StarHub

You can catch a rising star.

PROSPECTUS DATED
17 SEPTEMBER 2004

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

StarHub Ltd

(Incorporated with limited liability in the Republic of Singapore on 7 May 1998)

Offering in respect of 481,771,000 Offering Shares (subject to the Over-allotment Option)

The minimum size of the Public Offer is 30,000,000 Offering Shares.

Maximum Offering Price: S$1.15 per Offering Share

Joint Global Co-ordinators, Bookrunners and Lead Managers

CREDIT SUISSE FIRST BOSTON UBS Investment Bank

Joint Lead Manager of the Public Offer

UOB ASIA LIMITED

Sub-Underwriters

CLSA Singapore Pte Limited
DBS Bank Ltd
Nomura Singapore Limited
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited

Certain of our shareholders, NTT Investment Singapore Pte. Ltd., MediaCorp Pte. Ltd., BT (Netherlands) Holdings B.V. and Singapore Press Holdings Limited (together, the "Vendors"), are making an offering (the "Offering") in respect of ordinary shares of par value S$0.40 each ("Shares") in our capital. The Vendors are offering in aggregate 481,771,000 Shares (the "Offering Shares") for purchase by investors at the Offering Price (as defined below). The Offering consists of (i) an international placement (the "Placement") to investors, including institutional and other investors in Singapore, and (ii) an offering to the public in Singapore (the "Public Offer"), including up to 16,800,000 Offering Shares (the "Reserved Shares") reserved for purchase by our directors (the "Directors") and employees, the directors and employees of our shareholders, and others who have contributed to our success and development (to be determined by us at our sole discretion). The minimum size of the Public Offer is 30,000,000 Offering Shares. The offering price for each Offering Share (the "Offering Price") will not be more than S$1.15 (the "Maximum Offering Price").

The Offering will be fully underwritten by Credit Suisse First Boston (Singapore) Limited and UBS AG, acting through its business group, UBS Investment Bank (the "Joint Global Co-ordinators"), and UOB Asia Limited (together with the Joint Global Co-ordinators, the "Lead Managers") at the Offering Price, if the Offering Price is agreed between the Joint Global Co-ordinators and the Vendors.

Prior to the Offering, there has been no market for our Shares. Application has been made to Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list all our issued Shares (including the Offering Shares) and the new Shares to be issued pursuant to the exercise of options under our StarHub Pte Ltd Share Option Plan (the "Share Option Plan 2000") and our StarHub Share Option Plan 2004 (the "Share Option Plan 2004") and the vesting of awards granted under our StarHub Performance Share Plan (the "Performance Share Plan") and our StarHub Restricted Stock Plan (the "Restricted Stock Plan") on the Main Board of the SGX-ST. Such permission for the issued Shares will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted to deal in and for quotation of all our issued Shares. Monies paid in respect of any application accepted will be returned, at your own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against us, the Vendors, or the Lead Managers, if the Offering is not completed because the said permission is not granted or for any other reason.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of our Shares and the new Shares to be issued pursuant to the exercise of options under the Share Option Plan 2000 and the Share Option Plan 2004 and the vesting of awards granted under the Performance Share Plan and the Restricted Stock Plan. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Our eligibility to list and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, us, our subsidiaries, our Shares, the Share Option Plan 2000, the Share Option Plan 2004, the Performance Share Plan or the Restricted Stock Plan.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 21 August 2004 and 17 September 2004 respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares being offered or in respect of which an invitation is made, for investment.

No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

See "Risk Factors" herein for a discussion of certain factors to be considered in connection with an investment in the Offering Shares.

In connection with the Offering, the Joint Global Co-ordinators will be granted an over-allotment option (the "Over-allotment Option") by the Vendors, exercisable by Credit Suisse First Boston (Singapore) Limited in consultation with UBS AG, acting through its business group, UBS Investment Bank, in full or in part within 30 days from the date of commencement of dealing in our Shares on the SGX-ST, to purchase from the Vendors up to an aggregate of 72,166,000 Shares (which is in aggregate not more than 15% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares (if any). The total number of issued Shares immediately after completion of the Offering will be 2,116,340,705 Shares. The exercise of the Over-allotment Option will not increase this total number of issued and outstanding Shares immediately after completion of the Offering.

The Maximum Offering Price of S$1.15 is payable in full on application under the Public Offer and subject to refund if and to the extent that the Offering Price is less than the Maximum Offering Price. Investors applying for the Placement are required to pay the Offering Price. The Offering Price will be determined following a book-building process by agreement between the Joint Global Co-ordinators and the Vendors on a date currently expected to be 6 October 2004 (the "Price Determination Date"), which date is subject to change. If for any reason the Offering Price is not agreed between the Joint Global Co-ordinators and the Vendors, the Offering will not proceed. Notice of the Offering Price will be published in one or more major Singapore newspapers such as *The Straits Times, The Business Times, Lianhe Zaobao* and *Today* not more than two calendar days after the Price Determination Date. Application for the Offering Shares under the Offering should be received by 12.00 noon (in the case of the Public Offer) or 5.00p.m. (in the case of the Placement), on 5 October 2004 (Singapore time) or such other date(s) and time(s) as the Vendors, in consultation with the Joint Global Co-ordinators, may decide, subject to any limits under all applicable laws and regulations and the rules of the SGX-ST. We expect our Shares to commence trading on a "when issued" basis at or about 9.00 a.m. on 13 October 2004 (Singapore time). Dealing in and quotation of our Shares will be in Singapore dollars. Our Shares will be traded in board lots of 1,000 Shares.

The Shares in the Offering have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Shares are being offered and sold outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S and within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act ("Rule 144A"). For further details about restrictions on offers, sales and transfers of the Shares, see "Plan of Distribution" and "Transfer Restrictions".

References in this Prospectus to this "document" should be construed as being references to this Prospectus. All copies of this Prospectus distributed in Singapore must be accompanied by the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore", which constitutes part of this Prospectus registered with the Authority.



You can catch a rising star.

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StarHub is a Singapore-based fully integrated information, communications and entertainment company, providing a broad range of mobile, cable TV, broadband and fixed network services.

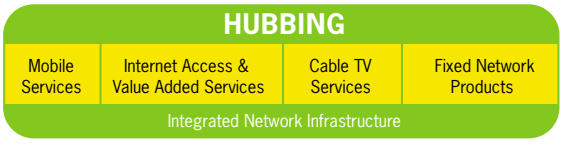
QUICK FACTS ON STARHUB

* Achieved rapid customer and revenue growth in our relatively short history through experienced management team and skilled employees
* Successful execution of our strategy by providing at least one service to approximately 75% of households in Singapore and approximately 27,000 businesses
* Advanced integrated networks including :
  - island-wide GSM 1800 network fully upgraded for GPRS service
  - two-way hybrid fibre-coaxial network that reaches over 99% of homes in Singapore
  - high capacity fibre-optic network directly connecting over 800 commercial buildings with wide coverage across the Singapore central business district
* Sole cable TV provider in Singapore; launched digital cable service at the end of May 2004 to increase channel capacity to 130 channels and enhance our cable TV product offering
* Offers highest download speed of 3 Mbps for residential broadband Internet access in Singapore
* Fastest-growing mobile operator in Singapore since our launch, with highest ARPU among our competitors in Singapore, as at 31 December 2003
* Product innovation is a key driver of growth
* 18,000 wholesale and business retail customers subscribed to one or more fixed network services as at 30 June 2004
* For the six months ended 30 June 2004, international and domestic data circuits grew by 48% while IDD minutes increased by 55% compared to the same period in 2003



HUBBING

* We believe that Hubbing is a key driver of customer growth and retention, enabling us to be a "one-stop shop" for convergent and bundled products and services for consumer and business customers
* Hubbing allows us to realise multiple revenue streams from single customer accounts and a suite of service offerings. As a result, we generate greater customer loyalty and lower churn
* Hubbing will continue to be an important strategy to gain market share and increase revenues in each of our mobile, cable TV, broadband Internet and fixed network services



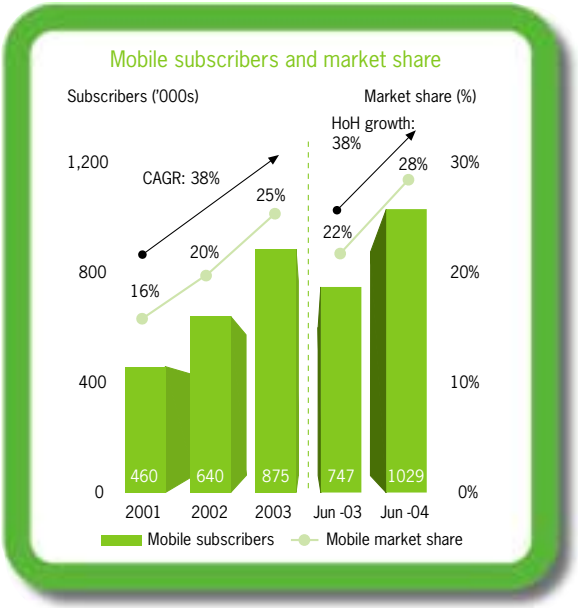
This section is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus.

KEY PRODUCTS & SERVICES

Mobile Services



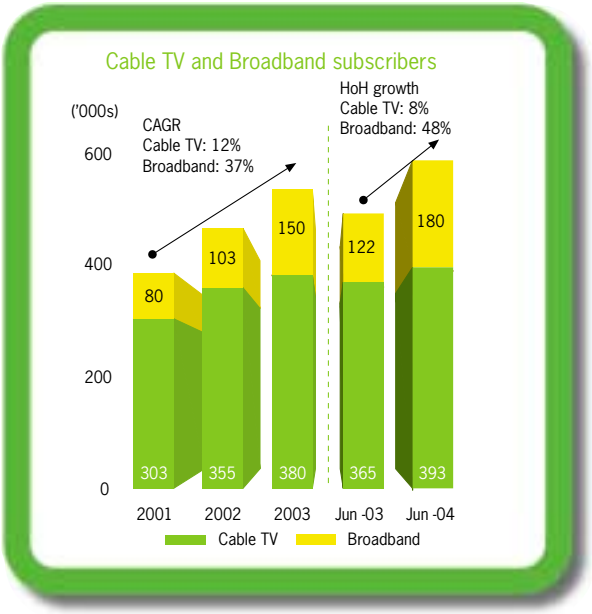
* Fastest-growing mobile operator in Singapore since our launch in April 2000
* Post-paid mobile services include features such as "free incoming calls", "per second billing", "airtime rollover", and free IDD 018 calls to Thailand, Taiwan, USA, China, Hong Kong and Malaysia
* Pre-paid mobile services offer free bundled SMS, "per second billing" and free IDD 018 calls to Thailand, Taiwan, USA, China, Hong Kong and Malaysia
* International voice roaming in more than 200 countries and territories, and GPRS/MMS data roaming in more than 80 countries and territories
* International call services via IDD 008 and IDD 018 to over 230 destinations
* Four key areas of non-voice services :
  - Information Services over SMS, MMS and GPRS platforms deliver content such as sports, news and location-based services
  - Messaging Services include SMS, MMS, Group SMS/MMS and WebSMS
  - Entertainment Services include ring-tones, call tones, logo and icon downloads, games, and real-time network Java games
  - Enterprise Services include utilising BlackBerry's push email technology
* 3G mobile services expected to be launched before the end of 2004



Cable TV Services



* Sole provider of cable TV to residential and business customers in Singapore
* Business customers currently served by wireless UHF (two channels) and MMDS (ten channels) networks, while those in cable-ready commercial buildings can subscribe to the full suite of channels
* Broadcasts 50 channels of local and international programming on analogue platform and 64 channels for our digital service offering. These include 52 international turnaround channels, four StarHub-packaged channels, and seven local and one Malaysian free-to-air channels, covering key categories of *Education, Chinese Entertainment, Sports, News, Kids and Movies*
* Digital cable service launched at the end of May 2004, allowing the provision of more cable and specialty channels, and new features such as Pay-Per-View and Electronic Programme Guide
* Positive response to digital cable service within the first month of launch with more than 10,000 customers subscribing to digital cable TV



Internet Access and Value-added Services



* "Always On" MaxOnline cable broadband Internet connection with speeds of up to 3 Mbps, the highest download speed available for residential broadband Internet access service in Singapore

* Simple subscription plans at flat-fees, easy-to-use with "cash and carry" programme and for "home networking"

* Narrowband 56 Kbps dial-up access available via subscription-based Infinity Plan as well as the Surf-For-Free service

* Value-added services include iMail email, MyDomain premium email, ;Play online music download, and iView (initial selection of four cable TV channels broadcast to MaxOnline customers)

* Digital Voice – a comprehensive residential cable telephony service

* We believe we have the most extensive public WiFi coverage in Singapore for the first half of 2003

* WiFi coverage extends globally through the Wireless Broadband Alliance to over 20,000 wireless hotspots worldwide including 66 international airports as at the end of December 2003

Fixed Network Products

* Fixed network extends more than 2,000 fibre kilometres and directly connects over 800 commercial buildings in Singapore

* Targets wholesale and business customers, as well as supply internally to StarHub's mobile and cable businesses :

  - Data services : domestic and international circuits, exchange lines, Ethernet services, Frame Relay, ATM, Internet access and Internet Protocol Virtual Private Networks, as well as facilities management and hosting services

  - Voice services : IDD services such as IDD 008 and IDD 018, and wholesale IDD services

  - Other services : backhaul connections between sub-sea cable systems to network equipment locations within Singapore, and co-locating customer equipment on our premises

KEY COMPETITIVE STRENGTHS

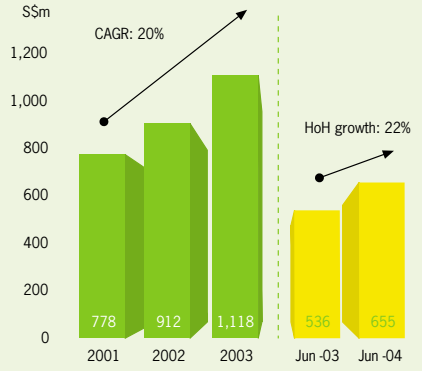
Innovative Products and Services

* First operator to introduce "free incoming calls" under Singapore's mobile-party-pays regime

* First operator in Singapore to have "airtime rollover" and "per second billing" for mobile

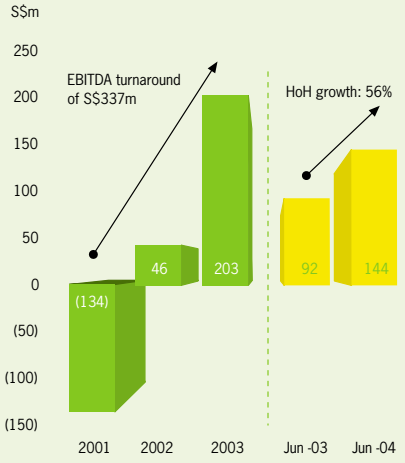
* Introduced free IDD calls (priced as local mobile calls) to Thailand, Taiwan, USA, China, Hong Kong and Malaysia for mobile customers

Group Revenue

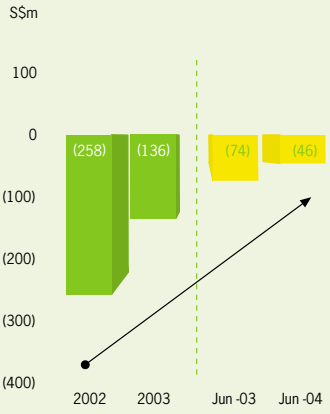


Exceeded S$1billion in revenue in 2003

EBITDA



Net Profit After Taxation (excluding IDA grant)



* Launched co-branded mobile service plan with MTV Asia, targeted at youths
* Launched pre-paid broadband Internet access plan, MaxOnline FlexiSurf 1500 – first of its kind in Singapore and among the first in the region
* First operator in Singapore to provide the BlackBerry service offerings to corporate customers and individuals

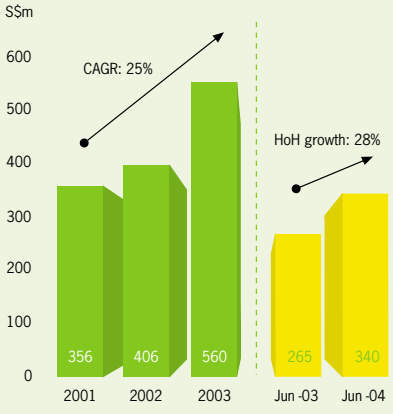
Strong Mobile Performance

* In June 2004, our mobile business acquired its one millionth customer
* Over the first half of 2004, we added 154,000 subscribers which represented 86.3% of net additions in the mobile market
* Captured highest net additions of 101% in the Singapore mobile market in 2003
* Recorded a CAGR of 37.9% in mobile customer base while the overall Singapore mobile market grew at a CAGR of 10.3% between 2001 and 2003
* Greatest beneficiary of growth in the pre-paid mobile market
* Fastest growth rate among youths and young adults in the 15-29 years age range from 2001-2003 (ACNielsen Media Index)
* Highest post-paid and pre-paid ARPUs of S$71 and S$21 amongst competitors for the quarter ended 31 December 2003
* For the three months ended 30 June 2004, our pre-paid ARPU of S$22 remained higher than our competitors, and our post-paid ARPU of S$72 was higher than MobileOne and slightly below SingTel's post-paid ARPU of S$73
* Non-voice services usage has grown rapidly to 15.2% of blended ARPU as at 30 June 2004
* Highest post-paid minutes-of-use of 603 minutes per month in 2003, compared to competitors' average of 288 minutes per month
* Improvement of churn from 1.3% (2001) to 1.1% (2003)

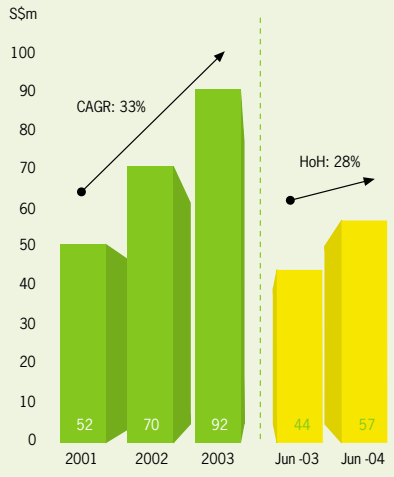
Sole Cable TV Operator

* The sole licensed cable TV operator in Singapore with approximately 52% and 32% estimated penetration rates in private residential and HDB properties, as at 30 June 2004
* As at 30 June 2004, we had 393,000 residential cable TV customers and 1,800 business customers
* Currently the leading provider of premium TV content in Singapore, offering a broad range of programming including sports, movies, education, international news and entertainment that meets the diverse needs of multi-ethnic Singapore
* Two-way hybrid fibre-coaxial network reaches over 99% of homes in Singapore
* The launch of digital cable service at the end of May 2004, together with our network reach, present new opportunities to grow customer and revenue base with limited incremental capital expenditure

Mobile Service Revenue



Broadband Revenue



Strong Broadband Internet Access

* Two-way hybrid fibre-coaxial network not only reaches over 99% of homes in Singapore, but also has the capability to offer high download speeds for home networking and online content
* Delivers high quality international connectivity and fully managed quality of service (QoS) to broadband Internet access customers

Advanced Integrated Networks

* Our mobile, broadband cable and fixed networks are integrated physically and operationally for operating efficiencies and cost savings

Customer Service

* Our customer care and service are integrated across all our lines of business
* Recognised for excellence in customer service with 24 gold awards at The Excellent Service Awards 2003
* Customer service staff consistently win awards including accolades from the Call Centre Awards

Widely Recognised Brand

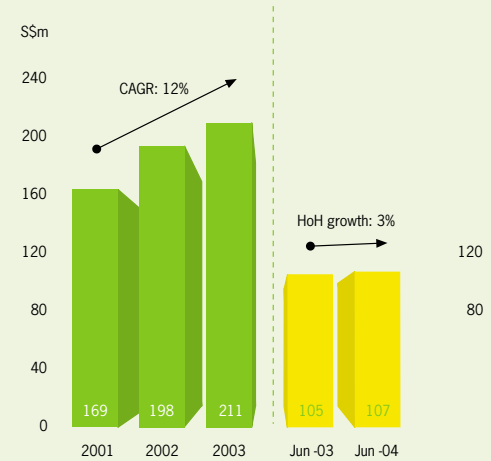
* Successfully established a strong brand identity with high brand recognition in Singapore
* Associated with innovation and provider of value-for-money products and services and excellent customer service
* Hubbing has strengthened our brand equity
* A brand leader among youths and named amongst top ten brands for youths aged 15-24, alongside icons such as Nike, Nokia, Adidas and Sony

BUSINESS STRATEGIES

The key components of our business strategies are :

* Hubbing – delivering bundled, integrated or convergent services over multiple platforms
* Building on our steady success in the mobile sector
* Continuing our leadership in cable TV
* Increasing operating leverage
* Leveraging inherent advantages of our cable broadband network
* Capitalising on our strong brand identity
* Leveraging our fixed network infrastructure to lower network supply costs and provide incremental revenue opportunities

Cable TV Revenue



Fixed Network Revenue

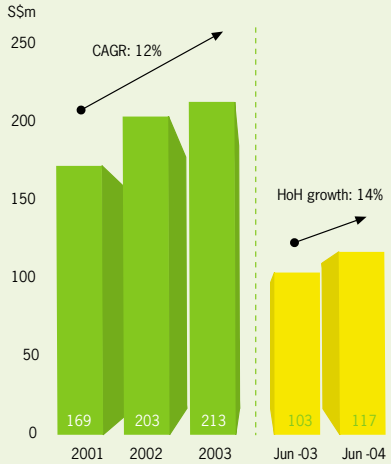


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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of us, the Vendors or the Lead Managers. Neither the delivery of this document nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of us, the Vendors or our Shares since the date hereof. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we and/or the Vendors will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this document or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act") and take immediate steps to comply with the said Sections. Investors should take notice of such announcements or documents and upon release of such announcements and documents shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by us, the Vendors or the Lead Managers or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this document is, or shall be relied upon as, a promise, representation or covenant by us, the Vendors or the Lead Managers or our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither we, the Vendors, any of the Lead Managers nor any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers are making any representation or undertaking to any purchaser of our Shares regarding the legality of an investment by such purchaser under appropriate legal, investment or similar laws. In addition, investors in our Shares should not construe the contents of this document as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in our Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, business, financial, tax and related aspects of an investment in our Shares.

For the purpose of our Shares being offered in the United States to "qualified institutional buyers" in reliance on Rule 144A, this document is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective purchasers to consider the purchase of our Shares. Its use for any other purpose in the United States is not authorised. In the United States, it may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the prospective purchasers to whom it is submitted.

Our Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of our Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this document and the offering, purchase, sale or transfer of our Shares in certain jurisdictions may be restricted by law. We, the Vendors and the Lead Managers require persons into whose possession this document comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us, the Vendors or the Lead Managers. This document does not constitute an offer of, or an invitation to purchase, any of our Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this document has been issued shall not circulate to any other person, reproduce or otherwise distribute this document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, Credit Suisse First Boston (Singapore) Limited may, in consultation with UBS AG, acting through its business group, UBS Investment Bank ("UBS AG") over-allot Shares or effect transactions which stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of dealing in our Shares on the SGX-ST or (ii) the date when the over-allotment of our Shares which are the subject of the Over-allotment Option has been fully covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option by Credit Suisse First Boston (Singapore) Limited, or through both).

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

CONVENTIONS WHICH APPLY TO THIS DOCUMENT

Market data and certain industry forecasts used throughout this document were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of us, the Vendors nor the Lead Managers make any representation as to the accuracy or completeness of that information.

Statistics provided by the Info-communications Development Authority of Singapore (the "IDA") and referred to in this document are obtained from the IDA website (www.ida.gov.sg).

In this document all references to "Singapore dollars" and "S$" and to "cents" are to the lawful currency of the Republic of Singapore, all references to "US dollars" or "US$" are to the lawful currency of the United States and all references to times are to Singapore time, unless otherwise specified or the context otherwise requires. Solely for the convenience of the reader, certain Singapore dollar amounts have been translated into United States dollars at the noon buying rate in New York on 30 June 2004 for cable transfers in Singapore dollars as certified for customs purposes by the Federal Reserve Bank of New York of US$1.00 = S$1.723. No representation is made that the Singapore dollar amounts could have been, or could be converted into United States dollars at that rate or at any other certain rate on 31 December 2003, 30 June 2004 or any other certain date.

On 16 August 2004, we consolidated every four ordinary shares of par value S$0.10 each in our Company into one ordinary share of par value S$0.40 each. Except where otherwise indicated, the share and per share data in this document reflect the consolidation ("Share Consolidation").

Our consolidated financial statements are prepared in accordance with Singapore Financial Reporting Standards ("Singapore FRS"), which differ in certain respects from generally accepted accounting principles in certain other countries. (See "Principal Differences Between Singapore FRS and US GAAP" for a discussion of the principal differences between Singapore FRS and generally accepted accounting principles in the United States ("US GAAP").)

In this document, unless the context otherwise requires, "we", "us", "our", "StarHub" and "our Company" refer to StarHub Ltd and its subsidiaries taken as a whole. Further, unless we specify otherwise or the context otherwise requires, all references to our "ordinary shares" or our "Shares" refer to ordinary shares of par value S$0.40 each in the capital of StarHub Ltd. In addition, unless we indicate otherwise, all information in this document assumes that the Over-allotment Option is not exercised and does not take into account any changes in shareholding which may arise as a result of any Shares lent or re-delivered pursuant to the share lending agreement described in "Plan of Distribution — Share Lending Agreement".

Any discrepancies in the tables included in this document between the listed amounts and their totals are due to rounding. We use a number of rounding conventions in this document. In particular, where customer numbers have been disclosed, the numbers have been rounded to the nearest thousand.

FORWARD-LOOKING STATEMENTS

Certain statements in this document which are not statements of historical facts constitute "forward-looking statements", including those regarding our financial position and results, business strategy, plans and objectives of management for future operations (including development plans) and dividends. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, amongst others, the condition of, and changes in, the local, regional or global economy that result in a decline in the growth of the info-communications marketplace in Singapore, changes in government regulation and licensing of our businesses in Singapore and increased competition in the info-communications market place in Singapore. Additional factors that could cause our actual results, performance or achievements to differ materially include those discussed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview", "Business" and "Regulation". These forward-looking statements speak only as of the date of this document. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not intend to update any of the forward-looking statements after the date of this document to conform those statements to actual results, subject to compliance with all applicable laws and/or rules of the SGX-ST, including the Securities and Futures Act.

AVAILABLE INFORMATION

For so long as any of our Shares remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will during any period in which we are neither subject to Section 13 or Section 15(d) of the US Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon such holder's, beneficial owner's or prospective purchaser's request, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a limited liability company incorporated under the laws of the Republic of Singapore. All of our Directors and management and all of the directors and management of the Vendors and our auditors reside outside the United States. A substantial portion of our assets, the assets of the Vendors and the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons or to enforce in the United States any judgment obtained in the United States courts against us, the Vendors or any of such persons, including judgments based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States. Judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

CORPORATE INFORMATION

Our Directors	Tan Guong Ching, Chairman Steven Terrell Clontz, President & Chief Executive Officer Lim Chin Beng, Director Lee Theng Kiat, Director Lim Ming Seong, Director Kua Hong Pak, Director Peter Seah Lim Huat, Director Osamu Inoue, Director Teo Ek Tor, Director Nihal Vijaya Devadas Kaviratne, Director Liu Chee Ming, Director Sio Tat Hiang (Alternate Director to Peter Seah Lim Huat) Jean F. H. P. Mandeville (Alternate Director to Lee Theng Kiat)
Company Secretaries	Veronica Lai Kwai-Yi (LLB) James Wong Yuen Weng (LLB)
Registered Office and Principal Place of Business	51 Cuppage Road #07-00 StarHub Centre Singapore 229469 Tel: (65) 6825 5000 Fax: (65) 6721 5000
Vendors	NTT Investment Singapore Pte. Ltd. 20 Cecil Street #11-03/06 Equity Plaza Singapore 049705 MediaCorp Pte. Ltd. Caldecott Broadcast Centre Andrew Road Singapore 299939 BT (Netherlands) Holdings B.V. Hoogoorddreef 15 1101 BA AMSTERDAM Z.O. The Netherlands Singapore Press Holdings Limited 1000 Toa Payoh North News Centre Singapore 318994
Share Registrar and Transfer Agent	M & C Services Private Limited 138 Robinson Road #17-00 The Corporate Office Singapore 068906
Joint Global Co-ordinators, Bookrunners, Lead Managers and Underwriters of the Offering	Credit Suisse First Boston (Singapore) Limited 1 Raffles Link #03/04-01 South Lobby Singapore 039393 UBS AG, acting through its business group, UBS Investment Bank 5 Temasek Boulevard #18-00 Suntec Tower Five Singapore 038985

Co-Lead Manager of the Placement and Joint Lead Manager of the Public Offer, and Underwriter of the Offering	UOB Asia Limited 80 Raffles Place UOB Plaza Singapore 048624
Legal Advisers to StarHub as to Singapore and English law and Singapore Press Holdings Limited as to Singapore law	Linklaters Allen & Gledhill One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to StarHub as to US law	Latham & Watkins LLP 80 Raffles Place #14-20 UOB Plaza 2 Singapore 048624
Legal Advisers to BT (Netherlands) Holdings B.V. as to Singapore, English and US law	Allen & Overy Shook Lin & Bok 24 Raffles Place #22-00 Clifford Centre Singapore 048621
Legal Advisers to MediaCorp Pte. Ltd. as to Singapore law	Yeo-Leong & Peh LLC 20 McCallum Street #12-03 Asia Chambers Singapore 069046
Legal Advisers to NTT Investment Singapore Pte. Ltd. as to English law	White & Case LLP 50 Raffles Place #30-00 Singapore Land Tower Singapore 048623
Legal Advisers to the Joint Global Co-ordinators, Bookrunners, Lead Managers and Underwriters of the Offering as to Singapore law	Venture Law LLC 50 Raffles Place #31-01 Singapore Land Tower Singapore 048623
Legal Advisers to the Joint Global Co-ordinators, Bookrunners, Lead Managers and Underwriters of the Offering as to US and English law	Milbank, Tweed, Hadley & McCloy LLP 30 Raffles Place #14-00 Caltex House Singapore 048622
Auditors and Independent Accountants	KPMG Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Independent Financial Adviser	KPMG Corporate Finance Pte Ltd 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Principal Bankers	Citibank, N.A. 3 Temasek Avenue #17-00 Centennial Tower Singapore 039190 Malayan Banking Berhad 2 Battery Road Maybank Tower Singapore 049907

	Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513 Sumitomo Mitsui Banking Corporation 3 Temasek Avenue #06-01 Centennial Tower Singapore 039190 The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay HSBC Building Singapore 049320 United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
Receiving Banker	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

SUMMARY

This summary highlights information contained elsewhere in this document. This summary may not contain all of the information that you should consider before deciding to invest in the Offering Shares. We urge you to read this entire document carefully, including our consolidated financial statements and related notes and "Risk Factors".

Introduction

We are a Singapore-based integrated information, communications and entertainment company, providing a broad range of mobile, cable TV, broadband and fixed network services. As at June 2004, we provided at least one service to approximately 75% of households[(1)] in Singapore and approximately 27,000 businesses. We operate three networks: an island-wide GSM 1800 network that is fully upgraded for GPRS service, a two-way hybrid fibre-coaxial ("HFC") network that reaches over 99% of the homes in Singapore and a high capacity fibre-optic network which directly connects over 800 commercial buildings with wide coverage across the Singapore central business district.

Our Hubbing strategy differentiates us from our competitors. We believe Hubbing is a key driver of customer growth and retention, enabling us to be a "one-stop shop" for convergent and bundled products and services for both our consumer and business customers. We have achieved rapid growth in customers and revenue in our relatively short history, which is the result of the success of our experienced management team and skilled employees in executing our strategy. We expect that Hubbing will continue to be an important strategy to gain market share and increase revenues in each of our mobile, cable TV, broadband and fixed network businesses.

Our mobile business, which has grown rapidly since launch, is our largest revenue contributor and is expected to continue to be our largest driver of financial results. Broadband, our fastest growing business, is expected to continue to grow as we exploit the increases in broadband penetration rate in Singapore particularly as more customers migrate from dial-up services to broadband services. We are currently the only provider of cable TV in Singapore and at the end of May 2004, we launched digital cable TV services in Singapore. With an increase in cable TV penetration in Singapore and as customers upgrade to digital cable, we expect our cable TV business to grow and contribute towards our overall growth and financial performance.

Our strategy is to continue delivering innovative integrated products and services to retain customers, to upsell and cross sell to them, as well as to attract new customers to our services. We believe that our strategy will lead to continued growth in our market share in all of our businesses. We have made significant investments in our network infrastructure to support each of our business areas and we believe that future capital expenditures, other than that required for the initial roll-out of 3G, will be primarily driven by customer demand.

Our Competitive Strengths

- ***Hubbing*** – we are the only fully integrated telecommunications and cable service operator in Singapore, allowing us to be a "one-stop shop" for convergent and bundled products and services for both our consumer and business customers.
- ***Innovative products and services*** – consistent differentiation through product and service innovation.
- ***Strong mobile performance*** – between 2001 and 2003, we captured the highest net customer additions in the market through market segmentation, customer targeting through innovative services, establishing strong distribution channels and our Hubbing initiatives. We have continued this growth in the first half of 2004.
- ***Sole cable TV operator*** – we are currently the sole licensed cable TV operator in Singapore with a network reaching over 99% of homes in Singapore and extensive content arrangements. We launched our digital cable TV service at the end of May 2004.

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(1) Based on a telephone survey we commissioned and our internal billing records, this refers to households in Singapore which use any of our mobile, cable TV, broadband/dial-up Internet access, digital voice and IDD services as a percentage of the total number of occupied homes in Singapore.

- ***Strong broadband Internet access business*** – broadband services provided over our hybrid fibre-coaxial network offer the highest residential download speeds, ease of use and the capability to broadcast content.
- ***Advanced integrated network*** – our mobile, broadband cable and fixed networks are integrated physically and operationally to create operating efficiencies and cost savings.
- ***Customer service*** – our customer care and service is integrated across all our lines of business and we have been recognised for our excellence in customer service.
- ***Widely recognised brand*** – we have established a strong brand identity associated with values such as innovation, freshness and excitement with very high recognition in Singapore.

Business Strategies

The key components of our business strategies are:

- Hubbing – delivering bundled, integrated or convergent services over multiple platforms;
- Building on our steady success in the mobile sector;
- Continuing our leadership in cable TV;
- Increasing operating leverage;
- Leveraging on inherent advantages of our cable broadband network;
- Capitalising on our strong brand identity; and
- Leveraging our fixed network infrastructure to lower network supply costs and provide incremental revenue opportunities.

(See the sections from "Business — StarHub's "Go To Market" Strategies" to "Business — IT, Billing, Credit and Fraud Management" for a more detailed description of these strategies.)

Ownership Structure

We are currently owned by STT Communications Ltd ("STT Communications"), the investment holding company of Singapore Technologies Telemedia Pte Ltd ("ST Telemedia"), NTT Investment Singapore Pte. Ltd. ("NTT IS"), MediaCorp Pte. Ltd. ("MediaCorp"), BT (Netherlands) Holdings B.V. ("BTNH"), Singapore Press Holdings Limited ("SPH"), and certain current and former employees and directors. Based on our issued share capital as at the date of this document, the shareholdings of our shareholders immediately before and after completion of the Offering are set out in the table below:

Shareholders	Shares owned immediately before completion of the Offering		Shares owned immediately after completion of the Offering (assuming the Over-allotment Option is not exercised)		Shares owned immediately after completion of the Offering (assuming the Over-allotment Option is exercised in full)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
STT Communications	1,053,002,142	49.76	1,053,002,142	49.76	1,053,002,142	49.76
NTT IS.	302,742,000	14.30	220,875,000	10.44	201,828,000	9.54
MediaCorp	293,650,266	13.88	292,802,266	13.84	277,777,052	13.13
BTNH	247,698,000	11.70	19,047,000	0.90	—	—
SPH	189,451,786	8.95	19,046,786	0.90	—	—
Employee shareholders (1)	29,796,511	1.41	41,568,511	1.96	41,568,511	1.96
Public shareholders	—	—	469,999,000	22.21	542,165,000	25.62
Total	2,116,340,705	100.00	2,116,340,705	100.00	2,116,340,705	100.00

Note:

(1) Shares held by our current and former employees and directors, and assumes (to the extent applicable) they will purchase all Reserved Shares set aside for them but do not include any other Offering Shares (including excess Reserved Shares) which they may purchase in the Offering.

There may be conflicts of interests between our shareholders and their affiliates and our Company which may affect our business or operations. (See "Risk Factors — Risks Relating to Us and Our Businesses — Control by ST Telemedia" and "Risk Factors — Risks Relating to Us and Our Businesses — Conflicts of interests".)

The Offering

StarHub Ltd	StarHub Ltd is a company incorporated with limited liability under the laws of the Republic of Singapore.
The Vendors	NTT IS is a company incorporated with limited liability under the laws of the Republic of Singapore. MediaCorp is a company incorporated with limited liability under the laws of the Republic of Singapore. BTNH is a company incorporated with limited liability under the laws of the Netherlands. SPH is a company incorporated with limited liability under the laws of the Republic of Singapore.
The Offering	481,771,000 Offering Shares representing 22.76% of our issued share capital as at the date of this document. The Offering Shares consist of 81,867,000 Shares offered by NTT IS, 848,000 Shares offered by MediaCorp, 228,651,000 Shares offered by BTNH and 170,405,000 Shares offered by SPH, representing 3.87%, 0.04%, 10.80% and 8.05% of our issued share capital as at the date of this document. The Offering consists of the Placement and the Public Offer. The completion of the Public Offer is conditional upon the completion of the Placement.
The Placement	The Placement comprises Offering Shares offered and sold outside the United States to non-US persons (including institutional and other investors in Singapore not purchasing in the Public Offer) in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A. The Offering Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S). See "Plan of Distribution". As part of the Placement, a certain number of Offering Shares are being offered in Japan by way of a public offer without listing in Japan (the "Japanese Offering") or, if for any reason, the Japanese Offering does not proceed, by way of a private placement. See "Plan of Distribution". If for any reason the Offering Price is not agreed between the Joint Global Co-ordinators and the Vendors or the Placement Agreement (as defined herein) is not signed, the Placement will not proceed. The completion of the Placement is not conditional on the completion of the Japanese Offering.
The Public Offer	The Public Offer comprises Offering Shares offered in Singapore by way of an offering to the public in Singapore, including up to 16,800,000 Reserved Shares. The minimum size of the Public Offer is 30,000,000 Offering Shares. The Public Offer will be fully underwritten on a several basis by the Lead Managers at the Offering Price, if the Offering Price is agreed between the Joint Global Co-ordinators and the Vendors, and if both the Offer

	Agreement (as defined herein) and the Placement Agreement are signed. However, if for any reason the Offering Price is not agreed between the Joint Global Co-ordinators and the Vendors or if the Placement is not completed, the Public Offer will not proceed and all application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to all applicants, at their own risk (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore"), and without any right or claim against us, the Vendors or the Lead Managers.
Reserved Shares	Up to 16,800,000 Offering Shares will be reserved for our Directors and employees, the directors and employees of our shareholders, and others who have contributed to our success and development (to be determined by us at our sole discretion). The Reserved Shares will be offered on the same terms as the other Offering Shares in the Public Offer. If any of the Reserved Shares are not purchased, they will be made available to satisfy over-subscription (if any) for the Offering Shares in the Public Offer and/or the Placement.
Clawback and Re-allocation	Offering Shares may be re-allocated between the Placement and the Public Offer, for example, in the event of an under-subscription in one and an over-subscription in the other.
Offering Price	Investors applying for the Placement are required to pay the Offering Price in Singapore dollars. All investors applying in the Public Offer are required to pay the Maximum Offering Price of S$1.15, subject to refund if and to the extent that the Offering Price is less than the Maximum Offering Price. All refunds shall be without interest or any share of revenue or other benefit arising therefrom. Purchasers of our Shares may be required to pay brokerage (and if so required, such brokerage will be 1.0% of the Offering Price).
Price Determination	The Offering Price will be determined following a book-building process by agreement between the Joint Global Co-ordinators and the Vendors on a date currently expected to be on or about 6 October 2004 (the "Price Determination Date"). Among the factors that will be taken into account in determining the Offering Price are the demand for the Offering Shares and the prevailing conditions in the securities markets. If, for any reason, the Offering Price is not agreed between the Joint Global Co-ordinators and the Vendors, the Offering will not proceed and, in respect of applications made under the Public Offer, all application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to all applicants, at their own risk (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore"). Notice of the Offering Price will be published in one or more of the major Singapore newspapers such as *The Straits Times*, *The Business Times, Lianhe Zaobao* and *Today* not more than two calendar days after the Price Determination Date.

Over-allotment Option	In connection with the Offering, the Joint Global Co-ordinators have been granted an Over-allotment Option by the Vendors, exercisable by Credit Suisse First Boston (Singapore) Limited in consultation with UBS AG, in full or in part within 30 days from the date of commencement of dealing in our Shares on the SGX-ST, to purchase up to an aggregate of 72,166,000 Shares, of which up to 19,047,000 Shares have been offered by NTT IS, up to 15,025,214 Shares have been offered by MediaCorp, up to 19,047,000 Shares have been offered by BTNH and up to 19,046,786 Shares have been offered by SPH (which is in aggregate not more than 15% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares (if any). The Vendors have agreed that the Shares to be sold upon exercise of the Over-allotment Option shall first be satisfied from the 19,047,000 Shares offered by BTNH.
Stabilisation	In connection with the Offering, Credit Suisse First Boston (Singapore) Limited may, in consultation with UBS AG, over-allot Shares or effect transactions which stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of dealing in our Shares on the SGX-ST or (ii) the date when the over-allotment of our Shares which are the subject of the Over-allotment Option has been fully covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option by Credit Suisse First Boston (Singapore) Limited, or through both).
Proceeds from the Offering	Based on the Maximum Offering Price for each Offering Share, the net proceeds from the Offering (after underwriting commissions and other estimated offering expenses payable by the Vendors and assuming that the Over-allotment Option is not exercised) will be approximately S$546.5 million. Since all the Shares in the Offering are being offered by the Vendors, we will not receive any of the proceeds from the Offering.
Lock-up	We have agreed with the Joint Global Co-ordinators, subject to certain exceptions, that we will not, among other things, issue Shares for a period of six months from the date of our admission to the Official List of the SGX-ST. During this period, we will not undertake any capital markets fund-raising activities. Our Directors and certain members of our senior management who will hold in aggregate up to 0.12%(1) of our issued Shares following the Offering (including Reserved Shares(2)), have agreed with the Joint Global Co-ordinators that for a period of 30 days from the date of admission of our Shares to the Official List of the SGX-ST, they will not realise, sell, transfer or otherwise dispose of any part of their interest in our Shares.

(1) As at the date of this document, our Directors hold an aggregate of 1,375,002 Shares and have been allocated an aggregate of 882,000 Reserved Shares. (See "Shareholders" and "Management — Reserved Shares"). As at the date of this document, Mr Yong Lum Sung does not hold any Shares and has been allocated 50,000 Reserved Shares and Mr Kwek Buck Chye holds 194,167 Shares and has been allocated 50,000 Reserved Shares.

(2) The shareholding numbers assume (to the extent applicable) that these persons will purchase all Reserved Shares set aside for them, but do not include any other Offering Shares (including excess Reserved Shares) they may purchase in the Offering or any Shares held by them following the exercise of their share options.

