of director	Aggregate options granted and accepted since commencement of StarHub Share Option Plans to 31 December 2015	Aggregate options exercised since commencement of StarHub Share Option Plans to 31 December 2015
StarHub Share Option Plan 2000		
Steven Terrell Clontz	6,875,010	6,875,010
Peter Seah Lim Huat	93,750	93,750
Lim Ming Seong	118,750	118,750
StarHub Share Option Plan 2004		
Peter Seah Lim Huat	44,250	44,250
Nihal Vijaya Devadas Kaviratne CBE	44,250	44,250
Lim Ming Seong	44,250	44,250
Liu Chee Ming	44,250	44,250
Robert J. Sachs	25,500	25,500

- (iv) As at the end of the financial year, no options have been granted to controlling shareholders of the Company or its associates or to directors or employees of the Parent Company and its subsidiaries (“Parent Group”).
- (v) No options had been offered at a discount during the financial year.
- (vi) The options granted by the Company do not entitle the option holders, by virtue of such holding, to any rights to participate in any share issue of any other company.
- (vii) During the financial year, a total of 176,486 ordinary shares fully paid in the Company were issued pursuant to the StarHub Share Option Plans at exercise price of \$1.52 per share.
- (viii) As at the end of the financial year, there were no outstanding or unexercised options under the StarHub Share Option Plans.

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

Share-based Payments (*continued*)

(b) *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.

Since the commencement of the StarHub PSP 2004 to the financial year ended 31 December 2015, conditional awards aggregating 9,584,950 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 stretched 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 stretched 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 2015, conditional awards aggregating 534,700 shares have been granted under the aforesaid plan. For share awards granted during the financial year ended 31 December 2015, 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 stretched 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.

Share-based Payments (continued)

Details of share awards granted under the StarHub PSP 2004 and StarHub PSP 2014 (collectively, the “StarHub PSP Share Plans”) are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub PSP Share Plans to 31 December 2015	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2015
StarHub PSP 2004				
Executive director:				
Tan Tong Hai	–	960,400	176,900	488,600
Key executives	–	7,178,650	452,400	480,500
StarHub PSP 2014				
Executive director:				
Tan Tong Hai	261,200	261,200	–	261,200
Key executives	273,500	273,500	–	273,500

- (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 Cashflow (“FCF”).

For performance-based restricted awards granted during and from financial year ended 31 December 2008 to financial year ended 31 December 2013, the performance targets used are measured against the Return on Invested Capital (“ROIC”) and the FCF respectively.

For performance-based restricted awards granted during and from financial year ended 31 December 2014 onwards, the performance targets used are measured against the Return on Invested Capital (“ROIC”) and the Earnings Before Interest, Taxation, Depreciation and Amortisation (“EBITDA”).

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

Share-based Payments (*continued*)

Since the commencement of the StarHub RSP 2004 to the financial year ended 31 December 2015:

- (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 stretched performance targets are met or exceeded;
- (2) a time-based restricted award of 100,000 shares has been granted on 15 January 2009. The shares under this award were vested in three equal tranches over a 3-year period from 1 January 2009 to 31 December 2011 according to a specified vesting schedule;
- (3) a time-based restricted award of 213,000 shares has been granted on 17 May 2010. The shares under this award were vested in May 2011 upon the participants' continued tenure as non-executive directors of the Company for a full one-year period from the date of grant;
- (4) a restricted award of 155,900 shares has been granted on 7 June 2012. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2011 and were vested immediately without any further vesting period;
- (5) a restricted award of 99,400 shares has been granted on 10 May 2013. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2012 and were vested immediately without any further vesting period; and
- (6) a time-based restricted award of 30,000 shares has been granted on 10 March 2014. The shares under this award will vest 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 2015:

- (1) performance-based restricted awards aggregating 2,270,800 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;
- (2) restricted awards aggregating 224,000 shares have been granted to non-executive directors of the Company as part of their directors' remuneration, and were vested immediately upon grant; and
- (3) a time-based restricted award of 32,500 shares has been granted on 8 July 2015. The shares under this award will vest in two equal tranches over a 2-year period from 8 July 2015 to 7 July 2017 according to a specified vesting schedule.

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 2015	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2015
StarHub RSP 2004				
Non-executive directors:				
Steven Terrell Clontz	–	40,100	–	–
Peter Seah Lim Huat	–	98,700	–	–
Nihal Vijaya Devadas Kaviratne CBE	–	103,700	–	–
Teo Ek Tor	–	91,100	–	–
Sio Tat Hiang	–	4,400	–	–
Lim Ming Seong	–	106,900	–	–
Liu Chee Ming	–	76,100	–	–
Robert J. Sachs	–	73,700	–	–
Nasser Marafih	–	50,400	–	–
Executive director:				
Tan Tong Hai	–	739,400	131,550	282,600
Key employees	–	15,143,700	1,744,350	2,710,600
StarHub RSP 2014				
Non-executive directors:				
Steven Terrell Clontz	11,200	22,800	11,200	–
Peter Seah Lim Huat	11,000	21,900	11,000	–
Nihal Vijaya Devadas Kaviratne CBE	12,000	25,100	12,000	–
Teo Ek Tor	11,700	23,200	11,700	–
Sio Tat Hiang	10,500	21,200	10,500	–
Lim Ming Seong	11,700	23,800	11,700	–
Liu Chee Ming	9,500	18,500	9,500	–
Robert J. Sachs	8,500	18,200	8,500	–
Nasser Marafih	9,700	16,900	9,700	–
Executive director:				
Tan Tong Hai	156,200	156,200	–	156,200
Key employees	2,147,100	2,147,100	–	2,142,100

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

Share-based Payments *(continued)*

During the financial year, a total of 3,297,033 ordinary shares fully paid in the Company were issued pursuant to the StarHub Share Plans.

As at 31 December 2015, no participant has been granted options under the StarHub Share Option Plans 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) (Appointed on 23 September 2015);
 Nihal Vijaya Devadas Kaviratne CBE, independent non-executive director;
 Lim Ming Seong, non-executive director; and
 Rachel Eng Yaag Ngee, independent non-executive director (Appointed on 15 July 2015).

The Audit Committee has held four meetings since the last directors' report. 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.

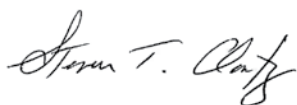
The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



Steven Terrell Clontz
Director

Singapore

16 February 2016



Tan Tong Hai
Director

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
STARHUB LTD

Report on the financial statements

We have audited the accompanying financial statements of StarHub Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the income statement and statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 141 to 190.

Management's responsibility 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 Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

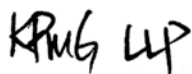
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the income statement and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

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.



KPMG LLP

Public Accountants and
Chartered Accountants

Singapore
16 February 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 \$m	2014 \$m	2015 \$m	2014 \$m
Non-current assets					
Property, plant and equipment	3	890.0	911.1	411.4	400.5
Intangible assets	4	388.1	404.5	70.6	79.3
Subsidiaries	5	–	–	1,758.1	1,692.1
Associate	6	27.5	–	27.8	–
Balances with related parties	11	–	–	344.2	106.0
		1,305.6	1,315.6	2,612.1	2,277.9
Current assets					
Inventories	8	54.3	42.4	50.1	36.8
Trade receivables	9	153.3	161.7	137.5	147.7
Other receivables, deposits and prepayments	10	196.8	185.9	34.1	34.0
Balances with related parties	11	26.0	17.4	110.8	272.6
Cash and cash equivalents	12	173.4	264.2	154.2	176.0
		603.8	671.6	486.7	667.1
Current liabilities					
Trade and other payables	13	(687.3)	(795.8)	(297.7)	(342.9)
Balances with related parties	11	(122.5)	(99.2)	(404.4)	(385.6)
Borrowings	14	(137.5)	(200.0)	(137.5)	(200.0)
Provision for taxation		(80.6)	(97.9)	(49.1)	(35.5)
		(1,027.9)	(1,192.9)	(888.7)	(964.0)
Net current liabilities		(424.1)	(521.3)	(402.0)	(296.9)
Non-current liabilities					
Trade and other payables	13	(22.7)	(23.3)	(22.7)	(23.3)
Borrowings	14	(550.0)	(487.5)	(550.0)	(487.5)
Deferred income	15	(1.1)	(7.3)	(1.1)	–
Deferred tax liabilities	7	(120.1)	(127.2)	(61.3)	(75.9)
		(693.9)	(645.3)	(635.1)	(586.7)
Net assets		187.6	149.0	1,575.0	1,394.3
Shareholders' equity					
Share capital	16	293.5	282.6	293.5	282.6
Reserves	18	(105.9)	(133.6)	1,281.5	1,111.7
Total equity		187.6	149.0	1,575.0	1,394.3

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENTS

YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	\$m	\$m	\$m	\$m
Total revenue	19	2,444.3	2,387.2	1,125.9	1,043.7
Operating expenses	20	(2,048.6)	(1,957.1)	(1,118.6)	(1,060.3)
Other income	21	45.6	46.6	526.5	558.2
Profit from operations		441.3	476.7	533.8	541.6
Finance income	22	2.0	2.0	16.8	14.5
Finance expense	22	(17.8)	(22.6)	(19.5)	(24.2)
Net finance costs		(15.8)	(20.6)	(2.7)	(9.7)
Non-operating income	23	15.0	–	11.3	–
Share of loss of associate (net of tax)	6	(0.3)	–	–	–
Profit before taxation		440.2	456.1	542.4	531.9
Taxation	24	(67.9)	(85.6)	(27.5)	(24.8)
Profit for the year		372.3	370.5	514.9	507.1
Attributable to:					
Equity holders of the Company		372.3	370.5	514.9	507.1
Profit for the year		372.3	370.5	514.9	507.1
Earnings per share					
Basic (cents)	25	21.5	21.5		
Diluted (cents)	25	21.4	21.4		
EBITDA	26	712.7	747.9		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 \$m	2014 \$m	2015 \$m	2014 \$m
Profit for the year		372.3	370.5	514.9	507.1
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		0.5	0.5	–	–
Effective portion of changes in fair value of cash flow hedge	24	1.9	2.8	1.9	2.8
Total comprehensive income for the year, net of taxation		374.7	373.8	516.8	509.9
Total comprehensive income for the year attributable to equity holders of the Company		374.7	373.8	516.8	509.9

Overview

Strategy

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Financials

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Share capital \$m	Treasury shares \$m	Goodwill written off \$m	Share-based payments reserve \$m	Hedging reserve \$m	Translation reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At 1.1.2014	271.4	(0.2)	(276.3)	15.0	(4.2)	0.3	104.6	(160.8)	110.6
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	370.5	370.5	370.5
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	–	0.5	–	0.5	0.5
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	2.8	–	–	2.8	2.8
Total comprehensive income for the year	–	–	–	–	2.8	0.5	370.5	373.8	373.8
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	11.2	–	–	(10.6)	–	–	–	(10.6)	0.6
Share-based payments expenses	–	–	–	9.2	–	–	–	9.2	9.2
Transfer from treasury shares to share-based payments reserve	–	0.2	–	(0.2)	–	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	–	(345.2)	(345.2)	(345.2)
Total transactions with equity holders of the Company	11.2	0.2	–	(1.6)	–	–	(345.2)	(346.6)	(335.4)
At 31.12.2014	282.6	–	(276.3)	13.4	(1.4)	0.8	129.9	(133.6)	149.0
At 1.1.2015	282.6	–	(276.3)	13.4	(1.4)	0.8	129.9	(133.6)	149.0
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	372.3	372.3	372.3
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	–	0.5	–	0.5	0.5
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	1.9	–	–	1.9	1.9
Total comprehensive income for the year	–	–	–	–	1.9	0.5	372.3	374.7	374.7
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	10.9	–	–	(10.6)	–	–	–	(10.6)	0.3
Share-based payments expenses	–	–	–	9.5	–	–	–	9.5	9.5
Dividends paid (Note 17)	–	–	–	–	–	–	(345.9)	(345.9)	(345.9)
Total transactions with equity holders of the Company	10.9	–	–	(1.1)	–	–	(345.9)	(347.0)	(336.1)
At 31.12.2015	293.5	–	(276.3)	12.3	0.5	1.3	156.3	(105.9)	187.6

The accompanying notes form an integral part of these financial statements.

Company	Share capital \$m	Treasury shares \$m	Merger/ capital reserve \$m	Share-based payments reserve \$m	Hedging reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At 1.1.2014	271.4	(0.2)	276.5	15.0	(4.2)	661.3	948.4	1,219.8
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	507.1	507.1	507.1
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	2.8	–	2.8	2.8
Total comprehensive income for the year	–	–	–	–	2.8	507.1	509.9	509.9
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	11.2	–	–	(10.6)	–	–	(10.6)	0.6
Share-based payments expenses	–	–	–	9.2	–	–	9.2	9.2
Transfer from treasury shares to share-based payments reserve	–	0.2	–	(0.2)	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	(345.2)	(345.2)	(345.2)
Total transactions with equity holders of the Company	11.2	0.2	–	(1.6)	–	(345.2)	(346.6)	(335.4)
At 31.12.2014	282.6	–	276.5	13.4	(1.4)	823.2	1,111.7	1,394.3
At 1.1.2015	282.6	–	276.5	13.4	(1.4)	823.2	1,111.7	1,394.3
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	514.9	514.9	514.9
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	1.9	–	1.9	1.9
Total comprehensive income for the year	–	–	–	–	1.9	514.9	516.8	516.8
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	10.9	–	–	(10.6)	–	–	(10.6)	0.3
Share-based payments expenses	–	–	–	9.5	–	–	9.5	9.5
Dividends paid (Note 17)	–	–	–	–	–	(345.9)	(345.9)	(345.9)
Total transactions with equity holders of the Company	10.9	–	–	(1.1)	–	(345.9)	(347.0)	(336.1)
At 31.12.2015	293.5	–	276.5	12.3	0.5	992.2	1,281.5	1,575.0

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2015

	2015 \$m	2014 \$m
Operating activities		
Profit before taxation	440.2	456.1
Adjustments for:		
Depreciation and amortisation, net of asset grants	271.4	271.2
Income related grants	(45.4)	(46.6)
Share-based payments	9.5	9.2
Changes in fair value of financial instruments	(1.0)	0.9
Net finance costs	15.8	20.6
Non-operating income	(15.0)	–
Share of loss of associate (net of tax)	0.3	–
Others	(1.9)	0.7
Operating cash flow before working capital changes	673.9	712.1
Changes in working capital:		
Inventories	(11.9)	0.8
Trade receivables	7.6	(5.5)
Other receivables, deposits and prepayments	(2.9)	(33.8)
Trade and other payables	(55.8)	17.3
Balances due from related parties	(8.9)	6.6
Balances due to related parties	35.2	22.7
Cash generated from operations	637.2	720.2
Income tax paid	(92.7)	(65.3)
Net cash from operating activities	544.5	654.9
Investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	1.6	0.8
Purchase of property, plant and equipment and intangible assets	(328.8)	(321.6)
Interest received	2.0	2.0
Repayment of loan from an associate	36.9	–
Investment in an associate	(12.0)	–
Net cash used in investing activities	(300.3)	(318.8)
Financing activities		
Proceeds from exercise of share options	0.3	0.6
Grants received	30.0	28.1
Dividends paid	(345.9)	(345.2)
Interest paid	(19.7)	(22.5)
Net cash used in financing activities	(335.3)	(339.0)
Net change in cash and cash equivalents	(91.1)	(2.9)
Exchange difference on cash and cash equivalents	0.3	0.2
Cash and cash equivalents at beginning of year	264.2	266.9
Cash and cash equivalents at end of year (Note 12)	173.4	264.2

The accompanying notes form an integral part of these financial statements.

Significant non-cash transactions

During the financial year ended 31 December 2015, the Group entered into capacity swap transactions of \$0.1 million (2014: \$6.3 million) with other operators.

Deconsolidation of subsidiary

On 22 July 2015, STT APDC Pte. Ltd. ("STT APDC"), made an investment of \$36.9 million for a 70% equity interest in SHINE Systems Assets Pte. Ltd. ("SSAPL"). The Group's 100% equity interest in SSAPL was therefore diluted to 30%. Based on the fair value of the net assets disposed, the Group recognised a gain of \$15.0 million under non-operating income (Note 23). The net assets and other components of equity related to SSAPL was consequently deconsolidated from the Group's financial statements from 22 July 2015. The Group commenced equity accounting of SSAPL's financial results based on its equity interest of 30% thereafter.

The net assets of SSAPL (excluding the repaid shareholder's loan) deconsolidated and the cash flows arising from loss of control in SSAPL are provided below:

Effect of deconsolidation on the financial position of the Group

	Note	\$m
Property, plant and equipment		52.6
Trade receivables		0.8
Balances due from related parties		0.3
Trade and other payables		(4.1)
Balances due to related parties		(48.8)
Net assets deconsolidated		0.8
Gain on deconsolidation of a subsidiary	23	15.0
Equity interests retained as investment in an associate		(15.8)
Consideration received		–

Repayment of loan from associate

The consolidated cash flow statement includes shareholder's loan repayment by SSAPL totalling \$36.9 million from the new equity contributions by STT APDC for the 70% stake in SSAPL.

Investment in associate

Post transaction, the Group made an additional investment of \$12.0 million pursuant to an equity call by SSAPL.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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 16 February 2016.

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 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (the "Group"), and the Group's interest in equity-accounted investee.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") pursuant to the requirements of the Companies Act, Chapter 50.

The financial statements are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value as disclosed in the accounting policies below.

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.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements, except as disclosed below.

Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2015. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

New accounting standards and interpretations not yet adopted

Certain accounting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date and are relevant to its operations but are not yet effective have not been applied by the Group.

The Group is currently assessing the potential impact of adopting the following new standards and interpretations that are relevant to its operations, on the financial statements of the Group and the Company. The Group does not plan to early adopt these standards.

2.1 Basis of preparation (continued)

FRS 109 Financial Instruments

FRS 109 *Financial Instruments* replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It is mandatory for adoption by the Group for the annual period beginning 1 January 2018.

FRS 115 Revenue from Contracts with Customers

FRS 115 *Revenue from Contracts with Customers* 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. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. It is mandatory for adoption by the Group for the annual period beginning 1 January 2018.

Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation.

The amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* clarifies that the use of revenue-based methods to calculate depreciation of an asset or amortisation of intangible asset are not appropriate. It is mandatory for adoption by the Group for the annual period beginning 1 January 2016.

2.2 Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities were recorded at their existing carrying amounts. The consolidated financial statements included the results of operations, and the assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of the shares issued in consideration for these transactions exceeded the par value of the shares held by the related corporations, the difference was recognised as a merger reserve in the Group's financial statements.

When control over a subsidiary is lost as a result of a transaction, event or other circumstances, the Group derecognises all assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. The surplus or deficit arising on the loss of control is recognised in profit or loss. Any remaining interest in the previous subsidiary is recognised at its fair value at the date that control is lost, with the gain or loss arising recognised in the profit and loss account. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2.2 Consolidation (continued)

Subsidiaries (continued)

Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at exchange rates approximate to those ruling at the reporting date. Income, expenses and cash flows are translated at average rates prevailing during the period. Translation differences are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. However, if the 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 the 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.

All significant intra-group transactions, balances and unrealised gains/losses are eliminated on consolidation. Unrealised gains are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Otherwise they are recognised immediately in the income statement.

Associates

Associate is that entity which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associate is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

2.3 Property, plant and equipment and depreciation

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 costs of self-constructed assets include the cost of materials and direct labour, an appropriate proportion of overheads, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised borrowing 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. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

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.

2.3 Property, plant and equipment and depreciation (*continued*)

Depreciation is provided on the straight-line basis over their estimated useful lives as follows:

Leasehold buildings	–	30 years to 42 years
Leasehold improvements	–	Shorter of lease term or 5 years
Network equipment	–	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 each reporting date.

No depreciation is provided on freehold property.

No depreciation is provided in respect of property, plant and equipment under construction.

2.4 Intangible assets

Goodwill

Acquisitions prior to 1 January 2010

Goodwill arising on acquisition prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- 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 profit or loss.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in Note 2.5.

Goodwill arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was written off against reserves in the year of acquisition and has not been retrospectively capitalised and amortised.

Goodwill that has previously been taken to 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 income statement when the business is disposed.

In respect of associate, 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 associate.