Each of our substantial shareholders, STT Communications, NTT IS, MediaCorp, BTNH and SPH, has agreed with the Joint Global Co-ordinators, subject to certain exceptions, that during the period from the date of the Placement Agreement to the date falling 12 months from the date of our admission to the Official List of the SGX-ST (the "Lock-Up Period"), it will not, among other things, offer, pledge, sell, contract to sell, grant any option to purchase, grant security over, encumber or dispose of in any other way, any of our Shares or publicly announce any intention to do so.

ST Telemedia has agreed with the Joint Global Co-ordinators that, conditional upon the admission of our Shares to the Official List of the SGX-ST, it will not realise, transfer or dispose of any part of its effective interest in shares of STT Communications during the Lock-Up Period, other than any transfer of shares in STT Communications to any of its wholly-owned subsidiaries provided that ST Telemedia shall procure an undertaking from such transferee not to realise, transfer or dispose of any part of its interest in any STT Communications shares (other than as provided herein) during the period commencing on the date of such transfer to the date falling on the expiry of the Lock-Up Period and provided further that ST Telemedia shall procure such transferee to re-transfer such shares in STT Communications to ST Telemedia or any of its wholly-owned subsidiaries on the same terms in the event that such transferee ceases to be a wholly-owned subsidiary of ST Telemedia.

Singapore Technologies Pte Ltd ("STPL") has agreed with the Joint Global Co-ordinators that, conditional upon the admission of our Shares to the Official List of the SGX-ST, it will not realise, transfer or dispose of any part of its effective interest in shares of ST Telemedia during the Lock-Up Period, other than any transfer of shares in ST Telemedia to any of its wholly-owned subsidiaries provided that STPL shall procure an undertaking from such transferee not to realise, transfer or dispose of any part of its interest in any ST Telemedia shares (other than as provided herein) during the period commencing on the date of such transfer to the date falling on the expiry of the Lock-Up Period and provided further that STPL shall procure such transferee to re-transfer such shares in ST Telemedia to STPL or any of its wholly-owned subsidiaries on the same terms in the event that such transferee ceases to be a wholly-owned subsidiary of STPL.

The SGX-ST has given Temasek Holdings (Private) Limited ("Temasek") a waiver from the requirement of providing a moratorium undertaking as required under Rule 228 of the SGX-ST Listing Manual.

See "Plan of Distribution — Restrictions on Disposals and Issues of Shares".

Payment and Settlement . . . . . The Vendors expect to receive payment for all the Offering Shares under the Offering on or about 13 October 2004. The Vendors expect to deliver global share certificates representing the Offering Shares to The Central Depository (Pte) Limited ("CDP"), for deposit into the securities accounts of the relevant purchasers on or about 13 October 2004.

Listing of our Shares	Prior to the Offering, there has been no public market for our Shares. Application has been made to the SGX-ST for permission to list all our issued Shares (including the Offering Shares) and the new Shares to be issued pursuant to the exercise of options under the Share Option Plan 2000 and the Share Option Plan 2004 and the vesting of awards granted under the Performance Share Plan and the Restricted Stock Plan on the Main Board of the SGX-ST. Such permission for our issued Shares will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted by the SGX-ST to deal in and for the quotation of all our issued Shares.
Trading on the SGX-ST	We expect our Shares to commence trading on a "when issued" basis at or about 9.00 a.m. on 13 October 2004. Our Shares will, upon their issue, listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry settlement system of CDP. Dealing in and quotation of our Shares will be in Singapore dollars. Our Shares will be traded in board lots of 1,000 Shares.
Transfer Restrictions	The Offering Shares will be subject to certain transfer restrictions. See "Transfer Restrictions".
Application Procedures in Singapore for the Public Offer	Investors in Singapore must follow the application procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore", which constitutes part of the Singapore offering document registered with the Authority. Applications must be paid for in Singapore dollars. The minimum initial application is for 1,000 Shares. An applicant may apply for a larger number of Shares in integral multiples of 1,000 Shares.
Risk Factors	For a discussion of risks relating to your investment decision, see "Risk Factors".

Indicative Timetable

An indicative timetable for trading in the Shares is set out below for your reference:

Date and time (Singapore)	Event
21 September 2004, 9.00 a.m.	Opening date and time for the Public Offer and the Placement in Singapore.
5 October 2004, 12.00 noon	Closing Date and time for the Public Offer.
5 October 2004, 5.00 p.m.	Closing Date and time for the Placement in Singapore.
6 October 2004	Price Determination Date.
6 October 2004	Balloting of applications in the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
13 October 2004, 9.00 a.m.	Commence trading on a "when issued" basis.
22 October 2004	Last day of trading on a "when issued" basis.
25 October 2004, 9.00 a.m.	Commence trading on a "ready" basis.
28 October 2004	Settlement date for all trades done on a "when issued" basis, and all trades done on a "ready" basis on 25 October 2004.

The above timetable is only indicative and is subject to change at our and the Vendors' discretion. It assumes that the last date for application for Offering Shares in the Offering is 5 October 2004, the date of our admission to the Official List of the SGX-ST is 13 October 2004 and compliance with the SGX-ST's shareholding spread requirement.

We and the Vendors reserve the right to shorten or extend the Offering period at our discretion, in consultation with the Joint Global Co-ordinators, subject to all applicable laws and regulations and the rules of the SGX-ST. In the event of any early or extended closure of the Offering period, we and the Vendors will publicly announce the same immediately:

(i) through a MASNET announcement to be posted on the Internet at the SGX-ST website (www.sgx.com); and

(ii) in one or more of the major Singapore newspapers such as *The Straits Times*, *The Business Times*, *Lianhe Zaobao* and *Today*.

You should consult the SGX-ST announcement on the "ready" listing date on the Internet (at the SGX-ST website), INtv or the newspapers, or check with your brokers on the date on which trading on a "ready" basis will commence.

The Vendors will provide details and results of the Offering in an announcement through MASNET or in one or more of the major Singapore newspapers such as *The Straits Times*, *The Business Times*, *Lianhe Zaobao* and *Today*.

The Vendors reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefore, and no enquiry and/or correspondence on their decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

In respect of an application made under the Public Offer, where any such application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit

arising therefrom) to the applicant, at his own risk, within 24 hours after the balloting of applications (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore").

In respect of an application made under the Public Offer, where any such application is accepted in full or in part only, any balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price) will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities) after the close of the Offering (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore").

Where the Offering does not proceed for any reason, the full amount of application monies paid in respect of applications made under the Public Offer (without interest or any share of revenue or other benefit arising therefrom) will be returned within three Market Days after the Offering is discontinued.

Summary Consolidated Financial Information and Operating Data

You should read the following summary consolidated financial information and operating data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this document. Our consolidated financial statements for the years ended 31 December 2001, 2002 and 2003 and our condensed consolidated interim financial statements for the six months ended 30 June 2003 and 2004, have been prepared in accordance with Singapore FRS. Such reporting practices and accounting principles differ in certain respects from US GAAP. (See "Principal Differences Between Singapore FRS and US GAAP".)

Our summary consolidated financial information as at and for the years ended 31 December 2001, 2002 and 2003 has been extracted or derived from our consolidated financial statements, which have been audited by KPMG. Our condensed consolidated interim financial information as at and for the six months ended 30 June 2003 and 30 June 2004 has been extracted or derived from our unaudited condensed consolidated interim financial statements, which have been reviewed by KPMG. Our audited consolidated financial statements as at and for the years ended 31 December 2001, 2002 and 2003 together with our unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2003 and 2004 are included elsewhere in this document. (See "Consolidated Financial Statements".) The information contained in "— Selected Operating Data" below has not been audited and has not been reviewed by KPMG. The consolidated financial statements are expressed in Singapore dollars.

Our consolidated financial statements presented to shareholders for 2001 were for the nine months from 1 April 2001 to 31 December 2001, as a result of a change in our accounting year-end from March to December. For the purpose of presenting the comparative balances for 2001 in our consolidated financial statements for the year ended 31 December 2002, those financial statements included comparative balances for the year ended 31 December 2001.

In July 2002, StarHub acquired 100% of SCV in a non-cash acquisition involving an issue of new StarHub shares. We acquired 73.3% from STT Communications and its related company, MediaCorp. This related company acquisition was accounted for under the historical cost method in a manner similar to the pooling method. The remaining 26.7% was acquired from SPH, which at the time was unrelated to StarHub, and was accounted for under the purchase method. Accordingly, StarHub's historical audited consolidated financial statements show SCV as a 73.3% subsidiary for the period prior to 1 July 2002 and as a 100% subsidiary thereafter.

Selected Profit and Loss Data

	Year ended 31 December (audited, except for US$)				Six months ended 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
In millions	S$	S$	S$	US$	S$	S$	US$
Operating revenue	777.7	911.9	1,118.2	649.0	535.5	654.5	379.9
Operating expenses	(1,167.1)	(1,179.9)	(1,249.0)	(724.9)	(611.0)	(675.9)	(392.3)
Profit/(Loss) from operations	(381.5)	(267.5)	(129.8)	(75.3)	(75.4)	(20.4)	(11.8)
Net other income [(1)]	360.3	363.6	90.2	52.4	90.2	—	—
Profit/(Loss) before taxation	(28.2)	81.6	(53.5)	(31.1)	7.7	(27.5)	(16.0)
Taxation [(2)]	68.9	20.9	7.6	4.4	8.9	(18.1)	(10.5)
Profit/(Loss) after taxation	40.7	102.5	(45.9)	(26.6)	16.7	(45.5)	(26.4)
Net profit/(loss)	53.6	102.7	(45.9)	(26.6)	16.6	(45.5)	(26.4)
EBITDA (unaudited) [(3)]	(134.4)	46.1	203.1	117.9	91.9	143.6	83.3

The following unaudited pro forma financial information has been derived from, and should be read in conjunction with, and is restated in its entirety by reference to, our unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002, included elsewhere in this document. (See "Consolidated Financial Statements".) The unaudited pro forma consolidated financial information illustrates the effect on our profit and loss accounts for the years ended 31 December 2001 and 2002 had SCV been our wholly-owned subsidiary throughout those financial years.

	Year ended 31 December (unaudited)				Six months ended 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
In millions	S$	S$	S$	US$	S$	S$	US$
Pro forma minority interest [(4)]	0.1	0.2	na	na	na	na	na
Pro forma net profit [(5)]	40.8	102.7	na	na	na	na	na

Notes:

(1) Other income includes S$1.08 billion compensation received from the IDA in connection with the liberalisation of the public basic telephone service market two years ahead of schedule by the Singapore Government. The amount was recognised in our financial statements over 36 months from April 2000 to March 2003.

(2) Taxation consists predominantly of deferred taxation accounting credit. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Taxation".)

(3) The measure of EBITDA is defined as profit from operations adding back depreciation, amortisation and accretion of asset grants. EBITDA is neither a standard measure under Singapore FRS or US GAAP. However, it is commonly used as an indicator of operating performance, liquidity and as a financial measure of the potential capacity of a company to incur and service debt. The components of EBITDA may vary between companies. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Introduction – EBITDA".)

(4) Pro forma minority interest has been arrived at after a pro forma adjustment to take up the full amount of SCV's loss as if it were a wholly-owned subsidiary instead of a 73.3%-owned subsidiary. After the adjustment, the minority interest refers to the 30% minority interest for e-station Pte Ltd (in members' voluntary liquidation). The minority interest portion of SCV's loss amounted to S$22.4 million. However, because SCV had negative shareholders' equity as at 31 December 2001, in preparing our historical consolidated financial statements, the amount of SCV's loss charged against minority interests was limited to S$12.7 million, being the maximum amount of loss that could be charged without resulting in a negative minority interest balance.

(5) Pro forma net profit has been arrived at after deduction of pro forma minority interest adjustment.

Selected Balance Sheet Data

In millions	As at 31 December (audited, except for US$)				As at 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
	S$	S$	S$	US$	S$	S$	US$
Non-current assets:							
Property, plant and equipment	1,158.6	1,134.9	975.9	566.4	1,030.8	895.1	519.5
Intangible assets	171.1	418.6	388.2	225.3	403.6	367.8	213.5
Deferred tax assets	135.9	156.8	164.3	95.4	165.7	146.2	84.9
Current assets:							
Trade receivables	117.8	97.5	87.1	50.6	120.9	95.2	55.3
Other receivables, deposits and prepayments	70.8	65.1	71.4	41.4	80.9	74.1	43.0
Cash and bank balances	257.0	66.9	73.8	42.8	37.5	117.0	67.9
Current liabilities:							
Trade payables and accruals	198.6	230.6	239.9	139.2	251.8	241.9	140.4
Other payables	557.2	296.3	147.4	85.5	152.7	136.9	79.5
Interest-bearing borrowings	3.5	16.5	31.0	18.0	0.5	43.7	25.4
Net current liabilities	340.7	343.2	250.2	145.2	205.2	177.4	103.0
Non-current liabilities:							
Interest-bearing borrowings	426.5	397.0	355.5	206.3	408.8	342.5	198.8
Deferred income	136.1	34.5	29.9	17.4	32.2	27.6	16.0
Net assets	565.0	936.9	893.3	518.5	954.5	862.2	500.4
Share capital	551.6	836.7	838.0	486.4	837.2	845.7	490.8
Reserves	13.4	100.2	55.3	32.1	117.3	16.5	9.6

Other Selected Financial Data

In millions, except per Share data	As at and for the year ended 31 December (audited, except for US$)				As at and for the six months ended 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
	S$	S$	S$	US$	S$	S$	US$
Cash flow data:							
Cash flow from operating activities	(59.6)	142.0	264.3	153.4	95.4	123.8	71.9
Cash flow from investing activities	(452.8)	(309.1)	(218.9)	(127.0)	(114.2)	(87.4)	(50.7)
Cash flow from financing activities	(17.5)	(23.0)	(38.5)	(22.3)	(10.6)	6.8	3.9
Net cash flow from all activities	(529.9)	(190.1)	6.9	4.1	(29.4)	43.2	25.1
Total assets	1,929.4	1,964.9	1,786.1	1,036.6	1,862.7	1,729.1	1,003.6
Net tangible assets (unaudited)	565.0	678.0	652.4	378.6	704.5	630.0	365.6
Net assets per Share (cents) [(1)] (unaudited)	29.7	44.8	42.6	24.7	45.6	40.8	23.7
Net tangible assets per Share (cents) [(1)] (unaudited)	29.7	32.4	31.1	18.1	33.7	29.8	17.3
Earnings per Share (cents) [(2)]							
- Basic	2.82	5.15	(2.19)	(1.27)	0.80	(2.16)	(1.26)
- Diluted	2.81	5.13	(2.19)	(1.27)	0.79	(2.16)	(1.26)

Notes:

(1) Based on net assets and net tangible assets as at the relevant date and dividing such amount by the number of Shares outstanding as at the respective balance sheet dates. The Shares issued in the common-control acquisition of 73.3% of SCV in the SCV acquisition on 2 July 2002 and the Share Consolidation on 16 August 2004 have been applied retrospectively for all periods presented. The number of issued and paid-up ordinary shares at each of the balance sheet dates referred to in this table was 1,899,735,849, 2,091,647,319, 2,095,108,261, 2,093,028,031 and 2,114,189,357 ordinary shares of par value S$0.40 each after adjustment to reflect retrospectively the shares issued in connection with our acquisition of SCV and the Share Consolidation. (See "Share Capital — Our Share Capital".)

(2) Based on profit attributable to shareholders for the relevant periods divided by the weighted average number of ordinary shares in issue during the financial year/period. In calculating earnings per share, the number of shares in issue includes the shares issued by our Company for the common-control acquisition of 73.3% of SCV in the SCV acquisition and the Share Consolidation on 16 August 2004 being applied retrospectively to the period from 1 January 2001 and 1 July 2002. From 2 July 2002, the number of shares in issue includes 100% of the shares issued for SCV.

Selected Operating Data

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
MOBILE					
Singapore mobile penetration [1]	69.2%	77.8%	83.1%	79.7%	87.4%
Number of mobile customers (in thousands):					
Post-paid	381	505	606	554	663
Pre-paid	79	135	269	193	366
Total	460	640	875	747	1,029
Market share	16.1%	19.7%	25.2%	22.4%	28.2%
ARPU with IDD included (S$ per month):					
Post-paid	84	71	71	71	72
Pre-paid	7	19	21	22	22
Non-voice services as a contribution to blended ARPU	5.5%	8.5%	13.6%	13.3%	15.2%
Average monthly SMS per user (originating)	72	91	113	115	114
Monthly minutes of use per active customer:					
Post-paid	800	658	603	621	560
Pre-paid	33	62	75	81	78
Average monthly churn rate (post-paid)	1.3%	1.2%	1.1%	1.3%	1.0%
Average acquisition cost per gross connection (S$)	154	165	155	148	143
CABLE TV					
Percentage of homes-passed [2]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of residential cable TV customers (in thousands)	303	355	380	365	393
StarHub's penetration	29.4%	33.4%	35.3%	34.3%	36.3%
ARPU (S$ per month)	43	42	42	43	40
Average monthly churn rate	1.0%	0.9%	1.0%	0.8%	0.8%
CABLE BROADBAND					
Percentage of homes-passed [2]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of residential broadband customers (in thousands)	80	103	150	122	180
StarHub's penetration	7.6%	9.5%	13.6%	11.1%	16.3%
ARPU (S$ per month)	60	59	56	59	53
Average monthly churn rate	0.7%	1.5%	1.4%	1.2%	1.1%
IDD					
Singapore total IDD minutes (in millions) [1]	2,561	2,830	3,074	1,495	1,750
IDD minutes (in millions)	189	238	355	163	253
IDD market share (based on minutes)	7.4%	8.4%	11.5%	10.9%	14.5%
HUBBING METRICS					
Total Singapore occupied homes (in thousands, estimated) [3]	998	1,020	1,041	1,020	1,041
Total households with post-paid mobile, cable TV and/or broadband services (in thousands)	na	572	634	605	659
Percentage of total households which subscribe to any two services	na	25.5%	28.1%	26.6%	29.5%
Percentage of total households which subscribe to any three services	na	5.0%	7.6%	5.9%	9.5%

Notes:

(1) Source: IDA.

(2) Percentage of homes-passed means total number of cable-ready homes divided by the total number of homes in Singapore. The information on the total number of homes in Singapore is as reported by the Singapore Department of Statistics ("SingStats"). The total number of homes for the six months ended 30 June 2003 and 2004 is based on information as at the end of the relevant preceding year.

(3) The estimated number of total Singapore occupied homes was obtained from ACNielsen (Singapore) Pte Ltd ("ACNielsen"). Information from ACNielsen is not available for the six months ended 30 June 2004. The estimated number of total Singapore occupied homes as at this date is taken from the estimates ended December 2003. The data for the six months ended 30 June 2003 is based on the information as at the end of 2002.

(See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Glossary of Defined and Technical Terms" for a discussion of terms and definitions used above.)

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones facing us and other risks may also adversely affect our business. Our business, financial condition, results of operations and prospects could be materially adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks and you may lose all or part of your investment. This document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this document.

Risks Relating to Us and Our Businesses

We operate in an environment which is highly competitive in several sectors

The mobile communications market is highly competitive and characterised by high penetration rates. We currently compete with a subsidiary of Singapore Telecommunications Limited ("SingTel"), Singapore Telecom Mobile Pte Ltd ("SingTel Mobile") and MobileOne Ltd ("MobileOne") to attract and retain customers for our mobile communications businesses.

We are currently the only provider of cable TV services in Singapore. However, we do face competition from MediaCorp and SPH MediaWorks Ltd ("SPH MediaWorks") which provide free-to-air television channels in Singapore. As the pay TV market develops, we could also face competition from new market entrants using cable or other technologies.

In the provision of residential broadband services in Singapore, we compete with providers of ADSL services and providers of traditional dial-up Internet services, such as SingTel and Pacific Internet Limited ("Pacific Internet"). In addition, the IDA implemented a cable open access requirement in 2002. This led to Pacific Internet's re-seller arrangements with us through which Pacific Internet uses our broadband cable network to offer broadband Internet services. We could also face competition from new Internet service providers in the future using wireless broadband or other technologies.

In providing fixed network services, we compete against SingTel and a number of other operators in the provision of fixed network, international calling and other business services. For example, many new competitors have entered the market as services-based operators ("SBOs") offering IDD and international calling card services to customers through international simple resale and/or voice over Internet protocol. The facilities-based operators ("FBOs") offering international services include global network operators that focus on providing services to corporate customers and to other operators on a wholesale basis. In the data communications market, our primary competition is from SingTel, as well as global players. We also face competition from competitive bandwidth service providers as well as a number of smaller business Internet-service providers ("ISPs") and e-commerce infrastructure enablers.

The IDA and the Media Development Authority of Singapore (the "MDA") may grant licences to additional info-communications operators that may compete with us. For example, a tender for a second pay TV licence was conducted by the MDA in June 2003. Although no tender proposals for the second licence were received, there can be no assurance that there will not be new entrants in the pay TV market, and the MDA has stated that it remains open to expressions of interest from potential providers in the future. These new licences may introduce additional telecommunications competitors or new pay TV or broadband ISPs. We may also be subject to competition from providers of new info-communications services as a result of technological development, evolving industry standards and the convergence of various info-communications services. Competition may also increase as a result of industry restructuring and the introduction of new operators.

Our competitors may seek to offer bundled services with their other info-communications services which may compete directly with our products and services. Our competitors may also enter into global or regional alliances which may give them a competitive advantage through greater access to a broader range of product offerings, increased leverage with suppliers and more competitive subscription arrangements. They may also have significantly greater financial and marketing resources and, if successful, may erode our market share.

Our competitors' pricing policies could also significantly affect the prices we charge for our services in the future, potentially leading to a decline in the prices we charge for our services and our ability to generate sufficient revenue or to increase in our churn rates and customer acquisition and retention costs. Competition could also lead to a decrease in the rate at which we attract new customers and the size of our customer base as

existing or potential customers could choose to receive info-communications services from other providers. Any of these occurrences could result in lower revenue or increased costs which would adversely affect our profitability.

We may not be able to increase our customer base, revenue and profitability

We may not be able to increase our customer base in all our businesses as a result of competition and high penetration rates in the mobile market. In order to grow our revenue and profitability in all our businesses, we may become reliant on ARPU expansion and growth. However, in order to increase our customer base, it may be necessary to lower our rates, which may result in a corresponding decrease in ARPU, or it may be necessary to increase our customer acquisition costs, which may increase our operating costs. We are also reliant on increases in the number of corporate customers in all our businesses as we seek to gain market share generally. Any new services may not be technically or commercially successful or launched according to expected schedules. Any such failure may have a material adverse effect on our revenue and profitability.

In addition, we may not be successful in the execution of our business strategies, including those described in detail under "Business—Business Strategies". We may experience delays in the implementation of these strategies for various reasons, including a failure to integrate our networks and technologies, capital shortfalls, failure of third party suppliers to deliver services and products in a timely manner and our inability to meet our own implementation schedules. There can be no assurance that our business strategies will be satisfactorily implemented and the growth of our business may be adversely affected.

Our business is capital intensive and we may not realise the benefits we expect from our investments in our networks and technologies

Our business is capital intensive in nature and requires us to make significant capital investments. From the date of our inception to 30 June 2004, we incurred capital expenditures (net of disposal and write off) totalling approximately S$2.3 billion, primarily relating to the construction of our networks. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources".)

We expect that a significant amount of our future capital expenditure spending will be to expand our network capacity. However, because future network expansion will be dependent in part on the future demand for our services, it is difficult for us to predict with certainty our future capital expenditure requirements. In addition, we will incur additional capital expenditure in connection with the roll-out and expansion of our 3G services. In the event that we have underestimated our future capital requirement needs or overestimated future cash flows, we may require additional financing in order to meet our projected capital and other expenditure requirements. In such an event, no assurance can be given that financing will be available or, if available, that such financing will be obtained on terms favourable to us or that any additional financing will not be dilutive to our shareholders.

New technologies may not be developed or implemented according to anticipated schedules or may not achieve commercial acceptance or be cost effective. Our failure to develop and implement technologies in a timely manner and on a cost effective basis could delay the implementation of new services, reduce the quality and functionality of our services, increase our operational costs, reduce our actual and potential market share and hinder us from realising our revenue streams. The failure of a technology to achieve commercial acceptance could result in additional capital expenditure or a reduction in profitability due to the recognition of the impairment of assets. In addition, changing market demand as a result of technological changes and improvements may require us to adopt new technologies and innovate new products and services. As new technologies are developed, the products and services we offer may be rendered obsolete or less competitive.

We have a history of operating losses

We incurred operating losses of S$129.8 million for the year ended 31 December 2003, S$267.5 million for the year ended 31 December 2002 and S$381.5 million for the year ended 31 December 2001. In the six months ended 30 June 2004, our operating loss was S$20.4 million. Although we recorded a net profit in 2001 and 2002, we would have recorded a net loss during each of those periods if not for the compensation we received from the IDA as compensation to liberalise public basic telephone services two years ahead of its agreed schedule. The compensation, which amounted to S$1.08 billion, was amortised over the three-year period ended 31 March 2003. We cannot assure you that we will operate at a profit in the future.

Rapid technological changes may increase competition and affect our operations

The info-communications industry is characterised by rapid and significant changes in technology. We face competition from other communications technologies, including wireless technologies, satellite-based communications systems and private and shared radio networks. In addition, we may face increasing competition from technologies currently being developed or which may be developed in the future by both our existing competitors as well as new market entrants. Our competitors may be more effective than us at developing or marketing new technologies, products and services and new competitors may emerge as a result of new technologies. We cannot accurately predict how emerging and future technological changes will affect our operations or the competitiveness of our services.

Failure to roll-out 3G systems and services by 31 December 2004 may result in penalties or adversely affect our 3G licence

We hold a 3G FBO licence and 3G spectrum right. We paid a one-time upfront fee for our 3G spectrum right of S$100 million (inclusive of Singapore goods and services tax ("GST")) in April 2001. Under the terms of our licence, we are required to complete the nationwide roll-out of our systems and services by 31 December 2004. The measurement criteria for nationwide roll-out specified by the IDA is at least 95% of street level 3G radio coverage on the island of Singapore using a signal strength that is greater or equal to minus 100 decibel milliwatts. In the event that we do not meet our obligations under our 3G licence, the IDA may issue a written order for compliance, impose a financial penalty of up to S$1 million, cancel or suspend the licence or reduce the term of the licence. (See "Regulation".)

We rely on third party vendors for the construction and operation of our networks, for our hardware and for our business operations

We rely on third party vendors with respect to many aspects of our business. We have relied and will continue to rely on third parties such as Lucent Technologies Singapore Pte Ltd ("Lucent"), Nokia Corporation ("Nokia"), SingTel and SP Telecommunications Pte Ltd ("SP Telecommunications") for the construction and operation of our mobile communications and fixed network, as well as our cable broadband network. We are particularly dependent on Nokia for the construction and implementation of our 3G network. We also rely on SingTel and other vendors for network and interconnection services. (See "— We are dependent on interconnection with our competitors' networks and third party gateways".)

We rely on third party vendors for the hardware we sell and utilise in our business. We rely on TeleChoice International Limited ("TeleChoice") as our primary supplier and for logistic distribution support of the Nokia, Motorola Electronics Pte Ltd ("Motorola"), Sony Ericsson Mobile Communications AB ("Ericsson"), Siemens A.G. ("Siemens") and Samsung Asia Pte Ltd ("Samsung") handsets and accessories we sell in our retail outlets. We are also dependent on the supply of 3G-capable handsets as part of our 3G roll-out and upon our suppliers developing commercially successful technology and software so that such new technologies can achieve broad commercial acceptance. We also currently rely on Motorola as the main supplier of our cable TV analogue set-top boxes.

Our cable TV business is dependent on third party content providers who provide us with our cable programmes. Content costs, which constitute a large portion of our cable TV expenses, have risen in recent years. If content costs continue to increase in the future, we may not be able to pass such cost increases to our customers. Any inability to pass content cost increases to our customers would have an adverse impact on our gross profit.

Increases in the amounts we pay our key suppliers for their services and products, or any failure by our key suppliers to provide those services and products could have a material adverse effect on our ability to deliver our services to our customers and on our revenue and profitability.

We are dependent on interconnection with our competitors' networks and third party gateways

We are dependent on interconnection with our competitors' networks (one of whom, SingTel, is classified as a "Dominant Operator" by the IDA) and associated infrastructure for the successful operation of our business. We have interconnection agreements with SingTel as well as other third-party operators including MobileOne. SingTel is currently required to provide interconnection services to us by the IDA. (See "Regulation".) There can be no assurance that the renewal of these interconnection agreements will be on similar terms as the existing interconnection agreements. If for any reason these interconnection arrangements were disrupted, whether

because of accidents, technological difficulties, natural events, a failure by any of our counterparties to perform its contractual obligations or for any other reason, one or more of our services may be delayed, interrupted or stopped, the quality of our services may be lowered, our customer churn rates may increase or interconnection rates may increase, all of which could materially adversely affect our revenue and profitability.

We may not be able to deliver our services if we experience a systems failure or a shutdown in our networks

Our services are currently carried through our own networks, the networks of local fixed-line operators including leased circuits that connect our base stations, international submarine cable lines, and the networks of international operators and other network-related infrastructure. Our ability to provide services depends on the stability of this integrated network. This network may be vulnerable to damage or interruptions in operation due to earthquakes, fires, floods, power losses, acts of terrorism, communications failures, network software flaws, transmission cable cuts or other events beyond our control. Any failure of this integrated network or any link in the delivery chain that results in an interruption in our business, operations or our ability to provide any service, whether from operational disruption, natural disaster, our failure to maintain or otherwise, could damage our brand equity, reduce our ability to attract and retain customers and materially adversely affect our revenue and profitability. In particular, the operation of our network depends on our network operations facilities in Singapore. Any damage or interruption in operation to these facilities may have a serious impact on our operations.

We operate in a highly regulated industry and our licences and the regulatory environment in which we operate are subject to change

The global telecommunications and media industries are subject to significant government regulation and licensing requirements. In Singapore, the IDA is empowered to grant licences for the provision of telecommunications systems and services. The IDA has broad powers to regulate and monitor licensees. If a licensee is found to be in breach of any condition of its licence, or any provision of any code of practice or standard of performance or any regulation, or any direction issued by the IDA, the IDA may issue a written order for compliance, impose a financial penalty, cancel the licence or part thereof, suspend the licence or part thereof for a specified period or reduce the term of the licence. The IDA has the power to modify the terms of a licence. The exercise of such powers by the IDA may be appealed to the Minister for Information, Communication and the Arts of Singapore (the "Minister"), whose decision is final. (See "Regulation")

The MDA is the regulatory authority principally responsible for regulating the provision of broadcasting services in and from, and the ownership and operation of broadcasting apparatus in, Singapore. The MDA is empowered to grant licences for the importation, offer for sale, sale or operation of broadcasting apparatus and the provision of licensable broadcasting services. The MDA has broad powers to regulate and monitor licensees. If a licensee is found to be in breach of any condition of its licence, or any provision of any code of practice or standard of performance or any regulation, or any direction issued by the MDA, the MDA may issue a written order for compliance, impose a financial penalty and/or cancel or suspend the licence for such period as the MDA deems fit. The MDA also has the power to modify the terms of a licence. The exercise of such powers by the MDA may be appealed to the Minister, whose decision is final. (See "Regulation".)

Changes in laws, regulations or government policy affecting our business activities or those of our competitors could adversely affect our results of operations and prospects (see "Regulation—Changes in Our Regulatory Environment"). For example, the IDA is carrying out a review of the Code of Practice for Competition in the Provision of Telecommunication Services (the "Telecom Competition Code") and SingTel's Reference Interconnect Offer ("SingTel's RIO"). The Ministry of Information, Communications and the Arts has also conducted a public consultation on proposed amendments to the Telecommunications Act, Chapter 323 of Singapore (the "Telecommunications Act"). Further, we are required to obtain the MDA's prior approval before we can add a new channel to our cable TV services. We must also obtain the IDA's approval for changes in the tariffs of SCV's telecommunications services. If, for any reason, these approvals are delayed or denied, this will impact our ability to deliver services to the market. In addition, decisions by the IDA and the MDA relating to the grant, amendment or renewal of our or our competitors' licences could adversely affect the results of our operations and prospects. Currently, we hold various licences from the IDA and the MDA as well as various spectrum rights from the IDA. The authorities may modify the terms of our licences or spectrum rights at their discretion. Any revocation or unfavourable modification of any licence or spectrum right, or any failure to renew on comparable terms, or other change in our regulatory environment could have a material adverse effect on our

results of operations and prospects. (See "Regulation — Changes in our Regulatory Environment" for a discussion of the possible changes in our regulatory environment.)

Our licences and spectrum rights have fixed terms and are subject to renewal

Each of our licences and spectrum rights has a fixed term. As the terms of these licences or rights expire, we must apply to the IDA or the MDA, as the case may be, to have the licence or rights term renewed. Our licences which are due for renewal include our subscription nationwide television service licence for our cable TV services which expires in June 2005 and our 2G spectrum rights which expire in September 2008. We cannot ascertain if such renewals will be on the same terms as the existing licenses. Any inability to obtain new licences or rights, or delay in the renewal of our existing licences or rights, could impede our ability to provide these services and have a material adverse effect on our results of operations and prospects.

We are subject to regulatory restrictions on ownership of our Shares and funding from foreign sources for our broadcasting operations

The IDA requires us to obtain its prior written approval for any change to our ownership, shareholding and management arrangements and reserves the right to subject us to further regulation. We are also regulated by the MDA, which administers the Broadcasting Act, Chapter 28 of Singapore (the "Broadcasting Act"). The Broadcasting Act imposes restrictions on ownership or control over our Shares. (See "Regulation".)

Under the Broadcasting Act, any licence issued under this Act may be cancelled if, without the Minister's approval, any foreign source, whether alone or together with one or more other foreign sources, holds or controls 49% or more of our Shares (See "Description of Our Shares — Limitations on Rights to Hold or Vote Shares"). As our Shares will be traded on a scripless basis through the Central Limit Order Book system maintained by the SGX-ST, we may be unable to control the transfer of our Shares or to monitor whether any foreign source holds or controls 49% or more of our Shares. As such, there is no assurance that we will be able to ensure that a breach in this regard will not occur.

We are also prohibited under the Broadcasting Act from receiving any funding from a foreign source for the purposes of financing, directly or indirectly, any of our broadcasting services without the prior consent of the MDA (save as exempted under the Broadcasting (Exemption) Order 2004). As such, our ability to secure financing for our broadcasting operations may be limited if we are unable to obtain such consent from the MDA.

Our networks may be vulnerable to security breaches, piracy and hacking

Our networks may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to our customers. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our services, which could result in lost revenue and dissatisfied customers.

Breaches of our networks, including through piracy or hacking may result in unauthorised access to our content. Such breaches of our network may have a material adverse effect on our earnings and financial condition and may also require us to incur further expenditure to put in place more advanced security systems to prevent any unauthorised access to our networks.

Virtually all of our revenue is derived from our activities in Singapore

Virtually all of our revenue is derived from our business operations undertaken in Singapore. Furthermore, a majority of our assets are located, and all of our services are performed, in Singapore. A contraction of, or a decline in the growth of, the Singapore economy or the population of Singapore or other factors affecting Singapore could adversely affect our results of operations. Factors that may adversely affect the Singapore economy include:

- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- devaluation of regional currencies;
- a prolonged period of deflation or inflation or circumstances leading to high real interest rates;

- changes in taxation;
- political instability in countries in the region;
- war, military conflict or acts of terrorism;
- health epidemics such as the Severe Acute Respiratory Syndrome ("SARS") and bird-flu; and
- other regulatory, political or economic developments in or affecting Singapore.

We rely on our management and our ability to hire, train and retain qualified employees

We rely on our management team and our operations could suffer if we lose any member of our management team. In addition, as a company focused on the development of info-communications products and services, our future success depends in large part on our ability to hire, train and retain appropriately qualified employees to undertake product development and management, monitor and maintain our network, and pursue our customer service, sales and marketing activities. Skilled personnel in these areas have on occasion been in short supply, and any shortages in the future may increase competition for such personnel and hence the staff turnover and/or employment costs incurred by us. Any inability to hire, train and retain a sufficient number of qualified employees could adversely affect our operations.

Our billing, credit control and customer management systems are critical to our operations

Sophisticated billing, credit control and customer management systems are critical to protect our ability to increase revenue streams, avoid revenue loss, monitor potential credit problems and bill our customers accurately and in a timely manner. We expect new technologies and applications to create increasing demands on our billing, credit control and customer management systems. We will need to expand and adapt our billing and credit control systems to capture new revenue streams as we introduce new services and as our business continues to grow. The development of new businesses may impose a greater burden on our systems and may strain our administrative, operational and financial resources. If adequate billing, credit control and customer relations systems are unavailable or if upgrades or new systems are delayed or not introduced or integrated in a timely manner, this could materially adversely affect our operations.

The potential effect on us of any actual or perceived health risks associated with transmission radiation is unknown

According to certain published reports, the electromagnetic signals from mobile handsets and transmission masts, which serve as antennae for transmitting radio signals, may pose health risks and interfere with the operation of electronic equipment. Although the findings in such reports are disputed, our mobile business may be adversely affected by actual or perceived risks associated with mobile handsets or transmission masts and related publicity, research, inquiries or litigation.

We may be liable for information disseminated through our networks

We may be subjected to claims for defamation, negligence, copyright or trademark infringement, personal injury or other legal claims relating to the information we publish on our websites or disseminate through our networks, including through our mobile, broadband Internet and cable TV services. These could include claims under the censorship laws of Singapore. Any material liability arising from such claims may have an adverse effect on our business.

Control by ST Telemedia

As at the date of this document, STT Communications, a subsidiary of ST Telemedia, owns 49.76% of our Shares. Immediately after the Offering, ST Telemedia, through STT Communications, will continue to hold 49.76% of our Shares, regardless of whether the Over-allotment Option is exercised. As a result, ST Telemedia will be able to exercise control over many matters requiring approval by our shareholders, including the election of our Directors and the approval of significant corporate transactions. As ST Telemedia and its affiliates own a significant portion of our Shares, they could delay or prevent a change of control of our Company, even if a transaction of that nature would be beneficial to our other shareholders.

Conflicts of interests

Certain of our principal shareholders also have affiliates which have interests in other info-communications companies in Singapore and elsewhere. In addition, a number of our Directors are also directors or key executives of companies who are or have interests in licensed or active info-communications companies in Singapore or our suppliers. As a result, the interests of such shareholders and Directors may not be the same as ours or those of our other shareholders. Although bound by fiduciary duties, there remains the possibility that these Directors may face conflicts of interests arising from holding these positions. (See "Interested Person Transactions and Potential Conflicts of Interests".)

Certain of our loan agreements contain financial and shareholding covenants and restrictions on the payment of dividends

Many of our loans contain various financial and other covenants. Among other things, certain covenants of our committed facilities require certain financial ratios (including debt to equity) and that certain of our shareholders, including STT Communications, MediaCorp and SPH collectively maintain a direct or indirect 51% shareholding in SCV. Certain of our banking facilities restrict the declaration or payment of a dividend unless certain financial criteria are met. If we fail to comply with these covenants, we could be in default under these loans and the lenders would have the right to accelerate our obligation to repay the outstanding borrowings under these loans. Such a default could also cause cross-defaults under our other loans and could have a material adverse effect on us. In addition, many of our loans require that we obtain written consent from our lenders prior to incurring indebtedness or creating security interests over our assets. This may limit our ability to raise future financing.

Our legal proceedings and disputes with SingTel may not have an outcome favourable to us

We are defending and contesting a claim by SingTel pursuant to our 1995 network lease agreement with SingTel, relating to our provision of cable services to buildings that are non-residential, such as embassies, schools, hotels, hospitals, libraries and community centres. There is also a possibility that we may incur continued liability with respect to the provision of cable services to the above-mentioned categories of properties. In addition, we have been engaged in an ongoing dispute with SingTel regarding the implementation of the 2002 network lease agreement we entered into with SingTel. There is no assurance that the ongoing disputes or the resolution of these disputes will not have an adverse effect on our ability to provide services to our customers. (See "Business — Legal Proceedings and Disputes".)

Risks Relating to Singapore

Singapore law may not protect shareholders as extensively as other jurisdictions

Our corporate affairs are governed by our Memorandum and Articles of Association, by the laws governing corporations incorporated in Singapore and, upon listing of our Shares on the SGX-ST, the Listing Manual of the SGX-ST. The rights of our shareholders and the responsibilities of our management and the members of our Board of Directors under Singapore law may be different from those applicable to a company incorporated in another jurisdiction. Principal shareholders of Singapore companies do not have fiduciary duties to minority shareholders. Our public shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, members of our Board of Directors or our principal shareholders than they would as shareholders of a company incorporated in another jurisdiction. (See "Description of our Shares — Minority Rights".)

Singapore law contains provisions that could discourage a take-over of our Company

The Singapore Code on Take-overs and Mergers contains certain provisions that may delay, deter or prevent a future take-over or change in control of our Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of our Shares may be required to extend a take-over offer for our remaining Shares in accordance with the Singapore Code on Take-overs and Mergers. A take-over offer may also be required to be made if a person holding between 30% and 50% (both inclusive) of our Shares (either on his own or together with parties acting in concert with him) acquires an additional 1% of our Shares in any six-month period. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our Company. Some of our shareholders, who may include you, may therefore be disadvantaged as a transaction of that kind might have allowed the sale of Shares at a price above the prevailing market price. (See "Description of our Shares — Take-overs".)

The Singapore securities market is relatively small and may cause the market price of our Shares to be more volatile

The SGX-ST is relatively small and may be more volatile than stock exchanges in the United States and certain other countries. As at 30 June 2004, there were 439 and 145 companies listed and quoted on the Main Board of the SGX-ST and the SGX-ST Dealing and Automated Quotation System and the aggregate market capitalisation of listed equity securities of these companies was approximately S$405.4 billion on the Main Board of the SGX-ST and S$5.5 billion on the SGX-ST Dealing and Automated Quotation System. The relatively small market capitalisation of, and trading volume on, the SGX-ST, compared to certain other global stock exchanges, may cause the market price of securities listed on the SGX-ST, including our Shares, to fluctuate more than those listed on larger global stock exchanges.

There may be difficulties in enforcing foreign judgments against us and our management outside Singapore

We are incorporated in Singapore. Most of our Directors and management (and certain of the other parties named in this document) reside in Singapore, and a substantial portion of our assets is located in Singapore. As a result, it may be difficult or impossible for investors to effect service of process upon us or such persons within the United States or other jurisdictions, or to enforce against us or such persons in such jurisdiction, judgments obtained in courts of that jurisdiction, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

In particular, you should be aware that judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

Risks Relating to Ownership of Our Shares

The sale or possible sale of Shares by us or our substantial shareholders in the future could adversely affect the price of our Shares

As at the date of this document, we have 2,116,340,705 issued Shares which will remain unchanged following the Offering. Of these Shares, 1,566,679,408 Shares, or 74.03%, will be held by our substantial shareholders (assuming the Over-allotment Option is not exercised), following the Offering. The Shares will be traded on the Main Board of the SGX-ST, without restriction. During the Lock-Up Period, our substantial shareholders may sell their Shares with the consent of the Joint Global Co-ordinators (see "Plan of Distribution — Restrictions on Disposals and Issues of Shares"). We will be able to issue new Shares and the substantial shareholders will be able to sell their Shares after the Lock-Up Period has lapsed. The issuance or sale or possible issuance or sale of Shares in the future by us or our substantial shareholders could adversely affect the price of our Shares.

Our Share price may be volatile

Our prospects are intricately linked with info-communications technology and our businesses are to a great extent driven by technology. The price of our Shares may rise and fall in tandem with announcements of technological or competitive developments, acquisitions or strategic alliances by us or our competitors. The price of our Shares may also be prone to volatility arising from news regarding the gain or loss of significant customers or key personnel, as well as changes in securities analysts' recommendations or estimates of our financial results.