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 income statement using the straight-line method over the period of the licences, being 10 years to 21 years, commencing from the effective dates of the licences.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2.4 Intangible assets (*continued*)

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 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 income statement as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.5 Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, in which case it is charged to other comprehensive income.

For goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amounts.

Impairment losses recognised 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.

Calculation of 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.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Reversals of impairment

An impairment loss recognised in prior periods for an asset other than goodwill 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.

2.6 Inventories

Inventories comprise goods held for resale and reserved telephone numbers. Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Reserved telephone numbers are stated at cost and accounted for using the specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

2.7 Trade and other receivables

Trade and other receivables (including balances with related parties) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful receivables. Allowance for doubtful receivables is made based on historical write-off patterns and ageing of accounts receivables. Bad debts are written off when incurred.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash balances and deposits with financial institutions and bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.9 Trade and other payables

Trade and other payables (including balances with related parties) are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.10 Borrowings

Borrowings are initially recognised at fair value of the proceeds received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured 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 income statement over the period of the borrowings.

2.11 Employee benefits

Share-based payment

Share Option Plans

The Share Option Plans allow the Group employees and directors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2.11 Employee benefits (*continued*)

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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.

2.12 Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as unearned revenue until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

2.13 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 rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

2.15 Revenue recognition

Revenue comprises fees earned from telecommunications services, broadband access, Pay TV, related advertising space and sale of equipment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the income statement as follows:

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.
- Revenue from sale of pre-paid phone cards for which services have not been rendered is deferred and presented in the statement of financial position as unearned revenue. Upon the expiry of pre-paid phone cards, any unutilised value of the cards is taken to the income statement.
- Revenue from sale of equipment is recognised upon delivery and acceptance of the equipment sold.
- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.

2.16 Finance income and costs

Finance income comprises interest income on bank deposits. Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

Finance costs comprise interest expense and similar charges. They are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

2.17 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.

2.18 Marketing and promotions

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the income statement when incurred.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

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2.20 Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future;
- 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.

2.21 Dividends

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividend to the Company's shareholders is recognised in the financial year in which the dividend is approved by the shareholders.

2.22 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at exchange rates approximate to those ruling at the reporting date. Transactions in foreign currencies are translated at rates ruling on transaction dates. The translation differences arising from such transactions are included in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Singapore dollars at the exchange rate at the date on which fair value was determined.

2.23 Derivative financial instruments

The Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at reporting date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in Note 2.24.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

2.24 Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

For other cash flow hedges, the associated cumulative gain or loss that was recognised in other comprehensive income is removed and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2.25 Segment reporting

With the adoption of FRS 108, 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, Fixed network services and equipment sales on an operationally integrated network, customer service, sales, marketing and administration support. Based on the financial information regularly reviewed by the CODM, the Group has one operating and reporting segment.

2.26 Significant accounting estimates and judgements

The preparation of financial statements 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 2, 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 at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described in the following notes:

- Note 4 – measurement of recoverable amounts relating to goodwill impairment
- Note 9 – measurement of recoverable amounts of trade receivables

3 Property, Plant and Equipment

	Leasehold land	Leasehold buildings	Leasehold improve- ments	Freehold property	Network equipment	Office equipment, computers and furniture and fittings	Motor vehicles	Construction in progress	Total
Group	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Cost									
At 1.1.2014	34.3	9.1	49.9	1.7	2,974.2	163.3	6.7	87.0	3,326.2
Additions	–	–	–	–	3.7	0.9	0.1	266.3	271.0
Transfers	–	–	1.9	–	252.8	8.7	–	(263.4)	–
Disposals	–	–	(2.6)	–	(21.5)	(12.6)	(0.2)	–	(36.9)
At 31.12.2014	34.3	9.1	49.2	1.7	3,209.2	160.3	6.6	89.9	3,560.3
At 1.1.2015	34.3	9.1	49.2	1.7	3,209.2	160.3	6.6	89.9	3,560.3
Additions	–	–	–	–	4.2	–	0.4	247.9	252.5
Transfers	–	0.1	1.8	–	236.5	19.3	–	(257.7)	–
Disposals	–	–	(2.8)	–	(103.2)	(8.5)	(0.5)	–	(115.0)
Disposal of subsidiary	(34.3)	–	–	–	–	–	–	(19.6)	(53.9)
At 31.12.2015	–	9.2	48.2	1.7	3,346.7	171.1	6.5	60.5	3,643.9
Accumulated depreciation and impairment losses									
At 1.1.2014	0.4	1.5	44.7	–	2,282.3	135.0	4.9	–	2,468.8
Charge for the year	0.6	0.2	3.5	–	198.7	12.7	0.9	–	216.6
Disposals	–	–	(2.5)	–	(21.2)	(12.3)	(0.2)	–	(36.2)
At 31.12.2014	1.0	1.7	45.7	–	2,459.8	135.4	5.6	–	2,649.2
At 1.1.2015	1.0	1.7	45.7	–	2,459.8	135.4	5.6	–	2,649.2
Charge for the year	0.3	0.3	1.8	–	203.2	13.7	0.5	–	219.8
Impairment losses	–	–	–	–	0.6	–	–	–	0.6
Disposals	–	–	(2.8)	–	(102.7)	(8.4)	(0.5)	–	(114.4)
Disposal of subsidiary	(1.3)	–	–	–	–	–	–	–	(1.3)
At 31.12.2015	–	2.0	44.7	–	2,560.9	140.7	5.6	–	2,753.9
Carrying amount									
At 31.12.2014	33.3	7.4	3.5	1.7	749.4	24.9	1.0	89.9	911.1
At 31.12.2015	–	7.2	3.5	1.7	785.8	30.4	0.9	60.5	890.0
							Group		
							2015	2014	
							\$m	\$m	
Staff costs capitalised in construction in progress during the year							3.3	3.2	

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3 Property, Plant and Equipment (continued)

Company	Leasehold buildings \$m	Leasehold improvements \$m	Network equipment \$m	Office equipment, computers and furniture and fittings \$m	Motor vehicles \$m	Construction in progress \$m	Total \$m
Cost							
At 1.1.2014	9.1	41.5	1,154.9	120.9	2.1	46.9	1,375.4
Additions	–	–	–	1.4	–	97.5	98.9
Transfers	–	1.9	89.8	3.8	–	(95.5)	–
Disposals	–	(2.5)	(8.0)	(12.2)	–	–	(22.7)
At 31.12.2014	9.1	40.9	1,236.7	113.9	2.1	48.9	1,451.6
At 1.1.2015	9.1	40.9	1,236.7	113.9	2.1	48.9	1,451.6
Additions	–	–	–	–	0.1	96.8	96.9
Transfers	0.1	1.7	92.4	10.1	–	(104.3)	–
Disposals	–	(2.8)	(3.4)	(7.7)	(0.2)	–	(14.1)
At 31.12.2015	9.2	39.8	1,325.7	116.3	2.0	41.4	1,534.4
Accumulated depreciation							
At 1.1.2014	1.4	38.6	846.0	103.9	1.4	–	991.3
Charge for the year	0.3	2.6	71.1	7.7	0.3	–	82.0
Disposals	–	(2.4)	(7.8)	(12.0)	–	–	(22.2)
At 31.12.2014	1.7	38.8	909.3	99.6	1.7	–	1,051.1
At 1.1.2015	1.7	38.8	909.3	99.6	1.7	–	1,051.1
Charge for the year	0.3	1.0	76.1	7.9	0.2	–	85.5
Disposals	–	(2.8)	(3.0)	(7.6)	(0.2)	–	(13.6)
At 31.12.2015	2.0	37.0	982.4	99.9	1.7	–	1,123.0
Carrying amount							
At 31.12.2014	7.4	2.1	327.4	14.3	0.4	48.9	400.5
At 31.12.2015	7.2	2.8	343.3	16.4	0.3	41.4	411.4

4 Intangible Assets

Group	Telecommunications and spectrum licences \$m	Software \$m	Software in development \$m	Goodwill \$m	Total \$m
Cost					
At 1.1.2014	116.8	448.1	17.0	220.3	802.2
Additions	40.0	0.2	38.6	–	78.8
Transfers	–	43.0	(43.0)	–	–
Disposals	–	(1.4)	–	–	(1.4)
At 31.12.2014	156.8	489.9	12.6	220.3	879.6
At 1.1. 2015	156.8	489.9	12.6	220.3	879.6
Additions	–	0.2	36.3	–	36.5
Transfers	–	32.2	(32.2)	–	–
Disposals	(1.0)	(4.2)	–	–	(5.2)
At 31.12.2015	155.8	518.1	16.7	220.3	910.9
Accumulated amortisation					
At 1.1.2014	65.6	356.0	–	–	421.6
Charge for the year	6.4	48.5	–	–	54.9
Disposals	–	(1.4)	–	–	(1.4)
At 31.12.2014	72.0	403.1	–	–	475.1
At 1.1. 2015	72.0	403.1	–	–	475.1
Charge for the year	7.8	44.8	–	–	52.6
Disposals	(1.0)	(3.9)	–	–	(4.9)
At 31.12.2015	78.8	444.0	–	–	522.8
Carrying amount					
At 31.12.2014	84.8	86.8	12.6	220.3	404.5
At 31.12.2015	77.0	74.1	16.7	220.3	388.1

Impairment tests for goodwill

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. For the purposes of impairment testing, goodwill is allocated to the cash generating unit ("CGU") comprising the Group's integrated fixed, mobile, cable and broadband operations. This represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.

The recoverable amount of the CGU is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rates, growth rates and expected changes to profit margins. The value-in-use calculations apply a discounted cash flow model using cash flow projections from the most recent financial budget and forecasts approved by management. The forecast cash flows were extrapolated using an estimated growth rate of 3.8% (2014: 2.8%). The pre-tax discount rate applied is assumed at 6.3% (2014: 6.3%) for the value-in-use calculation.

No impairment charge was required for the carrying amount of goodwill assessed as at 31 December 2015 and 31 December 2014 as the recoverable value was in excess of the carrying value. Any reasonably possible change to the key assumptions applied was not likely to cause the recoverable value to be below the carrying value.