There has been no prior public market for our Shares

Before the Offering, there was no public market for our Shares. While we have applied to have our Shares listed on the Main Board of the SGX-ST, we cannot assure you that an active public market for our Shares will develop. The Offering Price of our Offering Shares will be determined by agreement between the Vendors and the Joint Global Co-ordinators and may not be indicative of prices that will prevail in the trading market. You may not be able to resell your Shares at a price that is attractive to you.

The trading price of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our operating results.

You will incur immediate dilution and may experience further dilution in the value of your Shares

The Offering Price of our Offering Shares is a multiple of our net tangible asset value per Share based on our issued share capital as at the date of lodgement of this document with the Authority. Based on the Maximum Offering Price for each Offering Share, investors who purchase our Shares in the Offering will therefore experience immediate and significant dilution of approximately S$0.85 per Share. (See "Dilution".) We have granted options and may make additional grants of options, or make awards of Shares, under our share incentive plans in the future of up to 15% of our total issued share capital as of the day preceding the relevant grant date. To the extent such options are ultimately exercised, or new Shares are issued pursuant to the vesting of such awards, there will be further dilution to investors in the Offering. (See "Management — Directors' and Employees' Share Incentive Plans".)

Exchange rate fluctuations may adversely affect the value of our Shares and any dividend distribution

Our Shares will be quoted in Singapore dollars on the SGX-ST. Dividends (if any) in respect of our Shares will be paid in Singapore dollars. Fluctuations in the exchange rate between the Singapore dollar and other currencies (including the US dollar) will affect, among other things, the foreign currency value of the proceeds which a shareholder would receive upon sale in Singapore of our Shares and the foreign currency value of dividend distributions. (See "Exchange Rates".)

Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues by us, or provide funding to us

If we offer or cause to be offered to holders of our Shares rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to holders of Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. We may not offer such rights to the holders of Shares having an address in a jurisdiction outside Singapore. For instance, we will not offer such rights to the holders of Shares having an address in the United States unless:

- if a registration statement under the Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights, a registration statement is in effect; or
- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the Securities Act.

We have no obligation to prepare or file any registration statement. Accordingly, shareholders having an address in the United States may be unable to participate in rights offerings and may experience a dilution in their shareholdings as a result.

PROCEEDS FROM THE OFFERING

Based on the Maximum Offering Price of S$1.15 for each Offering Share, the net proceeds from the Offering (after underwriting commissions and other estimated offering expenses payable by the Vendors, assuming that the Over-allotment Option is not exercised) will be approximately S$546.5 million. Since all the Shares in the Offering are being offered by the Vendors, we will not receive any of the proceeds from the Offering.

EXCHANGE RATES

The following table sets forth, for the periods indicated, information concerning the exchange rates between Singapore dollars and US dollars based on the noon buying rate (described below) for the years 1999 to 2003 and for the months of 2004 up to August for cable transfers in Singapore dollars as certified for customs purposes by the Federal Reserve Bank of New York (rounded to two decimal places). The table below illustrates how many Singapore dollars it would take to buy one US dollar:

Year/Month	High	Low	Average	End
1999	1.74	1.66	1.70	1.67
2000	1.76	1.65	1.73	1.73
2001	1.85	1.73	1.79	1.85
2002	1.85	1.73	1.79	1.74
2003	1.78	1.70	1.74	1.70
January 2004	1.71	1.69	1.70	1.69
February 2004	1.70	1.67	1.69	1.70
March 2004	1.72	1.68	1.70	1.68
April 2004	1.70	1.67	1.68	1.70
May 2004	1.73	1.69	1.72	1.70
June 2004	1.72	1.70	1.71	1.72
July 2004	1.73	1.70	1.71	1.72
August 2004	1.72	1.71	1.71	1.71
September 2004 (through to 13 September 2004)	1.71	1.70	1.70	1.70

Period	High	Low	Average	End
Six months ended 30 June 2003	1.78	1.72	1.75	1.76
Six months ended 30 June 2004	1.73	1.67	1.70	1.72

There are no exchange control restrictions in Singapore. Solely for the convenience of the reader, certain Singapore dollar amounts have been translated into United States dollars at the noon buying rate in New York on 30 June 2004 for cable transfers in Singapore dollars as certified for customs purposes by the Federal Reserve Bank of New York of US$1.00 = S$1.723. No representation is made that the Singapore dollar amounts could have been, or could be converted into United States dollars at that rate or at any other certain rate on 31 December 2003, 30 June 2004 or any other certain date. Fluctuations in the exchange rate between the Singapore dollar and the US dollar will affect the US dollar equivalent of the Singapore dollar price of our Shares on the SGX-ST and any cash dividends paid by us in Singapore dollars.

DIVIDENDS

Since our incorporation, we have not declared or paid any dividends on our Shares.

It is the intention of our management to pay dividends when we have surplus cash generated from operations after setting aside necessary funding for investments, capital expansion and working capital needs. No assurance can be given that we will have any such surplus cash. To the extent dividends are paid in the future, the form, frequency and amount of such dividends will need to take into consideration our profit after tax[(1)] financial position, our expected financial performance, our projected capital expenditures and other investment plans, any restrictions on dividend payments under our financing arrangements[(2)] and any other factors our Directors deem appropriate.

If appropriate, our management may also in future consider alternative capital management initiatives such as capital reductions and share buybacks.

The declaration and payment of any future interim or final dividends would be determined at the discretion of our Directors, subject to the approval of our Shareholders. All dividends may be payable out of profits or pursuant to Section 69 of the Companies Act, Chapter 50 of Singapore (the "Singapore Companies Act") which permits us to apply our share premium to pay dividends in the form of shares.

We anticipate that any dividends would be paid in Singapore dollars. (See "General and Statutory Information — Articles of Association".)

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(1) For information relating to taxes payable on dividends, see "Taxation".

(2) Certain of our existing financing arrangements place restrictions on the payment of dividends. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations".)

CAPITALISATION

The table below shows our unaudited consolidated capitalisation and indebtedness as at 30 June 2004, which is within 60 days from the date of lodgement of this document and which has been prepared in accordance with Singapore FRS. Since all of the Shares in the Offering are being offered by the Vendors, we will not receive any of the proceeds from the Offering.

You should read this table in conjunction with the consolidated financial statements and related notes appearing elsewhere in this document and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

In millions	As at 30 June 2004 (unaudited)	
	S$	**US$**
Cash and cash equivalents	117.0	67.9
Short-term debt	43.7	25.4
Long-term debt	342.5	198.8
Total debt [(1)]	386.2	224.2
Issued and fully paid share capital [(2)]	845.7	490.8
Reserves	16.5	9.6
Total shareholders' funds	862.2	500.4
Total capitalisation [(3)]	1,248.4	724.6

Notes:

(1) None of our indebtedness is secured or guaranteed.

(2) As at the date of this document, we have 2,116,340,705 issued ordinary shares of par value S$0.40 each. (See "Share Capital — Our Share Capital".)

(3) Save as disclosed above, there has been no material change in our capitalisation and indebtedness since 31 December 2003.

DILUTION

Dilution is determined by subtracting the net tangible asset value per Share immediately after completion of the Offering from the price paid by the new investors in the Offering. Net tangible asset value per Share is determined by subtracting our total liabilities and minority interests from our total assets (excluding goodwill), and dividing the difference by the number of Shares deemed to be outstanding on the date as of which the book value is determined. Our net tangible asset value per Share as at 30 June 2004 was S$0.30 per Share.

Based on the Maximum Offering Price of S$1.15 per Offering Share, there will be an immediate dilution in net tangible asset value of S$0.85 per Share (or approximately 74.1%) to new investors in the Offering. Such dilution is illustrated in the table below:

	Based on Maximum Offering Price of S$1.15 per Offering Share
	(S$)
Offering Price per Share	1.15
Net tangible asset value per Share as at 30 June 2004	0.30
Dilution in net tangible asset value per Share to new investors	0.85
Dilution in net tangible asset value per Share to new investors (%)	74.1

The issue of new Shares pursuant to the exercise of options granted under the Share Option Plan 2000, the exercise of options which may be granted under the Share Option Plan 2004 or the vesting of awards granted under the Performance Share Plan or Restricted Stock Plan would have a further dilutive effect on new investors in the Offering. The total number of new Shares over which options may be granted pursuant to our plans may be up to 15% of our total issued share capital as of the day preceding the relevant grant date.

The following table summarises the total number of Shares acquired by our substantial shareholders and our Directors during the period of three years prior to the date of this document, the total consideration paid by them and the effective cash cost per Share to our substantial shareholders. The following table also sets out the total number of Shares acquired by our investors pursuant to the Offering, the total consideration paid and the effective cash cost per Share to them. Save as disclosed in the foregoing, no shares in the share capital of StarHub have been acquired by any of our Directors or substantial shareholders or any of their associates at any time during the three years before the date of this document.

	No. of Shares acquired	Total consideration	Effective cash cost per Share
		(S$)	(S$)
Substantial shareholders [1][2]:			
STT Communications	227,342,142	183,106,716.00	0.81
MediaCorp	293,650,266	238,923,433.00	0.81
SPH	189,451,786	149,549,334.93	0.79
Director:			
Steven Terrell Clontz [3]	2	—	—
Investors in the Offering	481,771,000	554,036,650	1.15

The information in this table has been adjusted to give effect to the Share Consolidation.

Notes:

(1) In the case of the substantial shareholders, based on information provided by the substantial shareholders.

(2) In July 2002, StarHub acquired SCV in a non-cash acquisition involving the transfer of SCV shares then held by STT Communications, MediaCorp and SPH to StarHub in exchange for new StarHub shares. Total consideration represents the cost of the SCV shares to STT Communications, MediaCorp and SPH for the share exchange.

(3) On 16 August 2004, in conjunction with the Share Consolidation, we undertook a bonus issue (the "Bonus Issue") of 598 fully paid ordinary shares of par value $0.10 each in the capital of StarHub Ltd by capitalising the sum of S$59.80 standing to the credit of our share premium account. Steven Terrell Clontz acquired his shares pursuant to the Bonus Issue.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

You should read the following selected consolidated financial information and operating data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this document. Our consolidated financial statements for the years ended 31 December 2001, 2002 and 2003 and our condensed consolidated interim financial statements for the six months ended 30 June 2003 and 2004, have been prepared in accordance with Singapore FRS. Such reporting practices and accounting principles differ in certain respects from US GAAP. (See "Principal Differences Between Singapore FRS and US GAAP".)

Our selected consolidated financial information as at and for the years ended 31 December 2001, 2002 and 2003 has been extracted or derived from our consolidated financial statements, which have been audited by KPMG. Our condensed consolidated interim financial information as at and for the six months ended 30 June 2003 and 30 June 2004 has been extracted or derived from our unaudited condensed consolidated interim financial statements, which have been reviewed by KPMG. Our audited consolidated financial statements as at and for the years ended 31 December 2001, 2002 and 2003 together with our unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2003 and 2004 are included elsewhere in this document. (See "Consolidated Financial Statements".) The information contained in "— Selected Operating Data" below has not been audited and has not been reviewed by KPMG. The consolidated financial statements are expressed in Singapore dollars.

Our consolidated financial statements presented to shareholders for 2001 were for the nine months from 1 April 2001 to 31 December 2001, as a result of a change in our accounting year-end from March to December. For the purpose of presenting the comparative balances for 2001 in our consolidated financial statements for the year ended 31 December 2002, those financial statements included comparative balances for the year ended 31 December 2001.

In July 2002, StarHub acquired 100% of SCV in a non-cash acquisition involving an issue of new StarHub shares. We acquired 73.3% from STT Communications and its related company, MediaCorp. This related company acquisition was accounted for under the historical cost method in a manner similar to the pooling method. The remaining 26.7% was acquired from SPH, which at the time was unrelated to StarHub, and was accounted for under the purchase method. Accordingly, StarHub's historical audited consolidated financial statements show SCV as a 73.3% subsidiary for the period prior to 1 July 2002 and as a 100% subsidiary thereafter.

Selected Profit and Loss Data

In millions	Year ended 31 December (audited, except for US$)				Six months ended 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
	S$	S$	S$	US$	S$	S$	US$
Operating revenue	777.7	911.9	1,118.2	649.0	535.5	654.5	379.9
Operating expenses	(1,167.1)	(1,179.9)	(1,249.0)	(724.9)	(611.0)	(675.9)	(392.3)
Profit/(Loss) from operations	(381.5)	(267.5)	(129.8)	(75.3)	(75.4)	(20.4)	(11.8)
Net other income [(1)]	360.3	363.6	90.2	52.4	90.2	—	—
Profit/(Loss) before taxation	(28.2)	81.6	(53.5)	(31.1)	7.7	(27.5)	(16.0)
Taxation [(2)]	68.9	20.9	7.6	4.4	8.9	(18.1)	(10.5)
Profit/(Loss) after taxation	40.7	102.5	(45.9)	(26.6)	16.7	(45.5)	(26.4)
Net profit/(loss)	53.6	102.7	(45.9)	(26.6)	16.6	(45.5)	(26.4)
EBITDA (unaudited) [(3)]	(134.4)	46.1	203.1	117.9	91.9	143.6	83.3

The following unaudited pro forma financial information has been derived from, and should be read in conjunction with, and is restated in its entirety by reference to, our unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002, included elsewhere in this document. (See "Consolidated Financial Statements".) The unaudited pro forma consolidated financial information illustrates the effect on our profit and loss accounts for the years ended 31 December 2001 and 2002 had SCV been our wholly-owned subsidiary throughout those financial years.

In millions	Year ended 31 December (unaudited)				Six months ended 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
	S$	S$	S$	US$	S$	S$	US$
Pro forma minority interest [(4)]	0.1	0.2	na	na	na	na	na
Pro forma net profit [(5)]	40.8	102.7	na	na	na	na	na

Notes:

(1) Other income includes S$1.08 billion compensation received from the IDA in connection with the liberalisation of the public basic telephone service market two years ahead of schedule by the Singapore Government. The amount was recognised in our financial statements over 36 months from April 2000 to March 2003.

(2) Taxation consists predominantly of deferred taxation accounting credit. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Taxation".)

(3) The measure of EBITDA is defined as profit from operations adding back depreciation, amortisation and accretion of asset grants. EBITDA is neither a standard measure under Singapore FRS or US GAAP. However, it is commonly used as an indicator of operating performance, liquidity and as a financial measure of the potential capacity of a company to incur and service debt. The components of EBITDA may vary between companies. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Introduction – EBITDA".)

(4) Pro forma minority interest has been arrived at after a pro forma adjustment to take up the full amount of SCV's loss as if it were a wholly-owned subsidiary instead of a 73.3%-owned subsidiary. After the adjustment, the minority interest refers to the 30% minority interest for e-station Pte Ltd (in members' voluntary liquidation). The minority interest portion of SCV's loss amounted to S$22.4 million. However, because SCV had negative shareholders' equity as at 31 December 2001, in preparing our historical consolidated financial statements, the amount of SCV's loss charged against minority interests was limited to S$12.7 million, being the maximum amount of loss that could be charged without resulting in a negative minority interest balance.

(5) Pro forma net profit has been arrived at after deduction of pro forma minority interest adjustment.

Selected Balance Sheet Data

	As at 31 December (audited, except for US$)				As at 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
In millions	S$	S$	S$	US$	S$	S$	US$
Non-current assets:							
Property, plant and equipment	1,158.6	1,134.9	975.9	566.4	1,030.8	895.1	519.5
Intangible assets	171.1	418.6	388.2	225.3	403.6	367.8	213.5
Deferred tax assets	135.9	156.8	164.3	95.4	165.7	146.2	84.9
Current assets:							
Trade receivables	117.8	97.5	87.1	50.6	120.9	95.2	55.3
Other receivables, deposits and prepayments	70.8	65.1	71.4	41.4	80.9	74.1	43.0
Cash and bank balances	257.0	66.9	73.8	42.8	37.5	117.0	67.9
Current liabilities:							
Trade payables and accruals	198.6	230.6	239.9	139.2	251.8	241.9	140.4
Other payables	557.2	296.3	147.4	85.5	152.7	136.9	79.5
Interest-bearing borrowings	3.5	16.5	31.0	18.0	0.5	43.7	25.4
Net current liabilities	340.7	343.2	250.2	145.2	205.2	177.4	103.0
Non-current liabilities:							
Interest-bearing borrowings	426.5	397.0	355.5	206.3	408.8	342.5	198.8
Deferred income	136.1	34.5	29.9	17.4	32.2	27.6	16.0
Net assets	565.0	936.9	893.3	518.5	954.5	862.2	500.4
Share capital	551.6	836.7	838.0	486.4	837.2	845.7	490.8
Reserves	13.4	100.2	55.3	32.1	117.3	16.5	9.6

Other Selected Financial Data

	As at and for the year ended 31 December (audited, except for US$)				As at and for the six months ended 30 June (unaudited)		
	2001	2002	2003	2003	2003	2004	2004
In millions, except per Share data	S$	S$	S$	US$	S$	S$	US$
Cash flow data:							
Cash flow from operating activities	(59.6)	142.0	264.3	153.4	95.4	123.8	71.9
Cash flow from investing activities	(452.8)	(309.1)	(218.9)	(127.0)	(114.2)	(87.4)	(50.7)
Cash flow from financing activities	(17.5)	(23.0)	(38.5)	(22.3)	(10.6)	6.8	3.9
Net cash flow from all activities	(529.9)	(190.1)	6.9	4.1	(29.4)	43.2	25.1
Total assets	1,929.4	1,964.9	1,786.1	1,036.6	1,862.7	1,729.1	1,003.6
Net tangible assets (unaudited)	565.0	678.0	652.4	378.6	704.5	630.0	365.6
Net assets per Share (cents) [(1)] (unaudited)	29.7	44.8	42.6	24.7	45.6	40.8	23.7
Net tangible assets per Share (cents) [(1)] (unaudited)	29.7	32.4	31.1	18.1	33.7	29.8	17.3
Earnings per Share (cents) [(2)] :							
- Basic	2.82	5.15	(2.19)	(1.27)	0.80	(2.16)	(1.26)
- Diluted	2.81	5.13	(2.19)	(1.27)	0.79	(2.16)	(1.26)

Notes:

(1) Based on net assets and net tangible assets as at the relevant date and dividing such amount by the number of Shares outstanding as at the respective balance sheet dates. The Shares issued in the common-control acquisition of 73.3% of SCV in the SCV acquisition on 2 July 2002 and the Share Consolidation on 16 August 2004 have been applied retrospectively for all periods presented. The number of issued and paid-up ordinary shares at each of the balance sheet dates referred to in this table was 1,899,735,849, 2,091,647,319, 2,095,108,261, 2,093,028,031 and 2,114,189,357 ordinary shares of par value S$0.40 each after adjustment to reflect retrospectively the shares issued in connection with our acquisition of SCV and the Share Consolidation. (See "Share Capital — Our Share Capital".)

(2) Based on profit attributable to shareholders for the relevant periods divided by the weighted average number of ordinary shares in issue during the financial year/period. In calculating earnings per share, the number of shares in issue includes the shares issued by our Company for the common-control acquisition of 73.3% of SCV in the SCV acquisition and the Share Consolidation on 16 August 2004 being applied retrospectively to the period from 1 January 2001 and 1 July 2002. From 2 July 2002, the number of shares in issue includes 100% of the shares issued for SCV.

Selected Operating Data

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
MOBILE					
Singapore mobile penetration [1]	69.2%	77.8%	83.1%	79.7%	87.4%
Number of mobile customers (in thousands):					
Post-paid	381	505	606	554	663
Pre-paid	79	135	269	193	366
Total	460	640	875	747	1,029
Market share	16.1%	19.7%	25.2%	22.4%	28.2%
ARPU with IDD included (S$ per month):					
Post-paid	84	71	71	71	72
Pre-paid	7	19	21	22	22
Non-voice services as a contribution to blended ARPU	5.5%	8.5%	13.6%	13.3%	15.2%
Average monthly SMS per user (originating)	72	91	113	115	114
Monthly minutes of use per active customer:					
Post-paid	800	658	603	621	560
Pre-paid	33	62	75	81	78
Average monthly churn rate (post-paid)	1.3%	1.2%	1.1%	1.3%	1.0%
Average acquisition cost per gross connection (S$)	154	165	155	148	143
CABLE TV					
Percentage of homes-passed [2]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of residential cable TV customers (in thousands)	303	355	380	365	393
StarHub's penetration	29.4%	33.4%	35.3%	34.3%	36.3%
ARPU (S$ per month)	43	42	42	43	40
Average monthly churn rate	1.0%	0.9%	1.0%	0.8%	0.8%
CABLE BROADBAND					
Percentage of homes-passed [2]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of residential broadband customers (in thousands)	80	103	150	122	180
StarHub's penetration	7.6%	9.5%	13.6%	11.1%	16.3%
ARPU (S$ per month)	60	59	56	59	53
Average monthly churn rate	0.7%	1.5%	1.4%	1.2%	1.1%
IDD					
Singapore total IDD minutes (in millions) [1]	2,561	2,830	3,074	1,495	1,750
IDD minutes (in millions)	189	238	355	163	253
IDD market share (based on minutes)	7.4%	8.4%	11.5%	10.9%	14.5%
HUBBING METRICS					
Total Singapore occupied homes (in thousands, estimated) [3]	998	1,020	1,041	1,020	1,041
Total households with post-paid mobile, cable TV and/or broadband services (in thousands)	na	572	634	605	659
Percentage of total households which subscribe to any two services	na	25.5%	28.1%	26.6%	29.5%
Percentage of total households which subscribe to any three services	na	5.0%	7.6%	5.9%	9.5%

Notes:

(1) Source: IDA.

(2) Percentage of homes-passed means total number of cable-ready homes divided by the total number of homes in Singapore. The information on the total number of homes in Singapore is as reported by SingStats. The total number of homes for the six months ended 30 June 2003 and 2004 is based on information as at the end of the relevant preceding year.

(3) The estimated number of total Singapore occupied homes was obtained from ACNielsen. Information from ACNielsen is not available for the six months ended 30 June 2004. The estimated number of total Singapore occupied homes as at this date is taken from the estimates ended December 2003. The data for the six months ended 30 June 2003 is based on the information as at the end of 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion together with our consolidated financial statements and the notes thereto included elsewhere in this document. Our consolidated financial statements have been prepared in accordance with Singapore FRS that differs in certain significant respects from US GAAP. (See "Principal differences between Singapore FRS and US GAAP".) Our consolidated financial statements as at and for the years ended 31 December 2001, 2002 and 2003 have been audited, and our condensed consolidated interim financial statements as at and for the six months ended 30 June 2003 and 2004 have been reviewed, by KPMG, as stated in their Report of Independent Accountants on Audit of Consolidated Financial Statements and their Report of Independent Accountants on Review of Consolidated Financial Statements appearing in this document. References to "2001", "2002" and "2003" below are to the financial years ended 31 December 2001, 2002 and 2003.

Our consolidated financial statements presented to shareholders for 2001 were for the nine months from 1 April 2001 to 31 December 2001, as a result of a change in our accounting year end. For the purpose of presenting the comparative balances for 2001 in our consolidated financial statements for the year ended 31 December 2002, those financial statements included comparative balances for the year ended 31 December 2001.

In July 2002, StarHub acquired 100% of SCV in a non-cash acquisition involving an issue of new StarHub shares. We acquired 73.3% from STT Communications and its related company, MediaCorp. This related company acquisition was accounted for under the historical cost method in a manner similar to the pooling method. The remaining 26.7% was acquired from SPH, which at the time was unrelated to StarHub, and was accounted for under the purchase method. Accordingly, StarHub's historical audited consolidated financial statements show SCV as a 73.3% subsidiary for the period prior to 1 July 2002 and as a 100% subsidiary thereafter.

Introduction

StarHub is a Singapore-based integrated information, communications and entertainment company, providing a broad range of mobile, cable TV, broadband and fixed network services. As at June 2004, we provided at least one service to approximately 75% of households in Singapore and approximately 27,000 businesses. We operate three networks: an island-wide GSM 1800 network that is fully upgraded for GPRS service, a two-way hybrid fibre-coaxial network that reaches over 99% of the homes in Singapore and a high capacity fibre-optic network which directly connects over 800 commercial buildings with wide coverage across the Singapore central business district.

Our Hubbing strategy differentiates us from our competitors. We believe Hubbing is a key driver of customer growth and retention, enabling us to be a "one-stop shop" for convergent and bundled products and services for both our consumer and business customers. We have achieved rapid growth in customers and revenue in our relatively short history, which is the result of the success of our experienced management team and skilled employees in executing our strategy.

Total Revenue

In 2003, revenue was S$1.1 billion. Between 2001 and 2003, revenue grew by a compound annual growth rate of 19.9%. For the six months ended 30 June 2004, our revenue was S$654.5 million, representing an increase of 22.2% over the same period in 2003. This was achieved by the growth in number of subscribers in our mobile, broadband and cable TV businesses and volume growth in our fixed network services business. The number of our mobile customers crossed one million in June 2004.

The key components of our revenue are mobile, cable TV, broadband and fixed network services. As at 30 June 2004, mobile services continued to account for more than half of our revenue at 51.9%, cable TV services accounted for 16.4%, broadband services accounted for 8.6% and fixed network services accounted for 17.9%. The remaining 5.2% was accounted for by sales of equipment.

EBITDA

With increases in customers and revenue across each of our mobile, cable TV, broadband and fixed network businesses, our EBITDA in 2003 was S$203.1 million, a turnaround of S$337.5 million from negative S$134.4 million in 2001. For the six months ended 30 June 2004, our EBITDA was S$143.6 million, an increase of 56.3% over the same period in 2003. Our EBITDA margin of 21.9% for the half year ended 30 June 2004 represented a 20.8% improvement as compared with our EBITDA margin of 18.2% for the year ended 31 December 2003. This better performance is attributable to increases in revenue across all our lines of business and our achievement of a larger scale of operations to be able to better leverage our relatively fixed cash operating costs.

We believe EBITDA is an indicator of our operating performance and liquidity and as a financial measure of our potential capacity to incur and service debt. We cannot give any assurance that the EBITDA measure used in this discussion is a measure comparable to other similarly-titled measures used by other companies. It is not a standard measure under either Singapore FRS or US GAAP. Please refer to Note 27 of our consolidated financial statements for a calculation of EBITDA.

Net Other Income

In January 2000, the Singapore Government announced the liberalisation of the public basic telephone services market, two years ahead of schedule. Consequently, we received compensation from the IDA, which amounted to S$1.08 billion. This amount was recognised in our financial statements over 36 months from April 2000 to March 2003.

Reduced Loss From Operations

In 2003, our loss from operations was S$129.8 million, a reduction of 51.5% when compared to a loss of S$267.5 million in 2002. This was due mainly to the better performance in all our mobile, cable TV, broadband and fixed network businesses. For the half year ended 30 June 2004, loss from operations was further reduced to S$20.4 million, a decrease of 72.9% from the loss from operations of S$75.4 million over the same period in 2003.

In 2003, we had a net loss of S$45.9 million compared to a net profit of S$102.7 million in 2002. Excluding the S$360.7 million of deferred IDA compensation which we recognised over the course of the year in 2002 and the S$90.2 million of deferred IDA compensation which we recognised over the first three months of 2003, our net loss was S$136.1 million in 2003 compared to a net loss of S$258.0 million in 2002. By March 2003, the total deferred IDA compensation had been fully recognised in the accounts.

In the half year ended 30 June 2004, our net loss was S$45.5 million, compared to a net profit of S$16.6 million for the half year ended 30 June 2003. Excluding the S$90.2 million of deferred IDA compensation which we recognised over the first three months of 2003, our net loss was S$73.6 million for the half year ended 30 June 2003. Our net loss of S$45.5 million for the first half of 2004 represented a reduction of 38.2% compared with our net loss in the first half of 2003 (excluding IDA compensation).

Had it not been for a one-off tax adjustment charge of S$14.9 million to restate our deferred tax asset for the reduction in tax rates in Singapore (see "— Results of Operations — Six months ended 30 June 2004 compared to six months ended 30 June 2003 — Taxation" for a detailed explanation), our net loss of S$45.5 million for the first half of 2004 would have been a reduced S$30.6 million, representing an improvement of 58.4% compared with our net loss in the first half of 2003 (excluding IDA compensation).

Mobile Services

In June 2004, our mobile business achieved its one millionth customer target milestone. As at 30 June 2004, our mobile customer base totalled 1,029,000, of which 663,000 were post-paid customers and 366,000 were pre-paid customers.

Over the first half of 2004, we added another 154,000 subscribers, which represented 86.3% of the net additions in the mobile market for the period and an increase of 44.7% when compared with the same period in 2003. Our market share, based on information published by IDA, was 28.2% as at 30 June 2004.

We reduced average acquisition cost per gross connection from S$148 in the first half of 2003 to S$143 in the same period in 2004.

Between 2001 and 2003, our mobile customer base grew at a compound annual growth rate of 37.9%, while the overall Singapore mobile market grew at a compound annual growth rate of 10.3%. Over the same period, based on publicly-disclosed information, SingTel and MobileOne had compound annual growth rates of 4.5% and 4.3% of their respective customer base. We believe that the rapid increase in our market share was attributable to the competitive pricing offered by our mobile services, our retention and loyalty programs to reduce churn, and differentiated marketing of our pre-paid and post-paid mobile services.

As a result of the growth in number of our subscribers, our mobile revenue grew at a compound annual growth rate of 25.3% between 2001 and 2003. For the six months ended 30 June 2004, our mobile revenue totalled S$339.7 million, representing a 28.2% increase when compared to the same period in 2003.

Cable TV Services

As at 30 June 2004, we had 393,000 residential cable TV customers who, based on our record of cable-ready households in Singapore, represented a market penetration of 36.3%. Our number of residential cable TV customers has grown at a compound annual growth rate of 12.0% between 2001 and 2003.

As at 30 June 2004, approximately 1,800 business customers also subscribed to our commercial cable TV packages.

We are currently the leading provider of premium TV content in Singapore and we offer a wide range of popular genres such as sports, movies, education, international news and entertainment. We purchase substantially all our content from third parties and we currently offer 50 channels of local and international programming on our analogue cable TV service. We have recently completed the digitisation of our network, enabling us to offer more programming and other services alongside our analogue services. At the end of May 2004, we launched our digital cable TV service with 64 channels on the platform.

The response to digital cable within one month of its launch has been positive. More than 10,000 customers have subscribed for our digital cable service within its first month of launch. We believe our digital cable service will contribute positively to our cable TV ARPU as our customers will need to pay between S$8 and S$25 for each digital channel or tier.

Our cable TV services revenue grew at a compound annual growth rate of 11.9% between 2001 and 2003. For the first half of 2004, cable TV services revenue accounted for S$107.3 million of our total revenue.

Broadband Services

We are a leading provider of residential broadband access service in Singapore. Our residential broadband services are provided over our two-way hybrid fibre-coaxial network that reaches over 99% of all homes in Singapore. As at 30 June 2004, we had 180,000 residential broadband customers. The number of our residential broadband customers grew at a compound annual growth rate of 36.8% between 2001 and 2003.

For the first half of 2004, our broadband revenue accounted for 8.6% of our total operating revenue at S$56.6 million, representing a 28.1% increase from S$44.2 million in the same period in 2003. Between 2001 and 2003, our broadband revenue grew at a compound annual growth rate of 33.3%, making it our fastest growing line of business.

Fixed Network Services

We also provide fixed network services in Singapore. Our fixed network services, comprising domestic voice, IDD, data and Internet services, accounted for 17.9% of our total revenue as at 30 June 2004. Between 2001 and 2003, our fixed network services revenue grew at a compound annual growth rate of 12.1%.

As at 30 June 2004, we had 18,000 wholesale and business retail customers who subscribed to one or more of our fixed network services. We also provide our mobile and broadband businesses with most of their domestic and international backbone connectivity requirements for both voice and data services. In terms of the number of circuits, international and domestic data circuits grew by more than 50% in 2003 compared to 2002, while IDD minutes increased by 49.2%. For the first half of 2004, international and domestic data circuits grew by 48% while IDD minutes increased by 55%, when compared to the same period in 2003.

Competition

In January 2000, the Singapore Government announced the liberalisation of the public basic telephone services market, two years ahead of schedule. This impacted both our mobile and fixed network services businesses. We had to respond aggressively to this early liberalisation, principally with regard to our mobile services. In that respect, we introduced innovations to the market, including new pricing principles such as per second billing and "All Day Flat Rates", and the introduction of free incoming calls in a mobile-party-pays regime. This further intensified competition and other operators responded by reducing handset prices and offering new pricing packages. In the cable TV market, we consider the seven free-to-air channels to be our competition. For broadband services, we compete with other broadband operators, mostly ADSL providers.

The Singapore Economy

We are dependent on the economy of Singapore as substantially all of our revenue is generated from Singapore-based activities. Singapore is an export-led economy and is a regional business and financial centre. According to SingStats, following a compound annual growth rate of 3.5% in real GDP over the five-year period from 1998 to 2003, real GDP expanded by 1.1% from 2002 to 2003. In the second quarter of 2004, real GDP increased by 12.5% as compared with the second quarter of 2003, based on information available from SingStats.

While our results of operations and financial condition are dependent on the overall health of the Singapore economy, our recent growth has been driven by our innovative products and services, and our Hubbing strategy. We believe periodic fluctuations in economic conditions have only had a limited impact on our business in the periods discussed here, in part because we have been able to derive multiple sources of revenue from our different lines of business and our Hubbing strategy. Singapore's overall economic strength and multi-lingual and educated society are catalysts in driving demand for more sophisticated info-communications services and potentially increasing the appeal of bundled service offerings, such as Hubbing.

Demography

Our growth has also been driven by the demography of our customers.

The youth market is an important target market for us. We believe our relatively young mobile services customer base has a greater awareness of technological advances, is quicker to adopt new services and has a higher propensity to upgrade their equipment. We continue to focus on the lifestyle communication, information and entertainment needs of these youth and young adult groups.

In Singapore, dwelling types consist of two primary categories (i) private residential, which comprises single dwelling units (such as landed properties), condominiums and private high-rise developments and (ii) Government-built high-rise dwellings, commonly referred to in Singapore as "HDB properties". Based on publicly available information from SingStats, as at 31 December 2003, private residential households and HDB households represented approximately 19% and 81% of total households in Singapore. Of the Singapore population as at 30 June 2003, approximately 76% were Chinese, 14% were Malay, 8% were Indians and 2% were of other ethnicities.

Households in private residential properties typically tend to have higher incomes and have traditionally been the strongest segment for our cable TV services, with a penetration of approximately 52% as at 30 June 2004. In HDB properties, we had a penetration of approximately 32% as at 30 June 2004.

Regulation

With the exception of the telecommunications services provided by SCV, we are not subject to tariff regulation. SCV is required to obtain prior approval of its tariffs from the IDA for any of its telecommunications services as it is designated a "Dominant Licensee" under the Telecom Competition Code. We have considerable flexibility over the services we launch. However, since we operate in a regulated environment, we may be significantly affected by changes in the Singapore Government's regulation of, and policies in relation to, the telecommunications industry, including terms of interconnection, and the broadcasting industry. (See "Regulation".)

Components of Operating Revenue

As an integrated service provider, revenue from our mobile, cable TV, broadband and fixed network services are key components of our operating revenue. The following table shows our operating revenue and their percentage to total operating revenue for the periods indicated:

	Year ended 31 December (audited)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Operating revenue	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Mobile revenue	356.1	45.8	406.0	44.5	559.5	50.0	265.0	49.5	339.7	51.9
Cable TV revenue	168.7	21.7	198.2	21.7	211.4	18.9	104.5	19.5	107.3	16.4
Broadband revenue	51.6	6.6	69.9	7.7	91.7	8.2	44.2	8.3	56.6	8.6
Fixed network services revenue	169.1	21.8	203.4	22.3	212.5	19.0	102.7	19.2	116.9	17.9
Sale of equipment	32.2	4.1	34.4	3.8	43.1	3.9	19.1	3.5	34.0	5.2
Total	777.7	100.0	911.9	100.0	1,118.2	100.0	535.5	100.0	654.5	100.0

Mobile Revenue

The following table sets out the breakdown of the components of our mobile revenue as well as their contribution to total mobile services revenue in Singapore dollars and as a percentage of total revenue from mobile services:

	Year ended 31 December (unaudited, except totals)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Mobile revenue	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Post-paid mobile revenue										
Subscription charges	133.3	37.4	147.7	36.4	199.0	35.6	93.3	35.2	118.3	34.8
Usage charges	122.1	34.3	120.5	29.7	147.8	26.4	71.7	27.1	74.5	21.9
Connection and termination charges	7.7	2.2	11.4	2.8	15.8	2.8	8.3	3.1	9.1	2.7
Value-added services	37.3	10.5	55.3	13.6	78.8	14.1	39.1	14.7	44.2	13.0
Roaming and inter-operator revenue	51.8	14.5	47.3	11.6	68.3	12.2	30.9	11.7	51.2	15.1
Total post-paid	352.2	98.9	382.2	94.1	509.7	91.1	243.3	91.8	297.3	87.5
Pre-paid mobile revenue	3.9	1.1	23.8	5.9	49.8	8.9	21.7	8.2	42.4	12.5
Total	356.1	100.0	406.0	100.0	559.5	100.0	265.0	100.0	339.7	100.0

Our mobile revenue comprises revenue from our post-paid and pre-paid services. Post-paid mobile services accounted for 98.9%, 94.1% and 91.1% of such revenue in 2001, 2002 and 2003 and 87.5% of such revenue in the six months ended 30 June 2004. Pre-paid services accounted for the balance 1.1%, 5.9% and 8.9% of the mobile revenue in 2001, 2002 and 2003, and 12.5% of such revenue in the six months ended 30 June 2004. The changes in pre-paid and post-paid services revenue mix over the periods were due to increasingly more revenue from pre-paid customers as we actively marketed and continuously added more value-added services to our pre-paid Green plans to drive the increase in pre-paid customers.

Post-paid mobile revenue comprises mainly subscription and usage charges, which include both local and international call usages. In total, these charges accounted for 72.5%, 70.2% and 68.0% of the post-paid mobile revenue in 2001, 2002 and 2003. For the half year ended 30 June 2004, subscription and usage charges accounted for 64.9% of the post-paid mobile revenue.

Other components of the post-paid mobile revenue are as follows:

- Connection charges are one-time charges for new services contracted while termination charges refer to one-time charges payable by customers for terminating their services with us before fulfilling their service contractual period.
- Value-added services comprise subscription fees and usage charges for value-added services such as caller line identification, roaming and various communications, information, messaging and entertainment services that complement voice services, such as SMS and MMS-based services.
- Roaming and other inter-operator charges are charges for calls made by customers roaming on other operators' networks and the customers of other operators using our network and local interconnection charges received from inter-operators.

These components accounted for the balance 27.5%, 29.8% and 32.0% of the post-paid revenue in 2001, 2002 and 2003. For the six months ended 30 June 2004, these components accounted for 35.1% of the post-paid revenue. The increases over the periods reflected the increase in the number of customers using value-added services such as roaming, SMS and GPRS services, and the increase in interconnection traffic as our customer base grew.

The following table shows selected unaudited operating data relating to our mobile customer base:

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Number of mobile customers (in thousands):					
Post-paid	381	505	606	554	663
Pre-paid	79	135	269	193	366
Total	460	640	875	747	1,029
Net increase in number of mobile customers (in thousands)	218	180	235	107	154
StarHub's share of the net market increase [(1)]	52.2%	46.7%	101.1%	116.4%	86.3%
ARPU with IDD included (S$ per month):					
Post-paid	84	71	71	71	72
Pre-paid	7	19	21	22	22
Non-voice services as a contribution to blended ARPU	5.5%	8.5%	13.6%	13.3%	15.2%
Monthly minutes of use per active customer:					
Post-paid	800	658	603	621	560
Pre-paid	33	62	75	81	78
Total number of usage minutes (in millions):					
Post-paid	3,245	3,333	4,016	1,982	2,148
Pre-paid	19	78	177	80	147
Total	3,264	3,411	4,193	2,062	2,295
Average monthly churn rate (post-paid)	1.3%	1.2%	1.1%	1.3%	1.0%
Average acquisition cost per gross connection (S$)	154	165	155	148	143

Note:
(1) Source: IDA.

Our mobile operating revenue is driven by the size, composition and quality of our mobile customer base, which we measure by number of mobile customers, ARPU, total and average minutes of use and churn rates.

Composition and Quality of our Mobile Customer Base. As at 30 June 2004, our mobile customer base of 1,029,000 comprised 64.4% post-paid customers and 35.6% pre-paid customers. Our post-paid customer base has grown by 74% while our pre-paid customer base grew more rapidly by 365% since 31 December 2001.

ARPU and Minutes of Use. We compute ARPU by dividing operating revenue from mobile services for the relevant period (including subscription, usage, value-added services and roaming) by the average number of post-paid customers or, as the case may be, pre-paid customers for that period.

Our post-paid monthly ARPU has remained above S$70 despite the aggressive growth of our post-paid customer base. We believe this is attributable to our innovative offering of free incoming calls and per second billing across all our price plans and our competitive basic subscription packages, which appeal to a broad customer base, including high and low-usage voice customers as well as SMS-centric users. These basic packages are further enhanced by periodic promotions on our value-added services such as free IDD calls to certain overseas destinations charged as local calls or free conversion of six SMS messages to one MMS message. As a consequence of the mix of customers subscribing to our various packages and their voice and non-voice usage patterns, and as our customer base expanded, our average minutes-of-use per active customer was 560 minutes per month for the six months ended 30 June 2004. Our post-paid ARPU for the six months ended 30 June 2004 was S$72.

Our pre-paid mobile ARPU grew 200% to S$21 in 2003 from S$7 in 2001. This was driven mainly by our simple "All Day Flat Rate" and per second billing plans, the introduction of a reduced second-minute rate charge, free bundled SMS and free IDD calls, charged as local calls (to USA, Hong Kong, China and Malaysia). In addition, the ease of purchasing and/or topping up StarHub's pre-paid card at our extensive distribution network covering over 1,600 locations also contributed to this growth. Our pre-paid mobile ARPU for the six months ended 30 June 2004 was S$22.

Usage of Non-Voice Services. Non-voice services revenue includes charges for SMS, MMS, GPRS plans, data download and a percentage of the monthly subscription fees of post-paid mobile service plans with bundled SMS, MMS and GPRS services. Our non-voice services ARPU as a percentage of blended ARPU has increased from 5.5% in 2001 to 8.5% in 2002 and to 13.6% in 2003. For the six months ended 30 June 2004, non-voice ARPU as a percentage of blended ARPU was 15.2%. Our strategy to increase the usage of mobile non-voice services has been an increasingly important contributor to our mobile revenue. This increased use of mobile non-voice services was due to the adoption of SMS, MMS and GPRS services by our customers, and the introduction of more SMS-based subscription price plans by us to target the growing demand in the youth and young working adult segments. The average number of SMS messages (originating and terminating) per customer per month carried by our network grew from 96 messages in 2001 to 259 messages in 2003 and was 261 messages for the six months ended 30 June 2004. Similarly, GPRS data traffic increased from 80 Kbytes per customer per month in the first half of 2003 to 184 Kbytes per customer per month in the first half of 2004. With the growing trend of SMS and GPRS data traffic, as well as the launch of MMS services in end 2002, we expect that this may lead to an increase in the use of non-voice services.

Churn Rates. We calculate churn rates by expressing the number of post-paid customers who deactivate or disconnect (net of reactivations or reconnections) for the relevant period as a percentage of the number of post-paid customers as at the end of that period. Our average monthly churn rate is the churn rate for the relevant period divided by the relevant number of months in that period.

Our average monthly churn rates have decreased from 1.3% in 2001 to 1.2% in 2002 and to 1.1% in 2003. For the six months ended 30 June 2004, our average monthly churn rate was 1.0%. We believe our propositions of free incoming calls, Hubbing, customer retention and loyalty programmes have been successful in reducing this churn. We also take proactive steps by using churn prediction methods to identify at risk customers and proactively offer Hubbing incentives and retention schemes to prevent churn.

Cable TV Revenue

The following table sets out the breakdown of the components of our cable TV revenue as well as their percentage to total cable TV revenue.

	Year ended 31 December (unaudited, except totals)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Cable TV revenue	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Subscription fees	150.9	89.4	178.5	90.1	194.8	92.1	97.5	93.3	98.0	91.3
Advertising fees	7.4	4.4	10.6	5.3	11.9	5.6	4.3	4.1	6.0	5.6
Installation fees and other fees	10.4	6.2	9.1	4.6	4.7	2.3	2.7	2.6	3.3	3.1
Total	168.7	100.0	198.2	100.0	211.4	100.0	104.5	100.0	107.3	100.0

Our cable TV business generates revenue from three sources: subscription fees charged to our residential and commercial customers, sale of advertising airtime, and support services such as the installation of customer premise equipment and landed connections.

Revenue from subscription fees is a function of the size of our cable TV customer base, number of subscriptions per customer, the programming mix selected by our customers and rates charged for each service.

Revenue derived from subscription fees accounted for 89.4%, 90.1% and 92.1% of our cable TV revenue in 2001, 2002 and 2003. For the six months ended 30 June 2004, revenue from subscription fees accounted for 91.3% of our cable TV revenue.

As our customer base grows, we expect some downward pressure on our ARPU since many of our new customers will be more price-sensitive. However, we believe this will be partially offset through the take-up of additional programme channels and services on our digital platform. We believe this will assist in stabilising cable TV ARPU in the longer term.

Revenue from advertising fees grew from 4.4% of total cable TV revenue in 2001 to 5.3% in 2002 and 5.6% in 2003. We expect this revenue stream to continue to grow through increased market penetration.

Installation fees and other fees are mainly one-time charges to new customers for installing the set-top boxes, landed connection fees, and other support service fees charged to customers from time to time.

The following table shows selected unaudited operating data relating to our residential cable TV customer base:

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Percentage of homes-passed [(1)]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of residential cable TV customers (in thousands)	303	355	380	365	393
StarHub's penetration	29.4%	33.4%	35.3%	34.3%	36.3%
ARPU (S$ per month)	43	42	42	43	40
Average monthly churn rate	1.0%	0.9%	1.0%	0.8%	0.8%

Note:

(1) Percentage of homes-passed means total number of cable-ready homes divided by the total number of homes in Singapore. The information on the total number of homes in Singapore is as reported by SingStats. The total number of homes for the six months ended 30 June 2003 and 2004 is based on information as at the end of the relevant preceding year.

Composition and Quality of our Cable TV Customer Base. As at 30 June 2004, we had 393,000 residential customers subscribing to our cable TV services. Our residential cable TV customer base has grown by 29.9% since the end of December 2001.

ARPU and StarHub's Penetration. We compute ARPU by dividing subscription revenue from residential cable TV services for the relevant period (excluding commercial subscription, advertising, installation and other fees) by the average number of residential cable TV customers for that period.

To increase our customer base in the price-sensitive mass market segment, we launched a new repackaging plan in June 2001. The new repackaging plan gives customers the flexibility to choose three groups for their basic plan from five basic genre groups (world news, education, entertainment, kids and Chinese (renamed Chinese Infotainment in January 2003), instead of having to subscribe to one flat basic plan. A sixth basic group (Chinese Entertainment) was added in January 2003.

With the repackaging plan, the entry price for cable TV subscriptions decreased from S$32.95 for the basic plan to S$19.42 for any three basic genre groups. Despite the new repackaging plan with lower priced basic tiers, monthly ARPU only decreased by 2.3% between 2001 and 2003 as the new customers subscribed to more channels than that provided under the basic entry plan of S$19.42. The new entry prices helped to increase the size of our customer base, which grew from 303,000 in 2001 to 380,000 in 2003. Penetration of HDB properties increased from 22.2% at the beginning of 2001 to 31.3% by the end of 2003. In 2002, we obtained the rights to broadcast the FIFA World Cup 2002, which helped us to increase our market penetration from 29.4% in 2001 to

33.4% in 2002. In 2003, our penetration grew to 35.3%, despite the challenging economic climate. We also obtained the rights to broadcast the UEFA European Football Championships 2004 ("UEFA Euro 2004") from 12 June to 5 July 2004 and the FIFA World Cup 2006. At the end of May 2004, we launched our digital cable service which we believe will contribute positively to our cable TV ARPU as our customers pay between S$8 and S$25 for each digital channel or tier. The response to digital cable within one month of its launch has been positive with more than 10,000 customers subscribing for the service.

Churn Rates. We calculate churn rates by expressing the number of customers who deactivate or disconnect (net of reactivations or reconnections) for the relevant period as a percentage of the average number of cable TV customers for that period. Our average monthly churn rate is the churn rate for the relevant period divided by the relevant number of months in that period.

During the last three years, we implemented customer retention programmes to help minimise churn. This includes our repackaging of the basic plan to increase customer satisfaction and perception of our value-for-money proposition. Other initiatives include term contracts for subscription discounts or premiums, loyalty programmes and our Hubbing programmes. We believe these efforts helped to reduce our average monthly churn rate from 1.0% in 2001 to 0.8% in the six months ended 30 June 2004.

Broadband Revenue

The following table sets out the breakdown of the components of our broadband revenue as well as the percentage to total broadband revenue.

	Year ended 31 December (unaudited, except totals)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Broadband revenue	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Broadband access fees	44.2	85.7	64.1	91.7	83.7	91.3	39.6	89.6	52.7	93.1
Installation and other fees	7.4	14.3	5.8	8.3	8.0	8.7	4.6	10.4	3.9	6.9
Total	51.6	100.0	69.9	100.0	91.7	100.0	44.2	100.0	56.6	100.0

Broadband access fees are subscription fees paid by customers for unlimited broadband Internet access services. Our total broadband access revenue is driven by the size of our customer base, composition and quality of our broadband customer base, which we measure by the number of customers, ARPU and churn rates.

Installation and other fees are mainly one-off revenue from installing cable modems at our customers' premises, the sale of cable modems and other support fees. In the second half of 2001, we introduced a "cash and carry" scheme that allowed our customers to install their own cable modems. This led to a decline in installation revenue for the full year of 2002. By 2003, as the price of cable modems had fallen significantly, we revised our subscription plans to exclude the lease of cable modems. Our customers now purchased their own cable modems from us and this contributed to the increase in other fees earned in 2003. This new scheme gave us the dual benefit of a reduction in capital expenditure on cable modems and an improved competitive position in our broadband services proposition to potential customers. Consequently, our customer base grew by 45.7% between 2002 and 2003.

The following table shows selected unaudited operating data relating to our residential broadband customer base:

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Percentage of homes-passed [(1)]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of residential broadband customers (in thousands)	80	103	150	122	180
StarHub's penetration	7.6%	9.5%	13.6%	11.1%	16.3%
ARPU (S$ per month)	60	59	56	59	53
Average monthly churn rate	0.7%	1.5%	1.4%	1.2%	1.1%

Note:

(1) Percentage of homes-passed means total number of cable-ready homes divided by the total number of homes in Singapore. The information on the total number of homes in Singapore is as reported by SingStats. The total number of homes for the six months ended 30 June 2003 and 2004 is based on information as at the end of the relevant preceding year.

Composition and Quality of our Broadband Customer Base. As at 30 June 2004, we had 180,000 residential broadband customers. Our broadband customer base has grown by 124% since the end of December 2001.

ARPU and StarHub's Penetration. We compute ARPU by dividing broadband revenues for the relevant period (excluding installation fees and revenue from the sale of cable modems) by the average number of broadband customers for that period.

Monthly ARPU declined by 1.7% in 2002 as a result of promotional discounts on our monthly access subscription fees. The promotional discounts contributed to the 28.4% increase in our broadband customer base from 80,000 to 103,000 between 2001 and 2002. Our market penetration grew from 7.6% as at 31 December 2001 to 9.5% as at 31 December in 2002.

The significantly lower cost of cable modems in 2003 allowed broadband customers to purchase modems instead of leasing them from us. Therefore, we reduced our monthly subscription fees as we no longer had to make significant capital investments to purchase the modems for lease to customers. While this resulted in a 5.1% drop in ARPU between 2002 and 2003, it allowed us to grow our customer base by 45.7% and increase our overall market penetration to 13.6% as at 31 December 2003.

Churn Rates. We calculate churn rates by expressing the number of broadband customers who deactivate or disconnect (net of reactivations or reconnections) for the relevant period as a percentage of the average number of broadband customers for that period. Our average monthly churn rate is the churn rate for the relevant period divided by the relevant number of months in that period.

Churn rate in 2002 was higher than in 2001 as a result of increased competition. However, we managed to reduce the churn in 2003 to 1.4% with new price plans and retention activities.

Fixed Network Services Revenue

The following table sets out the breakdown of the components of our fixed network services revenue as well as the percentage to total fixed network services revenue.

	Year ended 31 December (unaudited, except totals)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Fixed network services revenue	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Data and Internet services	91.1	53.9	118.0	58.0	119.1	56.0	57.6	56.1	65.2	55.8
Voice services	78.0	46.1	85.4	42.0	93.4	44.0	45.1	43.9	51.7	44.2
Total	169.1	100.0	203.4	100.0	212.5	100.0	102.7	100.0	116.9	100.0

Our fixed network services revenue can be broadly categorised into revenue derived from provision of switched voice services and revenue derived from the provision of switched circuit access data services. For the six months ended 30 June 2004, our fixed network services revenue contributed S$116.9 million to our total operating revenue. Between 2001 and 2003, our fixed network services revenue grew at a compound annual growth rate of 12.1%.

The following table sets out the breakdown of the components of our data and Internet revenue as well as the percentage to total data and Internet revenue.

	Year ended 31 December (unaudited)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Data and Internet services	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Domestic leased circuits	13.3	14.6	31.7	26.9	53.0	44.5	27.3	47.4	36.0	55.2
International leased circuits	55.7	61.1	58.8	49.8	35.5	29.8	18.3	31.8	18.1	27.8
Internet services (1)	27.3	30.0	29.6	25.1	31.1	26.2	14.1	24.5	18.1	27.8
Others	10.5	11.5	16.5	14.0	26.0	21.8	13.2	22.9	11.2	17.2
Intercompany eliminations	(15.7)	(17.2)	(18.6)	(15.8)	(26.5)	(22.3)	(15.3)	(26.6)	(18.2)	(28.0)
Total	91.1	100.0	118.0	100.0	119.1	100.0	57.6	100.0	65.2	100.0

Note:
(1) The revenue from Internet services is presented net of intercompany eliminations.

Domestic Leased Circuits ("DLC"). DLCs contributed 14.6%, 26.9% and 44.5% in 2001, 2002 and 2003 to our total data and Internet revenue. The growth in DLC revenue is attributable to our increased penetration into the corporate and wholesale segments. For the six months ended 30 June 2004, our domestic leased circuits revenue amounted to S$36.0 million and accounted for 55.2% of our total data and Internet services revenue. Between 2001 and 2003, revenue from our domestic leased circuits grew at a compound annual growth rate of 99.6%.

International Leased Circuits ("ILC"). For 2002 and 2003, the declining trend in ILC revenue from 49.8% to 29.8% was attributable to falling ILC rates due to excess capacity on most international routes, which more than offset the increase in volume of international circuit capacity sold. This trend continued into 2004 and for the six months ended 30 June 2004, our ILC revenue was S$18.1 million.

Internet Services. Internet services comprise Internet access products and services such as ADSL, business Internet services, Internet exchange services, IP.Q and other Internet value-added services. These services are provided mainly to commercial customers. These services accounted for 30.0%, 25.1% and 26.2% of our total data and Internet services revenue for 2001, 2002 and 2003.

Others. Other data and Internet services comprise Asynchronous Transfer Mode ("ATM"), Frame Relay, ISDN, backhaul and facilities management services, which accounted for 11.5%, 14.0% and 21.8% of total data and Internet services for 2001, 2002 and 2003. The growth in this category is mainly attributable to the increased revenue from backhaul services.

Intercompany Eliminations. Intercompany eliminations relate mainly to the provision of domestic leased circuit and international leased circuit capacity to our mobile and broadband businesses that are carried out by our subsidiaries. In 2001, we provided non-voice services to our mobile business unit for the local connectivity of some of its base transmission stations to our core network. With our acquisition of SCV in 2002, our intercompany transactions also included international connectivity and Internet exchange services provided internally to our broadband business.

The following table sets out the breakdown of the components of our voice revenue as well as the percentage to total voice revenue.

	Year ended 31 December (unaudited)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Voice services	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Local services	20.8	26.7	26.5	31.0	28.3	30.3	14.3	31.7	12.6	24.4
International services:										
IDD	91.1	116.8	70.9	83.0	73.2	78.4	35.6	78.9	29.0	56.1
Inpayments	20.7	26.5	28.4	33.3	35.1	37.6	13.3	29.5	21.9	42.3
Transit and other services	11.8	15.1	9.7	11.4	10.2	10.9	7.7	17.1	6.6	12.8
Intercompany eliminations	(66.4)	(85.1)	(50.1)	(58.7)	(53.4)	(57.2)	(25.8)	(57.2)	(18.4)	(35.6)
Total	78.0	100.0	85.4	100.0	93.4	100.0	45.1	100.0	51.7	100.0

Local Services. Local services refer to domestic direct exchange lines, interconnect services, payphone, Digital Voice and miscellaneous services traditionally provided by a public basic telephone service provider. These services contributed 26.7%, 31.0% and 30.3% of our voice services revenue in 2001, 2002 and 2003.

IDD. IDD contributed 116.8%, 83.0% and 78.4% of voice revenue in 2001, 2002 and 2003. Whilst our IDD traffic grew in these periods, our IDD revenue declined due to a more accelerated decline in IDD rates as a result of competing IDD services from other providers and technologies. This trend continued during the six months ended 30 June 2004, during which we recorded IDD revenues of S$29.0 million. However, IDD traffic minutes have continued to grow as the lower IDD rates allowed us to successfully offer IDD services together with our mobile services plans to further increase our Hubbing proposition to customers.

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
IDD	**2001**	**2002**	**2003**	**2003**	**2004**
Total Singapore IDD minutes (in millions) [(1)]	2,561	2,830	3,074	1,495	1,750
StarHub's IDD minutes (in millions)	189	238	355	163	253
StarHub's IDD market share (based on minutes)	7.4%	8.4%	11.5%	10.9%	14.5%

Note:
(1) Source: IDA.

Inpayments. Inpayments relate mainly to revenue from inbound voice traffic sent by our international carrier partners under bilateral arrangements. Inpayments accounted for 26.5%, 33.3% and 37.6% of our total voice revenue for 2001, 2002 and 2003.

Transit and Other Services. Transit and other services relates mainly to traditional international hubbing and transit services. These services contributed 15.1%, 11.4% and 10.9% of total voice services in 2001, 2002 and 2003.

Intercompany Eliminations. Intercompany eliminations refer mainly to intragroup transactions for IDD services provided to our mobile business. For the six months ended 30 June 2004, such transactions amounted to S$18.4 million compared to S$25.8 million for the same period in 2003. The lower amount in the first half of 2004 was due mainly to a lower wholesale price for IDD sold to our mobile business as it contracted to purchase a larger bulk volume over a longer commitment period from our fixed network services business.

Sale of Equipment

Revenue from the sale of equipment comprises principally revenue from the sale of mobile handsets and accessories. Revenue from the sale of equipment accounted for approximately 4.0% of total revenue over the

periods of 2001, 2002 and 2003. For the six months ended 30 June 2004, revenue from the sale of equipment accounted for 5.2% of total revenue. The large number of mobile customers we acquired and recontracted was the primary reason driving the higher revenue from the sale of equipment. For the six months ended 30 June 2004, the quantity of handsets sold increased by 67% over the same period in 2003.

Components of Operating Expenses

Cost of Sales

The principal components of our variable cost of sales are cost of equipment sold, cost of services and traffic expenses, all of which increase in line with increases in our customer base and usage. Our costs of sales between 2001 and 2003 grew at a compound annual growth rate of 19.2%. For the first half 2004, cost of sales increased by 39.4% when compared to the same period in 2003. The following table shows the components of our cost of sales:

	Year ended 31 December (audited, except totals)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Cost of sales	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Cost of equipment sold	47.5	19.4	77.1	25.4	106.9	30.7	47.4	28.3	82.6	35.4
Cost of services	105.1	43.0	117.2	38.7	119.1	34.2	57.8	34.5	67.4	28.9
Traffic expenses	92.1	37.6	108.9	35.9	121.9	35.1	62.2	37.2	83.3	35.7
Total	244.7	100.0	303.2	100.0	347.9	100.0	167.4	100.0	233.3	100.0

Cost of Equipment Sold. Cost of equipment sold consists of the cost of handsets, modems and accessories. Its major component is the costs of handsets which varied each year with the number of mobile customers acquired when they subscribed for our mobile service packages as well as the number and type of handsets sold. This also varied depending on the amount of promotional activities aimed at customer acquisition and handset sales, which were carried out during each period. Between 2001 and 2003, cost of equipment sold increased at a compound annual growth rate of 50.0%, as a result of an increase in number of our mobile customers and the higher costs of handsets, as handset models with greater varieties of features and higher-end models were sold. During this period, the number of our mobile customers grew at a compound annual growth rate of 37.9%. For the six months ended 30 June 2004, cost of equipment sold increased by 74.3% when compared with the same period in 2003. This was due to a higher number of handsets sold and more customer acquisition and promotion activities carried out during this period as competition intensified. For the first half of 2004, cost of equipment sold, as a percentage of revenue from sales of equipment, decreased to 243% when compared to 248% for the same period in 2003.

Cost of Services. Cost of services consists primarily of programming (approximately accounting for 70%) and other service costs such as the costs of procuring third-party mobile and other value-added services for resale. The increase in cost of services primarily resulted from the increase in programming costs while other service costs remained relatively stable. The increase in programming costs was partly due to the increase in our cable TV customer base and varied in part with the new cable TV programmes acquired during each period. Between 2001 and 2003, cost of services increased at a compound annual growth rate of 6.5%, as a result of an increase in number of our cable TV customers. During this period, the number of our cable TV customers grew at a compound annual growth rate of 12.0%. For the six months ended 30 June 2004, cost of services increased by 16.6% when compared with the same period in 2003. This was a result of the higher programming costs for sports content and one-off programming-related costs.

Traffic Expenses. Traffic expenses relate mainly to international outpayments which comprised approximately 75% of such expenses, and local interconnect and other traffic charges which accounted for the remaining approximate 25% in 2003. Between 2001 and 2003, the number of international traffic minutes grew at a compound annual growth rate of 37.1%, which led to the growth in traffic expenses. However, we were able to curtail the growth in traffic expenses at a compound annual growth rate of 15.0% during this period by entering into new bilateral traffic arrangements.

Gross margins as a percentage of service revenue (that is, excluding the sale of equipment) were 71.5%, 69.4% and 71.6% for 2001, 2002 and 2003. For the six months ended 30 June 2004, our gross margin as a percentage of service revenue was 67.9%.

Other Operating Expenses

The principal components of our other operating expenses are depreciation and amortisation, staff costs, operating lease expenses, marketing and promotion expenses, allowance for doubtful debts, repair and maintenance, and other expenses. In 2002, after our acquisition of SCV, we began to integrate our operating systems and streamline our operational processes. This integration and streamlining, and the increasing operating leverage we enjoyed, resulted in an improvement in the ratio of our operating expenses to operating revenue. Operating expenses as a percentage of operating revenue decreased from 118.6% in 2001 to 80.6% in 2003 and to 67.6% for the six months ended 30 June 2004. The following table shows the principal components of our other operating expenses:

	Year ended 31 December (audited)						Six months ended 30 June (unaudited)			
	2001		2002		2003		2003		2004	
Other operating expenses	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**	**S$m**	**%**
Depreciation and amortisation	247.1	26.8	313.6	35.8	333.0	37.0	167.3	37.7	164.0	37.1
Staff costs	171.8	18.6	180.7	20.6	188.1	20.9	98.0	22.1	93.3	21.1
Operating lease	134.4	14.6	145.3	16.6	123.2	13.7	63.7	14.4	61.1	13.8
Marketing and promotion	109.0	11.8	76.0	8.7	106.9	11.9	42.9	9.7	57.9	13.1
Allowance for doubtful debts	142.3	15.4	35.5	4.0	25.9	2.9	17.2	3.9	14.0	3.2
Repair and maintenance	44.7	4.8	59.0	6.7	53.7	6.0	27.3	6.2	24.9	5.6
Other expenses	73.1	8.0	66.6	7.6	70.3	7.6	27.2	6.0	27.4	6.1
Total	922.4	100.0	876.7	100.0	901.1	100.0	443.6	100.0	442.6	100.0

Depreciation and Amortisation. Depreciation and amortisation expenses comprised 26.8%, 35.8% and 37.0% of other operating expenses in 2001, 2002 and 2003, and 37.1% of other operating expenses in the six months ended 30 June 2004. Such expenses consist primarily of the depreciation of our network and equipment, the amortisation of goodwill, software and 3G licences. Depreciation and amortisation expenses vary with the amount of capital expenditure capitalised as fixed assets, the nature of such assets capitalised and their depreciation rates. Depreciation and amortisation was S$247.1 million in 2001, S$313.6 million in 2002 and S$333.0 million in 2003. In 2002, after our acquisition of SCV, a review of our fixed assets classifications and depreciation policies was carried out to ensure that such classifications and depreciation policies are similarly applied across our group. Certain of our network assets that are less susceptible to technology obsolescence were found to potentially have economic benefits extending beyond their remaining useful lives at the time of the review. Accordingly, revision of these accounting estimates were made and with effect from 1 January 2003, we revised the estimated useful lives of certain of our assets: (i) network equipment assets from periods ranging from five to 15 years to periods ranging from eight to 15 years; and (ii) software from periods ranging from one to three years to periods ranging from two to five years. The effect of these revisions in estimated useful lives resulted in a decrease in depreciation charge of S$26.2 million for the network equipment and a decrease in amortisation charge of S$9.6 million for the software assets for the year ended 31 December 2003. For the six months ended 30 June 2004, depreciation and amortisation was S$164.0 million. (See "Consolidated Financial Statements — Notes to the Consolidated Financial Statements" for a breakdown of our fixed assets and our accounting policy on depreciation rates.)

Staff Costs. Staff costs comprise salaries and wages, bonuses, allowances and other benefits, including Central Provident Fund ("CPF") contributions. As a component of other operating expenses, staff costs accounted for 18.6%, 20.6% and 20.9% of other operating expenses in 2001, 2002 and 2003, and grew at a compound annual growth rate of 4.6% between 2001 and 2003. For the six months ended 30 June 2004, staff costs were S$93.3 million and accounted for 21.1% of our other operating expenses. Staff costs are principally driven by headcount, which has increased from 2,651 as at 31 December 2001, to 2,680 as at 31 December 2002 and 2,755 as at 31 December 2003. As at 30 June 2004, headcount was 2,692. Growth in headcount over the periods was slower compared with the growth rate of our customer base over the same periods as a result of emphasis on productivity and as we streamlined our operational processes.

Operating Lease Expenses. Operating lease expenses include lease rentals for international capacity and connectivity, local lease circuits, local cable connectivity, underground ducts, and property rental to house the network nodes, hubsites and base stations. Operating lease expenses accounted for 14.6%, 16.6% and 13.7% of other operating expenses in 2001, 2002 and 2003 and 13.8% of other operating expenses in the six months ended 30 June 2004.

Marketing and Promotion Expenses. Marketing and promotion expenses consist primarily of advertising expenditures, promotions-related expenses and customer-retention costs. Marketing and promotion expenses comprised 11.8%, 8.7% and 11.9% of other operating expenses in 2001, 2002 and 2003, and 13.1% of other operating expenses in the six months ended 30 June 2004. The higher expenses for the first half of 2004 were due to increased marketing and promotional activities for the acquisition of customers and as we launched our new brand campaign, "You Can", and for the celebration of our one millionth customer milestone as well as the launch of our digital cable TV service.

Allowance for Doubtful Debts. Allowance for doubtful debts represents amounts provided for in respect of doubtful customer balances owed to us. We have maintained a consistent approach in respect of allowances for doubtful debts throughout the periods discussed. General allowances for doubtful debts were 18.4%, 4.0% and 2.4% of total service revenue (excluding pre-paid mobile services) in 2001, 2002 and 2003, and 2.3% of total service revenue (excluding pre-paid mobile services) in the six months ended 30 June 2004 as collection rates have improved. The significantly higher allowances for doubtful debts in 2001 resulted from allowances made for late invoices sent to retail customers after we resolved billing system problems experienced during the initial commercial launch phase of our operations in 2000. (See "— Critical Accounting Policies — Allowance for Doubtful Debts".)

Repair and Maintenance. Repair and maintenance comprise mainly operational and maintenance charges for our international cable network investment and maintenance of our networks and information technology ("IT") systems. Repair and maintenance accounted for 4.8%, 6.7% and 6.0% of other operating expenses in 2001, 2002 and 2003 and 5.6% of other operating expenses in the six months ended 30 June 2004.

Other Expenses. Other expenses consist mainly of licence fees, rent and utilities for our offices, professional and consultancy fees, corporate relation expenses, collection commissions and other fixed assets impairment and write-offs. Other expenses accounted for 8.0%, 7.6% and 7.6% of other operating expenses in 2001, 2002 and 2003, and 6.1% of other operating expenses in the six months ended 30 June 2004.

Results of Operations

Six months ended 30 June 2004 compared to six months ended 30 June 2003

Operating Revenue

Operating revenue increased by 22.2% to S$654.5 million for the six months ended 30 June 2004, compared with the same period in 2003. This was a result of the growth in number of subscribers, which increased revenue in our mobile, cable TV and broadband businesses and volume growth which increased the data and Internet revenue in our fixed network services business. Revenue from the sale of equipment also increased by 78.0% between the first half of 2003 and 2004 as the quantity of mobile handsets sold increased by 67%.

Mobile Revenue. Mobile revenue for the first half of 2004 was S$339.7 million. This represented a growth of 28.2% compared with the same period in 2003, as a result of a 37.8% growth in customer base. Monthly post-paid ARPU improved from S$71 to S$72 between the first half of 2003 and 2004 while pre-paid ARPU was steady at S$22 during these periods.

Cable TV Revenue. Revenue from cable TV services, which accounted for 16.4% of operating revenue for the six months ended 30 June 2004, increased by 2.7% to S$107.3 million for the six months ended 30 June 2004 when compared to the same period in 2003. The higher revenue was mainly due to higher advertising revenue and installation and other fees earned. Revenue from subscription fees was marginally higher at S$98 million due to a higher customer base of 393,000, despite a decrease in ARPU to S$40 for the first half of 2004. The launch of digital cable at the end of May 2004 received positive response, with more than 10,000 customers subscribing for our cable TV service in its first month of launch, which has yet to have a material impact on revenue for this period.

Broadband Revenue. Revenue from broadband services, which accounted for 8.6% of operating revenue for the six months ended 30 June 2004, increased by 28.1% to S$56.6 million for the six months ended 30 June 2004 when compared to the same period in 2003. The higher customer base of 180,000 and the introduction of the higher tier MaxOnline 3000 service in the second half of 2003 was the main reason for the increase in revenue. However, ARPU decreased by 10.2% to $53 for the six months ended 30 June 2004 when compared to ARPU in 2003, as we had higher subscription fees in 2003 which included the lease of cable modems.

Fixed Network Services Revenue. Revenue from fixed network services, which accounted for 17.9% of our operating revenue for the six months ended 30 June 2004, increased by 13.8% to S$116.9 million for the six months ended 30 June 2004 when compared to the same period in 2003. The higher revenue was due to larger number of local leased circuits sold, the toll fees earned on the "surf-for-free" Internet service and the higher international interconnect traffic delivered. For the first half of 2004, revenue from data and Internet services grew by 13.2% while revenue from voice services grew by 14.6%, as compared with the same period in 2003.

Operating Expenses

Operating expenses increased by 10.6% to S$675.9 million for the six months ended 30 June 2004, compared to the same period in 2003. Our variable cost of sales grew by 39.4% to S$233.3 million for the six months ended 30 June 2004 when compared to the same period in 2003. This was in line with the growth in number of subscribers and business volumes across all our businesses. Other operating expenses remained relatively stable at S$442.6 million and S$443.6 million for the six months ended 30 June 2004 and 2003.

Cost of Equipment Sold. The cost of equipment sold increased by 74.3% to S$82.6 million for the six months ended 30 June 2004 when compared to the same period in 2003. The increase was attributable to an increase in handset costs due to higher handset sales as well as increasing retention costs for our growing customer base. For the six months ended 30 June 2004, as compared with the six months ended 30 June 2003, handset sales volumes grew by 67%.

Cost of Services. The cost of services increased by 16.6% to S$67.4 million for the six months ended 30 June 2004 when compared to the same period in 2003. The increase was due to the increased cost of programming from sports content and other one-off programming-related costs.

Traffic Expenses. Traffic expenses increased by 33.9% to S$83.3 million for the six months ended 30 June 2004 when compared to the same period in 2003. The higher traffic expenses were due mainly to increased international traffic sent as our IDD traffic minutes increased by 55.2% in the first half of 2004 as compared with the same period in 2003.

Depreciation and Amortisation. Depreciation and amortisation expenses decreased 2.0% to S$164.0 million for the six months ended 30 June 2004 from S$167.3 million for the six months ended 30 June 2003.

Staff Costs. Staff costs declined by 4.8% to S$93.3 million for the six months ended 30 June 2004 as compared with the same period in 2003. The lower staff costs were due mainly to lower employers' CPF contributions as a result of a reduction in CPF rate from 16% to 13%, effective on 1 October 2003.

Operating Lease Expenses. Operating lease expenses decreased by 4.1% to S$61.1 million for the six months ended 30 June 2004 when compared to S$63.7 million for the same period in 2003. The decline was due mainly to a reduction in international capacity lease purchases from external sources as sufficient capacity was provided internally by our international network assets in 2004.

Marketing and Promotion Expenses. Marketing and promotion expenses increased by 35.0% to S$57.9 million for the six months ended 30 June 2004. The increase was principally attributable to higher advertising and promotion expenses incurred for the acquisition of customers and as we launched our new brand campaign, "You Can", and for the celebration of our one millionth customer milestone as well as the launch of our digital cable TV service at the end of May 2004.

Allowance for Doubtful Debts. Allowance for doubtful debts decreased by 18.6% to S$14.0 million for the six months ended 30 June 2004 when compared to the same period in 2003. This reflected the better collection rates while allowance for doubtful debts as a percentage of revenue remained relatively stable.

Repair and Maintenance. Repair and maintenance decreased by 8.8% to S$24.9 million for the six months ended 30 June 2004 when compared to the same period in 2003. This was due to the better rates negotiated and obtained as we consolidated our maintenance needs across all assets.

Other Expenses. Other expenses increased by 0.7% to S$27.4 million for the six months ended 30 June 2004 when compared to the same period in 2003. The increase was due primarily to higher licence fees accrued as a result of the higher mobile revenue we achieved.

Net Other Income

We had no net other income for the six months ended 30 June 2004, compared with S$90.2 million of deferred IDA compensation which was recognised in the six months ended 30 June 2003. The IDA compensation had been fully recognised by the end of the first quarter of 2003.

Taxation

Taxation estimated and recognised as a charge during the six months ended 30 June 2004 amounted to S$18.1 million. This was primarily due to the adjustment of the corporate tax rate change from 22% to 20% on the deferred taxation asset account as at 31 December 2003, which amounted to S$14.9 million.

Net Profit/Loss

In addition to the above, S$90.2 million of deferred IDA compensation was recognised in the six months ended 30 June 2003 and none in the corresponding period of 2004 as the IDA compensation was fully recognised by the end of the first quarter of 2003. This accounted for a net loss of S$45.5 million for the six months ended 30 June 2004 as compared with a net profit of S$16.6 million for the six months ended 30 June 2003.

EBITDA

EBITDA for the first half of 2004 was S$143.6 million, an increase of 56.3% when compared to the same period in 2003. EBITDA margin as a percentage of service revenue (excluding revenue from the sale of equipment) was 23.1% as compared with 17.8% for the first half of 2003, representing a growth of 30.0%.

Year ended 31 December 2003 compared to year ended 31 December 2002

Operating Revenue

Operating revenue increased by 22.6% to S$1,118.2 million for 2003 from S$911.9 million for 2002. The growth was reflected across each of our mobile, cable TV, broadband and fixed network businesses.

Mobile Revenue. Revenue from mobile services, which accounted for 50.0% of operating revenue for 2003, increased by 37.8% to S$559.5 million for 2003 from S$406.0 million for 2002. The increase in revenue was due primarily to increases in our post-paid customer base (from 505,000 to 606,000) and pre-paid customer base (from 135,000 to 269,000) and higher pre-paid ARPU (from S$19 to S$21).

Cable TV Revenue. Revenue from cable TV services, which accounted for 18.9% of operating revenue for 2003, increased by 6.7% to S$211.4 million for 2003 from S$198.2 million for 2002. The increase in revenue was due primarily to increases in our cable TV customer base from 355,000 to 380,000 with ARPU maintained at S$42.

Broadband Revenue. Revenue from broadband services, which accounted for 8.2% of operating revenue for 2003, increased by 31.2% to S$91.7 million for 2003 from S$69.9 million for 2002. The increase in revenue was due primarily to increases in the broadband customer base from 103,000 to 150,000 and ARPU declining from S$59 to S$56 when we repackaged our subscription plans to have our customers buy their cable modems instead of leasing them from us as part of the subscription fees.

Fixed Network Services Revenue. Revenue from fixed network services, which accounted for 19.0% of our operating revenue for 2003, increased by 4.5% to S$212.5 million for 2003 from S$203.4 million for 2002. The increase in revenue was due primarily to increases in our voice services, which grew 9.4% from S$85.4 million in 2002 to S$93.4 million in 2003.

Operating Expenses

Operating expenses increased by 5.9% to S$1,249.0 million for 2003 from S$1,179.9 million for 2002. Cost of sales grew by 14.7% to S$347.9 million for 2003 from S$303.2 million for 2002 as we continued to acquire

and grow our customer base aggressively. Indirect operating expenses such as depreciation and amortisation, staff costs, and marketing and promotion expenses also increased as a result of the higher level of business volumes. These increases were partly offset by lower allowances for doubtful debts, operating lease expenses, and repair and maintenance expenses as we improved our operating leverage and increased the internal supply of our services to our other businesses. Overall, other operating expenses increased by 2.8% to S$901.1 million in 2003 from S$876.7 million in 2002.

Cost of Equipment Sold. The cost of equipment sold increased by 38.7% to S$106.9 million for 2003 from S$77.1 million for 2002. The increase was attributable to an increase in handset costs due to higher sales volumes as our customer base increased with the recontracting of existing customers and the acquisition of new customers. Handset sales volumes grew 18% in 2003.

Cost of Services. Our cost of services increased by 1.6% to S$119.1 million for 2003 from S$117.2 million for 2002 as the cost of cable TV programming increased with our increase in customer base.

Traffic Expenses. Traffic expenses increased by 11.9% to S$121.9 million for 2003 from S$108.9 million for 2002 as traffic expenses increased among operators as our customer base grew.

Depreciation and Amortisation. Depreciation and amortisation expenses increased by 6.2% to S$333.0 million for 2003 from S$313.6 million for 2002, reflecting the capital expenditure made by us for the expansion of our various telecommunication and cable networks and amortisation of goodwill for our acquisition of SCV, which was partially offset by the change in estimates for useful life of certain classes of assets.

Staff Costs. Staff costs increased by 4.1% to S$188.1 million for 2003 from S$180.7 million for 2002. The higher staff costs were due mainly to increased manpower in the operations and support personnel and consumer market personnel as our volume of business and our customer base grew.

Operating Lease Expenses. Operating lease expenses decreased by 15.2% to S$123.2 million for 2003 from S$145.3 million for 2002. The decrease resulted from the expiration of operating leases in which services were provided. We allowed these leases to expire because we were able to meet our international connectivity and capacity requirements from our own international network infrastructure. We were also able to provide more local connectivity for our mobile base stations through our domestic network infrastructure.

Marketing and Promotion Expenses. Marketing and promotion expenses increased by 40.7% to S$106.9 million for 2003 from S$76.0 million for 2002. The increase was principally attributable to more aggressive advertising and promotions.

Allowance for Doubtful Debts. Allowance for doubtful debts decreased by 27.0% to S$25.9 million for 2003 from S$35.5 million for 2002, reflecting the better collection rates experienced with our customer base and a reversal of early termination charges. Allowance for doubtful debts as a percentage of revenue remained relatively stable.

Repair and Maintenance. Repair and maintenance decreased by 9.0% to S$53.7 million for 2003 from S$59.0 million for 2002. This was due to the lower maintenance rates obtained from a consolidation of our assets and the increase of our asset base.

Other Expenses. Other expenses increased by 5.6% to S$70.3 million for 2003 from S$66.6 million for 2002. The increase was due primarily to cable modems being written off as our broadband business repackaged its price plan to exclude rental of cable modem as part of the monthly subscription fee.

Net Other Income

Net other income decreased by 75.2% to S$90.2 million in 2003 from S$363.6 million in 2002. This was mainly attributable to the recognition of S$90.2 million of deferred IDA compensation in the first quarter of 2003, compared with the recognition of S$360.7 million of deferred IDA compensation over the course of the year in 2002.

Taxation

Deferred taxation estimated and recognised as a credit in 2003 amounted to S$7.6 million. The lower tax asset recognised was due mainly to the reversal of tax asset as certain subsidiaries began to utilise the benefit to offset their tax liability.

Net Profit/Loss

In addition to the above, only three months of deferred IDA compensation of S$90.2 million was recognised in the first quarter of 2003, compared to a total of 12 months of deferred IDA compensation of S$360.7 million recognised over the course of the year in 2002. The recognition of deferred IDA compensation together with a lower tax credit of S$7.6 million, which arose from a lower deferred tax benefit resulting from a reduced loss from operations of S$129.8 million for 2003, as compared to $267.5 million for 2002, resulted in a net loss of S$45.9 million in 2003 as compared to a net profit of S$102.7 million in 2002.

EBITDA

EBITDA for 2003 was S$203.1 million, an increase of 340.6% when compared to 2002. EBITDA margin as a percentage of service revenue (excluding revenue from the sale of equipment) was 18.9% as compared with 5.3% in 2002, which was the year we achieved positive EBITDA of S$46.1 million.

Year ended 31 December 2002 compared to year ended 31 December 2001

Operating Revenue

Operating revenue increased by 17.3% to S$911.9 million for 2002 from S$777.7 million for 2001. The growth was experienced in each of our mobile, cable TV, broadband and fixed network business as we gained customers and market acceptance for our products and services.

Mobile Revenue. Revenue from mobile services, which accounted for 44.5% of our operating revenue for 2002, increased by 14.0% to S$406.0 million from S$356.1 million for 2001. The increase in revenue was due primarily to increases in our post-paid customer base (from 381,000 to 505,000), pre-paid customer base (from 79,000 to 135,000) and pre-paid customer ARPU (increasing from S$7 to S$19), which offset the decrease in monthly average revenue per post-paid customer (decreasing from S$84 to S$71).

Cable TV Revenue. Revenue from cable TV services, which accounted for 21.7% of our operating revenue for 2002, increased by 17.5% to S$198.2 million for 2002 from S$168.7 million for 2001. The increase in revenue was primarily due to increases in our cable TV customer base from 303,000 to 355,000. This offset the marginal decline in ARPU from S$43 to S$42 which was due to the repackaging of our channels into five basic genres, thus lowering the basic subscription fee to S$19.42. The repackaging was in line with our strategy to give flexibility to our customers and lower the entry price barrier as we grew our penetration into the mass-market HDB properties.

Broadband Revenue. Broadband services, which accounted for 7.7% of our operating revenue for 2002, increased by 35.5% to S$69.9 million, from S$51.6 million for 2001. The increase in revenue was due primarily to increases in our broadband customer base from 80,000 to 103,000, which offset the decline in ARPU from S$60 to S$59 when we introduced promotional discounts to acquire new customers.

Fixed Network Services Revenue. Revenue from fixed network services, which accounted for 22.3% of our operating revenue for 2002, increased by 20.3% to S$203.4 million from S$169.1 million for 2001. The increase in revenue was due primarily to increases in our voice services, which grew 9.5% from S$78.0 million in 2001 to S$85.4 million in 2002 and our non-voice services, which grew by 29.5% from S$91.1 million to S$118.0 million in 2002, both of which increased as a result of higher business volumes.

Operating Expenses

Operating expenses increased by 1.1% to S$1,179.9 million for 2002 from S$1,167.1 million for 2001. Cost of sales increased 23.9% to S$303.2 million for 2002 from S$244.7 million in 2001, in line with the growth experienced in each of our businesses as we gained market share. Overall, other operating expenses decreased by 5.0% to S$876.7 million in 2002 when compared to S$922.4 million in 2001. This decrease was mainly attributable to reduced allowances for doubtful debts and lower marketing and promotion expenses in 2002.

Cost of Equipment Sold. Our cost of equipment sold increased by 62.3% to S$77.1 million for 2002 from S$47.5 million for 2001. The increase was attributable to an increase in handset costs due to the higher sales volumes as our customer base increased with the acquisition of new customers. The volume of handsets sold increased by 55% when compared to 2001.

Cost of Services. Our cost of services increased by 11.5% to S$117.2 million in 2002 from S$105.1 million in 2001 as the cost of cable TV programming increased with our increase in customer base.

Traffic Expenses. Traffic expenses increased by 18.2% to S$108.9 million in 2002 from S$92.1 million for 2001, reflecting increased traffic among operators as our customer base grew.

Depreciation and Amortisation. Depreciation and amortisation expenses increased by 26.9% to S$313.6 million for 2002 from S$247.1 million for 2001, reflecting the capital expenditure made by us in the expansion of our various telecommunication and cable networks and amortisation of goodwill from our acquisition of SCV.

Staff Costs. Staff costs increased by 5.2% to S$180.7 million for 2002 from S$171.8 million for 2001. The higher staff costs were due mainly to increased manpower in the operations and support personnel and consumer market personnel as our volume of business and our customer base grew.

Operating Lease Expenses. Operating lease expenses increased by 8.1% to S$145.3 million for 2002 from S$134.4 million for 2001 as a result of an increase in the number of international lease circuits so that we could meet our international connectivity requirements. We also leased more local connectivity for many of the new mobile base stations that we put on air in the period.

Marketing and Promotion Expenses. Marketing and promotion expenses decreased by 30.3% to S$76.0 million for 2002 from S$109.0 million for 2001, principally attributable to the rationalisation of advertising and promotional activities after our acquisition of SCV.

Allowance for Doubtful Debts. Allowance for doubtful debts decreased by 75.1% to S$35.5 million for 2002 from S$142.3 million for 2001. The allowance for doubtful debts in 2001 reflected the allowances made for late billing to customers in 2000. In 2002, the allowances of doubtful debts reflected the better collection rates.

Repair and Maintenance. Repair and maintenance increased by 32.0% to S$59.0 million for 2002 from S$44.7 million for 2001. This was due mainly to the expansion of our networks and IT systems and the expiration of the initial warranty periods on certain of our networks and systems.

Other Expenses. Other expenses decreased by 8.9% to S$66.6 million for 2002 from S$73.1 million for 2001. The higher 2001 charges was due primarily to impairment loss on fixed assets provided.

Net Other Income

There was no significant change in net other income between 2001 and 2002. Net other income increased by 0.9% to S$363.6 million for 2002 from S$360.3 million for 2001. S$360.7 million of deferred IDA compensation was recognised over 12 months in each of the two years.