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4 Intangible Assets (continued)

	Telecommunications licences	Software	Software in development	Total
Company	\$m	\$m	\$m	\$m
Cost				
At 1.1.2014	1.0	386.2	14.6	401.8
Additions	–	–	29.2	29.2
Disposals	–	(1.5)	–	(1.5)
Transfers	–	33.3	(33.3)	–
At 31.12.2014	1.0	418.0	10.5	429.5
At 1.1.2015				
	1.0	418.0	10.5	429.5
Additions	–	–	28.4	28.4
Disposals	(1.0)	–	–	(1.0)
Transfers	–	24.4	(24.4)	–
At 31.12.2015	–	442.4	14.5	456.9
Accumulated amortisation				
At 1.1.2014	0.8	308.9	–	309.7
Charge for the year	0.1	41.9	–	42.0
Disposals	–	(1.5)	–	(1.5)
At 31.12.2014	0.9	349.3	–	350.2
At 1.1.2015				
	0.9	349.3	–	350.2
Charge for the year	0.1	37.0	–	37.1
Disposals	(1.0)	–	–	(1.0)
At 31.12.2015	–	386.3	–	386.3
Carrying amount				
At 31.12.2014	0.1	68.7	10.5	79.3
At 31.12.2015				
	–	56.1	14.5	70.6
				Group and Company
				2015
				2014
				\$m
				\$m
Staff costs capitalised in software in development during the year				1.8
				2.4

5 Subsidiaries

Company	2015 \$m	2014 \$m
Investments in subsidiaries, at cost	1,209.1	1,209.1
Loans to subsidiaries	556.0	490.0
Discount implicit in the interest-free loan to a subsidiary	21.9	21.9
	1,787.0	1,721.0
Allowance for impairment losses	(28.9)	(28.9)
	1,758.1	1,692.1

At 31 December 2015, the loans to the subsidiaries are unsecured, not repayable within the next 12 months and bore interest ranging from 2.72% to 3.48% (2014: 3.48%) per annum.

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2015 %	2014 %
The subsidiaries directly held by the Company are as follows:				
StarHub Cable Vision Ltd. ⁽¹⁾	Provision of subscription television and television broadcasting services	Singapore	100	100
StarHub Mobile Pte Ltd ⁽¹⁾	Provision of mobile telecommunications services	Singapore	100	100
StarHub Internet Pte Ltd ⁽¹⁾	Provision and operation of internet services	Singapore	100	100
StarHub Online Pte Ltd ⁽¹⁾	Provision of broadband access services	Singapore	100	100
Nucleus Connect Pte. Ltd. ⁽¹⁾	Provision of high speed wholesale broadband services	Singapore	100	100
SHINE Systems Assets Pte. Ltd. ⁽¹⁾	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	– ⁽²⁾	100
StarHub (Mauritius) Ltd ⁽³⁾	Investment holding company and for acquisition of info-communication and infotainment services	Mauritius	100	100
StarHub (Hong Kong) Limited ⁽⁴⁾	Provision of telecommunication services	Hong Kong	100	100
StarHub Shop Pte Ltd ⁽⁵⁾	Dormant	Singapore	100	100
StarHub, Inc. ⁽⁵⁾	Dormant	United States	100	100
Other subsidiary indirectly held by the Company is as follows:				
Foosti Pte. Ltd. ^{(5) (6)}	Dormant	Singapore	100	100

⁽¹⁾ Audited by KPMG LLP Singapore

⁽²⁾ On 22 July 2015, StarHub Ltd diluted its controlling interest in the company and the company was subsequently equity accounted for in the consolidated financial statements based on its results ended 31 December 2015, the financial year-end of the company (Note 6).

⁽³⁾ Audited by KPMG Mauritius, a member firm of KPMG International

⁽⁴⁾ Audited by another firm

⁽⁵⁾ Not required to be audited by laws of the country of incorporation

⁽⁶⁾ The company is currently in liquidation pursuant to a winding-up order by the High Court of Singapore issued on 14 January 2011.

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6 Associate

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Investment in associate	27.8	–	27.8	–
Share of post-acquisition reserves	(0.3)	–	–	–
	27.5	–	27.8	–

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2015 %	2014 %
SHINE Systems Assets Pte. Ltd. ⁽¹⁾	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	30 ⁽²⁾	–

⁽¹⁾ Audited by KPMG LLP Singapore

⁽²⁾ On 22 July 2015, StarHub Ltd diluted its controlling interest in the company and the company was subsequently equity accounted for in the consolidated financial statements based on its results ended 31 December 2015, the financial year-end of the company (Note 5).

The following summarises the financial information of the associate, based on its financial statements prepared in accordance with FRS, amended for fair value adjustments on acquisition.

	2015 \$m	2014 \$m
Summarised Statement of Financial Position		
Non-current assets	93.2	–
Current assets	14.4	–
Current liabilities	(15.9)	–
Net assets	91.7	–
Reconciliation to carrying amount:		
Opening net assets	93.4	–
Loss for the year	(1.7)	–
Closing net assets	91.7	–

6 Associate (continued)

	2015 \$m	2014 \$m
Summarised Statement of Comprehensive Income		
Total revenue	–	–
Loss for the year	(1.7)	–
Other comprehensive loss	–	–
Total comprehensive loss for the year	(1.7)	–
Group's share in %	30%	–
Group's share of loss of associate (net of tax) for the year	(0.3)	–
Carrying amount of interest in associate at end of the year	27.5	–

7 Deferred Tax Liabilities

Movements in deferred tax liabilities during the year are as follows:

Group 2015	At 1.1.2015 \$m	Recognised in income statement \$m	Recognised in other comprehensive income \$m	At 31.12.2015 \$m
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(143.9)	9.6	–	(134.3)
Other payables and accruals	4.1	(2.0)	(0.4)	1.7
Unutilised capital allowances	8.5	(0.1)	–	8.4
Unutilised tax losses	4.1	–	–	4.1
Total	(127.2)	7.5	(0.4)	(120.1)
Group 2014	At 1.1.2014 \$m	Recognised in income statement \$m	Recognised in other comprehensive income \$m	At 31.12.2014 \$m
Deferred tax assets				
Property, plant and equipment and intangible assets	(7.9)	7.9	–	–
Deferred income	10.4	(10.4)	–	–
Total	2.5	(2.5)	–	–
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(139.2)	(4.7)	–	(143.9)
Other payables and accruals	8.5	(3.8)	(0.6)	4.1
Unutilised capital allowances	2.3	6.2	–	8.5
Unutilised tax losses	–	4.1	–	4.1
Total	(128.4)	1.8	(0.6)	(127.2)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 Deferred Tax Liabilities (continued)

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:

	2015 \$m	2014 \$m
Tax losses	3.5	60.0
Deferred tax assets	0.6	10.2

The Group has not recognised deferred tax assets in respect of the above tax losses and capital allowances as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

Company 2015	At 1.1.2015 \$m	Recognised in income statement \$m	Recognised in other comprehensive income \$m	At 31.12.2015 \$m
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(76.8)	15.0	–	(61.8)
Other payables and accruals	0.9	–	(0.4)	0.5
Total	(75.9)	15.0	(0.4)	(61.3)

Company 2014	At 1.1.2014 \$m	Recognised in income statement \$m	Recognised in other comprehensive income \$m	At 31.12.2014 \$m
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(77.7)	0.9	–	(76.8)
Other payables and accruals	1.9	(0.4)	(0.6)	0.9
Total	(75.8)	0.5	(0.6)	(75.9)

8 Inventories

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Inventories, at lower of cost and net realisable value	54.3	42.4	50.1	36.8
(Written back)/ allowance made during the year	(0.5)	0.1	(0.7)	0.1

9 Trade Receivables

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Trade receivables	186.4	191.2	168.8	175.5
Allowance for doubtful receivables	(33.1)	(29.5)	(31.3)	(27.8)
	153.3	161.7	137.5	147.7

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group's and the Company's primary credit risk exposure arises through its trade receivables, which include corporate and retail customers. There is no concentration of credit risk with respect to trade receivables as the Group and the Company have a large number of customers. The recorded allowances for doubtful receivables have been made based on the Group's and the Company's historical collections experience. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's and the Company's trade receivables.

The age analysis of trade receivables past due but not impaired at the reporting date is as follows:

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Past due 0 – 15 days	40.9	36.4	37.7	34.1
Past due above 15 days	50.5	66.0	41.9	58.0
	91.4	102.4	79.6	92.1

The movements in allowance for doubtful receivables in respect of trade receivables during the year are as follows:

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
At beginning of year	29.5	29.1	27.8	28.9
Allowance for doubtful receivables	18.4	15.9	5.4	1.9
Recharged to subsidiaries	–	–	12.9	12.5
Allowance utilised	(14.8)	(15.5)	(14.8)	(15.5)
At end of year	33.1	29.5	31.3	27.8

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10 Other Receivables, Deposits and Prepayments

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Grant receivables	10.7	6.9	–	–
Accrued revenue	113.9	101.8	11.1	13.8
Deposits	4.0	4.6	0.9	0.9
Prepayments	57.2	70.0	18.4	18.1
Other receivables	9.0	2.6	1.7	1.2
Mark-to-market financial instruments				
– Forward exchange contracts	1.2	–	1.2	–
– Interest rate swaps	0.8	–	0.8	–
	196.8	185.9	34.1	34.0

11 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.

11.1 Amounts due from related parties

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current				
Loan to subsidiary	–	–	–	22.0
Amounts due from (trade):				
– Ultimate holding company	0.1	0.1	–	0.1
– Subsidiaries	–	–	97.2	238.3
– Related corporations	25.9	17.3	13.6	12.2
	26.0	17.4	110.8	272.6
Non-current				
Loans to subsidiaries	–	–	–	106.0
Amount due from (trade):				
– Subsidiary	–	–	344.2	–
	–	–	344.2	106.0

The non-current trade amount due from a subsidiary is unsecured, interest free and is not repayable within the next 12 months.

11 Balances with Related Parties (continued)

11.2 Amounts due to related parties

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current				
Amounts due to (trade):				
– Subsidiaries	–	–	373.8	320.9
– Related corporations	122.5	99.2	30.6	64.7
	122.5	99.2	404.4	385.6

The amounts due to subsidiaries include unsecured interest bearing amounts of \$167.9 million (2014: \$111.7 million) at interest rates ranging from 0.93% to 1.25% (2014: 0.91% to 1.20%) per annum and are repayable on demand. The remaining amounts due to subsidiaries have trade terms.