Taxation

Deferred taxation estimated and recognised as a credit in 2002 amounted to S$20.9 million compared with S$68.9 million in 2001. The lower tax asset recognised was due mainly to a reduction in the corporate tax rate from 24.5% to 22.0% and lower tax depreciation.

Net Profit

Due to the above and the amortisation of IDA compensation of S$360.7 million in both 2001 and 2002, we had a net profit of S$102.7 million for 2002 compared to S$53.6 million for 2001. The higher net profit was mainly attributable to the faster rate of growth in our operating revenue at 17.3% compared to a 1.1% growth in our operating expenses between 2001 and 2002.

EBITDA

We achieved positive EBITDA in 2002 of S$46.1 million compared to an EBITDA loss of S$134.4 million in 2001. EBITDA margin as a percentage of service revenue (excluding revenue from the sale of equipment) for 2002 was 5.3%.

Comparison of Fourth Quarter of 2003 and First and Second Quarters of 2004

The following tables present certain of our unaudited operating data for the three months ended 31 December 2003, 31 March 2004 and 30 June 2004. The results for any quarter are not necessarily indicative of the results to be expected for any future period. Accordingly, we believe that period to period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as an indication of our future performance.

	Three months ended 31 December 2003 (unaudited)	Three months ended 31 March 2004 (unaudited)	Three months ended 30 June 2004 (unaudited)
MOBILE			
Number of mobile customers (in thousands):			
Post-paid	606	641	663
Pre-paid	269	315	366
ARPU with IDD included (S$ per month):			
Post-paid	73	72	72
Pre-paid	20	23	22
Non-voice services as a contribution to blended ARPU	13.9%	15.0%	15.3%
Total SMS on network (originating) (in millions)	286	321	332
Total MMS (originating) (in millions)	0.7	1.2	1.3
Average monthly churn rate (post-paid)	1.1%	1.1%	1.0%
CABLE TV			
Percentage of homes-passed (1)	99.2%	99.7%	99.9%
Number of residential cable TV customers (in thousands)	380	383	393
StarHub's penetration	35.3%	35.4%	36.3%
ARPU (S$ per month)	42	39	40
Average monthly churn rate	0.9%	0.9%	0.8%
CABLE BROADBAND			
Percentage of homes-passed (1)	99.2%	99.7%	99.9%
Number of residential broadband customers (in thousands)	150	165	180
StarHub's penetration	13.6%	15.0%	16.3%
ARPU (S$ per month)	55	51	54
Average monthly churn rate	1.7%	1.2%	1.0%

Note:

(1) Percentage of homes-passed means total number of cable-ready homes divided by the total number of homes in Singapore. The information on the total number of homes in Singapore is as reported by SingStats. The total number of homes for the three months ended 31 December 2003, 31 March 2004 and 30 June 2004 is based on information as at the end of December 2003.

Liquidity and Capital Resources

The following table summarises our statements of cash flows for the periods presented:

	As at and for the year ended 31 December (audited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Cash flow	**S$m**	**S$m**	**S$m**	**S$m**	**S$m**
Cash flow from operating activities	(59.6)	142.0	264.3	95.4	123.8
Cash flow from investing activities	(452.8)	(309.1)	(218.9)	(114.2)	(87.4)
Cash flow from financing activities	(17.5)	(23.0)	(38.5)	(10.6)	6.8
Net cash flow from all activities	(529.9)	(190.1)	6.9	(29.4)	43.2
Cash and cash equivalents at beginning of the year/period	786.9	257.0	66.9	66.9	73.8
Cash and cash equivalents at end of the year/period	257.0	66.9	73.8	37.5	117.0

We had positive operating cash flow in 2002 and 2003. For the six months ended 30 June 2004, cash flow generated from operating activities of S$123.8 million was 29.8% higher when compared to the same period in

2003. This was due primarily to cash flow generated from the higher EBITDA we achieved which was utilised partially to reduce our payables.

Cash used in investing activities has been used primarily for implementing new infrastructure and network expansions. From the date of our incorporation to 30 June 2004, we invested total capital expenditures of S$2.3 billion, of which S$2.2 billion related to expenditures on our telecommunication and cable networks, and IT infrastructure. During the periods 2001, 2002, 2003 and the first half of 2004, we invested S$423.3 million, S$281.1 million, S$159.8 million and S$66.8 million on our telecommunication and cable networks, and IT infrastructure. In 2001, we acquired our 3G frequency spectrum rights for S$100.0 million (inclusive of GST). Most of our telecommunications networks and infrastructure were substantially completed by 2001. Accordingly, payments for some of fixed assets were due in 2001 which resulted in higher cash flow spent on investing activities in 2001. Further capital expenditures were invested on our telecommunication network in 2001 and 2002, as the number of our mobile customers significantly increased during these periods, which required further capacity to be added to our networks. This resulted in a cash outflow of S$309.1 million spent on investing activities in 2002.

As at 31 December 2003, we had outstanding commitments for capital expenditures of S$193.8 million. Approximately 55% of such commitments comprised of commitments to increase capacity and enhance our mobile services as we expected to continue to add more subscribers and service features to our mobile services. Another approximate 30% of such commitments were for our fixed network infrastructure, capacity expansion and enhancement while the remaining 15% related to our cable and broadband networks as we expected to continue to enhance our digital cable and broadband offerings to further grow our customer base. Substantially all the capital expenditures required for the digitisation of our hybrid fibre-coaxial network have been completed.

In the first half of 2004, we added S$141.5 million in new commitments for capital expenditures. Slightly over 50% of such commitments were for the construction of the initial phase of our 3G mobile network, most of which are not due for payment in 2004. We believe capital expenditures required beyond the initial roll-out of 3G will be driven by customer demand, the timing and amount of which cannot be precisely ascertained in advance. The remaining commitments relate mainly to capital expenditures required for the expansion in capacity of our various 2G mobile, fixed and cable broadband networks, to cater for the growth in our customer base and business volumes, to maintain the quality of coverage of our networks at competitive levels, and upgrades to digital set-top boxes for our cable TV business.

We expect that a significant portion of our capital expenditures in future years will continue to be discretionary and driven by our ability to continuously increase our subscriber base across our lines of business. The demand driven component of our capital expenditures is expected to relate to capacity expansion of and upgrades to our networks as our customer base increases and in order to maintain network coverage and quality of service at competitive levels.

Most of our capital expenditures mentioned above are driven by the demand for our services. However, the info-communications market is characterised by rapid technological change, which may result in significant capital expenditure requirements within the longer term. Factors which may affect our level of future capital expenditures, include the degree and timing of technological changes within our industry, the overall performance of the Singapore economy, the market penetration of our services in Singapore, and the competitive dynamics of our various lines of business.

We finance our operations primarily through funds generated by operations, equity contributions, compensation from the IDA and bank borrowings. Our capital expenditures are dependent on numerous factors, including the growth and expansion of our customer base, competitive pressure, obsolescence and other factors. We believe that our cash flows from operations and our banking facilities will be sufficient to meet our capital expenditure and operating expenses, including the initial roll-out of the 3G network and the maintenance of our networks at least through the end of 2006. (See "Risk Factors – Risks Relating to Us and Our Business – Our business is capital intensive and we may not realise the benefits we expect from our investments in our networks and technologies".)

Our principal sources of cash provided by financing activities have been equity capital, compensation from the IDA and bank borrowings. As at 30 June 2004, we had a total of S$1.09 billion of committed loan facilities, of which S$704 million are unutilised. The bank facilities comprise term loans and revolving credit facilities from several banks and with various tenures, the latest of which matures in 2010. Our bank borrowings also

included amounts outstanding under unsecured lines of credit that we have obtained from several banks in Singapore. Of these lines of credit, the prior approval of the MDA is required under Section 43 of the Broadcasting Act for the drawdown under a to-date unutilised revolving credit facility of up to S$50 million.

As at 30 June 2004, we had an aggregate of S$386 million outstanding under our banking facilities, which is repayable in instalments starting in 2004 through December 2010. For the six months ended 30 June 2004, the floating rate loans bore interest at rates ranging from 1.46% to 1.80% per annum during the period and the revolving credit loans bore interest at rates ranging from 1.31% to 1.61% per annum during the period. These outstanding debts relate mainly to the drawdown of banking facilities arrangements entered into by SCV.

Certain of our banking facilities restrict the declaration or payment of a dividend unless certain financial criteria are met. In relation to the banking facilities of SCV, SCV has to seek consent in writing of the majority of lenders (which consent cannot be unreasonably withheld or delayed) if SCV wishes to declare dividends or make dividend payments. This restriction will be lifted if certain conditions or financial criteria are met. Such restrictions have not had, and we do not expect them to have, any impact on our ability to meet our obligations.

Certain of our loan agreements contain financial and other covenants. For a discussion of these, please see "Risk Factors — Risks Relating to Us and Our Business — Certain of our loan agreements contain financial and shareholding covenants".

As at 30 June 2004, we have agreed to counter-indemnify banks which have issued performance guarantees amounting to S$38.3 million to third parties in respect of certain telecommunication services.

Contractual Obligations

The following table sets forth the payments due for specific contractual obligations as at 30 June 2004:

	As at 30 June 2004 Expected Payment Date			
	Within 1 year	Within 2 to 5 years	After 5 years	Total
	(S$ in millions)	(S$ in millions)	(S$ in millions)	(S$ in millions)
Long-term debt	43.5	332.5	10.0	386.0
Operating leases	75.7	251.9	428.5	756.1
Purchase obligations for capital expenditures	216.3	48.3	—	264.6
Total	335.5	632.7	438.5	1,406.7

Taxation

We recognised a deferred tax asset in relation to the respective tax losses relating to the telecommunication and Internet services businesses, after considering the projections of income expected to be earned in future years, based on business plans approved by our Board of Directors, and the licensing environment expected to prevail in that period.

As at 31 December 2003, we had recognised deferred tax assets of S$164.3 million. In relation to a deferred tax benefit of S$0.8 million recognised by us on a tax loss of S$3.7 million, utilisation is subject to the determination by the Comptroller of Income Tax that there has been no substantial change in the ultimate shareholders of our Company for the purpose of Section 37 of the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act"). There were also S$126.9 million deferred tax assets relating to unutilised capital allowance, tax losses and temporary differences relating to property, plant and equipment and intangible assets that were not recognised as at 31 December 2003.

We had tax losses prior to our commercial commencement of telecommunication services. The utilisation of these unrecognised tax losses is subject to the agreement with the Comptroller of Income Tax on the date of our commencement of operations.

Further, we have not recognised other deferred tax assets, comprising principally the temporary differences and unutilised tax losses relating to a subsidiary, as we do not expect to recover these potential deferred tax assets in the near future. We reassess the recovery of these potential deferred tax assets annually.

As at 31 December 2003, the deferred tax assets of S$14.2 million of SCV arising from tax losses carried forward is subject to the determination by the Comptroller of Income Tax that there has been no substantial change in the ultimate shareholders of our Company arising from the acquisition of SCV by us in 2002.

In the year 2003, SCV obtained approval from the relevant authority on its application to withdraw its pioneer status, which was a tax incentive. This revocation of the pioneer status has retrospective *ab initio* effect. The revocation of pioneer status generated potential deferred tax assets for SCV. However, for the year 2003, we have not recognised these and other deferred tax assets, as we do not consider their realisation probable.

On an annual basis, we will reassess the recovery of any potential deferred tax assets.

The utilisation of all deferred tax assets, recognised and unrecognised, is subject to the requirements of Sections 23 and 37 of the Income Tax Act.

Market Risk

We are, in the normal course of business, exposed to interest rate, currency exchange rate, credit and liquidity risks. Our risk management strategy aims to minimise the adverse effects of financial risk on our financial performance. To this extent, financial instruments are used to cover commercial exposures and are not held for trade or speculative purposes.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our long-term debt obligations.

Our policy is to manage our interest rate risk using variable and fixed rate debt. To manage this in a cost-effective manner, we enter into interest rate swaps, where we agree to exchange, at specified intervals, variable for fixed interest amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge underlying debt obligations. As at 30 June 2004, after taking into account the effect of an interest rate swap, 84.2% of our borrowings were at a fixed rate of interest.

Foreign Currency Risk

Our revenue and expenditure are primarily transacted in Singapore dollars. Our currency exposures are limited to United States dollars and Special Drawing Rights. Special Drawing Rights are an international reserve asset created by the International Monetary Fund and are valued on the basis of a basket of key national currencies.

Whenever possible, foreign currency transactions are matched to minimise exchange rate exposure. The exchange rates are continually monitored and forward contracts are used when appropriate to hedge against exchange rate fluctuations.

Our currency exposure is not currently material to our financial condition or performance and, after taking into account the effects of forward foreign exchange contracts, we believe that our currency exposures are insignificant.

Liquidity Risk

We rely on our internal working capital to fund most of our investing activities. We believe that we have sufficient revolving credit facilities available that meet our short-term funding requirements.

Credit Risk

Our maximum exposure to credit risk in the event our counterparties fail to perform their obligations in relation to each class of recognised financial assets, other than derivatives, is reflected by the carrying amount of those assets as indicated in our consolidated balance sheet as of 30 June 2004.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or agreement. As at 30 June 2004, we have interest rate swap arrangements in place, which had notional amounts totalling S$325.0 million. In the event of early termination of

the swap agreement, we may be exposed to the credit risk of the swap counterparty if there have been changes in interest rates.

Our credit risk is mitigated by the sales that we conclude on a cash basis. For credit sales, we have no significant concentration of credit risk from trade debtors due to our diverse customer base. We manage credit risk through credit checks, reviews and monitoring procedures that include a formal collection process. (See "Business — IT Systems, Billing, Credit and Fraud Management".)

Inflation and Seasonality

We do not consider inflation in Singapore to have had a material impact on the results of our operations. According to figures released by SingStats, the consumer price index in Singapore increased by 1.0% in 2001, decreased by 0.4% in 2002 and increased by 0.5% in 2003. We do not experience significant fluctuations in our business due to seasonal factors.

Critical Accounting Policies

The following critical accounting policies have the potential to have a significant impact on our consolidated financial statements, either because of the significance of the financial statement item to which they relate, or because they require more judgement and estimation due to the uncertainty involved in measuring, at a specific point in time, transactions which are continuous in nature.

Allowance for Doubtful Debts

We have provided estimated allowances for doubtful debts based primarily on analysis of payment histories and future expectations of customer payments. Our estimates are based on historical write-off patterns and the aging of accounts receivable balances. Our assumptions are reviewed monthly and adjustments are made to our bad debt allowance as appropriate.

Estimated Useful Lives of Property, Plant and Equipment and Intangible Assets

The depreciation of assets is described in the notes to the financial statements. We assign useful lives based on periodic studies of actual asset lives. The useful lives of technology-related assets are determined by advances in new technology, business and consumer trends. We have considered various scenarios and their associated probabilities and have made estimates of useful lives of productive assets that reflect our judgment of most likely outcomes. We review useful life estimates annually and adjust them in the light of changes in facts and circumstances, such as delays in the commercial development of new technology. Changes in useful life estimates with a significant impact on the financial statements are disclosed. On 1 January 2003, the useful lives of certain network equipment were revised from periods ranging from five to 15 years to periods ranging from eight to 15 years, with the effect of reducing annual depreciation charges by approximately S$26.2 million. At the same time, the useful lives of software (intangible assets) were revised from periods ranging from one to three years to periods ranging from two to five years, with the effect of reducing annual amortisation charges by approximately S$9.6 million. These changes were made to better align our depreciation policy with industry norms.

Impairment

We review property, plant and equipment and intangible assets (including goodwill) 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 exceeds its recoverable amount. In analysing potential impairments, projections of future cash flows from the assets are used. The projections are based on assumptions, judgements and estimates of growth rates for the related business, anticipated future economic, regulatory and political conditions, the assignment of discount rates to risk and estimates of terminal values. Changes to these variables in the future may necessitate impairment charges to reduce the carrying value to fair value.

Taxation

Deferred taxation is recognised for the effect of temporary differences between the amounts of assets and liabilities recognised for financial reporting purposes and the amounts recognised for income tax purposes. We measure deferred tax assets and liabilities using substantively enacted tax rates that, if changed, would result in

either an increase or decrease in the deferred taxes recognised. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In the assessment of future probability of utilisation, we consider, among other things, estimates of future taxable income and the character of income needed to realise future tax benefits.

Deferred IDA Compensation

In 2000, we were granted S$1.08 billion from the IDA as compensation for economic losses suffered by us as a result of the IDA's withdrawal of its undertakings on the timetable for the issue of additional public basic telephone service licences. The negotiations for the compensation included, among other things, an agreement by us to continue our roll-out of the fixed-line service network under the original terms of the licence held by us. This roll-out was originally to be completed over the three-year period to 31 March 2003. We accordingly recognised the compensation income over this three-year period.

Revenue Recognition

We recognise revenue when the relevant fees are earned. Telecommunications revenue based on usage of our network and facilities are recognised when the services are rendered. Subscription fees for services provided for fixed periods are recognised on a straight-line basis over the respective period. Equipment sales are recognised on delivery of the equipment to the customer. Connection fees are recognised when connections are completed. Other revenue is recognised when products are delivered or services are rendered to customers.

Where customers enter into contracts for bundled products and services, the revenue is recognised based on values allocated to the individual elements of the bundled products services according to the earning process of each element.

We operate customer loyalty programmes. The credits under these programmes can be used against our services, as well as other goods and services purchased by us. We set aside a provision for the cost of redemption of customer loyalty points and recognise in full the revenue earned when delivering our services upon redemption by customer.

Programming Costs

Programming costs are recognised when the benefit of the programming is consumed. Where programmes are run at close regular intervals and programming costs are payable at close regular intervals, generally based on the number of customers, we expense the costs as and when billings become payable. Where programming costs are payable in advance for a fixed period for programmes that are run at close regular intervals, we charge the costs over the period covered by the contract. Where costs are payable for a single programme, we expense the cost upon the first airing of the programme.

For a further discussion of these and other significant accounting policies, see Note 3 to the consolidated financial statements.

Prospects

The following discussion about our prospects includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those which may be projected in these forward-looking statements. (See "Forward-looking Statements".) We expect that our results of operations for the full financial year ending 31 December 2004 will be influenced by the following factors:

- the success of our Hubbing strategy;
- our ability to maintain and grow our customer bases across our mobile, cable TV and broadband businesses;
- our continuing costs management efforts to improve operating margins; and
- a predictable and stable regulatory environment.

INDUSTRY OVERVIEW

Telecommunications Industry Overview

In recent years, the Asia Pacific telecommunications industry has been characterised by rapid growth in the mobile communications sector. Growth in mobile telecommunications services has been spurred by the attractions of mobility to customers and increased affordability of services through pre-paid products. The fixed network telecommunications sector growth has been slower relative to mobile and fixed network operators have been subject to increased competition in recent years. The increased competition within the sector, and competing conveniences of mobile services, have in general led to erosion of margins for fixed network players, in particular those relating to IDD and non-voice services.

Singapore Telecommunications Market Overview

Singapore covers an area of 697.1 square kilometres with a population of approximately 4.2 million at the end of 2003. The Singapore telecommunications market has a well-developed telecommunications infrastructure, sophisticated consumer and corporate customer bases and high penetration rates. Historically, SingTel was the sole provider of basic telecommunications services in Singapore. As part of the liberalisation of the Singapore telecommunications market, the Singapore Government lifted foreign ownership restrictions and progressively opened the telecommunications market to competition. The telecommunications industry was fully liberalised on 1 April 2000 and all segments of the market are now open to competition.

Mobile Market

Prior to 1 April 1997, SingTel was the sole provider of mobile services which were offered over an analogue platform. On 1 April 1997, MobileOne launched its commercial GSM service and was the first competitor to SingTel in the mobile market. In 2000, we launched our GSM service. Currently, all three operators offer both 2G and 2.5G services over GSM platforms.

In April 2001, all three mobile service providers were successful in their bids to be awarded 3G spectrum rights and licences to provide 3G services. The cost of each of the 3G spectrum rights was S$100 million (inclusive of GST). The licences are valid until 31 December 2021 and require nationwide roll-out of systems and services to be completed by 31 December 2004. To date, none of the 3G licence holders have commenced provision of 3G services. However, roll-out of WCDMA infrastructure is underway. Indications from each of the licence holders are that the 3G service will be offered by the deadline indicated in the licence terms.

	StarHub	SingTel Mobile	MobileOne
Network	GSM 1800	GSM 900/1800	GSM 900/1800
Frequency allocation 2G GSM	2x20.2MHz (1800)	2x14.1MHz (900) 2x20.5MHz (1800)	2x10.8MHz (900) 2x20MHz (1800)
3G	2x14.8MHz (paired) 5MHz (unpaired)	2x15MHz (paired) 5MHz (unpaired)	2x14.8MHz (paired) 5MHz (unpaired)

As at the end of 2003, the total number of mobile subscribers in Singapore was 3.5 million, up from 2.4 million at the end of 2000, representing a 12.5% compound annual growth rate. Mobile penetration increased from 74.8% to 83.1% over the same period making Singapore one of the most highly-penetrated markets. Within the sector, pre-paid subscribers represented 28.2% of total mobile subscribers as at the end of 2003, up from 25.9% as at the end of 2002. Mobile number portability based on call forwarding was introduced in 1997, however users had to pay a fee. It was not until August 2003, that it was made free to consumers. This has resulted in increased convenience to mobile subscribers by allowing them to receive calls with the same phone number after switching to an alternate mobile operator.

As of the end of 2003, StarHub had a market share of 25.2% representing over 875,000 subscribers. We were the only operator to increase the size of its subscriber base over the 2003 calendar year in both the pre-paid and post-paid markets.

	As at 31 December 2001	As at 31 December 2002	As at 31 December 2003
Market subscribers			
Post-paid	2,175,200	2,404,100	2,495,700
Pre-paid	683,600	840,700	981,400
Total	2,858,800	3,244,800	3,477,100
Subscribers by operator			
SingTel	1,404,400	1,556,000	1,534,000
MobileOne	982,000	1,049,000	1,068,000
StarHub	460,000	640,000	875,000
Total	2,846,400	3,245,000	3,477,000
Market Share (1)			
SingTel			
Pre-paid	52.0%	50.0%	42.0%
Post-paid	48.0%	47.0%	45.0%
Total	49.0%	48.0%	44.0%
MobileOne			
Pre-paid	34.5%	33.7%	30.9%
Post-paid	34.3%	31.9%	30.7%
Total	34.3%	32.3%	30.7%
StarHub			
Pre-paid	11.5%	16.1%	27.5%
Post-paid	17.5%	21.0%	24.3%
Total	16.1%	19.7%	25.2%

Source: Information on market subscribers is obtained from the IDA. Information on subscribers by operator and market share for MobileOne and SingTel is derived from publicly available MobileOne and SingTel company reports.

Note:

(1) Certain of the market share percentages do not add up to 100% due to rounding conventions used in the publicly available data for MobileOne and SingTel.

The growth of the mobile market has been driven by the introduction of pre-paid services since 1999. Pre-paid services have increased the affordability of mobile services to cost conscious and lower income customer segments. In addition, the increasing popularity of SMS services has also increased the propensity for customers to purchase mobile services and devices. We have been the greatest beneficiary of the growth of the pre-paid mobile market. Pre-paid customers represented 30.8% of our customer base at the end of 2003 and we had a 27.5% market share in the pre-paid mobile market.

Certain operators have undertaken innovative marketing efforts to attract customers including introduction of rewards programmes and affiliations with third parties. More recently, competition has focused on access to exclusive content via wireless data products. We are well positioned in wireless data content through our Hubbing strategies.

Fixed Network Market

Singapore is a highly developed telecommunications market with almost all households having access to existing fixed network services. The number of fixed lines in Singapore at the end of 2003 was 1,896,600 representing a teledensity of 45.3%. SingTel is the incumbent FBO and remains dominant in many segments of the fixed network market. In 1998, the IDA awarded us a public basic telephone service licence to provide fixed network services in Singapore commencing April 2000.

At the time of the award of the second public basic telephone service licence to us in 1998, the Singapore Government had committed not to liberalise the public basic telephone service market further until 1 April 2002. However, during January 2000, the Singapore Government announced that it would accelerate the introduction of full market competition in the Singapore telecommunications sector by two years, to April 2000.

	As at 31 December 2001	As at 31 December 2002	As at 31 December 2003
Teledensity (%)	47.2%	46.4%	45.3%
Number of lines			
SingTel	1,946,000	1,929,000	1,888,000
StarHub	2,500	4,700	8,600
Number of telephone lines	1,948,500	1,933,700	1,896,600
Market Share			
SingTel	99.9%	99.8%	99.5%
StarHub	0.1%	0.2%	0.5%
Total	100.0%	100.0%	100.0%

Source: SingTel and IDA.

Pay TV Market Overview

Cable system operators typically provide cable TV and some also provide broadband Internet services to their customers. Cable TV in most Asian countries is currently offered predominantly via an analogue transmission. However, many operators are in the process of launching digital cable TV services, which will allow the transmission of a larger number of channels and introduction of other interactive services. With the increasing popularity of the Internet, cable operators, with suitable networks upgrading, have also begun to offer broadband Internet and voice services over their cable infrastructure through the use of cable modems. For those who have upgraded their networks to two-way networks, this value-added service has proven an effective avenue to increase earnings for cable companies with little incremental cost.

Singapore Cable TV Market Overview

We are the sole provider of cable TV services in Singapore. At the end of 2003, the number of cable-ready homes in Singapore was 1,077,000, representing a 99.2% penetration of total households. Penetration of cable TV services was 35.3% of cable-ready homes or 380,000 subscribers as at the end of 2003. We also provide cable TV services to business customers largely via our UHF and Multi-channel Multi-point Distribution System ("MMDS") platforms. In 2003, the MDA invited bids for a second cable TV licence. However, no bids were submitted. Given our status as a "broadcasting company" under the Broadcasting Act, we cannot have a foreign source (alone or together with one or more other foreign sources) holding more than 49% of our shares, or controlling the voting power of more than 49% of our shares, without the Minister's prior approval. As a broadcasting company, there are also regulatory provisions applying to parties acquiring or selling certain percentages of our shares. (See "Regulation".)

Singapore has seven free-to-air television channels. MediaCorp owns five of these channels: Channel 5, an English entertainment channel with mainly dramas, sitcoms, variety and sports programmes; Channel 8, which provides Chinese entertainment and information programmes; Suria, a Malay channel; Central, which offers children's entertainment and educational programmes, Indian programmes, and arts/culture programmes; and lastly, Channel NewsAsia, which provides news from an Asian perspective. SPH MediaWorks owns the remaining two: Channel i, an English entertainment channel with sitcoms, movies, sports and news programmes and Channel U, a Chinese channel that offers a line-up of dramas, infotainment, variety and news programmes. Our licence requires us to transmit free-to-air channels to households on our cable network.

Currently, analogue and digital cable TV, broadband Internet access via cable modem and Digital Voice services are offered over our network.

Internet Access Market Overview

The Internet access industry provides homes and businesses the ability to use the Internet over dial-up or broadband connections. Dial-up connections are offered over a telephone line and typically provide speeds of 56 Kbps. Broadband connections on the other hand typically provide speeds of 512 Kbps – 10 Mbps. Internet penetration (which includes dial-up and broadband) varies across Asian markets and is correlated to the level of personal computer penetration in a given market. Broadband Internet access is typically provided over cable modem or ADSL (which uses the fixed network telephone infrastructure). Therefore, in most Asian markets, the leading broadband providers are the fixed network operators or the major cable TV providers.

Singapore Internet Market Overview

The following table illustrates the Internet dial-up subscribers and penetration rate in Singapore:

	As at 31 December 2001	As at 31 December 2002	As at 31 December 2003
Internet dial-up subscribers	1,917,900	2,000,700	1,796,200
Internet dial-up penetration	46.4%	48.0%	42.9%

Source: IDA.

The Singapore Internet access market is highly developed, with 1,796,200 subscribers having Internet dial-up access and 390,000 subscribers having broadband Internet access as at 31 December 2003. Although Internet dial-up penetration has declined since 2001, broadband penetration has increased as a result of dial-up users switching over to broadband due to increased speed and decreasing costs. As the Internet access market in Singapore continues to shift towards broadband, we should be able to benefit from any increase in the number of broadband users and not lose market share due to our ability to provide both broadband and dial-up Internet access.

ADSL technology uses traditional telephone lines to provide high speed Internet access. We currently offer cable modem access through our broadband HFC network and we offer the highest download speed of up to 3 Mbps for residential broadband.

We are subject to an open access requirement with regard to broadband Internet access via cable modems. Pacific Internet utilises our network through an open access arrangement to resell broadband Internet services.

BUSINESS

Overview

We are a Singapore-based integrated information, communications and entertainment company, providing a broad range of mobile, cable TV, broadband and fixed network services. As at June 2004, we provided at least one service to approximately 75% of households in Singapore and approximately 27,000 businesses. We operate three networks: an island-wide GSM 1800 network that is fully upgraded for GPRS service, a two-way hybrid fibre-coaxial network that reaches over 99% of the homes in Singapore and a high capacity fibre-optic network which directly connects over 800 commercial buildings with wide coverage across the Singapore central business district.

Our Hubbing strategy differentiates us from our competitors. We believe Hubbing is a key driver of customer growth and retention, enabling us to be a "one-stop shop" for convergent and bundled products and services for both our consumer and business customers. We have achieved rapid growth in customers and revenue in our relatively short history, which is the result of the success of our experienced management team and skilled employees in executing our strategy.

History and Background

The key events in our history are summarised below:

1998 – We were incorporated as StarHub Pte Ltd (registration number: 199802208C) on 7 May 1998 as a private company limited by shares under the Singapore Companies Act. In May, we were awarded licences by the Telecommunication Authority of Singapore to provide public basic telephone services ("PBTS") and public cellular mobile telephone services ("PCMTS"). At that time, we were the second PBTS licensee and the third PCMTS licensee in Singapore.

1999 – In January 1999, we acquired CyberWay Pte Ltd, one of Singapore's three ISPs (now known as StarHub Internet Pte Ltd).

2000 – We officially launched StarHub's mobile and fixed-network services in April 2000.

2001 – In April 2001, we were successful in our bid and were awarded a 3G spectrum right and licences to provide 3G services.

2002 – In July 2002, we acquired Singapore Cable Vision Limited (now known as StarHub Cable Vision Ltd. or "SCV") which was incorporated in 1991. As a result of the acquisition, we were able to add cable TV and broadband Internet access services to our suite of mobile ISP and fixed network services. In December 2002, we launched our residential fixed-network voice service called Digital Voice.

2003 – In March 2003, we established the world's first and largest WiFi broadband alliance, the Wireless Broadband Alliance ("WBA"), of which 18 leading global telecommunications companies are currently members. The alliance members are promoting a common global identity for international wireless broadband roaming.

2004 – On 18 August 2004, we changed our name to StarHub Ltd and converted to a public company limited by shares.

Competitive Strengths

Hubbing

As the only fully integrated telecommunications and cable service operator in Singapore, we provide a wide range of information, communications and entertainment services across our complementary mobile, cable TV, Internet and fixed-network product lines. Our core strategy is "Hubbing", that is to be a "one-stop shop" for convergent and bundled products and services for both our consumer and business customers. We believe that our Hubbing strategy has been, and will continue to be, the key driver of our customer and revenue growth. Hubbing allows us to realise multiple revenue streams from single customer accounts and a suite of service offerings. As a result, we believe we are generating greater customer loyalty and lower churn.

Innovative Products and Services

Another key driver of our growth has been our consistent differentiation through products and service innovation. For example, when we launched our mobile services, we differentiated ourselves by being the first to introduce "free incoming calls" under Singapore's mobile-party-pays regime. We were the first to introduce "airtime rollover" and also the first to introduce "per second billing" for our mobile and IDD services. In February 2002, we introduced a promotion for free IDD calls (priced as local mobile calls) to Malaysia for our mobile customers, and in 2003 expanded the number of free IDD countries to include China, Hong Kong and the United States. We were the first to launch a co-branded mobile service plan with our content supplier, MTV Asia LDC ("MTV"), targeted at the youth market. Recently, we also launched a pre-paid broadband Internet access plan, FlexiSurf, which was the first of its kind in Singapore and among the first in the Asia Pacific region.

Strong Mobile Performance

Between 2001 and 2003, we captured the highest net customer additions in the mobile sector. We have achieved this through market segmentation, targeting those segments with innovative services plans, establishing strong distribution channels and launching Hubbing initiatives. Our distribution channels are a particular driver for the growth in our pre-paid customer base, which has grown at compound annual growth rate of 84.9% between 2001 and 2003. In addition, our ARPU has remained relatively stable and for the quarter ended 31 December 2003 we had the highest post-paid and pre-paid ARPUs of S$73 and S$20 compared to our competitors. For the three months ended 30 June 2004, our pre-paid ARPU of S$22 remained higher than that of our competitors, and our post-paid ARPU of S$72 was higher than MobileOne and slightly below SingTel's post-paid ARPU of S$73.[(1)]

Sole Cable TV Operator

We are currently the sole licensed cable TV operator in Singapore. We are currently the leading provider of premium TV content in Singapore and we offer a wide range of popular genres such as sports, movies, education, international news and entertainment. We purchase substantially all our content from third parties and we currently offer 64 channels of local and international programming on our cable TV service. Our analogue service comprises 50 channels while our digital service offers 64 channels. The international channels comprise 52 turnaround channels and we also package four of our own channels. We also carry the seven local free-to-air channels and one Malaysian free-to-air channel on our network.

Our hybrid fibre-coaxial network reaches over 99% of homes in Singapore. With the launch of our digital cable TV service at the end of May 2004, our subscription nationwide television service licence was extended to cover the provision of digital cable services. This digital cable TV service will provide new opportunities to grow our customer and revenue base. As our cable network is already widely deployed and the upgrade for our digital service largely completed, we believe growth can be achieved with limited incremental capital expenditure.

Strong Broadband Internet Access

Our hybrid fibre-coaxial network, which reaches over 99% of homes in Singapore, has the capability to offer high download speeds, great ease of use in areas such as home networking, as well as the capability to broadcast content on the platform. In addition, by leveraging on the Internet exchange within our fixed network infrastructure, we are able to deliver high quality international connectivity and fully managed quality of service ("QoS") to broadband Internet access customers.

Advanced Integrated Networks

Our mobile, broadband cable and fixed networks are integrated physically and operationally. For example, our core fixed network nodes are physically connected to our broadband cable network. We have integrated all our network operations in order to create operating efficiencies and cost savings. Our GSM 1800 network has been recognised for its high quality of service in a variety of performance tests conducted by the IDA. Between July and December 2003, StarHub scored 100% on the IDA's testing that measures street level coverage, voice quality and call success rates, with 0% dropped calls. Our two-way hybrid fibre-coaxial network, which reaches over 99% of all homes, has a network capacity of up to 750 MHz and is two-way enabled via the DOCSIS 1.1 standard.

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(1) Based on comparison of quarterly post-paid and pre-paid ARPU reported by SingTel and MobileOne with our results for the relevant period. For SingTel, quarterly post-paid and pre-paid ARPU was sourced from SingTel's public quarterly disclosures and for MobileOne, the information was sourced from MobileOne's half year 2004 results presentation dated July 2004.

Customer Service

We believe our customer care and service integrated across all our lines of business, is a competitive advantage. We have established and consistently achieved high performance targets for our customer service representatives to ensure that customers experience only the very best service at every point of contact. We have been recognised for excellence in customer service with 24 gold awards at the Excellent Service Awards in 2003. Since our launch, our customer service staff have consistently won awards including accolades from the Call Centre Awards.

Widely Recognised Brand

We have successfully established a strong brand identity with high brand recognition in Singapore. Our customer surveys indicate we are fresh and exciting and a brand that is becoming more popular over time. We are also associated with innovation and perceived as providing value-for-money products and services and excellent customer service to our customers. Following the implementation of our Hubbing strategy, StarHub brand equity has been further strengthened. We are also a brand leader among the youth. In an online survey, StarHub was named amongst the top ten brands for youths aged 15-24, alongside icons such as Nike, Nokia, Adidas and Sony. We will continue to leverage our brand to cross sell our various products and leverage specific brand elements to penetrate specific market segments or for specific product positioning.

Business Strategies

The key components of our business strategies are:

- Hubbing – delivering bundled, integrated or convergent services over multiple platforms;
- Building on steady success in the mobile sector;
- Continuing our leadership in cable TV;
- Increasing operating leverage;
- Leveraging on inherent advantages of our cable broadband network;
- Capitalising on our strong brand identity; and
- Leveraging our fixed network infrastructure to lower network supply costs and provide incremental revenue opportunities.

(See the sections from "— StarHub's "Go To Market" Strategies" to "— IT, Billing, Credit and Fraud Management" for a more detailed description of these strategies.)

StarHub's "Go To Market" Strategies

Operationally, we are organised with a strong customer-centric orientation. Our product, marketing and sales units are organised under our Consumer Markets and Business Markets line divisions. This allows us to focus on the needs of our customers and to consistently apply our Hubbing strategy to customers across the full range of our products and services.

Consumer Markets - Hubbing

Our Consumer Markets "go to market" strategy is driven by Hubbing initiatives. Hubbing is the bundling of multiple products and services into packages, with integrated loyalty programmes. Hubbing is based on our philosophy that, while our mobile, cable TV and broadband services are independently attractive, their collective appeal is greater when their strengths and attributes are combined through bundling and packaging. For example, we have added services such as IDD and Digital Voice to Hub with our mobile and broadband services. Hubbing covers a range of initiatives from marketing bundled products to providing integrated and convergent services.

By leveraging the convergence of technology, we believe we add value and increase customer satisfaction for each individual service. For example, we deliver popular content such as sports, education and entertainment across our mobile, cable TV and broadband platforms. Services such as SMS are already available beyond mobile to our Internet access customers via our WebSMS service. With the introduction of digital cable TV, SMS and MMS will also be made available in the future via TV as will email, now being accessed via the Internet and mobile phones.

Our Hubbing strategy is also evident at an operations level as we develop convergent products and services as part of our strategy. In addition, our direct and indirect sales channels and customer service organisations also reflect our Hubbing strategy by offering customers a "one-stop shop" across all of our contact points.

How Do We Hub?

We Hub first by identifying our target segments and then tailoring our products and marketing to better meet the needs of these segments. Our three key segments are: youth (the 15-24 year old age group); professionals, managers and executives ("PMEs") and families with children.

We believe that establishing customer loyalty with the youth segment sets the foundation for a strong relationship and brand loyalty for the future. The youth segment also has a higher propensity to embrace new technologies and therefore have higher data ARPU potential. PMEs are the higher income working adults who also have a higher propensity to spend on their interests, such as communications and information. Families with children are a key segment for us as children are important drivers for household expenses.

We tailor our products and marketing to meet the needs of our target segments. Some examples of our Hubbing activities include:

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MTV Code, a unique mobile lifestyle plan co-branded with our channel partner, MTV, which is tailored specially for the youth segment. In addition to standard mobile features, MTV Code also provides the customers with music and lifestyle-related benefits such as a free MTV subscription on cable TV, MTV Vibez (an SMS update service on what's hot and what's new in town), as well as privileges and discounts from participating merchants.
- Communications solutions, such as the bundling of mobile, MaxOnline and WiFi for in-home and "away from home" wireless connectivity catered to the PME segment.
- Bundling of content across platforms, for example for events such as the MTV Asia Awards, UEFA Euro 2004 and the French Open. For these special events, customers enjoy benefits across our product platforms, with activities such as free tickets to live events, telecast specials on cable TV, mobile value-added services such as ringtones, downloads and information services, as well as other online activities like contests and latest news.

How do We Market to our Hubbing Customers?

The complementary nature of our customer base for our different services creates opportunities for cross-selling and upselling. To effectively cross-sell and upsell, we have introduced a range of initiatives through which we seek to enhance our understanding of our customer base and to maximise the value of each contact with customers. These initiatives include:

Integrated View of the Customer. Through an integrated data-warehouse, we have a complete view of our customers and our customers' households, across all the services they subscribe to. This data-warehouse collects information from different sources within StarHub such as the billing system and usage platforms. We also invest in predictive tools to help segment our customer base and more thoroughly understand their needs and preferences. With our customers' consent, this integrated view allows us to best develop our wide range of customer acquisition and retention programmes. It also ensures that we deploy our resources based on our customers' total potential customer lifetime value.

Our knowledge of our customers' cable TV genre preferences also enables us to offer related services to them. For example, through our customers' choice of content packages, we can identify sports fans, families with kids, movie lovers and Chinese entertainment enthusiasts who might be interested in related services. We can then target our selling efforts more accurately across our mobile, cable TV and Internet value-added services to these groups of customers to appeal to their specific interests.

Single Point of Sales and Customer Service. Our sales and customer service operations are organised to provide a "one-stop shop" for all of our products and services. For example, we have a single customer service hotline for all our services. StarHub shops and selected dealers' outlets offer the entire suite of products and services. Providing a single point of sales and customer service contact not only delivers operational efficiency, but also allows us to increase the potential value of each interaction with our customers by being able to conveniently address all of their needs at one time.

Single Rewards and Recognition Programme. In September 2003, we established a comprehensive suite of customer loyalty rewards and recognition programmes to support our cross-selling and upselling strategy. These include:

- Hubber bonus Hubber Bonus – Incremental benefits, such as premiums and discounts, are extended to current customers who purchase a second or third service from us. These are in addition to the prevailing acquisition offer for that service.
- StarHub Rewards – Our integrated rewards programme which allows our customers to consolidate rewards points earned across our various products into one account.
- Hub 3 Club Hub Club – Our exclusive recognition programme for customers who subscribe to mobile, cable TV and MaxOnline. This programme provides incremental discounts and other loyalty benefits.
- Hubber exclusive Hubber Exclusives – Promotional benefits for Hubbing customers to encourage usage of more than one service across our base. For example, we offer special IDD 018 Hubber Rates for mobile and Digital Voice customers to ensure that customers on our own access platforms receive the lowest IDD 018 rates.

The goals of these programmes are to consistently convey to our customers that we value their loyalty and to increase their satisfaction with us. Our programmes also provide incentives for current customers to consider StarHub first whenever they wish to subscribe to a new service, thereby creating opportunities for us to increase household ARPU and maximise customer lifetime value.

What has Hubbing done for Us?

We initiated the Hubbing strategy immediately following our acquisition of SCV in July 2002. Since then, our Hubbing strategy has resulted in several benefits to us, including:

Increased customer loyalty and value. We have found that generally, the more services a customer buys from us, the greater the customer's loyalty. For example, mobile churn rates of our Hubbing customers are lower than those in mobile-only households. In the period from January to June 2004, mobile customers in households that subscribe for mobile, cable TV and MaxOnline services were 24% less likely to churn than those in homes which only subscribe for mobile services. In addition, there is a correlation between Hubbing and increased ARPUs. For example, mobile customer ARPU in households that purchase mobile, cable TV and MaxOnline services was 7% higher than ARPU in mobile-only households during the period from January through June 2004. Cable TV ARPU in these same households that purchase mobile, cable TV and MaxOnline services was 11% higher than ARPU in cable TV-only households over the same period.

Cost Efficiencies. Our Hubbing strategy allows us to achieve greater cost efficiencies and operating leverage in several ways:

- By promoting our suite of services as a package as opposed to promoting single services, we save on our advertising and promotions costs.
- By focusing on upselling our existing customer base, as well as centralising our retention and rewards efforts, we have more efficient acquisition and retention costs.
- Hubbing allows us to save on our promotional costs as we are able to leverage on our cable TV's content promotions to highlight related value-added services. For example, by advertising cable TV's UEFA Euro 2004 coverage on our Green Pre-paid Top-Up Cards or HomeConnect cards, we not only have an effective advertising medium, our cards are also more visually appealing without additional costs.

Cross Selling. We have also achieved good cross-selling results from our Hubbing strategy. For example, our Hubbing index for the average number of mobile, cable TV and MaxOnline subscriptions in each customer household subscribing to mobile, cable TV and/or MaxOnline has increased from 1.63 in December 2002 to 1.87

in June 2004. Households subscribing to at least two services out of our combined customer base for mobile, cable TV and MaxOnline grew from 30% in December 2002 to 39% in June 2004. Our Hubbing index is calculated by adding the total number of mobile line subscriptions, the total cable TV households and the total MaxOnline households, divided by the total number of StarHub households.

Brand Equity. Our brand equity has also strengthened. We believe that the StarHub brand is now well-established and highly visible, and has achieved a high degree of customer recognition and attachment. We are also a brand leader among the youth. In an online survey, StarHub was named amongst the top ten brands for youths aged 15-24, alongside icons such as Nike, Nokia, Adidas and Sony.

Business Markets

Our Business Markets unit is divided into two divisions, wholesale and business.

Wholesale

Our wholesale group seeks to maximise the return on investment and increase operating leverage by marketing and selling capacity on our core fixed network. For example, we sell spare capacity in our international network to voice operators, thereby increasing our IDD traffic volume and lowering our effective cost of offering IDD services.

Our wholesale group is responsible for StarHub's relationship with FBOs and SBOs. Currently our wholesale group provides products and services to 25 high value FBO and SBO customers, including major international telecommunications companies, regional telecom operators, local fixed and mobile operators, ISPs and a variety of value-added service providers. Due to these customers' high profile and because they are often both a customer and competitor, we manage each relationship with experienced senior account managers.

The primary source of revenue for our wholesale group is from the sale of our range of core fixed network products and services to FBOs and SBOs. Our wholesale products are focused on bandwidth and non-voice services, Internet protocol ("IP") transit and International transit (IDD Transit), plus specific customer offerings including DLC, ATM, Ethernet leased line, International Private Leased Circuits, Internet Exchange, Backhaul and Facilities Management.

The wholesale group's sales strategy is to become the preferred supplier of domestic services and to provide the best alternative to the incumbent operator. For example, we entered the market as a competitor to the incumbent for backhaul services in 2002.

Business

Our business group is responsible for marketing and selling our products to the commercial sector in Singapore. This sector represents an important opportunity for revenue growth for us. When we first launched in April 2000, our initial strategy was to focus on promoting diversity of suppliers for telecommunications services. We believe we have since established a reputation for being creative, customer-focused and offering cost-effective solutions and reliable, high-quality connectivity. Today, we believe we represent a viable alternative for companies desiring quality info-communications products and services.

We focus on customers in selected market segments and tailor our solutions to meet the needs of those customers. Specifically, we concentrate on the following industries: banking and finance, manufacturing, hospitality, heavy industries and property, Japanese multinational companies, IT and media and the public sector. We also focus on small and medium enterprises ("SMEs") as a distinct sector.

Our business markets strategy is built around five core products (data, Internet, Voice/IDD, mobile and cable TV), four business solutions and three professional services that we offer to customers in our targeted market segments. (See "— Our Products and Services" for a description of our core products.)

Business Solutions. Our business solutions are consistent with our Hubbing strategy as they are designed to combine the complementary strengths of our individual products and services into packaged solutions for our corporate customers. Our primary solutions currently are the following:

- Mobility Solutions – Designed to maximise the benefits of mobile messaging and mobile access, with solutions, such as Blackberry, designed to facilitate access to information and services for people "on the move".

- Security Services – We recently introduced a managed email security service powered by MessageLabs.
- Information & Entertainment Services – We bundle our cable TV service with other voice, data and mobile services to appeal to the hospitality and entertainment sectors.
- Global Managed Services – We distribute a range of fully-managed networks offering a comprehensive suite of voice, data and IP-based services to over 70 countries, including major cities around the world.

Business Services. In addition to providing our core products and business solutions, we provide value-added professional services to our customers. These include technical consultancy, project management and service management. All these professional services are related to network services.

Sales Channels. The sales and support teams for our business markets group are divided into two segments: corporate and SMEs. To better understand the specific needs of our customers in their individual businesses, our corporate team is aligned by industry; banking and finance, manufacturing, hospitality, heavy industries and property, Japanese multinational companies, IT and media and the public sector. This facilitates the development and delivery of segment-specific solutions and services. We market to SMEs through three channels: StarHub shops, telesales and channel partners. The telesales team focuses on outbound calls, while a select group of channel partners help to increase reach and generate additional revenues from our fixed assets.

Our Products and Services

Mobile

Introduction

Since our launch in April 2000, we have been the fastest-growing mobile operator in Singapore. As the last entrant in a mobile market that already had two entrenched operators, our strategy has been to differentiate our services from the outset and grow our business by offering easy to understand pricing plans, value-for-money and innovative services. We have also built highly effective direct and indirect sales distribution channels and developed extensive content partnerships. We have contributed to the increase in the overall mobile market penetration from 50.7% at the time of our launch, to 87.4% as at 30 June 2004, and have captured market share from the incumbent operators. Our market share has increased rapidly, from 0% when we launched in April 2000 to 28.2% as at 30 June 2004. In 2003, revenue from our mobile business was S$559.5 million.

At the time of launch, our key differentiators were “free incoming calls” and “per second billing”. The introduction of “free incoming calls” was particularly significant because Singapore was, and still is, a mobile-party-pays regime. In addition, we differentiated ourselves from the competition with per second billing, while the other operators round charges up to the nearest whole minute, followed by a six-second block. Two years later, we added the air-time rollover feature, where customers can carry unused bundled free minutes into the next month. As at the date of this document, we are the only operator in Singapore to offer this feature. We believe that these innovative features were a primary reason for our rapid growth. We have continued to focus on providing what we believe to be the “best” value proposition with the addition of free IDD calls to USA, China, Hong Kong and Malaysia for our mobile customers, and, more recently, to Thailand and Taiwan. In effect, our customers can use their mobile phone to call these countries while enjoying rates as if it were a local mobile call. We market these innovative features based on “fair” pricing and the “best” value propositions.

Customer Base

As at 30 June 2004, our customer base consisted of a total of 1,029,000 customers, of which 663,000 were post-paid and 366,000 were pre-paid customers. Based on IDA statistics, as at 30 June 2004, this represented 28.2% of the total number of Singapore mobile customers or 26.0% of all post-paid mobile customers and 33.0% of all pre-paid mobile customers. Since our launch, our customer base has grown quickly in both the post-paid and the pre-paid segments. In the post-paid segment, we have seen a compound annual growth rate of 37.9% and in the pre-paid segment, a compound annual growth rate of 183.2% between December 2000 and December 2003. Collectively, our customer base has grown at a rate of 53.3% exceeding the 12.5% compound annual growth rate of the Singapore mobile market over the same period.

Despite the highly competitive nature of the market, we have been able to improve our average monthly churn rates from 1.3% in 2001 to 1.1% in 2003.

The following table sets out selected information relating to our mobile customer base as at the dates indicated below:

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Number of mobile customers (in thousands):					
Post-paid	381	505	606	554	663
Pre-paid	79	135	269	193	366
Total	460	640	875	747	1,029
Number of mobile customers in Singapore (in thousands) [(1)]	2,859	3,245	3,477	3,336	3,656
Singapore mobile penetration [(1)]	69.2%	77.8%	83.1%	79.7%	87.4%
StarHub's share of the net market increase	52.2%	46.7%	101.1%	116.4%	86.3%
Market share	16.1%	19.7%	25.2%	22.4%	28.2%
ARPU with IDD included (S$ per month):					
Post-paid	84	71	71	71	72
Pre-paid	7	19	21	22	22
Minutes of use (in millions):					
Post-paid	3,245	3,333	4,016	1,982	2,148
Pre-paid	19	78	177	80	147
Average monthly churn rate (post-paid)	1.3%	1.2%	1.1%	1.3%	1.0%

Note:
(1) Source: IDA.

Youth and young adults comprise a key segment for us because they generally have a greater inclination to sample and use new services, including in particular non-voice services. According to an ACNielsen Media Index, from 2001 to 2003 we had the fastest growth rate among youth and young adults from 15 to 29 years of age.

Customer Usage

The following table sets out the average usage per customer per month of our post-paid mobile services for the periods indicated:

	Year ended 31 December (unaudited)			Six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Average monthly post-paid outgoing minutes per customer	279	230	217	220	213
Average monthly post-paid incoming minutes per customer	521	428	386	401	347
Average monthly SMS per post-paid user (originating)	82	94	118	118	128

In 2003, our post-paid customers spent an average of 603 minutes per month on their mobile phones, compared with the average of 288 minutes per month for customers of our two competitors. We believe our customers' higher usage is due to the value that our service plans offer.

Post-paid Mobile Services

We offer a range of post-paid mobile service plans targeted at different segments of the market. Customers whose primary need is for voice communications most often subscribe to PowerPlay and PowerTalk plans as these plans have a greater emphasis on bundled airtime. As at 30 June 2004, approximately 53% of our post-paid customers subscribe to PowerCall, PowerPlay and PowerTalk plans. On the other hand, customers who are heavier SMS users are more inclined to subscribe to plans that have more bundled SMS in their packages, such as PowerChat and MTV Code. As at 30 June 2004, approximately 46% of our post-paid customer base subscribes to these plans. To cater to the market segment of customers who prefer free incoming calls during weekends and service plans with a combination of free bundled minutes and SMS, we introduced our PowerNow plans in June 2004.

In addition to bundled airtime and SMS, our service plans also include a number of value-added services and offer several unique features:

- Free incoming calls in a mobile-party-pays regime;
- Free IDD 018 calls to Thailand, Taiwan, USA, China, Hong Kong and Malaysia;
- Per second billing;
- "All Day Flat Rate";
- Airtime rollover;
- Conversion of free SMS to free MMS; and
- Free bundled SMS.

The following table summarises our current principal post-paid service plans:

Mobile Service Plan	Published Monthly Subscription Fee	Free Minutes (per month)	Airtime Charge (per second)	Features
PowerCall	S$29.40	160 mins Outgoing + Unlimited Free Incoming Calls	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia • Unlimited free incoming calls
PowerPlay II	S$29.40	80 mins Outgoing + Unlimited Free Incoming Calls	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia • Unlimited free incoming calls • 300 free local SMS
PowerTalk II	S$92.40	680 mins Outgoing + Unlimited Free Incoming Calls	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia • Unlimited free incoming calls • 300 free local SMS
PowerChat 100	S$29.40	100 mins Outgoing + Free Incoming Calls (Day/Night)	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia • Choice of free incoming calls (day/night) • 900 free local SMS • Airtime rollover
PowerChat 300	S$50.40	300 mins Outgoing + Free Incoming Calls (Day/Night)	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia • Choice of free incoming calls (day/night) • 900 free local SMS • Airtime rollover
MTV Code	S$34.65	100 mins Outgoing + Free Incoming Calls (Day/Night)	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia

Mobile Service Plan	Published Monthly Subscription Fee	Free Minutes (per month)	Airtime Charge (per second)	Features
				• Choice of free incoming calls (day/night) • 1,000 free local SMS • Airtime Rollover • 1MB free Gee! usage • Free entertainment information (Vibez) • Privileges at merchants' outlets
PowerNow 160	S$21.00	160 Incoming and Outgoing mins + Free Weekend Incoming Calls (Friday 7.00 p.m. to Sunday 11.59 p.m.)	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia • 360 free local SMS • Airtime rollover
PowerNow 800	S$81.38	800 Incoming and Outgoing mins + Free Weekend Incoming Calls (Friday 7.00 p.m. to Sunday 11.59 p.m.)	0.2625 cents 15.75 cents per minute	• Per second billing • Free IDD 018 to Thailand, Taiwan, USA, China, Hong Kong and Malaysia • 360 free local SMS • Airtime rollover

Pre-paid Mobile

Our pre-paid mobile business has been one of the fastest growth areas of StarHub. We launched our pre-paid mobile service under the brand name "Green" in October 2000. Green is targeted at two key segments, the youth and infrequent users. The key elements of our pre-paid mobile business are:

Innovative Pricing Provides Good Value. To appeal to the youth segment, we were the first operator to offer free bundled SMS, as well as to price pre-paid SMS at the same rate as post-paid SMS. To encourage usage, we also introduced a reduced second-minute charge and per second billing. We have further enhanced our offerings with free IDD calls to USA, China, Hong Kong and Malaysia. As a result of these strategies, our pre-paid ARPU increased by 214.3% and our customer base grew by 365% between December 2001 and 30 June 2004. More recently, we have extended free IDD calls to Thailand and Taiwan.

Extensive Retail Distribution Network. We have an extensive distribution network of over 1,600 locations where customers can purchase and/or top up their Green pre-paid cards. These include retailers such as 7-Eleven and Watsons that have extensive retail outlets across Singapore. Our customers can top up the credits in their Green pre-paid cards conveniently in a variety of ways, via:

- Green top-up cards from our retail distribution network;
- Electronically at automated teller machines, self-service automated machines, multimedia transaction terminals and through the Internet;
- SMS if they have bank accounts with selected banks; and
- Green Hubber Top Up plan for automatic monthly top-up through the post-paid mobile, cable TV and MaxOnline bill.

Product Enhancements. We also offer roaming and additional value-added services such as call tones and voice mail. We also intend to offer MMS, GPRS and 3G related services in the future for pre-paid customers.

Marketing Initiatives. Our pre-paid marketing programmes complement our Hubbing initiatives. For example, we have created collectible pre-paid top-up cards with popular themes which include images of stars from World Wrestling Entertainment, UEFA Euro 2004 and others.

International Roaming Services

As at the end of June 2004, we had entered into roaming agreements with 242 mobile operators worldwide. Through these agreements, we provide our customers with roaming service in more than 200 countries and territories. In addition to voice roaming, we also offer data roaming in more than 80 countries and territories through GPRS/MMS roaming. This enables our customers to continue to access non-voice services such as email, MMS and Internet access in these destinations. We also have a range of value-added services for inbound roamers on our network. Inbound roaming customers enjoy the benefits of our per second billing and they also enjoy convenient use of our WiFi broadband access at our WiFi hotspots around Singapore. In addition, these customers also have access to our Local Direct Call service, which offers a substantial savings for calls made to other mobile users on the StarHub network including StarHub mobile customers and inbound roamers.

International Call Services

We offer IDD services to our customers via IDD 008 and IDD 018 services. With IDD 008 and IDD 018, we offer IDD connections to over 230 destinations. We have utilised "free" IDD 018 to selected countries as key selling propositions for our post-paid and pre-paid mobile services. The caller pays local airtime with no incremental charge for the international portion. The service was first launched in 2002 for IDD calls made to Malaysia, and was expanded to include China, Hong Kong and the United States in 2003. This service has been popular among our customers. More recently, we have extended free IDD calls to Thailand and Taiwan.

Non-Voice Services

The non-voice services usage of mobile phones has grown rapidly to 15.2% of blended ARPU as at 30 June 2004 due primarily to increased SMS usage. The total number of SMS messages carried by our network has grown from 448 million in 2001 to 2,340 million in 2003. The total number of MMS messages, which were first offered in late 2002, has grown from 0.9 million MMS messages carried by our network in the first half of 2003 to 4.1 million in the first half of 2004. GPRS traffic has grown by 176% from 300 Giga-bytes in the first half of 2003 to 700 Giga-bytes in the first half of 2004. Data revenue together with GPRS and non-voice subscription fees contributed to 13.6% of our blended ARPU in 2003. GPRS and MMS revenue alone has registered an increase of over 400% in the first half of 2004 as compared with the first half of 2003, and a growth of 101% during the first half of 2004 as compared with the second half of 2003.

We encourage our customers to use non-voice services through our bundled price plans. Aside from PowerCall, all of our service plans come bundled with free SMS that can be automatically converted to free MMS giving customers full flexibility. Our customers' usage of messaging has increased over time. All customers who purchase a data-enabled handset are also provided with pay-as-you-use Gee! Lite service and MMS.

Our mobile non-voice services are focused in four key areas:

- *Information Services* — We offer a range of information services over SMS, MMS and GPRS platforms. Available content covers a wide range, including sports, news and location-based services.
- *Messaging Services* — In addition to standard SMS and MMS services we offer a range of value-added services including Group SMS/MMS and Magic Message. We also introduced an innovative (first mobile operator in Singapore) service called WebSMS, which allows any Internet user anywhere in the world to communicate with a StarHub mobile customer by sending and receiving a WebSMS from our website.
- *Entertainment Services* — We offer entertainment, including ring-tone, call tones, logo and icon downloads and games. We were the first operator in Singapore to offer real-time network Java games which allows users to play against players in the U.S. and Europe.
- *Enterprise Services* — A key element of our mobile data strategy in the business segment is push e-mail. We have made successful inroads into the corporate market with the introduction of push email solutions such as RIM's Blackberry. We were the first operator in Singapore to provide the Blackberry service. Blackberry was launched in June 2003, first to corporate customers and later to smaller businesses and individuals. To enrich our Blackberry service offering, we also introduced print and facsimile services for corporate customers, enabling them to print their documents from the Blackberry device on any fax machines in the world. To extend our enterprise segment services we launched SMSOffice. This service allows users to compose messages from their desktops and to send them as SMS messages to mobile phones. SMSOffice also features a broadcast tool that enables questions to be

sent by SMS and e-mail with responses compiled in an easy-to-read spreadsheet. For instance, an invitation to a meeting may be sent to a group of users, after which the responses are compiled into a spreadsheet for a quick review.

Our mobile non-voice services are also marketed to sell to the corporate and government sectors and we have had several significant accomplishments in these sectors:

- CityCab Contract — We were awarded a contract to provide GPRS connectivity for CityCab's Taxi Despatch System.
- The HDB Contract — We entered into a contract in December 2003 to facilitate HDB's lift monitoring project. This service allows immediate notifications to HDB's headquarters via GPRS to automatically alert technicians of lift failures.
- During the SARS crisis in May 2003, we coordinated with multiple government organisations and taxi companies to develop a SARS contact tracing system to trace visitors to business establishments and other destinations. If a SARS case was diagnosed at a given location, others who had visited the same location could be contacted. Similarly, if a taxi driver was diagnosed it provided a record of passengers that had been in contact with the driver. This programme was commended in 2004 by the GSM Association.

3G Mobile Services

We expect to launch StarHub's 3G nationwide network before the end of 2004. With 3G's higher bandwidth and speed, customers will be able to experience more sophisticated, interactive and graphic-intensive applications and richer call experiences. 3G technology will also support applications for the following:

- Audio & Video — movies, sports, music and news.
- Enhanced Messaging Services — video mail and video messaging.
- Interactive Games — real time fast action interactive games.
- "Rich" Calls — video calls and Surf-and-Talk (voice calls with data surfing simultaneously).
- Enterprise Services — corporate data access using 3G, GPRS and WiFi.

We believe that we will be at a competitive advantage in mobile non-voice services over GPRS and 3G networks because of our ability to leverage our content expertise and associations in the cable TV and ISP areas.

Competition

With Singapore mobile penetration at 87.4% as at 30 June 2004, the rate of growth for mobile penetration will be lower than in previous years. To grow our business, we will need to gain market share from our competitors, as we did in 2003, when we took 101.1% of the net additions in the mobile market.

We expect aggressive competition from the incumbent operators on acquiring new customers and retaining our existing base. We will continue to rely on our key strengths of product innovation and our Hubbing strategy to address the competition.

Growth Opportunities

Growth in our customer base is expected to come from cross selling mobile services to our cable TV and broadband customers. We also believe there are opportunities for ARPU growth with increased usage of non-voice services, especially with the introduction of 3G and our content Hubbing strategies. We will continue to migrate fixed line traffic to grow the overall mobile revenue and customer base as we had done with the introduction of free IDD 018 over mobile, thereby getting customers to switch their overseas calls from fixed line to mobile.

Cable TV Services

Introduction

Our cable TV services for the residential market are provided over our hybrid fibre-coaxial network. As at 30 June 2004, our cable TV customer base totalled 393,000 households, representing a penetration rate of 36.3% of total households. As at 30 June 2004, 84.8% of revenue in cable TV was earned from consumer subscriptions whilst 6.5% was earned from business subscriptions. Advertising revenue represented 5.6% of total cable TV revenue in 2003 and has grown at a compound annual growth rate of 26.8% per annum over the past three years. In 2003, revenue from our cable TV business was S$211.4 million.

Cable TV for Consumer Markets

In Singapore, dwelling types are divided into two primary categories:

- *Private Residential* — single dwelling units (such as landed properties) and condominiums and private high-rise developments; and
- *HDB Properties* — Government-built high-rise dwellings.

These two dwelling types represent approximately 19% and 81% of total households in Singapore as at 31 December 2003. Households in private residential properties tend to have higher income and have traditionally been the strongest sector for cable TV services, with a penetration of approximately 52% as at 30 June 2004. This is compared with a penetration of approximately 32% in HDB properties as at the same date.

The following table sets forth information relating to our residential cable TV customer base as at the dates indicated:

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Percentage of homes-passed [(1)]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of cable TV customers (in thousands)	303	355	380	365	393
StarHub's penetration	29.4%	33.4%	35.3%	34.3%	36.3%
ARPU (S$ per month)	43	42	42	43	40
Average monthly churn rate	1.0%	0.9%	1.0%	0.8%	0.8%

Note:

(1) Percentage of homes-passed means total number of cable-ready homes divided by the total number of homes in Singapore. The information on the total number of homes in Singapore is as reported by SingStats. The total number of homes for the six months ended 30 June 2003 and 2004 is based on information as at the end of the relevant preceding year.

Cable TV for Business Markets

We also offer multi-channel Cable TV services to businesses using two access methods. The majority of our business customers are served by wireless UHF and MMDS networks, which offer two UHF channels and ten MMDS channels. Businesses located in cable-ready commercial buildings also have the option of subscribing to the same full suite of channels available to residential customers. We will be replacing the UHF and MMDS platforms with a Digital Terrestrial Television ("DTTV") platform. We expect that the DTTV network will be in place and customers will be transitioned to the new platform in 2005. We believe that the capital expenditure required for the DTTV platform will amount to less than S$10 million.

Our subscription rates for businesses are uniform across our various delivery platforms. These are charged according to the number of rooms (for hotels) or number of TV sets (for other business customers). The minimum charge for hotels is S$10.80 per room per month, determined by the number and type of channels subscribed. Certain hotels can also request permission to install TV Receive Only ("TVRO") satellite dishes from the Singapore Government. In such cases, we also receive a monthly subscription fee for the channels we hold rights to. For other business customers, the minimum monthly charge is S$75 per TV set and the rates are dependent on which channels/packages they subscribe to.

As at 30 June 2004, we had approximately 1,800 cable TV business customers, comprising primarily of hotels, entertainment outlets and corporations. Penetration in hotels was 75.8% and accounted for 52% of cable TV revenue from business markets in 2003.

Programming

We currently offer 50 channels of local and international programming on our analogue platform and 64 channels on our digital platform. The international channels comprise 52 turnaround channels and four channels

that we package – VV Drama, E City, SuperSports and HubTV. We also carry seven local and one Malaysian free-to-air channels on our network. We believe that we have established excellent relationships with our content partners over the years. For instance, we have had content partnerships with HBO, TVB and CNN since 1991 and with Discovery, MTV, ESPN and STAR Sports since 1995.

To meet the diverse needs of the multi-ethnic Singapore market, we have a broad range of content. We expanded our cable TV channel selection when we launched the digital platform at the end of May 2004. We also intend to create new packages to encourage subscription. Our programming is structured around the following key categories:

- *Education* — We offer high-quality educational content including Discovery, Animal Planet, National Geographic and Discovery Travel and Adventure. These channels form the "Education" basic group which is our most popular subscription group. Our digital service offers more of such educational content through our "Education – Digital" group which is made up of Discovery Health, Discovery Science and Discovery H & L.
- *Chinese Entertainment* — Strong Chinese language content is critical due to the predominance of Chinese-speaking households. There are 13 Chinese channels in the line-up currently. One of the channels, TVBJ which is in Cantonese, is the only channel in Singapore that is broadcast in a Chinese dialect.
- *Sports* — Sports is a key subscription driver for cable TV, both in the residential and business markets. We carry two turnaround sports channels, ESPN and STAR Sports, and package our own SuperSports channel. These three channels cover most major international sporting events that are of interest to our customers. We are currently in discussions with ESPN STAR Sports ("ESS") to finalise the terms of an agreement relating to the broadcast of live English Premier League ("EPL") football matches and related football programming on our ESPN and Star Sports channels. We reached an understanding with ESS in late August 2004 on the key commercial terms, including the price payable to ESS for the right to broadcast live EPL football matches and related football programming through to the 2006/2007 season. In our negotiations with ESS, our primary objective was to manage the price payable to ESS for the EPL broadcast rights as we would like to ensure that the anticipated ensuing increase in subscription fees to our customers who subscribe to these channels would remain within a reasonable price range. We believe that the increase in price payable to ESS for the EPL broadcast rights will not have a material impact on our financial performance. There has been no disruption to the broadcast of live EPL football matches over our ESPN and Star Sports channels during the course of our negotiations with ESS.
- *News* — We offer some of the most recognised and popular international news brand names in our news suite. BBC World, Bloomberg Television, CNBC Singapore and CNN provide 24-hour international news in English. Chinese news focusing on news developments in the region are provided on news and infotainment channels such as CTI TV and Phoenix Chinese Channel.
- *Kids* — We currently offer four popular kids' channels in our line-up, Cartoon Network, Nickelodeon, Disney Channel and Playhouse Disney.
- *Movies* — Movies have traditionally represented a key component of our cable TV offerings. The three premium movie channels we currently offer on our analogue service, HBO, Cinemax and STAR Movies, showcase blockbusters from all the major Hollywood studios. In addition, we offer two channels of classic movies on our digital service – MGM and Turner Classic Movies.

StarHub Content Packaging

In addition to turnaround channels, we also package four channels in-house — VV Drama, E City, SuperSports and HubTV. We created these channels to better satisfy the viewing preferences of local viewers, that may otherwise not be met by turnaround channels. Our strategy is to select overseas programmes that would be of the most interest to local viewers and offer these on our self-packaged channels to complement our range of turnaround channels.

- *VV Drama* — Our 24-hour premium Chinese language channel, VV Drama was created to meet local viewers' demand for drama serials. The majority of the drama serials are acquired from TVB, the leading producer of Chinese dramas in Asia.
- *E City* — Our 24-hour Chinese entertainment channel, E City, complements the Chinese entertainment programmes on the turnaround Chinese channels. It has a mix of content ranging from Chinese movies, Taiwanese variety shows, Japanese animation and Korean and Japanese dramas.

- *SuperSports* — Our sports channel complements the programming on ESPN and STAR Sports. We feature popular wrestling programmes such as WWE, as well as a wider range of international soccer leagues that are not available from ESPN and STAR Sports. We also feature other mainstream sports such as tennis, golf and athletics, as well as Asian popular sports like badminton and table tennis.
- *HubTV* — HubTV is a demonstration of Hubbing, and was the first dedicated interactive SMS and MMS channel in Singapore. The channel is viewed free by all cable TV customers, allowing them to take part in chats, polls and contests by sending SMS and MMS messages from their mobile phones. The messages are shown on screen along with the programme. We extend this Hubbing experience to the personal computer using HubTV Online, which allows our email customers to participate on Hub TV via the Internet.

Service Plans

We provide a range of service plans aimed at providing an affordable entry price, with a number of optional packages available to meet our customers' specific requirements. This structure allows for a lower entry barrier for budget-conscious customers while providing us the opportunity to sell to these customers additional premium channels and packages to increase revenues per household.

We offer six basic groups of channels from which a customer chooses a minimum of three groups for S$20. In addition to the basic entry package, customers may purchase extra programmes from additional programme tiers such as "Basic Plus", "Enhanced", "Premium", "Digital Groups" and "Specialty Channels". A basic subscription is also required before a customer can purchase a pay-per-view package. We offer five "combo" packages known as "Value Packs", which are priced between S$36 and S$95.

A summary of the various programme tiers and the channels offered in each is provided below:

Programming Tier	Published Monthly Subscription Fee	Channels
Basic	• 3 groups for S$20 • 4 groups for S$24 • 5 groups for S$27 • 6 groups for S$29	• World News: CNN, BBC World, CNBC Singapore, Bloomberg Television • Education: Discovery, Animal Planet, National Geographic, Discovery Travel and Adventure • Entertainment: AXN, Hallmark, MTV SEA, STAR World • Kids: Cartoon Network, Nickelodeon, Disney • Chinese Infotainment: TVBS Asia, CTI TV, Phoenix Chinese, MTV Mandarin • Chinese Entertainment: E City, Asia Plus
Basic Plus	• S$6 per group • S$8 per group	• Chinese Plus: TVB8, Jet TV • Sports: ESPN, STAR Sports, SuperSports
Enhanced	• S$4 per channel	• Playhouse Disney • Sun TV • TVRI
Asia	• S$8 per channel	• CCTV4 • Celestial Movies • STAR Chinese Movies • TVBJ • VV Drama • Star Plus
International	• S$15 per channel	• NHK World Premium • TV5 Monde • Deutsche Welle (on digital only) • VOA – TV (on digital only)
Premium	• S$12 per channel	• HBO • Cinemax • STAR Movies
Digital Groups	• S$8 per group	• Education – Digital: Discovery Health, Discovery H & L, Discovery Science • Entertainment – Digital: E! Entertainment, MGM, Reality TV, Soundtrack
Sports Extra	• S$25 per channel	• ESPN STAR Sports Cricket
Specialty Channels	• S$8 per channel	• ABC Asia Pacific • Arirang TV • Turner Classic Movies • Zee TV
Others	• Free to all cable TV customers	• Hub TV • 7 local free-to-air channels • 1 Malaysian free-to-air channel

Digital Cable TV

Digital cable TV is based on digital compression and encryption technology, which enables us to substantially increase the number of channels our cable system can carry. Digital compression expands channel capacity by up to six times over analogue, and encryption allows better protection of video signals against unauthorised access. Our network is digital-ready, and our digital cable TV service was launched at the end of May 2004.

Based on a study conducted in December 2002, the forecast was that our digital cable TV service is likely to be well received by customers in Singapore because of the new services it will offer. Eight in ten Singaporeans surveyed indicated they were "interested" in digital cable TV, with three of the eight indicating they were "very interested".

The response to digital cable within one month of its launch has been positive. More than 10,000 customers have subscribed for digital cable TV within its first month of launch. We believe our digital cable service will contribute positively to our cable TV ARPU as customers will need to pay between S$8 and S$25 for each digital channel or tier.

Our cost for digital cable TV set-top boxes is expected to progressively decrease and be lower than our current analogue boxes. This is because analogue boxes are based on a proprietary system whereas digital set-top boxes are built to the international digital video broadcast standard. This will allow for wider sourcing from a variety of set-top box manufacturers in the future and is expected to lower prices of set-top boxes.

As our analogue platform is at its maximum channel capacity, digital cable TV's increased capacity is expected to enhance our cable TV product offering by balancing the needs of the different groups of people who would be attracted to more thematic and ethnic content.

In addition to more ethnic content, we are able to offer more content belonging to popular genres such as entertainment and education. Two of our digital channel groups include entertainment channels such as E! Entertainment, Reality TV, Soundtrack and three new Discovery channels. Niche interests are also included in channels such as ESPN Star Sports Cricket, Turner Classic Movies and MGM. We expect this to drive growth in our cable TV business, both in terms of increased penetration and higher ARPU. In addition, incremental ARPU will also be generated through the ability to introduce new value-added services over the digital cable TV platform.

The following is a summary of the key benefits and value-added features of digital cable TV. With the exception of near video-on-demand ("NVOD"), games and Hubbing services, these features were available at launch. The others will be added progressively within the first year after launch.

- *More Cable Channels* — Digital cable will increase our channel capacity to approximately 130 channels, allowing us to provide greater programming choices to customers. This increased capacity will also allow for a broad range of programming, including turnaround channels, NVOD channels and multiplex channels with time-shifted schedules allowing customers to select from a number of scheduled start times.
- *Specialty Channels* — Increased channel capacity also gives us the flexibility to expand our range of special interest channels, including programming targeted at specific nationalities, ethnic groups and interest groups such as sports enthusiasts. This is particularly important given Singapore's multi-cultural population.
- *Pay-Per-View ("PPV")* — We expect to devote six channels to event-based pay-per-view. PPV will allow us to customise packages to meet the special interests of customers. These PPV packages could comprise sports, movies and other entertainment events, including concerts and boxing. PPV will also allow creative coverage of major events, similar to our four-channel coverage for World Cup 2002 where viewers could choose their preferred camera angles during the live telecast of the soccer matches.
- *NVOD* — Viewers may purchase and view programmes at scheduled times that are most convenient for them. These can be creatively packaged to meet the needs of different viewer segments. For example, packages could include a sports season pass, a weekend movies package and a flat-rate watch-all-you-want subscription. Customers will also be able to choose to purchase a single NVOD programme. NVOD will provide viewers increased flexibility in viewing times, access to premium and event-oriented programming and the option to tailor their purchases according to their needs.
- *Electronic Programme Guide* – The on-screen TV guide provides three days' telecast schedules so viewers can plan their leisure time better. Viewers can sort the channels in alphabetical or numerical order and can have the option to create their own list of favourite channels.
- *Info Bar* – Programme information such as synopses, names of directors and cast, programme genre and episode numbers of serialised programmes are provided. It provides the start and end times of the current and next programme. Viewers can also find out what is showing on other channels without leaving the channel they are watching. For Chinese channels, viewers have the option of viewing programme information in English or Chinese.
- *Programme Alerts* – Through the digital set-top box, viewers can set programme alerts to appear on screen to remind them to watch their favourite programme just before it starts.

- *Video Mosaic* – Viewers can preview 16 channels at a time on one screen simultaneously. Viewers can also listen to the audio track of each selected channel as they scroll through the mosaic. We believe this provides for greater sampling and will increase interest in our wide range of channels.
- *Enhanced TV* – Viewers may access and view additional information about programmes, characters and special features while watching a programme. In addition it allows for active interactive viewing by facilitating participation in contests, polls and trivia.
- *Multi-Room Chat* – Viewers may use their mobile phones to chat on pre-determined themes and also participate in polls and contests. By the middle of 2005, viewers will be able to chat using their remote control.
- *Games* – Viewers may play games on their TV set through the digital set-top box, using the remote control as the input device. Viewers can also register their gaming scores on leadership boards via SMS to be shown on screen.
- *Hubbing Services* – On our digital cable TV platform, we intend to offer communications and Internet applications. For example, customers will be able to send and receive SMS and MMS messages, and emails on TV. They will also be able to subscribe for additional channels using their remote control.

Competition

Although the cable TV market is liberalised and a second licence was put up for tender in 2003, no bids were received. Our competitive position within the pay TV market in Singapore is supported by the following:

- Consumers have access to seven local free-to-air channels.
- StarHub has strong and long lasting relationships with content suppliers.
- Prices for basic cable TV services, currently at S$20 per month, are already very competitive by international standards.

In addition, there are regulatory prohibitions on the wide-spread deployment of direct-to-home services (DTH services), such as satellite dishes, in Singapore.

While no pay TV competition exists or is currently expected in Singapore, we compete against the free-to-air channels. There are seven local free-to-air channels and a competitive programming environment exists between the five channels from MediaCorp (Channel 5, Channel 8, Central, Suria and Channel NewsAsia) and the two channels offered by SPH MediaWorks (Channel i and Channel U). To differentiate ourselves from the free-to-air channels, we will expand and enhance the content available on our analogue and digital cable TV platforms. In particular, we plan to:

- Add new channels to target specific ethnic groups such as Malays and Indians and other niche segments like sports enthusiasts as their viewing needs cannot be met by the broad-based programming on free-to-air channels.
- Provide unique programming features that free-to-air channels cannot replicate because of their rigid telecast schedules; for example, providing comprehensive sports coverage.

In addition, the MDA has recently revised the Subscription TV Programme Code to reflect more relaxed content guidelines. This change allows our present 17 pay channels to telecast content targeted at more mature audiences. This will further differentiate cable TV programming from the free-to-air channels, and encourage new subscriptions and promote customer satisfaction.

Piracy and Illegal Connections

Cable TV piracy in Singapore is currently contained, for a number of reasons. Penalties are severe for those caught selling unauthorised decoders. We successfully prosecuted an illegal seller who was given a maximum fine of S$40,000 in April 2004. We have also been successful in interrupting signals on unauthorised decoders. We are also working with local regulatory authorities to further strengthen current broadcasting laws to better protect our interests and that of our content partners. Our content partners, as well as the Cable and Satellite Broadcasting Association of Asia, have been working closely with us to educate the public against the use of unauthorised decoders.

Growth Opportunities

Growth in cable TV revenue and profitability is expected to come from a combination of growth in our customer base and growth in ARPU.

Growth in Customer Base. We are actively targeting the HDB market to grow our customer base. Reaching this segment was the main driver behind restructuring the basic tiers and offering a low S$20 entry fee. We will also continue to tailor our programme offerings to reach the ethnic segments in this market, particularly the non-English-speaking households. Given the comprehensive coverage of our broadband cable network, further market penetration is achievable with minimal incremental capital expenditure, providing us with significant opportunity for growth.

Growth in ARPU. With the introduction of digital cable TV, we expect to be able to grow ARPU from our current base of customers through:

- Offering a much broader range of specialty channels to upsell, for example programming specifically targeted at certain ethnic and international segments such as sports programming.
- Offering a wider range of services including pay-per-view and near video-on-demand to drive additional revenues.
- Revenue will also be generated from value-added Hubbing communications services such as SMS, MMS, chat and email.
- Future interactive digital cable TV features such as the Personal Video Recorder and T-commerce.

Business Growth. The conversion from MMDS to DTTV will allow us to provide a better offering to business customers in terms of both quality of service and channel selection. The current MMDS service suffers from poor signal strength in certain locations such as low floors or low lying areas. The digital characteristics of the DTTV service is expected to result in more uniform and higher quality reception, opening up more opportunities for businesses we are currently unable to serve with MMDS. In addition, the wider channel selection with DTTV will also make the service more attractive than MMDS.

Internet Access and Value-Added Services

Introduction

Our Internet access offerings comprise a complete range of products and services, from residential broadband Internet access over our broadband cable network to dial-up (narrowband) access to public wireless broadband access. Our Internet services include value-added services, such as Digital Voice, our residential fixed line voice service, email and other lifestyle services. Our residential broadband Internet access service, marketed under the brand name MaxOnline, is our core product and main revenue driver of our Internet services. In 2003, revenue from MaxOnline was S$91.7 million.

MaxOnline

MaxOnline is the brand name for our suite of residential broadband Internet access services (MaxOnline 1500, MaxOnline 3000, MaxOnline FlexiSurf 1500) delivered over our HFC network. As at 30 June 2004, our MaxOnline customer base totalled 177,000 households, representing a penetration rate of 16.3% of cable-ready households, and a market share of 43.6%. The following table sets forth information relating to our MaxOnline customer base as at the dates indicated:

	As at and for the year ended 31 December (unaudited)			As at and for the six months ended 30 June (unaudited)	
	2001	2002	2003	2003	2004
Percentage of homes-passed [(1)]	97.2%	99.1%	99.2%	99.4%	99.9%
Number of broadband customers (in thousands)	80	103	150	122	180
StarHub's penetration	7.6%	9.5%	13.6%	11.1%	16.3%
ARPU (S$ per month)	60	59	56	59	53
Average monthly churn rate	0.7%	1.5%	1.4%	1.2%	1.1%

Note:

(1) Percentage of homes-passed means total number of cable-ready homes divided by the total number of homes in Singapore. The information on the total number of homes in Singapore is as reported by SingStats. The total number of homes for the six months ended 30 June 2003 and 2004 is based on information as at the end of the relevant preceding year.

MaxOnline Service Plans

MaxOnline offers two subscription-based service plans with download speeds of from 1.5 Mbps (MaxOnline 1500) to 3.0 Mbps (MaxOnline 3000). MaxOnline 1500 and MaxOnline 3000 are targeted at households that desire broadband connectivity, and we believe these plans are especially appealing to the growing number of home networking households with multiple users.

Singapore's broadband penetration is growing rapidly, but a significant active base of dial-up users remains in the market. We launched a "pay as you surf" service, MaxOnline FlexiSurf 1500, in March 2004 to specifically target the base of consumers that currently use dial-up connections, as well as individuals with only an occasional need for broadband access. MaxOnline FlexiSurf 1500 lets these customers enjoy the benefits of occasional broadband Internet access at a lower overall cost than with the regular service plans. It caters to the needs of potentially a new segment of households with occasional needs for broadband access. Two examples would be, families with younger school-going age children where parents prefer to have broadband access only during the weekends and school holidays, and individuals that regularly travel and are away from home for extended periods. We believe that our ADSL competitors will be unable to match this offering as it is based on the unique nature of our cable modem provisioning approach.

MaxOnline Plans	Published Subscription Fee	Features
MaxOnline 1500	S$56 / month	• supports download speeds of 1.5 Mbps • supports home networking for both wired and wireless homes (WiFi)
MaxOnline 3000	S$76 / month	• supports download speeds of 3 Mbps • supports home networking for both wired and wireless homes (WiFi) • bundled with Motorola's cable modem SBG1000 integrated gateway, with additional features such as firewall protection and print server capabilities
MaxOnline FlexiSurf 1500	S$2.50 / day	• pre-paid "Pay as you Surf" flexibility • supports download speeds of 1.5 Mbps • supports home networking for both wired and wireless homes (WiFi)

MaxOnline Product Milestones

Since its launch in December 1999, MaxOnline has been a leader in the broadband market having achieved a number of key "firsts":

- With the launch of MaxOnline 3000 in May 2003, we were the first to offer download speeds of 3 Mbps, the highest download speed available for residential broadband Internet access service in Singapore.
- We extended home networking support across all MaxOnline service plans in January 2004. With this, MaxOnline was the first to offer home-networking across all our residential broadband access service plans.
- MaxOnline FlexiSurf 1500, our pre-paid product, was launched in March 2004. This is the first pre-paid residential broadband Internet access offering in Singapore and amongst the first in the region.

Key Propositions For MaxOnline

The key propositions for our broadband Internet access service are:

- *Highest Speeds* — MaxOnline offers high download speeds from 1.5 Mbps (MaxOnline 1500) to 3 Mbps via MaxOnline 3000. With this, MaxOnline 3000 is the service that provides the highest download speed amongst all residential broadband Internet access services in Singapore. MaxOnline also has the capacity to offer even higher download speeds as our HFC network is capable of delivering download speeds in excess of 40 Mbps. (See "— The StarHub Network" for more information about our network capabilities.)
- *"Truly Broadband, Truly Unlimited"* — MaxOnline provides an "Always On" Internet connection across all price plans as there is no time or usage limitations.

- *Simple Service Plans* — We offer simple subscription plans at flat-fees, without the complications of usage-based billing across all our service plans.
- *Comprehensive Support for Popular Personal Computer Systems* — Our services can be operated on almost all operating systems of personal computers, including Microsoft Windows, Apple/Mac and Linux.
- *Ease of Use with "Cash and Carry" Fulfilment* — The comprehensive coverage of our broadband cable network allows for convenient self-installation of cable modems through our "cash and carry" programme. In addition, the quality of the network is revealed in the high success rate in 2003 of over 90% of our "cash and carry" self-installations being successfully completed by customers without the need for technical assistance from StarHub. This "out-of-the-box" experience is appreciated by our customers.
- *Ease of Use for Home Networking* — The ease of use or "plug and play" feature of MaxOnline is extended to our support for home networking. Customers enjoy easy set up and a user-friendly experience. This is especially so as the majority of cable modems have Ethernet ports that can be easily connected to home networking devices, without the need for our customers to go through complicated set-up procedures.