- 11.3** The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements; the amounts before netting are as follows:

Company	Gross amounts \$m	Gross amounts offset \$m	Net amounts \$m
2015			
Current			
Amounts due from subsidiaries	565.5	(468.3)	97.2
Amounts due to subsidiaries	842.1	(468.3)	373.8
Non-current			
Amounts due from subsidiaries	344.2	–	344.2
2014			
Current			
Amounts due from subsidiaries	672.9	(434.6)	238.3
Amounts due to subsidiaries	755.5	(434.6)	320.9

12 Cash and Cash Equivalents

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Fixed deposits	111.8	124.6	111.8	95.0
Cash at bank and in hand	61.6	139.6	42.4	81.0
	173.4	264.2	154.2	176.0

NOTES TO THE FINANCIAL STATEMENTS

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13 Trade and Other Payables

	Note	Group		Company	
		2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current					
Trade payables		55.6	60.3	56.9	53.5
Accruals		414.1	462.4	171.3	205.9
Unearned revenue		131.1	137.2	19.1	22.8
Property, plant and equipment vendors		62.4	106.1	33.8	45.1
Deferred income	15	7.8	14.0	0.5	–
Deposits from customers		16.3	15.2	16.1	15.0
Mark-to-market financial instruments					
– Interest rate swaps		–	0.6	–	0.6
		687.3	795.8	297.7	342.9
Non-current					
Unearned revenue		22.7	22.2	22.7	22.2
Mark-to-market financial instruments					
– Interest rate swaps		–	1.1	–	1.1
		22.7	23.3	22.7	23.3

14 Borrowings

	Note	Group and Company	
		2015 \$m	2014 \$m
Current			
Bank loan	14.1	137.5	200.0
Non-current			
Bank loans	14.1	330.0	267.5
Medium term note	14.2	220.0	220.0
		550.0	487.5

14 Borrowings (continued)

14.1 Bank loans

	Group and Company	
	2015 \$m	2014 \$m
Current	137.5	200.0
Non-current	330.0	267.5
	467.5	467.5
Repayable:		
– Within 1 year	137.5	200.0
– After 1 year but within 5 years	330.0	267.5
	467.5	467.5

At 31 December 2015, the unsecured bank loans bore interest at rates ranging from 1.47% to 2.98% (2014: 0.79% to 2.56%) per annum.

14.2 Medium term note

	Group and Company	
	2015 \$m	2014 \$m
Non-current	220.0	220.0

The Company has established a multicurrency medium term note programme with a maximum aggregate principal amount of \$1,000,000,000 in September 2011. In September 2012, the Company issued a \$220,000,000 10 years medium term note which bore an interest rate of 3.08% per annum and is payable in September 2022. There is no material difference between the carrying amount and fair value of the medium term note.

15 Deferred Income

Note	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Deferred grants				
At beginning of year	21.3	41.7	–	–
Grants receivable	2.3	–	2.3	–
Amount accreted to the income statement	(14.7)	(20.4)	(0.7)	–
At end of year	8.9	21.3	1.6	–
Deferred grants to be accreted:				
Current (within 1 year)	7.8	14.0	0.5	–
Non-current (after 1 year but within 5 years)	1.1	7.3	1.1	–
Total	8.9	21.3	1.6	–

The deferred income are government grants received. The assets related grants are recognised over the estimated useful lives of the related assets. The income related grants are recognised on a systematic basis over the periods to match the related cost.

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16 Share Capital

Company	2015		2014	
	Number of shares '000	\$m	Number of shares '000	\$m
Issued and fully paid ordinary shares:				
At beginning of year	1,726,322	282.6	1,721,486	271.4
Issue of ordinary shares under the StarHub Performance Share Plans and StarHub Restricted Stock Plans	3,297	10.6	4,337	10.6
Issue of ordinary shares for cash pursuant to the exercise of options under the StarHub Share Option Plans	176	0.3	499	0.6
At end of year	1,729,795	293.5	1,726,322	282.6

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.

17 Dividends

	Company	
	2015 \$m	2014 \$m
Final dividend of \$0.05 (2014: \$0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	86.5	86.3
Interim dividends of \$0.15 (2014: \$0.15) per share (1-tier tax exempt) paid in respect of the current financial year	259.4	258.9
	345.9	345.2

18 Reserves

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Merger/Capital reserve	–	–	276.5	276.5
Goodwill written off	(276.3)	(276.3)	–	–
Share-based payments reserve	12.3	13.4	12.3	13.4
Hedging reserve	0.5	(1.4)	0.5	(1.4)
Translation reserve	1.3	0.8	–	–
Retained profits	156.3	129.9	992.2	823.2
	(105.9)	(133.6)	1,281.5	1,111.7

The merger/capital reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd. ("SCV"), on 2 July 2002 and the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over its par value.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19 Total Revenue

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Mobile revenue	1,239.8	1,247.6	–	–
Pay TV revenue	391.0	389.7	–	–
Broadband revenue	200.3	201.9	–	–
Fixed network services revenue	384.9	378.3	607.9	604.3
Sale of equipment	228.3	169.7	518.0	439.4
	2,444.3	2,387.2	1,125.9	1,043.7

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

20 Operating Expenses

	Group		Company	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Cost of equipment sold	487.1	411.4	486.0	410.9
Cost of services	415.8	382.9	61.5	59.1
Traffic expenses	150.2	154.7	64.0	73.5
Depreciation and amortisation (net of asset grants)	271.4	271.2	121.9	124.0
Marketing and promotions	144.6	156.2	16.7	14.1
Staff costs	270.7	275.0	199.3	200.1
Allowance for doubtful receivables	18.4	15.9	5.4	1.9
Repairs and maintenance	86.0	69.2	41.8	33.1
Operating leases	121.7	128.4	57.5	65.7
Other expenses	82.7	92.2	64.5	77.9
	2,048.6	1,957.1	1,118.6	1,060.3

Included in the Group's cost of services is government grant amounting to \$3.4 million (2014: \$1.8 million).

20.1 Depreciation and amortisation (net of asset grants)

Depreciation and amortisation expenses comprise the following:

	Group		Company	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Depreciation of property, plant and equipment	219.8	216.6	85.5	82.0
Accretion of asset grants to the income statement	(1.0)	(0.3)	(0.7)	–
	218.8	216.3	84.8	82.0
Amortisation of intangible assets	52.6	54.9	37.1	42.0
Total	271.4	271.2	121.9	124.0

20.2 Staff costs

The following are included in staff costs:

	Group		Company	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Defined contribution plans	25.1	23.9	17.4	16.3
Share-based payments	9.5	9.2	9.5	9.2
Government grants – Wage Credit Scheme	(3.7)	(1.9)	(3.6)	(1.8)

20 Operating Expenses (continued)

20.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Short-term employee benefits	10.2	10.0	9.0	8.9
Share-based payments	4.3	4.4	3.8	4.0
	14.5	14.4	12.8	12.9

Included in the above is the total compensation to directors of the Company which amounted to \$5.0 million (2014: \$4.7 million).

Key management personnel also participate in the StarHub Share Option Plans, the StarHub Performance Share Plans and the StarHub Restricted Stock Plans as detailed in Note 20.2.2. The short term benefits include the Company balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of shares 534,700 (2014: 645,100 shares) under the StarHub Performance Share Plans and conditional awards of shares 435,800 (2014: 640,400 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Company during the year.

Awards of 95,800 shares (2014: 111,100 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, during the year.

Based on the actual level of achievement of the pre-determined performance targets over the 2012 to 2014 performance period, final awards comprising 629,300 shares were delivered to the key management personnel of the Company during the year under the 2012 conditional awards granted to key management personnel of the Company in May 2012 pursuant to the StarHub Performance Share Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2013 to 2014 performance period, final awards comprising 372,780 shares were delivered to the key management personnel of the Company during the year under the 2013 conditional awards granted to the key management personnel of the Company in May 2013 pursuant to the StarHub Restricted Stock Plans. 186,600 shares under the final awards were delivered during the year, with the balance of 186,180 shares to be delivered in phases according to the stipulated vesting periods.

All share options and conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Company were on the same terms and conditions as those offered to other employees of the Company.

As at 31 December 2015, 1,503,800 (2014: 1,540,100) of the conditional awards of shares under the StarHub Performance Share Plans, and 1,199,380 (2014: 1,214,750) 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

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20 Operating Expenses (continued)

20.2.2 Share-based Payments

StarHub Share Option Plan

At 31 December 2015, there are no share options outstanding under the StarHub Share Option Plan 2004. The last exercisable date of the options granted under the StarHub Share Option Plan 2004 was 30 May 2015, and all outstanding unexercised options granted under this plan had lapsed on 30 May 2015.

Company	Number of share options		Weighted average exercise price per share	
	2015 '000	2014 '000	2015 \$	2014 \$
Outstanding at beginning of year	234	819	1.52	1.35
Exercised	(176)	(499)	1.52	1.33
Forfeited	(58)	(86)	1.52	1.01
Outstanding at end of year	–	234	–	1.52
Exercisable at end of year	–	234	–	1.52

Options were exercised throughout the year. The weighted average share price during the year was \$3.95 per share (2014: \$4.15 per share).

The share options have the following exercise price:

Company	2015 \$	2014 \$
Exercise price:		
\$1.52	–	234
Outstanding at end of year	–	234
Weighted average remaining contractual life	–	0.41 year

StarHub Performance Share Plans

Under the StarHub PSP 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.

During the financial year ended 31 December 2015, the conditional grants of 534,700 (2014: 645,100) shares under the StarHub Performance Share Plans were made to the key employees of the Group. These represent the number of shares to be delivered when performance targets at “on-target” level are achieved, or as the case may be, when the time-based service conditions are completed.