Broadband Internet Competition

Consistent with other markets, the key factors in competition are pricing, broadband speed, ease of use, ability to network, access to content and quality of service. Our key competition for residential broadband Internet access service is ADSL technology, and we believe that our broadband Internet access service over the cable network is superior to ADSL for several reasons, including:

- *Speed* — Our maximum speed of more than 40 Mbps is significantly higher than the typical upper limit of 6.0 Mbps that can be offered by the competing ADSL access providers. We currently offer the highest download speeds for residential broadband Internet access with MaxOnline 3000 and we are capable of offering even higher download speeds in the future. We believe the incumbent provider of ADSL would need to invest substantial amounts to increase broadband speed to competitive levels.
- *Delivery of Broadcast Quality Content* — The HFC network is designed as a broadcast network as compared to our competitor's ADSL network which is based on voice and data switching infrastructure. As such, our HFC network is well suited to offer broadcast quality video and audio content at high download speeds. Beyond the traditional video and audio streaming over the Internet provided by many service providers across the world, we believe our cable HFC network will be able to support better quality broadcast content to our cable modem users. We have launched our video broadcast service, named iView, which offers an initial selection of four cable TV channels to be broadcast to MaxOnline customers. This differentiates our broadband capabilities from our ADSL competitors.
- *Value* — We will continue to focus on offering simple and attractive flat-fee schemes with the highest download speeds and unlimited usage. We believe that the market finds unlimited usage flat pricing plans more appealing than typical usage based plans.
- *Ease of Use, Including Home Networking* – Our ease of use or "plug and play" feature for MaxOnline has also been extended to home networking.
- *Ability to Offer a Unique Pre-Paid Broadband Access Product* – With our recently launched pre-paid MaxOnline FlexiSurf 1500, we will be able to better address a new market segment to speed up the adoption of our broadband access of households with occasional broadband needs. We do not believe a similar package can be easily offered through ADSL technology.

Broadband Internet Growth Opportunities

We believe that several market trends indicate that there will be continued opportunities for the growth of our MaxOnline broadband business. According to the IDA, at the end of 2001, dial-up penetration was 46.4% and it declined to 42.9% at the end of 2003, whereas broadband penetration grew from 17.7% in 2001 to 39.6% in 2003. The IDA has also stated that it expects a broadband penetration rate of 50% by 2006.

As at 30 June 2004, Singapore's residential broadband Internet access penetration was 38.0%, according to the IDA, whilst Internet penetration in homes, according to ACNielsen, was 63% in 2003. Accordingly, there remains a large base of dial-up users. MaxOnline FlexiSurf 1500 was targeted at the dial-up base and we are

developing additional pricing and service offerings to specifically appeal to that segment of the market. We believe that broadband penetration will show strong growth and will represent a significant growth opportunity for our family of cable broadband services.

We also expect that the increased popularity of home networking will also help provide MaxOnline with further growth opportunities from new residential Internet-based devices (other than the traditional personal computer) that require broadband connectivity. This includes newer Internet-based TV gaming consoles with online gaming capabilities, for example Microsoft's Xbox Live.

As all of MaxOnline's price plans enable "plug and play" home networking, we have extended our value proposition to accelerate broadband adoption with multi-users and via multiple devices in the households.

The MaxOnline plans allow for a "plug and play" home networking function, enabling our cable broadband services to be easily accessed by multiple devices or users in one home. This value proposition is made to our customers without additional increases in the subscription prices of the MaxOnline plans subscribed for by our customers. We believe this function will accelerate the adoption of our broadband services.

MaxOnline's flat fee price plans with home networking offers good value by providing substantial savings to our customers who have a need for multiple users to have broadband access within the home at a single flat rate.

We have also extended broadband access to public areas across a wide area of coverage. Our prominent role as a wireless broadband provider for public-WiFi access through the WBA partnership will help complement the adoption of broadband Internet access as it offers customers the added convenience for "away from home" broadband Internet surfing.

Narrowband Dial-Up Access Products

We continue to provide consumers with narrowband dial-up access via our subscription-based access plans such as our Infinity Plan as well as our Surf For Free services. As at 30 June 2004, our 56 Kbps dial up access plans have approximately 26,000 customers who pay a subscription fee of S$7.50 to S$15 per month. Surf For Free is a subscription-free 56 Kbps dial-up access service. Customers are charged a premium rate telephone toll charge, which is billed with their other fixed-line residential telephone charges.

Value-Added Services

To complement our Internet access services with a wider choice of content, we provide a free "MySpace" website with entertainment, gaming and shopping content. In addition, we offer a variety of paid value-added services which include:

- *iMail* – Our email service which is accessible over the Internet and the mobile phone. iMail also has an optional e.Scan virus protection feature.
- *MyDomain* – Our premium email service that allows customers to choose a personal domain name.
- *;Play* – Our online music download service in partnership with EMI Music Singapore ("EMI") which offers sales of up to 50,000 tracks from over 3,000 EMI artistes.
- *iView* – Initially a selection of four cable TV channels broadcast to MaxOnline customers via our broadband access platform. The four channels that are initially available are National Geographic, Discovery Travel & Adventure, Soundtrack and Fashion TV.

Digital Voice

In addition to broadband access, we also offer a residential cable telephony service, Digital Voice. Digital Voice is a comprehensive residential telephony product, with standard features such as caller-ID and call waiting. It is delivered to homes over our broadband cable network, via an integrated voice-enabled cable modem ("VeCM") which can provide access to both Digital Voice and MaxOnline simultaneously. Digital Voice was launched in December 2002 with a service plan structure similar to that of mobile plans. Currently, the monthly subscription rate is S$9.80 per month, which includes 300 minutes of free local call time bundled in, with additional benefits such as per second billing and free call time rollover. Digital Voice customers are also offered additional Hubber exclusive discounts for their IDD usage.

Within the first year of launch, and without much promotion, we acquired more than 5,000 Digital Voice customers. We expect growth opportunities from Digital Voice in the near term as we anticipate that the cost of VeCMs will fall as more North American cable operators introduce this new technology. This will allow us to offer Digital Voice with MaxOnline broadband services with little incremental costs, creating another Hubbing opportunity for MaxOnline in the broadband Internet access market.

"Away From Home" Wireless Broadband

We believe we provided the most extensive public WiFi coverage in Singapore, for the first half of 2003, offering to our customers the flexibility of having broadband Internet access at convenient public locations. Our WiFi coverage is provided through strategic wireless broadband hubs, including high traffic destinations such as Changi Airport, Suntec City and all Coffee Bean & Tea Leaf outlets in Singapore. StarHub has also established a Local Roaming Partnership program with iCell, Bluengine, Nautilus, 5G and SkyNetGlobal to further expand coverage and facilitate roaming wirelessly within Singapore.

Coverage is also extended globally through the WBA. The WBA, formed in March 2003, is a partnership initiated by StarHub to link public wireless broadband operators around the world and is currently chaired by StarHub. Members include fixed network operators as well as mobile operators, allowing for the convergence of fixed and mobile networks on a global scale. It was created to develop a common framework for wireless broadband roaming globally by promoting a common icon, creating a consistent user experience, ensuring QoS and simplifying user authentication and billing. The WBA is supported by major pioneering players in the telecommunications industry including China Netcom Corporation, British Telecommunications Plc ("BT"), International Business Machines Corporation (IBM), Korea Telecom KT, Maxis Communications Berhad, Telstra Corporation Limited, T-Mobile International AG & Co. K.G. and NTT Communications Corporation ("NTT Communications"). Collectively, there are more than 20,000 wireless hotspots worldwide including 66 international airports covered under the WBA as at the end of December 2003.

We have also recently signed a memorandum of understanding with Connexion by Boeing to provide inflight Internet and email access via WiFi. Our customers will be able to access the Internet and their StarHub email on planes equipped with such services and have the charges billed to their StarHub bills.

Fixed Network Products

Introduction

We offer a wide range of data and voice services which we package to address our customers' specific needs. Our strategy is to leverage off our existing network capability and capacity. Our fixed network services are targeted at wholesale and business customers. Our services are also for internal supply to our mobile and cable businesses, enabling us to lower our cost of supply relative to sourcing external capacity. We believe that the direct operational control we have over our network enables us to achieve better response time and quality control, and provide a higher QoS than that available from external suppliers.

Our fixed network was built over the past five years, extending more than 2,000 fibre kilometres and directly connecting over 800 commercial buildings in Singapore as at 30 June 2004. It is also used, along with digital microwave links, to connect our cellular base stations. Connecting the domestic core network with its extensive international network, we own our own backhaul fibre and co-locate termination gear in most undersea cable landing stations in Singapore.

Fixed Network Services

We offer a wide range of products and services designed to address our customers' specific communications needs. Fixed network services are grouped under data and voice.

Data. The core data product group provides a range of domestic and international circuits, exchange lines, Ethernet services, Frame Relay, ATM, Internet access and Internet Protocol Virtual Private Networks ("IPVPN"), in addition to facilities management and hosting services.

- *Domestic Leased Circuit Service* — We provide domestic point-to-point and multipoint private circuits and domestic half circuits from exchange to customer premises, at speeds of multiples of 64Kb/s up to Gigabit. These are packaged from traditional connections to high speed Ethernet interfaces.

- *Domestic ATM and Frame Relay Service* — We provide multipoint to multipoint service with a scaleable bandwidth from 2 Mbps to 622 Mbps, offering the interconnection point for customers and service providers.
- *International Data Service* — We provide connectivity to global destinations via International Private Leased Circuits, International Frame Relay and International ATM at various speeds and interfaces.
- *Internet Access Services* — We offer Internet access in a wide range of connection speeds and options from simple dial access, leased line Internet, broadband ADSL access, through to IPVPN and Metro Multi Protocol Label Switching ("MPLS") networks.
- *Global IP Transit Services* — IP Transit access to Tier 1 IP backbone and regional IP network provides high speed connectivity to the Internet backbone.

Voice. We provide a wide range of voice offerings, from high quality IDD to wholesale transit delivery of international voice traffic.

- *Voice Services* — These access services include switched voice, PBX trunks, ISDN-2 and ISDN-30.
- *IDD Services* — We offer IDD services to our customers via IDD 008 and IDD 018 services. With IDD 008 and IDD 018, we offer IDD connections to over 230 destinations. These international voice services are offered on an "All Day Flat Rate" basis, using per second billing. In 2000, we established the StarHub IDD Charity Fund. 1% of IDD 008 and IDD 018 revenue is contributed to the Fund, which distributes the proceeds to foster communications and learning for the less privileged.
- *Wholesale IDD Services* — We also deliver international traffic on behalf of other operators to overseas destinations through our partnerships with foreign carriers.

Other Services. In addition to data and voice, we offer backhaul and co-location and facilities management services:

- *Backhaul* — We provide backhaul connections to give our wholesale customers access to many of the sub-sea cable systems that land in Singapore and provide domestic delivery to their network equipment locations within Singapore.
- *Co-location and Facilities Management Services* — A range of facilities management services allowing customer equipment location on our premises. In addition, a variety of disaster recovery and business continuity options are available to provide further value to our customers.

Competition

In providing fixed network services, we compete largely against SingTel for domestic connectivity, and a number of other carriers in the provision of international connectivity. For IDD, we compete with SingTel, MobileOne and a number of FBOs and resellers in the market. For example, many new competitors have entered the market as SBOs offering IDD and international calling card services to customers through international simple resale and/or voice over Internet protocol. The FBOs offering international services include global operators that focus on providing service to corporate customers and to other operators on a wholesale basis. In the data communications market, our primary competition is from SingTel, as well as other global players. We also face competition from competitive bandwidth service providers and a number of smaller business ISPs and e-commerce infrastructure enablers.

Product Development

We have individual product management teams for each of our products. Their objectives also include cross-product initiatives that focus on developing Hubbing solutions, particularly in the areas of communications and content services. Our product development efforts are aligned to our objectives of being responsive to the market and are guided by a full range of qualitative and quantitative research, as well as cross-functional product testing.

Sales and Distribution

We have an extensive range of sales distribution channels through which we seek to cost-efficiently maximise our market coverage, including:

Consumer Sales and Distribution

- *StarHub Shops* — We currently have four retail outlets, located at StarHub Centre, Plaza Singapura, OUB Centre and Tampines Mall. These shops carry the full-range of StarHub services and products.
- *Exclusive Partners* — As of July 2004, we have five exclusive partners comprising a total of 41 outlets. These partners have an exclusive relationship with us and sell our full suite of products. These shops are branded like StarHub shops and carry the same offers and promotions that StarHub shops carry. This allows us to extend retail visibility without incurring the associated fixed costs as these partners are compensated on a commission basis.
- *Resellers* — We have a wide range of resellers who sell one or more, or all of our mobile, cable TV and MaxOnline services. These dealers are generally in the business of selling consumer premise equipment such as mobile phones, personal computers or televisions and help us capitalise on the high customer traffic they enjoy to further market our services. We have six preferred resellers with a total of 465 outlets as of July 2004. These resellers (which include 7-Eleven and Watsons chain stores) also provide an extensive distribution network for our pre-paid mobile and IDD services. We also have 21 resellers with 31 outlets for our MaxOnline and cable TV products as of July 2004.
- *Inbound and Outbound Tele-Marketing* — A significant percentage of cable TV and broadband sales are fulfilled via inbound and outbound tele-marketing. The inbound sales group capitalises on the volume of general enquiries flowing into the call centre. The outbound tele-marketing desk focuses on qualified leads generated by various marketing activities, such as joint promotional activities with companies like credit card issuers, or internal leads generated by our data-mining activities.
- *Direct Sales* — Our direct sales team provides sales support for roadshows at various high-traffic locations or high potential events. They also provide door-to-door access to high-value customers such as those living in landed property.
- *Online Marketing* — Online marketing is an increasingly important channel of sales fulfilment, with the increasing acceptance for e-commerce activities. Today, a large number of MaxOnline customer activities such as promotional sign-ups, recontract and upgrade activities utilise the Internet.

Business Markets Sales and Distribution

The sales and support teams for our business markets group are divided into two segments — corporate and SMEs. To better understand the specific needs of our customers in their individual businesses, our corporate team comprises account managers, aligned by industry; banking and finance, manufacturing, hospitality, heavy industries and property, Japanese multinational companies, IT and media and the public sector. This facilitates the development and delivery of segment-specific solutions and services. Our SME team markets to SMEs through three channels: StarHub shops, telesales, and channel partners. The SME telesales team focuses on outbound calls, while a select group of channel partners help to increase reach and generate additional revenues from our fixed assets.

Customer Service

The primary goal of our customer service team is to offer our customers quality service while maintaining operational efficiency and cost effectiveness. The key components of our customer service organisation are:

- Three public access customer service centres to serve walk-in customers. Another customer service centre will be opened by the end of 2004. In addition, we also provide customer service and sales support through our exclusive partners.
- Three dedicated call centres which operate 24 hours a day, seven days a week. Our multiple locations also provide disaster recovery capabilities as part of our business continuity plan. The three call centres are integrated to provide seamless support. The technology deployed in our call centres is multi-media capable.

- A professional training and service quality unit that drives our service culture and motivates staff to meet the high standards for customer experience that we set.
- Performance management systems. We continuously review our programmes in striving to enhance the quality of our customer service.

On-Site Service Fulfilment

The role and function of the technical services department is to provide on-site sales and after-sales support in the area of service fulfilment. This is achieved through a coordinated team of technicians, contractors and service coordinators. We serve both residential and commercial customers in the provisioning of products such as residential cable TV, MaxOnline, Digital Voice and commercial cable TV services. This includes on-site hardware installation and recovery, technical troubleshooting and cable point installation. Back-office transaction support includes processing of work orders, monitoring and updating of job status, appointment schedule changes and ad hoc job requests.

The StarHub Network

Introduction

Our services are provided predominantly over our fixed, mobile, cable TV and IP platforms. We operate an extensive, high capacity nation-wide fibre-optic network that delivers multi-channel cable TV services, non-voice services, voice services, Internet access services and global managed services. Our GSM network is fully upgraded for GPRS service and is expected to be complemented by a WCDMA 3G network by the end of 2004.

Traditional telecommunications services are rapidly moving to software-based next generation services. We will constantly evaluate all new technologies and adapt our service platforms to ensure our network remains leading edge. This is critical to enable us to bring the rigors of high availability traditional telecommunications engineering and reliability to low-cost IP-based modern network solutions for the customer. This will include the growing mobility requirements of technologies such as 3G, WiFi, Wi-Max, cable broadband, fixed-line data and Ethernet services.

We also offer FBO and SBO customers reliable and efficient wholesale services including backhaul and co-location facilities. The various packages for the provision of backhaul services to major submarine cables such as the Asia Pacific Cable Network ("APCN"), South East Asia Middle East Western Europe 3 ("SMW3") and APCN2 comes with a standard Synchronous Transport Module ("STM")-1 bandwidth, up to STM-16 and above.

Our network operations centres are fully staffed 24 hours a day, seven days a week, and are equipped with surveillance systems and networking equipment which monitor all aspects of our network.

Fixed Network

Our network design is based on the deployment of leading edge technologies on flexible service platforms with a high degree of integration of the various systems. We have built a high capacity, robust and efficient backbone network using the latest Synchronous Digital Hierarchy ("SDH") technology. The core network optic fibre loop technology provides us with a self-healing network. Our core network configuration has been designed to support international and domestic telecommunications traffic ranging from traditional switched voice traffic to MPLS emerging broadband multimedia traffic.

Our fixed network infrastructure also enables us to provide low cost network infrastructure to StarHub's other services and product solutions. For example, we expect that the fixed network will provide approximately 80% of the transmission infrastructure for our mobile 3G network. We are also in the process of implementing a strategy for the evolution to IP-based next generation services, with the objective of ensuring seamless inter-working of our multimedia services between broadband cable, traditional fixed, Internet, WiFi and 3G mobile technologies.

For global connectivity we have established international gateways for voice and data as well as for Internet traffic. StarHub owns submarine cable capacity from major submarine cables that terminate in Singapore. Together with the leased satellite earth station of ST Teleport Pte Ltd ("STTP") and the global networks of BT

and Nippon Telegraph and Telephone Corporation ("NTT"), we offer a worldwide connectivity and global solutions to our customers. Domestically our network is interconnected with SingTel, MobileOne, 1-Net and major international carriers.

Cable Broadband Network

We operate a hybrid fibre-coaxial network to provide cable TV, broadband networking and Digital Voice service to residential and business customers. For our cable network, we operate 21 hubs in order to provide comprehensive coverage for all residential properties in Singapore. Beyond the hubs, we have deployed more than 1,600 nodes, with each node serving between 100 to 800 homes, depending on the density of the respective type of housing. Our cable network is at the forefront of technology with network capacity of up to 750 MHz and the adoption of DOCSIS 1.1. Our broadband network is able to differentiate and prioritise voice and data traffic offering a high level of QoS.

Cable TV. Inbound TV and video signals are aggregated at the StarHub Control Centre via satellite downlink and over the air feeds. These signals are combined into a single feed and sent via an optical signal to the hubs and nodes for distribution to homes and businesses.

Broadband Internet Services. The broadband hybrid fibre-coaxial network is used to operate our broadband Internet access services, MaxOnline. Customers access the network via high speed cable modems that exchange traffic with high capacity cable routers located in each hub site. This modem to cable router communication is done over dedicated channels in the hybrid fibre-coaxial network to ensure sufficient capacity is always available. The traffic is then routed off the hybrid fibre-coaxial network onto a dedicated IP network with gateways to upstream ISPs.

Wireless Cable TV coverage

Non-residential customers have an option to receive cable TV services via our island-wide network or wirelessly. Two wireless methods are used, the UHF and the MMDS platforms. We plan to replace these two systems with the DTTV platform in 2005.

UHF Platform. This is a cost-effective method to gain access to our cable channels. Customers using this platform need to install a standard UHF antenna to receive the broadcast signals transmitted. The transmission service is provided by MediaCorp Technologies.

MMDS Platform. The MMDS service uses microwave technology to deliver our cable channels. We own and operate our own MMDS network. Customers receive MMDS channels via a special MMDS antenna.

DTTV. We expect to replace the UHF and MMDS platforms by a DTTV platform in 2005. We have obtained authorisation from the MDA to provide DTTV services. The DTTV platform will be implemented and customers converted to the new platform over a period of months. DTTV will provide a higher quality of service and an increase to 18 channels. We plan to provide coverage to the Central Business District, where most of our business customers are situated and Sentosa.

International Network

Our international network provides international connections with overseas carriers to support both our voice and non-voice services. We are directly connected with more than 30 international carriers in 20 countries including the United States, Australia, Japan, China, Hong Kong SAR, Taiwan, Korea, India, Bangladesh, the United Kingdom and Germany. Our international networks also provide indirect connections from Singapore to more than 200 countries. Our current international bandwidth is 11.1 Gbps. We also hold a section 214 authorisation in the United States and a PNETS licence in Hong Kong.

Submarine Cables. Our main international connectivity rides on a multitude of submarine cables providing diversity and resiliency to our international network. These cables include APCN, APCN2, SMW3, FLAG, Japan-US, East Asia Crossing (EAC), Pacific Crossing – 1 (PC1), Trans-Pacific Cable – 5 (TPC5) and Trans-atlantic – 14 (TAT14). These are new cable networks which are efficient and of higher capacity using advance SDH, Dense Wavelength Division Multiplexing (DWDM) technology and network management, employing fibre ring architecture to achieve self healing performance. With these new cables, we are able to incorporate designs using traffic engineering to route traffics on different cables to achieve efficiency and diversity.

Satellite Links. We also utilise INTELSAT and ThaiCom satellites to connect to countries that are not covered by submarine cables. We utilise the earth station facilities of STTP to uplink and downlink traffic to these destinations.

Terrestrial Links. For border communications with West Malaysia and Batam, Indonesia, we have established terrestrial fibre and microwave links. These terrestrial links facilitate us with interconnection with the major carriers in both countries at low cost.

Mobile Network

We operate a nationwide GSM network, fully upgraded for GPRS. The network provides coverage and voice quality at levels exceeding the IDA's QoS specifications. The network supports the provision of voice, data and a suite of value-added services. We have commenced implementation of a nationwide 3G network based on WCDMA technology and we expect it will be ready in time to meet the IDA's roll-out requirement of 31 December 2004.

We continue to grow our 2G network to cater to the increase in our customer base and have added sufficient data capacity in order to meet the growing demand for wireless non-voice services. GPRS data usage is continuously monitored by traffic distribution patterns and upgraded as appropriate. Our 3G and 2G infrastructure, both of which are supplied by Nokia Networks, will share a common core network.

Our 2G network is designed to provide nationwide radio coverage and has achieved performance levels exceeding the regulators performance standards and requirements. Over the period from July to December 2003, the IDA's drive test measurements resulted in a perfect score. The performance levels achieved by our network were as follows:

Street Level Service coverage	100%
Call Success rate	100%
Voice Quality	100%
Dropped Call rate	0%

Source: IDA.

Operations & Maintenance of the StarHub Network

Our Integrated Service Assurance Centre ("ISAC") houses advanced networking equipment and surveillance systems designed to ensure seamless management of our mobile, fixed and IP network. The ISAC supports both the local and international network and is the main contact point for carrier network operation centres. The centre operates 24 hours a days seven days a week, with constant network monitoring. We have an extensive maintenance programme, designed to vendor and industry specification, to ensure that equipment is serviced to minimise network problems. Field maintenance staff are available to be deployed on site to perform regular monitoring of all of our fixed and mobile equipment.

IT Systems, Billing, Credit and Fraud Management

IT Systems

We have made substantial investments in IT systems and infrastructure to ensure that we use technology to enhance customer service, improve operational efficiency and deliver innovative products and services. The systems comprise a mix of off-the-shelf packages supplemented by in-house developed systems.

Billing

We presently use two separate billing systems, one system is for our telecommunications services and the other system is for cable services. The billing and customer care system for our telecommunications services was implemented in December 1999 and has been used since our commercial launch in April 2000. The system has four major components: a customer care system; a service activation system; a billing system; and an account mediation system. The billing system for cable TV and MaxOnline was implemented in 2003 to replace the system that we had used since March 1995.

Our billing systems are structured to be scaleable, configurable and reliable. The systems enable us to support our business strategy for new products and services.

Our customers can settle their bills in cash, by cheque, by credit card, by direct debit authorisation from bank accounts (GIRO), via Electronic Funds Transfer, through the telephone or Internet, at automated teller machines, post offices, 7-Eleven stores, access stations (AXS) and at our own customer service centres. We bill our customers on a monthly or quarterly basis. Our post-paid telecommunications customers are billed in advance for subscription charges and arrears for airtime and utilisation charges for additional services during the period. Our cable TV and MaxOnline customers are billed in advance for subscription charges for service plans and any value-added services included in their subscription plan.

Credit and Fraud Management

We utilise a credit screening process to evaluate the credit worthiness of potential customers at the time of service request. Our credit evaluation procedures include verification checks with credit agencies and government databases. We also perform checks against internally maintained lists of overdue and previously terminated accounts. Our payment term is 14 days and 30 days from the date of issue of the relevant bill for individual and business customers.

For any mobile and IDD customer who generally has not paid his overdues within 14 days of the bill, we send a first reminder letter followed by SMS and telephone call reminders. If the bill remains unpaid after 60 days from its due date, the services will be terminated and a termination penalty is levied with a legal demand for payment sent to the customer. We may seek the assistance of a debt collection agency or proceed with recovery via the small claims court. For a certain period of time, a customer can seek reconnection by payment of a reconnection charge, after which, a new application will have to be made.

Subscription fraud relating to our mobile services has historically contributed to the bulk of our fraud losses, particularly in the year following our commercial launch. We use a fraud management and detection system to monitor, detect and prevent fraudulent activities by our customers. Our fraud management team operates seven days a week and evaluates potentially fraudulent activities such as unusual calling patterns by new customers, high usage to high risk destinations or a change in call patterns by existing customers. Verification calls are made to customers to determine if there has been unauthorised use of the customer's mobile phone. Our fraud management team also investigates instances of fraudulent use of cable TV services.

We maintain links with other local and international telecommunication operators to share information about fraud trends and to implement measures to detect and prevent fraud. Our fraud losses in 2003 and for the six months ended 30 June 2004 were S$2.3 million and S$1.1 million. Our fraud losses for each of the past three financial years and for the six months ended 30 June 2004 represented a small proportion of our losses and were accounted for as bad debts over those periods.

Suppliers and Vendors

For the three year period ending 31 December 2003, the suppliers that accounted for 5% or more of our total purchases were: (i) suppliers in connection with our capital expenditure projects and (ii) suppliers relating to our interconnection arrangements with local and international carrier operators.

Our principal suppliers are as follows:

- *Lucent* — Our main supplier for our fixed core and access distribution networks.
- *Nokia* — Supplies our fixed and mobile network infrastructure including our 3G network.
- *TeleChoice* — Main supplier for the Nokia, Motorola and Sony Ericsson handsets and accessories sold in our retail shop outlets.
- *SingTel* — Supplies lease circuits, interconnect services, inter-operator SMS and common infrastructure.
- *SP Telecommunications* — Licensing of ducts and sub-station space.

Our Shareholders

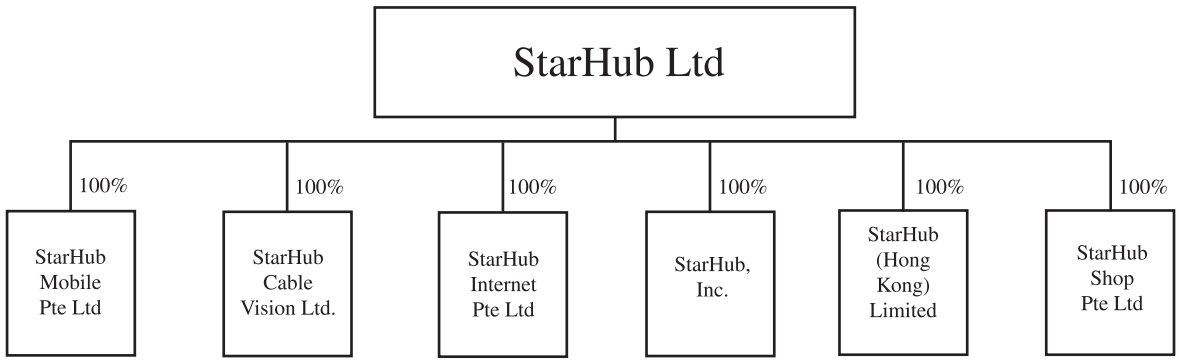
We are currently owned by STT Communications, NTT IS, MediaCorp, BTNH, SPH, and certain current and former employees and directors. (See "Shareholders — Principal Shareholders".) The shareholdings of our existing shareholders immediately before completion of the Offering are set out in the table below:

	Shares owned immediately before completion of the Offering	
Shareholders	**No. of Shares**	**%**
STT Communications	1,053,002,142	49.76
NTT IS.	302,742,000	14.30
MediaCorp	293,650,266	13.88
BTNH	247,698,000	11.70
SPH	189,451,786	8.95
Employee shareholders (1)	29,796,511	1.41
Total	2,116,340,705	100.00

Note:
(1) Shares held by our current and former employees and directors.

Our Subsidiaries

Substantially all of our operations are conducted through our subsidiaries. Our corporate structure is as follows:



The following subsidiaries currently have material operations:

- StarHub Mobile Pte Ltd provides our mobile operations;
- StarHub Cable Vision Ltd. provides our cable TV and broadband operations; and
- StarHub Internet Pte Ltd provides our Internet service provider operations.

StarHub, Inc. and StarHub (Hong Kong) Limited are dormant, and StarHub Shop Pte Ltd has immaterial operations. In addition to these subsidiaries, we are currently in the process of a members' voluntary liquidation of an inactive subsidiary, e-station Pte Ltd, which ceased operations in November 2002.

Management and Operational Structure

Operationally, we are organised into two market-focused units: a consumer markets division and a business markets division. StarHub's consumer markets division services retail consumer customers with mobile communications, IDD, voice, residential cable TV, broadband and ISP services. StarHub's business markets division services multinational corporations, large corporations, government enterprises and small and medium enterprises within and outside Singapore.

To give sharp focus to what comprises 50% of our revenue base, we have organised the mobile strategy and product management functions under a separate division to provide support for both the consumer and business markets divisions. We refer to this as the mobile services division. In addition to our consumer markets, business markets and mobile services divisions, we also have several functional support units:

- *Network & Wholesale* — The network and wholesale support division manages the development and maintenance of our fixed network and mobile communications networks and markets fixed network services to wholesale customers;
- *Operations & Support* — Oversees IT, customer care services and on-site service fulfilment; and
- *Corporate Services* — Consists of our corporate communications, strategic relations, human resource, web-based interactive services, legal and secretariat, business excellence centre and finance departments.

Employees

As at 30 June 2004, we had 2,692 full-time equivalent staff, all based in Singapore. The following table sets out the changes in our employee numbers (based on full-time equivalent), by division/business activity since 2001:

	As at 31 December			As at 30 June
Division	**2001**	**2002**	**2003**	**2004**
Business Markets	240	281	260	192
Consumer Markets	622	632	645	648
Corporate Services	335	256	254	256
Mobile Services	62	71	73	56
Network & Wholesale Services	390	472	467	508
Operations & Support	1,002	968	1,056	1,032
Total	2,651	2,680	2,755	2,692

We also hire temporary employees to provide assistance in our call centres and shops during promotions, new product launches and road shows. Hiring employees on a temporary basis is cost-efficient and provides us with the flexibility of not needing to hold headcount on a permanent basis if the need for additional manpower is for a short period. On average, based on the number of temporary employees at the end of each month, we had 513 temporary employees in 2003.

We provide various forms of training opportunities to develop our employees. All employees are required to attend a one day induction programme, followed by two days core value team building workshop and one day StarService workshop. The induction programme provides an orientation for new employees, and introduces them to the "StarHub" values and culture. Presentations by our Chief Executive Officer and senior executives are part of each induction session. In addition, we provide leadership/management development programmes and technical/functional training. Our technology suppliers also provide our employees with technical training as needed. In 2003, we spent S$2.9 million on these training activities.

Our employees are not unionised. We believe the relationship between management and staff is good. We have not experienced any industrial disputes. We provide our employees with a range of benefits, including medical coverage, bonus schemes, workmen's compensation and accident and life insurance.

Awards and Certifications

We have received a number of awards and certifications from international and local industry organisations, including:

- 2004 Insight Award for Best Enterprise Data Warehouse;
- International Business Awards for our Interactive Online Portals for Best Multi-Image, Film or Video Hybrid PR/Image – Non Profit (Corporate Film or Video) – Spectrum and Best Writing / Content – Spectrum under our Local Arts Portal, 2004 and Best Interface Design – ;Play under StarHub's Music Portal, 2004;

- Finalist in the GSM Association Awards 2004 in respect of StarHub's "SARS Contact Tracing SMS Project" for "*Best Use of Mobile for Emergency Situations"* category;
- Seven Golds and two Silvers at the Promax & BDA International Awards 2004 which recognise excellence in promotion, brand and marketing in electronic and broadcast media;
- Two Golds and two Silvers at the Promax & BDA Asia Awards 2003;
- 2003 Intelligent 20 Award for Datawarehouse and Business Intelligence;
- Innovation and Quality Award 2003 presented by SPRING Singapore;
- Finalist in the GSM Association Awards 2003 for "*Best Marketing Campaign (Sparky)"*;
- Finalist in "*The Advertiser of the Year"* and "*The Campaign of the Year"* by the Singapore Advertising Hall of Fame Awards 2003 for our "Roaming Sparky/Mobile Coverage" TV campaign in February 2003;
- 24 gold awards for our customer service team by The Excellent Service Awards 2003;
- CIO 100 Honourees list (Year 2001, 2002, 2004) for adding value to business and operations through the strategic use of IT by CIO Asia;
- Year 2003 (CCCS Awards) Runner Up for *"Call Centre Professional"* (under 50 seats);
- ISO 9001:2000 Certification for Consumer Market and Operations & Support Division in November 2003;
- Year 2002 (CCCS Awards), including "*Team Leader Champion"* (under 50 seats), *"Call Centre Champion*" (under 50 seats), *"Call Centre Professional Champion*" (under 50 seats) and *"Call Centre Professional Champion*" (over 50 seats);
- Year 2001 (CCCS Awards) including "Gold Award for Call Centre of the Year", " Silver Award for new Call Centre of the Year", Runner Up for "Call Centre Manager" and Runner Up for "Team Leader";
- HardwareZone Award, Best Broadband ISP, 2002;
- Finalist in the World Communications Award 2002 for StarHub's "What's next?" campaign;
- ISO 9001:2000 Certification for our customer service in November 2001; and
- *"Best Asian Competitive Carrier/New Entrant"* at the Telecom Asia Readers' Choice Awards 2001 and 2002.

Intellectual Property

We rely on a combination of patent, trademark, service mark and domain name registrations, copyright protection and contractual restrictions to protect our technologies, brand name and logos, marketing designs and Internet domain names.

We are registered owners in Singapore of, amongst others, the trademarks "STARHUB", "STARHUB IDD 008", "PowerPlay", "PowerTalk", "IP.Q", "HomeConnect", "STARBIZ", "Gee!", "MaxOnline", "StarHub Online" and "StarHub CableTV" as well as the logo for StarHub. We also have trademark applications pending in Singapore, amongst others, for the trademarks "3Gee!", "StarHub Business in Motion", "HUBBING", "HUBBER", "HUBBER BONUS" and "HUB CLUB", and the logos for HUBBER BONUS and HUB CLUB. We have registered, amongst others, the Internet domain names "starhub.com", "starhub.com.sg", "starhub.net.sg", "starhub.info", "starhub.biz" and "wba-global.com". We also have applications for the following patents "WebSMS", "Return Message System" and "WiFi SMS Login Solution for Inbound (GSM) Roamers", which are pending in Singapore. Further, we also have patent applications for "Wireless Network" (also known as Roaming Control Panel), which are pending in Singapore and Malaysia.

We are not materially dependent upon any patent for our business.

Business Continuity and Disaster Recovery

Our business continuity and contingency plans are managed by our emergency response teams. A crisis management team comprising members of our senior management is responsible for managing critical incidents. The various departments have representatives who are responsible for the on-going maintenance and updating of StarHub's business continuity plans which include disaster recovery plans for our networks and IT operations.

Our core network, which runs on SDH technology, is designed with a fibre infrastructure with SDH self-healing ring architecture and with MS-Spring (Multiplex Section-Shared Protection Rings) protection switching that enables high availability through automatic recovery and alternate routing. Our FAST Automatic Restoration ("FASTAR") system identifies fibre-optic cable failures on the core network and automatically begins rerouting circuits using spare capacity. In the event of a fibre-optic cable failure, FASTAR can generally restore 90 to 95% of the service within two to three minutes. Our core network nodes are in turn connected to the core rings and have automatic back up path protection. Our infrastructure is monitored by the ISAC which operates 24 hours a day, seven days a week.

Our IT disaster recovery systems comprises a complete back-up of our billing and customer care system which incorporates asynchronous database updates. This includes equivalents of our billing, customer relationship management system, mediation and provisioning systems. These disaster recovery systems are physically separated from the production billing and customer care system and are housed in operation centres in different parts of Singapore. This provides us with the capability to continue bill processing and servicing our customers in the event that a disaster affecting one of our operation centres occurs.

Insurance

We have an industrial all risk policy underwritten by a group of insurance companies. The policy provides insurance coverage against real and personal property damage and lost revenue resulting from interruption of business due to accidental real and personal property damage. Our product and public liability insurance insures us against third party claims and our telecommunications professional liability insurance provides coverage for errors and omissions as well as intellectual property and communications claims.

We also have general insurance for workmen's compensation, term life, personal accidents, business travel and for our motor vehicles. Our insurance policies are effected and administered through our brokers Jardine Lloyd Thompson Pte Ltd and Zuellig Insurance Brokers Pte Ltd. We are covered under the ST Group policy for Directors' and officers' liability.

Research and Development

Since our commencement of operations, we have not engaged in any major research and development activities. Consequently, we have not spent any material amounts on research and development activities in the years ended 31 December 2001, 2002 and 2003.

Properties

We do not own any property of significant value. Apart from a property at 59 Killiney Road which we own and operate as a redemption centre, we currently lease or hold licences for the premises which accommodate all of our offices, equipment, network management centres, retail shop outlets and customer service centres. The following table sets out the details of our material leased properties:

Property/Use	Approx. floor area (sq ft)	Commencement date	Expiry date
StarHub Centre, 51 Cuppage Road, #07-00, #08-00, #10-18 / Head office	77,457	1 March 2004	28 February 2009
Da Vinci Building, 3 Tai Seng Drive, Levels 4 and 6 / Office	47,703	15 April 2004	14 April 2007
Haw Par Centre, #01-01, #01-02, #04-01 to #04-04 / Office	31,951	15 January 2004	14 January 2008
Singapore Technologies Building, 19 Tai Seng Drive / Office and equipment / data centre	82,481	1 September 2004	31 August 2007
Techlink, #03-02/13 / Equipment / data centre	29,784	21 October 2003	31 December 2016
AOS Building & Workshop, Units #01 to 07-01, 2D Ayer Rajah Crescent and west end of the second workshop at 2B/2C Ayer Rajah Crescent / Office and equipment / data centre	88,928	1 April 2004	31 March 2007

Legal Proceedings and Disputes

We are currently defending and contesting a claim by SingTel in the Singapore High Court. SingTel is seeking damages to be assessed by the court for alleged historical breaches under a Network Lease Agreement signed in 1995. Among other things, SingTel alleges that we breached an "express alternatively implied" term of the agreement prohibiting us from transmitting cable services to non-residential buildings such as embassies, schools, hotels, hospitals, libraries, and community centres. We have refuted SingTel's allegations and are defending the action. The trial commenced on 13 September 2004.

In 2002, we entered into a new Network Lease Agreement with SingTel which replaced the 1995 agreement. Under the new agreement, we are not permitted to connect to commercial units until a commercial rate is mutually agreed. To date, the parties have been unable to agree on a commercial rate.

Under the terms of the 2002 Network Lease Agreement, SCV leases ducts and optical fibre to roll-out SCV's services to customers. A dispute exists between SCV and SingTel over implementation issues in the 2002 Network Lease Agreement. As a result of this dispute, SCV's ability to provide services has been affected. We are addressing this dispute with a working group which includes representatives of both parties.

We do not believe that either the existing claim by SingTel under the old agreement, or the resolution of the commercial rate to be paid under the new agreement, will have a material adverse effect on our business or results of operations.

In addition to the current claim by SingTel, we are involved and may from time to time become involved in other legal proceedings and disputes. As at the date of this document, we are not a party to any legal proceeding or dispute that we believe could have a material adverse effect on our business or results of operations.

REGULATION

Overview of Telecommunications Regulation in Singapore

The provision of telecommunications services and systems in Singapore is regulated under the Telecommunications Act. The Telecommunications Act provides the general legal framework for the provision and operation of telecommunication systems and services in Singapore. The IDA is the regulatory authority responsible for administering the Telecommunications Act and the provision of telecommunication services and systems in Singapore. The IDA is a body corporate incorporated by statute in December 1999 under the Info-Communications Development Authority of Singapore Act, Chapter 137A of Singapore (the "IDA Act").

The Telecommunications Act empowers the IDA, with the approval of the Minister, to make regulations for carrying out the purposes and provisions of the Telecommunications Act. Existing regulations include the Telecommunications (Radio-Communication) Regulations ("Telecom Radio Regulations") and the Telecommunications (Class Licences) Regulations. The Telecommunications Act also empowers the IDA to issue codes of practice and standards of performance in connection with the operation of telecommunication systems and equipment, the provision of telecommunication services and the conduct of telecommunication licensees in the provision of telecommunication services. The codes and standards issued by the IDA include the Telecom Competition Code and the Code of Practice for Info-communications Facilities in Buildings.

Telecommunications Licensing Framework

Under the Telecommunications Act, all persons who establish, install, maintain, provide or operate a telecommunication system or service within Singapore must be licensed. The Telecommunications Act empowers the IDA to grant licences to persons who provide telecommunication systems and services. The IDA Act and the Telecommunications Act provide the IDA with broad powers to regulate and monitor licensees and to lay down standards, codes and regulations to be observed by operators of telecommunication systems and services. If a licensee is found to be in breach of any condition of its licence, or any provision of any code of practice or standard of performance or any regulation, or any direction issued by the IDA under the Telecommunications Act, the IDA may issue a written order for compliance, impose a financial penalty, cancel the licence or part thereof, suspend the licence or part thereof for a specified period or reduce the term of the licence. The IDA also has the power to modify the terms of a licence. The exercise of such powers by the IDA may be appealed to the Minister, whose decision is final.

The existing licensing framework implemented by the IDA provides for two broad categories of licences:

- FBO licences; and
- SBO licences.

A telecommunications licensee may also be designated as a Public Telecommunication Licensee. Public Telecommunication Licensees enjoy additional rights under the Telecommunications Act that facilitate the installation and maintenance of their systems and the protection of their systems but may be subject to the imposition of basic service obligations by IDA.

FBO Licences

FBOs are operators who deploy any form of telecommunication networks, systems or facilities to offer telecommunication switching, transmission capacity and/or services to other licensed telecommunication operators, businesses or consumers.

All FBOs are individually licensed. FBO licensees are required to comply with certain interconnection and access obligations as well as minimum QoS standards set by the IDA and are also generally required to provide the IDA with a performance bond to secure the material obligations of roll-out, service provision and commitments. The performance bonds are returned to the licensee once these obligations have been met.

The IDA has stated that it will not restrict the total number of FBO licences that may be awarded, except where there are spectrum or other resource limitations or physical constraints.