20 Operating Expenses (continued)

20.2.2 Share-based Payments (continued)

StarHub Performance Share Plans (continued)

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:

2015 Date of grant	Balance outstanding at 1.1.2015 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31.12.2015 '000
25 May 2012	872	–	(872)	–	–
31 May 2013	432	–	–	(3)	429
10 March 2014	645	–	–	(75)	570
16 March 2015	–	535	–	–	535
Total	1,949	535	(872)	(78)	1,534

2014 Date of grant	Balance outstanding at 1.1.2014 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31.12.2014 '000
31 March 2011	858	–	(858)	–	–
25 May 2012	872	–	–	–	872
31 May 2013	432	–	–	–	432
10 March 2014	–	645	–	–	645
Total	2,162	645	(858)	–	1,949

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 2015 and 2014 are as follows:

	Year of grant	
	2015	2014
Fair value	\$2.94	\$2.65
Share price	\$4.25	\$4.07
Expected volatility of the Company's shares	16.23%	16.91%
Expected volatility of MSCI Asia-Pacific Telecommunications Component Stock	12.42%	9.50%
Expected dividend yield	4.48%	4.44%
Risk-free interest rates	1.39%	0.50%

NOTES TO THE FINANCIAL STATEMENTS

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20 Operating Expenses (continued)

20.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans

Under the StarHub RSP and StarHub RSP Plan 2014 (collectively the “StarHub Restricted Stock Plans”), awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related after a further period of service beyond the performance targets completion date (performance-based restricted awards).

During the financial year ended 31 December 2015, the conditional grants of 2,432,200 (2014: 2,517,900) shares under the StarHub Restricted Stock Plans were made to non-executive directors and key employees of the Group. These represent the number of shares to be delivered when performance targets at “on-target” level are achieved, or as the case may be, when the time-based service conditions are completed.

During the financial year ended 31 December 2015, 128,900 (2014: 127,300) shares under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors’ remuneration, without any performance or vesting conditions attached.

The movements of the number of shares under the StarHub Restricted Stock Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2015 Date of grant	Balance outstanding at 1.1.2015 ‘000	Number of restricted shares granted ‘000	Number of restricted shares vested ‘000	Number of restricted shares forfeited ‘000	Balance outstanding at 31.12.2015 ‘000
25 May 2012	912	–	(912)	–	–
31 May 2013	1,407	–	(699)	(16)	692
10 March 2014	2,454	–	(15)	(99)	2,340
16 March 2015	–	2,271	–	(5)	2,266
3 June 2015	–	129	(113)	(16)	–
8 July 2015	–	32	–	–	32
Total	4,773	2,432	(1,739)	(136)	5,330

2014 Date of grant	Balance outstanding at 1.1.2014 ‘000	Number of restricted shares granted ‘000	Number of restricted shares vested ‘000	Number of restricted shares forfeited ‘000	Balance outstanding at 31.12.2014 ‘000
17 May 2010	474	–	(472)	(2)	–
31 March 2011	849	–	(849)	–	–
25 May 2012	1,877	–	(936)	(29)	912
31 May 2013	1,459	–	–	(52)	1,407
10 March 2014	–	2,518	–	(64)	2,454
14 May 2014	–	127	(111)	(16)	–
Total	4,659	2,645	(2,368)	(163)	4,773

20 Operating Expenses (continued)

20.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans (continued)

The fair value of the share awards is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards.

The assumptions under the model used for the grant in 2015 and 2014 are as follows:

	Year of grant	
	2015	2014
Fair value	\$3.65 – \$3.82	\$3.11 – \$3.84
Share price	\$3.98 – \$4.25	\$4.07
Expected volatility of the Company's shares	16.23%	16.91%
Expected dividend yield	4.48% – 5.15%	4.44%
Risk-free interest rates	0.70% – 1.36%	0.26% – 0.46%

20.3 Other expenses

Included in other expenses are the following:

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Fees paid to auditors of the Company:				
– Audit	0.4	0.4	0.1	0.1
– Non-audit	0.3	0.2	0.1	0.1
Foreign currency exchange (gain)/ loss	(1.4)	3.1	(2.4)	1.8
Changes in fair value of financial instruments	(1.0)	0.9	(1.0)	0.9

21 Other Income

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Corporate recharges to related parties	0.2	–	215.2	231.4
Dividend income from subsidiaries	–	–	309.4	326.5
Income related grants	45.4	46.6	1.9	0.3
	45.6	46.6	526.5	558.2

NOTES TO THE FINANCIAL STATEMENTS

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22 Finance Income and Expense

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Interest income:				
– Bank deposits	2.0	2.0	1.9	1.9
– Subsidiaries	–	–	14.9	12.6
Finance income	2.0	2.0	16.8	14.5
Interest expense:				
– Bank loans	11.0	15.8	11.0	15.8
– Medium term note	6.8	6.8	6.8	6.8
– Subsidiaries	–	–	1.7	1.6
Finance costs	17.8	22.6	19.5	24.2

23 Non-operating Income

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Gain on deconsolidation of a subsidiary	15.0	–	11.3	–

24 Taxation

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Current tax				
Current income tax	62.9	91.4	34.9	36.8
Utilisation of previously unrecognised deferred tax assets	(9.6)	(8.6)	(14.0)	(11.2)
Under/(over) provision in prior year	22.1	4.6	21.6	(0.3)
	75.4	87.4	42.5	25.3
Deferred tax				
Origination and reversal of temporary differences	12.8	(0.3)	4.9	0.9
Over provision of tax liabilities in prior year	(20.3)	(1.5)	(19.9)	(1.4)
	(7.5)	(1.8)	(15.0)	(0.5)
Total income tax in income statement	67.9	85.6	27.5	24.8

24 Taxation (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group		Company	
	2015	2014	2015	2014
	\$m	\$m	\$m	\$m
Profit before taxation	440.2	456.1	542.4	531.9
Income tax using Singapore tax rate of 17%	74.8	77.5	92.2	90.4
Income not subject to tax	(2.7)	(0.1)	(54.7)	(55.5)
Non-deductible expenses	3.7	4.3	2.3	2.7
Deferred tax assets not recognised	–	9.6	–	–
Utilisation of previously unrecognised deferred tax assets	(9.6)	(8.6)	(14.0)	(11.2)
Under/(over) provision in prior year, net	1.8	3.1	1.7	(1.6)
Others	(0.1)	(0.2)	–	–
Total income tax in income statement	67.9	85.6	27.5	24.8

The Company's utilisation of previously unrecognised deferred tax assets relates to unutilised tax losses and unutilised capital allowances transferred from its subsidiaries under the group tax relief system in the Republic of Singapore.

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group and Company	
	2015	2014
	\$m	\$m
Cash flow hedge, before taxation	2.3	3.4
Taxation	(0.4)	(0.6)
Effective portion of changes in fair value of cash flow hedge	1.9	2.8

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

25 Earnings Per Share

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the StarHub share plans.

	Group	
	2015	2014
	\$m	\$m
Profit attributable to equity holders	372.3	370.5
	Number of shares	
	2015	2014
	'000	'000
Weighted average number of ordinary shares (basic)	1,729,101	1,725,351
Adjustment for dilutive effect of share plans	6,864	7,050
Weighted average number of ordinary shares (diluted)	1,735,965	1,732,401

26 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 covered by FRS. The Group defines EBITDA as follows:

	Group	
	2015	2014
	\$m	\$m
Profit before taxation	440.2	456.1
Adjustments for:		
Depreciation and amortisation (net of asset grants)	271.4	271.2
Finance income	(2.0)	(2.0)
Finance expense	17.8	22.6
Gain on deconsolidation of a subsidiary company	(15.0)	–
Share of loss of associate (net of tax)	0.3	–
EBITDA	712.7	747.9

27 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 and the Company with related parties during the financial year were as follows:

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Ultimate holding company				
Sales	0.5	0.7	0.5	0.7
Subsidiaries				
Sales	–	–	534.7	523.4
Purchase of services	–	–	57.6	48.1
Related corporations				
Sales	70.0	77.6	34.7	33.1
Purchase of property, plant and equipment	19.5	18.1	11.8	13.8
Rental expenses	81.7	85.1	33.6	37.1
Purchase of services	183.7	151.8	30.2	36.8
Purchase of inventories	166.1	167.2	165.9	166.8

28 Segment Reporting

Segment information is presented based on the information reviewed by the chief operating decision maker (“CODM”) for performance assessment and resource allocation.

The CODM assess the Group’s financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in one segment. The Group delivers its Mobile, Pay TV, Broadband, Fixed networks services and equipment sales on a fully integrated network, customer service, sales, marketing and administration support.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed to 10% or more of the Group’s revenue.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

28 Segment Reporting (continued)

The Group's reportable segment information is as follows:

	Group	
	2015	2014
	\$m	\$m
Mobile revenue	1,239.8	1,247.6
Pay TV revenue	391.0	389.7
Broadband revenue	200.3	201.9
Fixed network services revenue	384.9	378.3
Sale of equipment	228.3	169.7
Total revenue	2,444.3	2,387.2
EBITDA	712.7	747.9
Depreciation and amortisation (net of asset grants)	(271.4)	(271.2)
Finance income	2.0	2.0
Finance expense	(17.8)	(22.6)
Gain on deconsolidation of a subsidiary company	15.0	–
Share of loss of associate (net of tax)	(0.3)	–
Profit before taxation	440.2	456.1
Taxation	(67.9)	(85.6)
Profit for the year	372.3	370.5
Assets and liabilities		
Non-current assets	1,305.6	1,315.6
Current assets	603.8	671.6
Total assets	1,909.4	1,987.2
Borrowings	687.5	687.5
Other non-current liabilities	143.9	157.8
Current liabilities	890.4	992.9
Total liabilities	1,721.8	1,838.2
Other information		
Capital expenditure	289.0	349.8
Free cash flow *	215.7	333.3

* Free cash flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the consolidated cash flow statement.

29 Financial Risk Management

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and foreign currency risk arises in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in Note 2.23.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

The Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position.

Liquidity risk

The Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its medium term note programme.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 Financial Risk Management (continued)

Liquidity risk (continued)

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

Group	Carrying amount	Contractual cash flows			
		Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2015	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities					
Borrowings	687.5	773.7	152.3	387.8	233.6
Trade and other payables ^	548.3	548.3	548.3	–	–
Balances with related parties	122.5	122.5	122.5	–	–
	1,358.3	1,444.5	823.1	387.8	233.6

Group	Carrying amount	Contractual cash flows			
		Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2014	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities					
Borrowings	687.5	758.4	211.7	306.4	240.3
Trade and other payables ^	642.4	642.4	642.4	–	–
Balances with related parties	99.2	99.2	99.2	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	3.3	3.3	3.1	0.2	–
	1,432.4	1,503.3	956.4	306.6	240.3

29 Financial Risk Management (continued)

Liquidity risk (continued)

Company	Carrying amount	Contractual cash flows			
		Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2015	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities					
Borrowings	687.5	773.7	152.3	387.8	233.6
Trade and other payables ^	278.0	278.0	278.0	–	–
Balances with related parties	404.4	404.4	404.4	–	–
	1,369.9	1,456.1	834.7	387.8	233.6
Company	Carrying amount	Contractual cash flows			
		Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2014	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities					
Borrowings	687.5	758.4	211.7	306.4	240.3
Trade and other payables ^	317.9	317.9	317.9	–	–
Balances with related parties	385.6	385.6	385.6	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	3.3	3.3	3.1	0.2	–
	1,394.3	1,465.2	918.3	306.6	240.3

^ The carrying amount of trade and other payables disclosed in the table exclude deferred income, unearned revenue, interest accruals for derivative financial liabilities. The interest accruals are included in the derivative financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

29 Financial Risk Management (continued)

The following table indicates the periods in which the cash flow hedges are expected to affect profit or loss:

Group and Company 2015	Within 1 year \$m	After 1 year but within 5 years \$m	Total \$m
Interest rate swaps			
– Assets	0.4	0.1	0.5
Group and Company 2014	Within 1 year \$m	After 1 year but within 5 years \$m	Total \$m
Interest rate swaps			
– Liabilities	1.5	0.2	1.7

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group adopts a policy of ensuring that at least 50 percent of its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose.

At 31 December 2015, the Group had outstanding interest rate swap agreements with notional principal amounts totalling \$145.0 million (2014: \$335.0 million) in cash flow hedges against borrowings. These interest rate swaps will mature over the remaining term ranging from 0.6 year to 1.4 years (2014: 0.1 year to 2.4 years) to match the underlying hedged cash flows arising on the borrowings consisting of semi-annual interest payments. The fixed interest payable are at interest rates ranging from 0.86% to 1.45% per annum (2014: 0.86% to 2.25% per annum).

Sensitivity analysis

The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the interest rates by 100 basis points, with all other variables remaining constant, does not have a material impact in the Group's and the Company's profit before taxation (2014: \$0.1 million).

Foreign currency risk

The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than 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	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Trade and other receivables	63.1	31.5	9.3	7.6
Cash and cash equivalents	108.0	39.4	104.1	27.1
Trade and other payables	(132.2)	(145.1)	(35.7)	(63.4)
	38.9	(74.2)	77.7	(28.7)

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk on forecasted payment obligations. At 31 December 2015, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately \$105.1 million (2014: Nil).

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.

29 Financial Risk Management (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.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Derivatives

Marked to market valuations of the forward exchange contracts are provided by the banks. For interest rate swaps, valuations are also provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Borrowings

The fair values of borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Amounts due from subsidiaries (non-current)

Non-current amounts due from subsidiaries 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.

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.

Interest rates used in determining fair values

The Group and the Company use the interbank swap yield as of 31 December 2015 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2015 % per annum	2014 % per annum
Derivatives	0.86 – 1.45	0.86 – 2.25

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation method, at reporting date:

	Group and Company	
	2015 \$m	2014 \$m
Financial assets/ (liabilities)		
Mark-to-market financial instruments		
– Forward exchange contracts	1.2	–
– Interest rate swaps	0.8	(1.7)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

30 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 proper 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 Share Option Plan, 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.

31 Commitments

(a) Capital and other financial commitments

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Contracted and not provided for in the financial statements:				
– Capital expenditures	285.4	438.9	103.5	107.6
– Other operating expenditures	279.0	378.2	–	–
	564.4	817.1	103.5	107.6

Included in the capital expenditures contracted by the Company is an amount of approximately \$2.7 million (2014: \$4.7 million) which has been entered into on behalf of its subsidiaries.

As at 31 December 2015, the Group has outstanding capital and other financial commitments with related companies amounting to \$10.2 million (2014: \$15.2 million).

(b) Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2015 \$m	2014 \$m	2015 \$m	2014 \$m
Payable:				
– Within 1 year	98.8	99.4	54.0	57.2
– Within 2 to 5 years	106.1	134.1	83.1	84.0
– After 5 years	210.5	60.3	210.3	60.0
	415.4	293.8	347.4	201.2

Included in the operating lease commitment of the Company is \$7.0 million (2014: \$7.1 million) which is contracted on behalf of a subsidiary. The operating leases include lease of premises and network infrastructure. The leases have varying terms and renewal rights.

As at 31 December 2015, the Group has outstanding operating lease commitments with related companies amounting to \$277.6 million (2014: \$139.8 million).

32 Subsequent Event

The directors have proposed a final dividend of \$0.05 (2014: \$0.05) per share, tax exempt (one tier), totalling \$86.5 million (2014: \$86.3 million) in respect of the financial year ended 31 December 2015. 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 2016.

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 2015 to 31 December 2015	1 January 2015 to 31 December 2015
	\$m	\$m
Transactions for the Sale of Goods & Services		
SATS Ltd. & its associates	0.1	–
SIA Engineering Company Limited and its associates	0.2	–
Singapore Airlines Limited & its associates	0.1	–
Singapore Power Limited & its associates	0.1	–
Singapore Telecommunications Limited & its associates	29.5	–
SMRT Corporation Ltd & its associates	0.1	–
STATS ChipPAC Ltd & its associates	0.1	–
TeleChoice International Ltd & its associates	115.7	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	3.2	64.9
	149.1	64.9
Transactions for the Purchase of Goods & Services		
CapitaLand Limited & its associates	4.3	–
Mapletree Commercial Trust & its associates	2.2	–
SembCorp Industries Ltd & its associates	8.7	–
Singapore Power Limited & its associates	25.8	–
Singapore Technologies Engineering Ltd & its associates	1.1	–
Singapore Telecommunications Limited & its associates	79.5	–
TeleChoice International Ltd & its associates	255.4	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	143.3	12.0
	520.3	12.0

During the financial year ended 31 December 2015, no material contracts were entered into by StarHub Ltd or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder pursuant to Rule 1207(8) of the SGX-ST Listing Manual.

SHAREHOLDING INFORMATION

AS AT 29 FEBRUARY 2016

Class of shares	: Ordinary share
Voting rights	: One vote per share
Total number of issued shares excluding treasury shares	: 1,730,539,043
Total number of treasury shares held	: Nil
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	: Nil

Distribution of shareholdings

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 – 99	133	0.68	5,037	0.00
100 – 1,000	4,104	20.87	3,462,238	0.20
1,001 – 10,000	12,721	64.70	54,224,578	3.13
10,001 – 1,000,000	2,677	13.61	96,683,943	5.59
1,000,001 and above	28	0.14	1,576,163,247	91.08
Total	19,663	100.00	1,730,539,043	100.00

Substantial shareholders

Name	Number of shares		% of issued share capital ⁽⁵⁾
	Direct interest	Deemed interest	
Temasek Holdings (Private) Limited	–	970,522,964 ⁽¹⁾	56.08
Singapore Technologies Telemedia Pte Ltd	–	965,845,290 ⁽²⁾	55.81
STT Communications Ltd	–	965,845,290 ⁽²⁾	55.81
Asia Mobile Holding Company Pte. Ltd.	–	965,845,290 ⁽²⁾	55.81
Asia Mobile Holdings Pte. Ltd.	965,845,290	–	55.81
Ooredoo Q.S.C.	–	965,845,290 ⁽³⁾	55.81
Ooredoo Investment Holding S.P.C.	–	965,845,290 ⁽³⁾	55.81
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 970,522,964 shares of StarHub in which a subsidiary and an associated company of Temasek have or are deemed to have an interest.
- ⁽²⁾ ST Telemedia is deemed to have an interest in 965,845,290 shares of StarHub held by Asia Mobile Holdings Pte. Ltd. (AMH), a subsidiary of Asia Mobile Holding Company Pte. Ltd. (AMHC), which is in turn a wholly-owned subsidiary of STT Communications Ltd, a wholly-owned subsidiary of ST Telemedia. AMHC holds approximately 75% of the total issued share capital of AMH.
- ⁽³⁾ Ooredoo Investment Holding S.P.C. (OIH) and Ooredoo Q.S.C. (Ooredoo) are deemed to have an interest in 965,845,290 shares of StarHub held by AMH. OIH holds approximately 25% of the total issued share capital of AMH. OIH is a wholly-owned subsidiary of Ooredoo.
- ⁽⁴⁾ Nippon Telegraph and Telephone Corporation (NTT) is deemed to have an interest in 171,490,520 shares of StarHub held by NTT Communications Corporation, a wholly-owned subsidiary of NTT.
- ⁽⁵⁾ The 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	55.81
2	NTT Communications Corporation	171,490,520	9.91
3	Citibank Nominees Singapore Pte Ltd	131,278,481	7.59
4	DBS Nominees Pte Ltd	108,938,340	6.30
5	HSBC (Singapore) Nominees Pte Ltd	63,056,369	3.64
6	DBSN Services Pte Ltd	39,665,207	2.29
7	United Overseas Bank Nominees Pte Ltd	24,752,236	1.43
8	Raffles Nominees (Pte) Ltd	20,455,713	1.18
9	Singapore Press Holdings Limited	10,411,230	0.60
10	BNP Paribas Securities Services	5,118,174	0.30
11	Bank of Singapore Nominees Pte Ltd	3,953,908	0.23
12	Yeo Kok Pin	3,544,000	0.20
13	OCBC Securities Private Limited	3,051,488	0.18
14	OCBC Nominees Singapore Pte Ltd	2,955,950	0.17
15	CT Point Investments Pte Ltd	2,510,000	0.14
16	Montefiore Neil	2,219,440	0.13
17	DB Nominees (Singapore) Pte Ltd	2,192,774	0.13
18	UOB Kay Hian Pte Ltd	2,149,569	0.12
19	BNP Paribas Nominees Singapore Pte Ltd	1,764,102	0.10
20	Philip Securities Pte Ltd	1,667,805	0.10
Total		1,567,020,596	90.55

⁽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 29 February 2016, approximately 33.86% 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 EIGHTEENTH ANNUAL GENERAL MEETING

STARHUB LTD

(Incorporated in the Republic of Singapore)
Co. Reg. No. 199802208C

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 19 April 2016 at 10.00 a.m. for the following purposes:

Ordinary Business

- | | | |
|---|--|----------------------|
| 1 | To receive and adopt the Statement by Directors and the Audited Financial Statements for the financial year ended 31 December 2015 and the Auditors' Report therein. | Resolution 1 |
| 2 | To re-appoint Mr Nihal Vijaya Devadas Kaviratne (<i>Independent Member of Audit Committee</i>), who is retiring under the resolution passed at the Annual General Meeting of the Company held on 28 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force).

<i>The profile of Mr Kaviratne can be found in the Board of Directors section of the StarHub Ltd Annual Report 2015.</i> | Resolution 2 |
| 3 | To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 93 of the Company's Constitution and who, being eligible, will offer themselves for re-election: | |
| | (a) Mr Steven Terrell Clontz; | Resolution 3 |
| | (b) Mr Tan Tong Hai; | Resolution 4 |
| | (c) Mr Peter Seah Lim Huat; | Resolution 5 |
| | (d) Mr Sio Tat Hiang; and | Resolution 6 |
| | (e) Dr Nasser Marafih. | Resolution 7 |
| | <i>The profiles of Mr Clontz, Mr Tan, Mr Seah, Mr Sio and Dr Nasser can be found in the Board of Directors section of the StarHub Ltd Annual Report 2015.</i> | |
| 4 | To re-elect the following Directors, each of whom will retire pursuant to Article 99 of the Company's Constitution and who, being eligible, will offer themselves for re-election: | |
| | (a) Mr Ma Kah Woh (<i>Independent Chairman of Audit Committee</i>); and | Resolution 8 |
| | (b) Ms Rachel Eng Yaag Ngee (<i>Independent Member of Audit Committee</i>). | Resolution 9 |
| | <i>The profiles of Mr Ma and Ms Eng can be found in the Board of Directors section of the StarHub Ltd Annual Report 2015.</i> | |
| 5 | To approve the sum of S\$1,699,428 (FY2014: S\$1,758,700) as Directors' Remuneration for the financial year ended 31 December 2015 comprising: | Resolution 10 |
| | (a) S\$1,227,681 to be paid in cash (FY2014: S\$1,278,550); and | |
| | (b) S\$471,747 to be paid in the form of restricted share awards (FY2014: S\$480,150). | |
| 6 | To declare a final dividend of five cents per ordinary share for the financial year ended 31 December 2015. | Resolution 11 |
| 7 | To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 12 |

Special Business

To consider and if thought fit, to pass the following resolutions which will be proposed as Ordinary Resolutions:

8 That authority be and is hereby given to the Directors to:

Resolution 13

- (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) of the Company (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) of the Company (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) shall be based on the total number of issued shares (excluding treasury shares) of the Company, 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;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

9 That authority be and is hereby given to the Directors to:

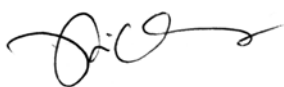
Resolution 14

- (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 of the Company 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 of the Company allotted and issued under the Share Plans shall not exceed the limits specified in the rules of the Share Plans.

10 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, 28 March 2016

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 48 hours before the time appointed for the Annual General Meeting.

Explanatory Notes:

Resolution 2

Resolution 2 is to re-appoint Mr Nihal Vijaya Devadas Kaviratne, a Director who is above 70 years old and who is retiring under the resolution passed at the Annual General Meeting held on 28 April 2015 as pursuant to Section 153(6) of the Companies Act, Cap. 50 of Singapore which was then in force, such resolution could only permit the re-appointment of Mr Nihal Vijaya Devadas Kaviratne to hold office until this Annual General Meeting. If passed, Resolution 2 will approve and authorise the continuation of Mr Nihal Vijaya Devadas Kaviratne in office from the date of this Annual General Meeting onwards without limitation in tenure, save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution.

Resolution 10

Resolution 10 is to approve the payment of an aggregate sum of S\$1,699,428 as Directors' remuneration for the non-executive Directors of the Company (including Mr Tan Guong Ching who has resigned as a non-executive director and the Chairman of the Company, and Mr Kua Hong Pak who has resigned as a non-executive Director and the Audit Committee Chairman on 15 July 2015 and 23 September 2015 respectively) for the financial year ended 31 December 2015. If approved, each of the non-executive Directors will receive 70% of his Directors' remuneration in cash and (with the exception of Mr Takeshi Kazami and Mr Kua Hong Pak) 30% of his Directors' remuneration in the form of a restricted share award. Mr Takeshi Kazami and Mr Kua Hong Pak have individually declined the restricted share award grant. See the section on "2. Remuneration Matters" in the Corporate Governance section of the Annual Report 2015 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 in the Company 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 13

Resolution 13 is to empower the Directors to issue shares of the Company 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) of the Company, 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) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Resolution 13 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 13 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 14

Resolution 14 is to empower the Directors to offer and grant awards and to allot and issue ordinary shares of the Company pursuant to the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, the "**Share Plans**") provided that the aggregate number of ordinary shares of the Company 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 Eighteenth Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 26 April 2016.

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 25 April 2016 ("**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 of the Company 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 6 May 2016.

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) for the purpose of the processing and administration by the Company (or its agents) 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) 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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

Board of Directors

Steven Terrell CLONTZ (Chairman)
TAN Tong Hai (CEO)
MA Kah Woh
Peter SEAH Lim Huat
Nihal Vijaya Devadas KAVIRATNE CBE
TEO Ek Tor
SIO Tat Hiang
LIM Ming Seong
LIU Chee Ming
Robert J. SACHS
Rachel ENG Yaag Ngee
Nasser MARAFIH
Takeshi KAZAMI

Audit Committee

MA Kah Woh (Chairman)
Nihal Vijaya Devadas KAVIRATNE CBE
LIM Ming Seong
Rachel ENG Yaag Ngee

Executive Resource and Compensation Committee

Peter SEAH Lim Huat (Chairman)
SIO Tat Hiang
LIM Ming Seong
TEO Ek Tor

Nominating Committee

Peter SEAH Lim Huat (Chairman)
SIO Tat Hiang
TEO Ek Tor

Strategy Committee

Nihal Vijaya Devadas KAVIRATNE CBE (Chairman)
Steven Terrell CLONTZ
LIM Ming Seong
LIU Chee Ming
Robert J. SACHS
Nikhil O. J. EAPEN

Risk Committee

TEO Ek Tor (Chairman)
TAN Tong Hai
SIO Tat Hiang

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: ANG Fung Fung (appointed w.e.f. 1 January 2011)

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.

Associate

SHINE Systems Assets Pte. Ltd.

Investor Relations

For enquiries on the Group's business performance, contact the Investor Relations team at email: ir@starhub.com

PROXY FORM

EIGHTEENTH 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 Eighteenth Annual General Meeting dated 28 March 2016.

I/We, _____ NRIC/Passport/Co. Reg. No. _____

of _____ (Address)

being a member/members of StarHub Ltd (the "**Company**") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Meeting Room 331, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 19 April 2016 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 Statement by Directors and Auditors' Report and Audited Financial Statements		
2	To re-appoint Mr Nihal Vijaya Devadas Kaviratne as Director		
3	To re-elect Mr Steven Terrell Clontz as Director		
4	To re-elect Mr Tan Tong Hai as Director		
5	To re-elect Mr Peter Seah Lim Huat as Director		
6	To re-elect Mr Sio Tat Hiang as Director		
7	To re-elect Dr Nasser Marafih as Director		
8	To re-elect Mr Ma Kah Woh as Director		
9	To re-elect Ms Rachel Eng Yaag Ngee as Director		
10	To approve the Directors' Remuneration		
11	To declare the Final Dividend		
12	To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
13	To authorise Directors to allot and issue shares		
14	To authorise Directors to offer and grant awards and to allot and issue shares pursuant to, and subject to the limits specified in, the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the boxes provided.

* Voting will be conducted by poll.

Dated this _____ day of _____ 2016.

Total Number of Shares Held

Signature(s) or Common Seal of members

IMPORTANT: PLEASE READ NOTES OVERLEAF

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 48 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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OUR INFINITE TALENTS

A BIG THANK YOU! We would like to give a big shout out to the StarHubbers & their little ones who in no small part, have made this annual report a more vibrant and colourful one with their bright smiles and warm personalities.

INFINITE HUBBING



Bryan Lee

BOUNDLESS ENERGY

Bryan is into numbers. He is from the Finance Account Receivables team and enjoys the water very much as he dives & swims regularly.

**#Tennis #WaterIsHome
#DollarsAndSense**



Nikolas Pitchian

ENDLESS OPPORTUNITIES

2 years old Nikolas is into watching his favourite cartoons, on the go, on *StarHub Go*, of course. This busy young man enjoys making new friends & leaving a lasting impression to all.

**#StarHubGoRocks
#FriendshipBands #ForeverYoung**



Lynn Ng

ABUNDANT INGREDIENTS

Lynn is in the pay TV team that acquires Asian content. Perfect job for her as she is an avid fan of HK dramas.

**#HKDrama
#WorldHereICome
#GoLocal**



Hazel Lua

UNLIMITED SOURCES OF IDEAS

Hazel handles TV content marketing for the entertainment, international & news genres. She plays the guitar & does a fair bit of songwriting.

**#MusicsLife #SingPlayWrite
#IdeasIdeasIdeas**

HUBBING IN REVIEW



John Nicholas

MOBILITY

John is from the Customer Service team that specialises in billing. He loves singing & endeavours to put a smile on everyone's face by being an encouragement to them.

**#Thankful #CustomerService
#SmileAlways**



**Terasa Choong^(R)
& Cheryl Aguilar^(L)**

ENTERTAINMENT & SMARTLIFE

Teresa leads a team in providing customer service support & enjoys cooking, trekking & volunteering. Cheryl is a technical support specialist who loves reading & movies.

**#SmartLife #ActionAdventure
#FoodForThought**



Dala Singh

FIXED NETWORK

Dala looks at the development of new & future consumer broadband services as well as improving processes. Loves watching football & favorite team is Man U.

**#SuperfastBroadband
#HomelsWhereTheHeartIs
#Ohlayohlayohlay**



Athens Goa

SUSTAINABILITY

9 years old Athens loves to play football, golf and practises Wushu. He has represented his school for golf tournaments & is also in the school's Wushu team.

**#EarthHourEveryday
#ActiveLiving #GreenTeam**

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, S408942

or e-mail to ir@starhub.com



STARHUB LTD

Reg. No.: 199802208C

67 Ubi Avenue 1, #05-01 StarHub Green
Singapore 408942

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