SBO Licences

SBOs are operators who lease telecommunication network elements (such as transmission capacity, switching services, ducts and fibre) from FBO licensees to provide telecommunication services to third parties or to resell the telecommunication services of FBOs. Services in respect of which operators would require a SBO licence include international simple resale of telephony services, leased circuit resale, callback, public Internet access, Internet-based voice and data and international calling card services.

SBOs may be licensed individually or under a class licence depending on the type(s) of services they provide. There is no restriction on the number of SBOs to be licensed for either the individual or class licence categories. The issue and conditions of SBOs' class licences are governed by the Telecommunications (Class Licences) Regulations.

3G Spectrum Licensing

On 11 April 2001, the IDA announced the award of three 3G spectrum rights. A fourth spectrum right was not awarded. Each spectrum right was awarded at the reserve price of S$100 million. One of these rights was awarded to us, along with a 3G FBO licence.

The IDA has stated that it will not mandate technology standards to be used by the 3G operators so long as they adopt any of the International Telecommunications Union-endorsed International Mobile Telecommunications-2000 group of technology standards, which includes WCDMA. The IDA had also announced, in the Information Memorandum issued for the auction, a moratorium on the grant of any spectrum rights for 3G before 1 January 2006. However, the IDA has reserved its right to allocate spectrum rights before 1 January 2006 under the following circumstances:

- where any 3G spectrum right is not allocated in the auction. However, such 3G spectrum right will not be allocated until at least one year after the grant of the last 3G spectrum right allocated in the auction and if allocated before 1 January 2006, will not be allocated for a price below S$100 million (inclusive of GST); and
- in the event a spectrum right is traded, where the party with whom such spectrum right is traded requires a 3G spectrum right and a FBO licence in order to provide 3G services.

To date, the fourth remaining licence has not been allocated.

2G Spectrum Licensing

On 27 July 2001, the IDA announced the award of six 2G radio-frequency spectrum lots at the reserve price of S$120,000 per lot. Two of these spectrum lots were awarded to StarHub Mobile Pte Ltd. The 2G spectrum rights granted are valid for a period of seven years. There is no commitment by the IDA that the 2G spectrum rights will be extended for any period, if at all. If there is any grant of an extension or if there is any new auction for 2G spectrum lots, there is also no commitment by the IDA that the same number of 2G spectrum lots will be re-allocated in that subsequent auction to the successful bidders in this auction or that the same annual charge(s) will apply in respect of such 2G spectrum lots. Further, the IDA may allocate further spectrum for 2G or 2.5G mobile communication services at any time, and does not commit to any moratorium period during which no such allocation will take place. However, the IDA will give six months notice prior to the commencement of any further allocation exercise.

Overview of Media Regulation in Singapore

The Broadcasting Act provides the general legal framework to regulate the media industry in Singapore including dealings in, the operation and ownership of broadcasting services and broadcasting apparatus. The MDA is the regulatory authority responsible for administering the Broadcasting Act and regulating the provision of broadcasting services in and from and the ownership and operation of broadcasting apparatus in Singapore. The MDA is a body corporate incorporated by statute in January 2003 under the Media Development Authority of Singapore Act, Chapter 172 of Singapore (the "MDA Act"). The MDA Act empowers the MDA, with the approval of the Minister to make regulations for carrying out the purposes and provisions of the Broadcasting Act. The Broadcasting Act also empowers the MDA to issue codes of practice relating to broadcast standards and standards of programmes and advertisements broadcast by licensees. The codes issued by the MDA include the Code of Practice for Market Conduct ("Media Code") in the Provision of Mass Media Services as well as TV Programme, Advertising and Sponsorship Codes which set standards for programmes on free-to-air television and subscription television.

Broadcasting Licensing Framework

Under the Broadcasting Act, any person who installs or owns broadcasting apparatus or who intends to provide a licensable broadcasting service in or from Singapore must be licensed. The Broadcasting Act empowers the MDA to grant licences to persons to import, offer for sale, sell or operate broadcasting apparatus and to provide licensable broadcasting services. The MDA Act and the Broadcasting Act provide the MDA with broad powers to regulate and monitor licensees and to lay down standards, codes and regulations to be observed by providers of licensable broadcasting services. If a licensee is found to be in breach of any condition of its licence, or any provision of any code of practice or standard of performance or any regulation, or any direction issued by the MDA, the MDA may impose a financial penalty and/or cancel or suspend the licence for such period as the MDA deems fit.

The MDA also has the power to modify the terms of a licence. The exercise of such powers by the MDA may be appealed to the Minister, whose decision is final.

The licensable broadcasting services include free-to-air nationwide television services, free-to-air localised television services, free-to-air international television services, subscription nationwide television services and subscription localised television services.

The MDA's regulatory framework for the Internet is embodied in the Broadcasting (Class Licence) Notification. Under the Class Licence Scheme, Internet Content Providers and Internet Service Providers are deemed automatically licensed and have to observe and comply with the Class Licence Conditions and the Internet Code of Practice. Also licensed under the Broadcasting (Class Licence) Notification are providers of audiotext services, videotext services, teletext services, broadcast data services and VAN computer on-line services.

Pursuant to the Broadcasting (Class Licence) Notification, a licensee must use its best efforts to ensure that its service complies with MDA's codes of practice and is not used for any purpose and does not contain any programme that is against the public interest, public order or national harmony or offends against good taste or decency. Further, licensees must ensure that the services are not used for certain prohibited activities such as the furtherance of illegal games and lotteries and the advertisement or promotion of astrology, geomancy, palmistry or any other type of fortune-telling device. The provisions of the Internet Code of Practice require an Internet Access Service Provider or Reseller to deny access to sites specified by the MDA as containing prohibited material, to refrain from subscribing to any newsgroup if it is likely to contain prohibited material and to unsubscribe from any newsgroups that the MDA may direct.

An Internet content provider is required under the Internet Code of Practice to (in relation to private discussion for chosen discussion themes which are not prohibited under the guidelines regarding prohibited material) deny access to any contributions that contain prohibited material that the provider discovers in the normal course of exercising editorial duties, or is informed about. Additionally, an Internet content provider is required to ensure that it does not carry programmes which include prohibited material and shall deny access to material if directed to do so by the MDA.

Our Licences

As each individual legal entity is required to obtain and operate under its own licence(s), we operate our businesses under the following licences issued by the IDA and the MDA:

No	Licensed Party	Type of Licence	Date of Issue	Expiration Date	Regulatory Authority	Licensed Activity
1.	StarHub Ltd	FBO licence	5 May 1998	31 March 2020	IDA	Establishment of telecommunications network for international and domestic telecommunications traffic and provision of international and domestic telecommunications services
2.	StarHub Ltd	SBO (individual) licence	1 November 1999 (renewed on 1 November 2002)	31 October 2005	IDA	Provision of live audiotext services
3.	StarHub Mobile Pte Ltd	FBO licence	5 May 1998	31 March 2017	IDA	Establishment of mobile telephony network in the GSM 1800MHz band and provision of public cellular mobile telephone services
4.	StarHub Mobile Pte Ltd	FBO licence	23 April 2001	31 December 2021	IDA	Provision of 3G mobile communication systems and services
5.	StarHub Mobile Pte Ltd	3G spectrum right	23 April 2001	31 December 2021	IDA	Use of allocated radio frequency spectrum for the purposes of operating 3G mobile communication systems for the provision of 3G services
6.	StarHub Mobile Pte Ltd	2G spectrum right	1 October 2001	30 September 2008	IDA	Use of allocated radio frequency spectrum for the purposes of operating 2G/2.5G mobile communication systems for the provision of 2G/2.5G services
7.	StarHub Mobile Pte Ltd	2G spectrum right	1 October 2002	30 September 2008	IDA	Use of allocated radio frequency spectrum for the purposes of operating 2G/2.5G mobile communication systems for the provision of 2G/2.5G services
8.	StarHub Internet Pte Ltd	SBO (individual) licence	5 September 2000 (renewed on 5 September 2003)	4 September 2006	IDA	Provision of Public Internet Access Services
9.	StarHub Internet Pte Ltd	SBO (class) licence	5 September 2000 (renewed 5 September 2003)	30 November 2006	IDA	Provision of Internet-based voice and/or data services

No	Licensed Party	Type of Licence	Date of Issue	Expiration Date	Regulatory Authority	Licensed Activity
10.	StarHub Cable Vision Ltd.	FBO licence	1 April 2000	31 March 2020	IDA	Establishment of a hybrid fibre-coaxial broadband network and provision of cable telephony services, broadband cable modem & Internet services and Internet-based networking and services for commercial customers
11.	StarHub Cable Vision Ltd.	Subscription nationwide television service licence	16 June 1995 for analogue services 30 December 2003 for digital services	15 June 2005 for analogue services 29 December 2013 for digital services	MDA	Provision of subscription nationwide television service
12.	StarHub Cable Vision Ltd.	Broadcasting (Class Licence Notification)	14 October 2003 (date of registration)	13 October 2004	MDA	Registration as an Internet Access Service Provider
13.	StarHub Cable Vision Ltd.	SBO (class) licence	26 March 2003	Ongoing	IDA	Provision of Store-and-Retrieve Value-Added Network Services

StarHub Ltd, StarHub Mobile Pte Ltd, SCV and StarHub Shop Pte Ltd also hold telecommunication dealer licences.

FBO Licences

FBO licences were issued to StarHub Ltd and StarHub Mobile Pte Ltd for 2G services on 5 May 1998 by the then Telecommunication Authority of Singapore. StarHub Ltd was also designated a Public Telecommunication Licensee on 5 May 1998. On 1 December 1999, the Telecommunication Authority of Singapore was re-constituted as the IDA by the enactment of the IDA Act. Section 75 of the Telecommunications Act preserves the validity of the licences granted and deems the licences as having been granted by the IDA under the Telecommunications Act.

The FBO licence permits StarHub Ltd to establish a telecommunication system in Singapore and to provide international and domestic telecommunications services. The licence is valid for a period of 20 years with effect from 1 April 2000. The licence covers the entire territory of Singapore and its territorial waters.

The FBO licence permits StarHub Mobile Pte Ltd to establish a mobile telephony network in the GSM 1800MHz band and to provide public cellular mobile telephone services. The licence is valid for a period of 17 years with effect from 1 April 2000. A second FBO licence was issued to StarHub Mobile Pte Ltd on 23 April 2001 for the provision of 3G mobile communications systems and services (see "— 3G FBO Licence and Spectrum Right").

SCV was issued a FBO licence on 1 April 2000 for the establishment of its hybrid fibre-coaxial broadband network and the provision of cable telephony services, broadband cable modem & Internet services and Internet-based networking, which licence is valid for a period of 20 years. In April 2000, SCV was designated a Public Telecommunication Licensee.

The terms and conditions of our FBO licences are subject to modifications by the IDA from time to time, which modifications have included modifications to the FBO licences granted to StarHub Ltd, StarHub Mobile Pte Ltd and SCV to include additional terms and conditions arising from the IDA's approval of the consolidation submitted by StarHub Ltd, StarHub Mobile Pte Ltd and SCV on 17 May 2002.

FBO licences have been issued to StarHub Ltd, StarHub Mobile Pte Ltd (separately for 2G services and 3G services), and SCV. Our FBO licences were issued to us over the period set out above in the table under "— Our Licences". These licences allow us to provide a range of telecommunications services (including fixed, mobile and broadband services), and cover the entire territory of Singapore and its territorial waters.

The terms of our FBO licences include the following:

- we shall seek the IDA's approval for any joint venture, association, contract or arrangement with a third party into which we intend to enter, the effect or purported effect of which would be to permit a person who is not originally a party to the licence to share in the benefit of, or otherwise gain any rights or privileges under, the licence;
- we shall seek the IDA's approval for the appointment for the Chairman, Board of Directors and Chief Executive Officer and provide the IDA with details of our ownership and management arrangements;
- we shall seek the IDA's approval for any change in our ownership, shareholding or management;
- we shall not enter into any agreement or arrangement (whether legally enforceable or not) which may prevent or restrict competition in relation to the operation of the telecommunication systems and the provision of the telecommunication services covered by our FBO licences;
- we shall provide the means of access to and interconnection with our telecommunication system to any person licensed by the IDA to provide telecommunications services in Singapore;
- we must comply with the provisions of the Telecommunications Act, all subsidiary legislation made, or other regulations issued, under the Telecommunications Act, the International Telecommunication Convention and any other treaty or convention to which Singapore is a party; and
- we shall not assign, transfer, sublet or otherwise dispose of our rights, duties, liabilities, obligations and privileges under the FBO licences to any person or persons except with the prior approval of the IDA.

As noted, the approval of the IDA is required for any change to the ownership, shareholding and management of any FBO licensee and consequently it has the power to restrict the transfer of the shares of any such licensee. We have applied for and received approval from the IDA for changes to our ownership and shareholding structure in connection with the Offering (including exercise of the Over-allotment Option), the Share Option Plan 2000, the Share Option Plan 2004, the Performance Share Plan, the Restricted Stock Plan and the issue of new Shares from time to time for the purposes of raising additional funds from the capital markets or to fulfil other corporate objectives, including acquisitions, pursuant to a general authority to be obtained from our shareholders. Such approval extends to the changes in our shareholding arising out of the purchase and disposal of our Shares by our shareholders in the normal course of trading on the SGX-ST as well as off-market transactions once we are listed on the SGX-ST. We are required to provide the IDA with a copy of any notification we receive from our substantial shareholders pursuant to the provisions of the Singapore Companies Act within two working days from receiving the notification, at the IDA's request, make available a copy of our register of substantial shareholders to the IDA for inspection and provide the IDA with such information relating to our substantial shareholders as the IDA may require.

The IDA in its approval has expressly reserved the right to subject us and our affiliates to further regulation, to the extent necessary, in the event that a change or proposed change to our ownership structure gives rise to competition concerns in the telecommunication industry in Singapore. The approval is without prejudice to and does not exempt us from the Telecom Competition Code or any other applicable laws.

If we contravene:

- any of the conditions of the FBO licences;
- any provision of any code of practice or standard of performance; or
- any direction of the IDA given under Section 27 of the Telecommunications Act,

The IDA may either issue a written order to the relevant licensee for the purpose of securing compliance or require the licensee to make payment of a financial penalty of an amount not exceeding S$1 million, as it thinks fit.

The IDA may, without providing any compensation to us and in lieu of a written order or financial penalty or both, suspend or cancel a licence or part thereof or reduce the period for which a licence is to be in force if the

IDA is satisfied that the contravention is likely to be repeated. Save as disclosed below, to the best of our knowledge and belief, we are not and have not, since commencement of our operations, been in material breach of any of the foregoing.

In respect of the FBO licences issued to StarHub Ltd and SCV, we are required to pay an annual licence fee of 1% of our annual audited gross turnover based on the provision of the services covered by the licence during our financial year, subject to a minimum of S$250,000.

In respect of the 2G FBO licence issued to StarHub Mobile Pte Ltd, we are required to pay an annual licence fee of 1% of our annual audited gross turnover based on the provision of the services covered by the licence during our financial year, subject to a minimum of S$100,000.

All licence fees paid are not refundable in the event of termination.

Under the terms of the FBO licences issued to StarHub Ltd and SCV, we are required to meet specified milestones for the roll-out of our services and infrastructure and these are subject to performance bonds.

3G FBO Licence and Spectrum Right

The 3G FBO licence and 3G spectrum right held by StarHub Mobile Pte Ltd are valid until 31 December 2021. Under the terms of the 3G FBO licence, we are required to complete nationwide roll-out of systems and services by 31 December 2004. The measurement criteria for nationwide roll-out specified by the IDA is at least 95% of street level 3G radio coverage on the island of Singapore using a signal strength that is greater or equal to minus 100 decibel milliwatts. The terms of the 3G spectrum right include provisions governing the trading and sharing of the granted spectrum. As a condition of the award of the 3G spectrum right, we were required to agree to a variation of our existing FBO licence (in such manner as may be considered appropriate by IDA) such that we will be obliged to offer roaming services to licensed 3G new entrants.

2G Spectrum Rights

In September 2001, the IDA offered for auction six 2G spectrum lots, each lot of which is a generic 2 x 5MHz GSM 1800 spectrum block. As the initial offers received by the IDA were equal to the total number of 2G spectrum lots offered, the 2G spectrum rights auction did not proceed and, on 1 October 2001, we were awarded two 2G spectrum lots at the reserve price of S$120,000 per lot as the base year charge for the first year and for the subsequent years the annual charge will increase by 2.5% each year.

In accordance with the IDA's Policy Notification dated 27 July 2001, our right to use frequency bandwidth for the provision of 2G mobile communication services granted prior to the auction in September 2001 has been reclassified as a 2G spectrum right. This spectrum right similarly took effect from 1 October 2002.

The 2G spectrum rights are valid until 30 September 2008 unless suspended or cancelled by the IDA or terminated by us. The 2G spectrum rights may be extended or further renewed for such period as the IDA thinks fit and subject to such terms and conditions as may be specified by the IDA in its absolute discretion. The terms of the spectrum rights include provisions governing spectrum trading and sharing.

SBO Licence

In addition to the FBO licences which we hold, StarHub Ltd was issued a SBO (individual) licence for the provision of live audiotext services on 1 November 1999, which licence was renewed on 1 November 2002 and is valid till for a period of three years.

StarHub Internet Pte Ltd was also issued a SBO (individual) licence on 5 September 2000 for the provision of Public Internet Access Services, which licence was renewed on 5 September 2003 and is valid for a period of three years.

As noted above, we have applied for and received approval from the IDA for changes to our shareholding and ownership structure in connection with the Offering (including exercise of the Over-allotment Option), the Share Option Plan 2000, the Share Option Plan 2004, the Performance Share Plan, the Restricted Stock Plan and the issue of new Shares from time to time for the purposes of raising additional funds from the capital markets or to fulfil other corporate objectives, including acquisitions, pursuant to a general authority to be obtained from our shareholders.

The IDA in its approval has expressly reserved the right to subject us and our affiliates to further regulation, to the extent necessary, in the event that a change or proposed change to our ownership structure gives rise to competition concerns in the telecommunication industry in Singapore. The approval is without prejudice to and does not exempt us from the Telecom Competition Code or any other applicable laws.

Pursuant to these approvals, the IDA does not require StarHub Internet Pte Ltd to notify the IDA of any change in the ownership and shareholding structure of StarHub Internet Pte Ltd arising by reason only of transactions in our Shares.

If we contravene:

- any of the conditions of the SBO licences;
- any provision of any code of practice or standard of performance; or
- any direction of the IDA given under Section 27 of the Telecommunications Act,

the IDA may either issue a written order to the relevant licensee for the purpose of securing compliance or require the licensee to make payment of a financial penalty of an amount not exceeding S$1 million, as it thinks fit.

The IDA may, without providing any compensation to us and in lieu of a written order or financial penalty or both, suspend or cancel a licence or part thereof or reduce the period for which a licence is to be in force if the IDA is satisfied that the contravention is likely to be repeated.

StarHub Internet Pte Ltd was also registered under a SBO (class) licence as a provider of Internet-based voice and/or data services under the Telecom Class Licence Regulations with effect from 20 November 2000, which licence was renewed on 30 November 2003 and is valid for a period of three years.

SCV was also registered under a SBO (class) licence as a provider of store-and-retrieve value-added network services under the Telecom Class Licence Regulations with effect from 26 March 2003, which licence is valid for a period of three years.

Telecommunication Dealer's Licences

StarHub Ltd, SCV and StarHub Shop Pte Ltd each hold a Telecommunication Dealer (Class) Licence. The holder of a Telecommunication Dealer (Class) Licence will be licensed based on the main business location and additional premises need only be registered with the IDA. The Dealer Licences permit the manufacture, importation, hire, sale and offer for sale of telecommunication equipment of approved equipment as set out in the Telecommunications (Dealers) Regulations 2003 (the "Telecommunications (Dealers) Regulations"). The Dealer Licences may be suspended or revoked if the licensee is found to have furnished false, misleading or inaccurate information in the licence application, or to have misused any telecommunication equipment, or failed to comply with any of the conditions of the Dealer Licence, any provision of any code of practice, standard of performance or any direction of the IDA.

Additionally, StarHub Mobile Pte Ltd holds a Telecommunication Dealer (Individual) Licence which permits the manufacture, importation, hire, sale and offer for sale of telecommunication equipment which is not approved equipment as set out in the Telecommunications (Dealers) Regulations but excluding prohibited equipment under the Telecommunications (Dealers) Regulations. A Telecommunication Dealer (Individual) Licence must be obtained for each location.

Subscription Nationwide Television Service Licence

A Subscription Nationwide Television Service via cable Licence was issued to SCV on 16 June 1995, allowing SCV to provide television services to customers in Singapore. The licence to provide subscription television services is valid for a period of 10 years and expires on 15 June 2005. We may renew this licence for a period of five years at the MDA's discretion and on such terms and conditions as the MDA may specify. The licence also included licences to provide a preview television channel (which expired on 1 December 2003) and subscription television services using UHF television channels (which expires on 15 April 2005). We have indicated our interest to renew our Subscription Nationwide Television Service Licence and this is under consideration by the MDA at present. Our subscription nationwide television service licence was recently

extended to cover our provision of digital cable services. The licence for digital cable services is 10 years, with a subsequent option of renewal for a period of five years on such terms and conditions as the MDA may specify.

The terms of SCV's Subscription Nationwide Television Licence include the following:

- we shall, at our own cost, carry the equivalent of one public service broadcast television channel for every ten basic subscription channels and any announcements or programmes as required by the Minister in the public or national interest or in the interest of public security, national defence or relations with the government of another country;
- we shall comply with programme standards stipulated by the MDA and shall seek the MDA's approval for the channels to be carried (under the terms of the licence, the MDA's prior approval is required for any new programme channel launch);
- we shall ensure that subscription fees remain the main source of revenue;
- we shall carry such local free-to-air broadcasting services as directed by the MDA;
- we shall comply with the provisions of the MDA Act and shall seek the MDA's approval for the appointment of our Board of Directors and Chief Executive Officer and any changes to the same;
- we shall maintain and operate an efficient customer service and provide proper avenues for speedy resolution of customer complaints; and
- the licence is transferable only with the MDA's prior written approval.

If we contravene any of the conditions of the licence and fail to remedy the same within thirty days, the MDA may by giving one week's notice in writing and without compensation, suspend or cancel our licence.

Under the Broadcasting Act no person shall, whether alone or together with his associates (as defined in the Broadcasting Act), hold or control our Shares in excess of any of the shareholding limits prescribed by the Broadcasting Act from time to time, without first obtaining the approval of the Minister. The shareholding limits applicable as at the date of this document are set out below.

No person shall become our substantial shareholder or, on or after 2 September 2002, enter into any agreement or arrangement, whether oral or in writing, and whether express or implied, to act together with any other person with respect to the acquisition, holding or disposal of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of more than 5% of the nominal amount of all our voting shares, without first obtaining the approval of the Minister. We have applied for and received approval from the Minister for our entry into the Placement Agreement and the Offer Agreement. The Vendors and the Lead Managers have applied for and received approval from the Minister for their entry into the various transactions required in connection with the underwriting arrangements in respect of our initial public offering.

Further, no person shall become a 12.0% controller or an indirect controller of StarHub Ltd without first obtaining the approval of the Minister.

Under the Broadcasting Act, a person is a "12.0% controller" if he, alone or together with his associates, holds not less than 12.0% of our Shares or is in a position to control not less than 12.0% of all voting shares in StarHub Ltd. An "indirect controller" is a person, whether acting alone or together with any other person and whether with or without holding our Shares, in accordance with whose directions, instructions or wishes our Directors are accustomed or under an obligation, whether formal or informal, to act; or who is in a position to determine our policy (excluding persons who are StarHub Ltd's directors or officers and persons giving advice in a professional capacity).

Under the Broadcasting Act, any licence issued under the Broadcasting Act may be cancelled by the MDA by notice in writing and without compensation if the Minister is satisfied that, without his approval, any foreign source (as defined below), alone or together with one or more other foreign sources:

(i) holds not less than 49% of the licensee's shares; or

(ii) is in a position to control directly or indirectly not less than 49% of the total number of votes that may be cast in a general meeting of the licensee.

Under the Broadcasting Act section 40(1), the Minister may object to a person continuing to be a substantial shareholder, a 12% controller, an indirect controller or a party to any agreement or arrangement (for which approval is required). Where the Minister has served such a notice of objection or if the Minister is satisfied that

section 35, 36, 37(4) or 39(5) of the Broadcasting Act or any condition of approval has been contravened, the Minister has the power to direct or restrict the transfer or disposal of shares in the broadcasting company or to make such other direction or restriction as the Minister considers appropriate.

In view of the foregoing, our Articles of Association currently restrict any person from being a substantial shareholder, a 12.0% controller or an indirect controller of StarHub Ltd without first obtaining the approval of the Minister. Our Articles of Association also restrict the number of shares held by, or in respect of which voting rights are controlled by, a foreign source to 49% of the issued share capital of StarHub Ltd, provided always that, subject to the prior approval of the SGX-ST, our Directors may from time to time reduce this percentage limit to below 49% of the issued share capital of StarHub Ltd as our Directors may in their absolute discretion determine and may from time to time, following such reduction, increase such percentage limit to up to 49% of the issued share capital of StarHub Ltd. StarHub Ltd will provide notice to the SGX-ST if it changes the shareholding limitations under its Articles of Associations.

A "foreign source" is defined to include:

(i) the government of a country outside Singapore or the agent of any such government, whether resident in Singapore or otherwise;

(ii) any company, association or society incorporated or constituted under any law in force outside Singapore whether or not it has a branch office or place of business in Singapore;

(iii) any person who is not a citizen of Singapore whether or not he is resident in Singapore;

(iv) any:

  (1) body corporate formed or incorporated in Singapore, one or more of whose members or directors are not citizens of Singapore, or in the case of a member being another company, where one or more of the members or directors of such company are not citizens of Singapore; or

  (2) unincorporated association or body constituted under any law in force in Singapore, one or more of whose members or directors are not citizens of Singapore, or in the case of a member being another company, where one or more of the members or directors of such company are not citizens of Singapore,

  as the Minister may, by notification in the Singapore Government Gazette, declare to be a foreign source; or

(v) such other source outside Singapore as the Minister may, by notification in the Singapore Government Gazette, declare to be a foreign source.

The above restrictions on shareholding apply similarly to our shareholding in SCV.

In addition, under Section 43 of the Broadcasting Act, no person shall, without the prior consent of the MDA, receive any fund from any foreign source for the purposes of financing, directly or indirectly, wholly or in part, any broadcasting service owned or operated by any broadcasting company. The MDA may grant its consent if it is satisfied, on such information as it may require to be furnished to it, that the fund from a foreign source is intended for bona fide commercial purposes. Pursuant to the Broadcasting (Exemption) Order 2004, which is deemed to have come into operation on 1 October 1994, the Minister has exempted from Section 43 any person who receives funds from loans, bank guarantees, letters of credit or other credit facilities granted to or in favour of it, by banks or other financial institutions licensed by the Monetary Authority of Singapore, provided that such funds are intended for bona fide commercial purposes.

Under the terms of the Broadcasting Act, if we contravene any of the conditions of our licences issued under the Broadcasting Act, any relevant Code of Practice, any of the provisions of the Broadcasting Act or the regulations or any direction issued by the Minister or the MDA which is applicable to us, if we go into compulsory or voluntary liquidation other than for the purpose of amalgamation or reconstruction, make any assignment to, or composition with, its creditors or if the public interest or the security of Singapore so requires, the MDA may by notice in writing, without any compensation, cancel or suspend our licence for such period as the MDA thinks fit and/or require the payment of a fine of such amount as the MDA thinks fit. Any decision of the MDA in this regard may be appealed to the Minister whose decision shall be final. Save as disclosed below, to the best of our knowledge and belief, we are not and have not, since commencement of our operations, been in material breach of any of the foregoing.

Under its Subscription Nationwide Television Services Licence, SCV is required to pay an annual licence fee of 2.5% of the total income received from the provision of services under that licence. The annual licence fee paid in advance is refundable proportionally in the event of termination.

Under the terms of our licence, SCV was granted the exclusive right to provide subscription television services in Singapore till June 2002. On 25 June 2003, the MDA invited qualified parties interested in providing a subscription television service to participate in a public tender. At the close of the tender on 24 September 2003, no bids had been received by the MDA.

MMDS Subscription TV Service Licence

A MMDS Subscription TV Service Licence was issued to SCV on 24 March 1997, allowing SCV to provide cable television services to commercial customers in Singapore.

Broadcasting Class Licence

As SCV provides Internet access services to members of the public using cable modems, we are required to register with the MDA as an Internet Access Service Provider and are subject to the terms of the Broadcasting (Class Licence) Notification. The conditions of the class licence include the requirement that we use our best efforts to ensure that our service complies with such Codes of Practice as the MDA may issue from time to time and that our service is not used for any purpose, and does not contain any programme, that is against the public interest, public order or national harmony, or offends against good taste or decency. We are also an Internet content provider and we are therefore automatically deemed to hold a MDA Class Licence in our capacity as such. As an Internet service and content provider under the Broadcasting (Class Licence) Notification, we are subject to the MDA's Internet Code of Practice ("Internet Code").

Vertical Blanking Interval (VBI) Lines Service Licence

A Vertical Blanking Interval (VBI) Lines Service Licence was issued to SCV on 1 December 2003, allowing SCV to provide teletext service on the cable TV channels to customers in Singapore. The licence to provide this service will expire on 30 November 2006, with an option to renew the licence by applying no later than 1 month prior to the date of the expiry.

Telecom Competition Code

Pursuant to Section 26 of the Telecommunications Act, the IDA may from time to time issue and review codes of practice and standards of performance in connection with:

- the operation of telecommunication systems and equipment;
- the provision of telecommunication services; and
- the conduct of telecommunication licensees in the provision of telecommunication services.

Every telecommunication licensee is required to comply with the relevant codes of practice and standards of performance applicable to it.

As a way of introducing measures and safeguards to ensure fair competition, the IDA issued the Telecom Competition Code on 15 September 2000. The Telecom Competition Code sets out the IDA's regulatory principles and contains provisions relating to duties of licensees to their end-customers, required co-operation amongst licensees to promote competition, interconnection, infrastructure sharing, sector-specific competition rules and enforcement mechanisms.

The Telecom Competition Code is intended to:

- promote the efficiency and international competitiveness of the information and communications industry in Singapore;
- ensure that telecommunication services are reasonably accessible to all people in Singapore, and are supplied as efficiently and economically as practicable and at performance standards that reasonably meet the social, industrial and commercial needs of Singapore;

- promote and maintain fair and efficient market conduct and effective competition between persons engaged in commercial activities connected with telecommunication technology in Singapore;
- promote the effective participation of all sectors of the Singapore information and communications industry in markets (whether in Singapore or elsewhere);
- encourage, facilitate and promote industry self-regulation in the information and communications industry in Singapore; and
- encourage, facilitate and promote investment in, and the establishment, development and expansion of, the information and communications industry in Singapore.

In October 2003, the IDA commenced its first triennial review of the Telecom Competition Code. Proposed changes to the Telecom Competition Code include amendments to the definition of Dominant Licensee and the provisions applicable to Dominant Licensees, the consumer protection provisions and to the provisions governing changes to ownership and consolidations. The second public consultation for the proposed amendments to the Telecom Competition Code ended on 22 June 2004. The IDA has indicated that it aims to issue the revised Telecom Competition Code by the second half of 2004.

Regulatory Principles

The Telecom Competition Code sets out the principles that will guide the IDA in the implementation of the provisions of the Telecom Competition Code. These include:

- primary reliance on private negotiations and industry self-regulation, subject to minimum requirements designed to protect consumers and prevent anti-competitive conduct;
- clear and effective measures to promote full competition where it does not yet exist;
- use of regulation that is no more burdensome than necessary to achieve regulatory goals;
- non-discriminatory decisions and directions;
- technological neutrality; and
- open and reasoned decision-making.

The IDA will review and amend or remove provisions from the Telecom Competition Code that cease to be necessary as competition develops. It will also conduct a review of the provisions of the Telecom Competition Code not less than once every three years. The first such review is currently ongoing and the outcome of the review has yet to be announced (See **"**—Telecom Competition Code").

Duties to End-Customers

All licensees are required to include in their agreements with their business or residential end-customers provisions which oblige the licensee to embody certain requirements laid down in the Telecom Competition Code. These requirements relate to matters such as QoS standards, billing, termination procedures, protection of end-user information and reporting requirements.

In addition, Dominant Licensees must comply with additional requirements such as providing services on a non-discriminatory basis and at just and reasonable prices, terms and conditions. Dominant Licensees must also obtain the IDA's approval with respect to tariffs.

Under the Telecom Competition Code, a "Dominant Licensee" is one that controls facilities that provide a direct connection to end-customers within Singapore regardless of the technology used and (a) the facilities are sufficiently costly or difficult to replicate such that requiring new entrants to do so would create a significant barrier to rapid and successful entry by an efficient competitor, or (b) the licensee has the ability to restrict output or raise prices above competitive levels for telecommunication services provided to end-customers over those facilities. To date, the IDA has designated SingTel and SCV as Dominant Licensees. The IDA has, however, exempted SCV from all provisions in the Telecom Competition Code applicable to Dominant Licensees save for sub-sections 3.3.2 to 3.3.5 and 7.2 to 7.2.2.2, provided that sub-section 3.3.5 shall not be construed to require SCV to offer the unbundling of cable modem (broadband transport) service for the provision of Internet access service.

Interconnection

In order to ensure the deployment of an integrated "network of networks" that provides seamless "any-to-any" telecommunications throughout Singapore, all FBOs and SBOs that use switching or routing equipment to provide telecommunication services to the public are required to interconnect, whether directly or indirectly, with other licensees. Non-Dominant licensees may interconnect, without the IDA's prior consent, on any mutually agreeable terms so long as they satisfy certain minimum interconnection duties specified in the Telecom Competition Code. The Telecom Competition Code also specifies additional obligations that licensees must fulfil even in the absence of an interconnection agreement, such as disclosure of network interfaces, compliance with mandatory technical standards, facilitation of number portability and refusal to accept certain discriminatory preferences.

The Telecom Competition Code imposes additional interconnection obligations on Dominant Licensees. Licensees may choose to enter into an interconnection agreement with a Dominant Licensee by any of three options. First, a licensee may accept the terms of the Dominant Licensee's Reference Interconnect Offer ("RIO") approved by the IDA. Second, the licensee may "opt-in" to an existing agreement between the Dominant Licensee and any other similarly situated licensee. Third, the licensee may seek to negotiate an individualised agreement with the Dominant Licensee. The IDA will allow a Dominant Licensee to interconnect with other licensees on any mutually agreeable terms so long as they satisfy the applicable minimum interconnection duties contained in the Telecom Competition Code and do not discriminate against other licensees. However, if agreement cannot be reached, the parties may refer the dispute to the IDA who will impose any applicable terms of the RIO or such other solution as the IDA deems appropriate.

Pursuant to the terms of the Telecom Competition Code, SingTel has, as a Dominant Licensee, on 30 October 2000, submitted a RIO which was last revised on 20 May 2003. We have entered into interconnection agreements with SingTel based on SingTel's RIO. We also have interconnection agreement with various other FBOs and SBOs.

Infrastructure Sharing

As a general licence condition and under the Telecom Competition Code, FBO licensees are required to share specified infrastructure in designated areas with other telecommunication licensees where the IDA determines the same to be in the national and/or public interest or otherwise. Currently, infrastructure required to be shared include various facilities in underground road and mass rapid transit ("MRT") tunnels.

Competition

The Telecom Competition Code sets out rules that preclude licensees from engaging in anti-competitive conduct. A Dominant Licensee must not abuse its market position. For example, it must not engage in anti-competitive predatory price cutting, nor may it alter the physical or logical interfaces of its network in a manner that imposes significant costs on interconnected licensees, in the absence of a legitimate business, operational or technical justification. The Telecom Competition Code prohibits licensees from entering into agreements that unreasonably restrict competition and sets out a framework by which the IDA will assess the permissibility of such agreements. Licensees are prohibited from entering into certain types of agreements, such as price fixing arrangements or group boycotts.

Enforcement

The IDA may enforce the provisions of the Telecom Competition Code by initiating an enforcement action either on its own initiative or in response to a request filed by a third party. Such actions must be initiated within two years of the date on which the alleged contravention occurred or, where contravention cannot reasonably be discovered at the time it was committed, within two years of the earlier of the date on which the conduct was or reasonably should have been discovered. In enforcing the provisions of the Telecom Competition Code, the IDA may issue warnings, directions, orders to cease and desist or to take specific remedial actions, impose financial penalties up to the statutory maximum of S$1 million per contravention, or suspend, shorten the duration of, or terminate, a licence. In imposing financial penalties, the IDA will consider all relevant aggravating or mitigating factors in order to ensure that any financial penalty imposed is proportionate to the contravention.

The Media Code

Pursuant to Section 17(1) of the MDA Act, the MDA may from time to time issue and review codes of practice and standards of performance for any or all of the following purposes:

- to enable and maintain fair market conduct in any media industry in Singapore;
- to safeguard the interests of consumers of media services and of the public generally;
- to provide guidance in relation to the operation of the provisions of the MDA Act governing competition in the media industry;
- for the regulation of activities and conduct in any media industry, and for matters connected therewith; and
- generally for carrying out the purposes and provisions of the MDA Act governing competition in the media industry and for the due administration thereof.

Every party designated as a Regulated Person under the MDA Act, including broadcasting licensees, are required to comply with the relevant codes of practice and standards of performance applicable to it.

As a way of introducing measures and safeguards to ensure fair competition, the MDA issued the Media Code which came into force on 15 April 2003. The Media Code sets out the MDA's regulatory principles and contains provisions relating to the public interest obligations of Regulated Persons and certain of their affiliates, duties of Regulated Persons to their customers, prohibitions on unfair methods of competition and agreements that unreasonably restrict competition, consolidations involving Regulated Persons, duties of Regulated Persons to provide access to essential resources and enforcement mechanisms.

The Media Code is intended to:

- enable and maintain fair market conduct and effective competition in the mass media services markets in Singapore;
- ensure the availability of a comprehensive range of quality mass media services in Singapore;
- encourage industry self-regulation in the mass media services markets in Singapore;
- foster further investment in, and the development of, the mass media services markets in Singapore; and
- otherwise safeguard the public interest.

Regulatory Principles

The Media Code sets out the principles that will guide the MDA in the implementation of the provisions of the Media Code. These include:

- primary reliance on private negotiations and industry self-regulation;
- intervention in any market where necessary to ensure that Regulated Persons fulfil their obligations to serve the public interest, protect customers from improper business practices, prevent unfair methods of competition or abuse of market position in a manner that unreasonably restricts competition, prevent agreements and consolidations that unreasonably restrict competition and ensure non-discriminatory access to essential resources;
- use of regulation that is no more burdensome than necessary to achieve regulatory goals;
- open and reasoned decision-making;
- non-discriminatory decisions and directions;
- consultation with other regulatory authorities in Singapore to facilitate the development of a consistent regulatory policy;
- avoidance of unnecessary delay in making decisions and issuing directions; and
- technological neutrality.

The MDA will review and modify or remove provisions from the Media Code that cease to be necessary as competition develops. It will also conduct a review of the provisions of the Media Code not less than once every three years.

Public Interest Obligations

All Regulated Persons and their affiliates are required to take specific actions and to avoid proscribed acts in the public interest. In particular, any Regulated Person providing subscription television services is prevented from obtaining exclusive rights to specified programmes (such as the Olympic Games), as classified by the MDA on an annual basis.

Duties to End-Customers

All Regulated Persons must comply with minimum regulatory requirements designed to ensure that they provide their customers with quality service and accurate and timely bills, whilst not using customer information for unauthorised purposes. These requirements relate to matters such as:

- compliance with minimum QoS standards laid down by the MDA;
- provision of accurate, timely and clear bills;
- provision of reasonable and effective procedures for customers to withhold and dispute charges;
- provision of advance written notice and a reasonable opportunity to resolve a dispute before termination of service;
- prohibition on excessive early termination liabilities; and
- protection of information regarding a customer's order of services and equipment, usage of services, billing name, address and credit information and history.

In addition, Dominant Licensees must comply with additional requirements such as providing services upon reasonable request to any prospective customer, provide fair access to programme lists, provide to Regulated Persons access to advertising capacity on reasonable and non-discriminatory prices, terms and conditions. Dominant Licensees must also not use their position in a manner that unreasonably restricts competition and may be required by the MDA to structurally separate their operations from those of any affiliate and to deal with that affiliate on a commercial basis. Alternatively, the MDA may require a Dominant Licensee to adopt accounting separation, cost allocation rules and/or other forms of behavioural safeguards.

Under the Media Code, a "Dominant Licensee" is one that is able to act without significant competitive restraint from its competitors. In considering whether a Regulated Person is in a dominant position, the MDA shall have regard to the following matters:

- whether the Regulated Person has enjoyed, or is a member of a group whose members enjoyed, a monopoly position within a primary mass media services market, prior to 9th June 2000; or
- whether the Regulated Person currently has the ability to exercise market power in a primary mass media services market or in any sub-market.

SCV has been designated by the MDA as a Dominant Licensee in respect of the subscription television services sector.

Competition

The Media Code prohibits Regulated Persons from being a party to any agreement, decision or concerted practice that has the object or effect of preventing, restricting or distorting competition in any mass media services market and sets out a framework by which the MDA will assess the permissibility of such agreements. Regulated Persons are prohibited from entering into certain types of agreements, such as price fixing arrangements or group boycotts. The permissibility of a licensee entering into other agreements, such as joint research or marketing ventures, will be assessed based on each agreement's likely or actual impact on competition.

Agreements prohibited under the Media Code as being anti-competitive include agreements which substantially foreclose access to an input or a channel of distribution where this would prevent, restrict or distort competition. On 26 June 2003, the MDA conducted a public consultation on how (if at all) the MDA should regulate exclusive carriage agreements that may exist either now or in the future between Pay TV operators and content providers, which public consultation closed on 25 July 2003. To-date, the MDA has not issued its decision on the application of the Media Code to exclusive carriage agreements.

The provisions of the Media Code also require all Regulated Persons seeking to enter into a consolidation with another Regulated Person or any other person (not being a Regulated Person) that provides mass media services or ancillary media services to obtain the MDA's approval prior to the consolidation. Where the MDA concludes that the proposed consolidation is likely to unreasonably restrict competition, the MDA may refuse to approve the consolidation or may impose appropriate conditions.

Duty to Provide Access to Essential Resources

Under the terms of the Media Code, a Regulated Person may require any entity which owns or controls any resource used or intended to be used in connection with the provision or delivery of any mass media service to provide access to any resource declared by the MDA as an Essential Resource. The Media Code establishes the process for determining whether the resource is an Essential Resource and the prices, terms and conditions on which access must be provided. Primary reliance is placed on private negotiation, but regulatory intervention is provided for in the event that the parties cannot reach an agreement.

Dispute Resolution and Enforcement

The Media Code provides provisions for a person to seek informal guidance from the MDA as to whether a particular course of action would contravene the Code or the MDA's likely response to an application or request. The provision of informal guidance is at the discretion of the MDA and any guidance provided is not binding on the MDA. The request and guidance provided are confidential.

The Media Code also sets out the procedure for the parties to specified types of disputes to jointly request the MDA for the provision of conciliation services. The role of the MDA in any such conciliation will be to assist the parties to reach a mutually acceptable solution that is consistent with the Code rather than advocating any specific position.

The MDA will also provide dispute resolution services in connection with specific disputes. The Media Code sets out the procedure for such dispute resolution including a requirement that the parties negotiate in good faith for 90 days prior to the submission of a petition to the MDA for dispute resolution. In conducting the dispute resolution, the MDA will apply the following principles:

- The MDA will not re-open any issue on which the parties have reached an agreement which is consistent with the Media Code;
- The MDA will generally issue a decision within 60 days of receiving all necessary information;
- The MDA retains full discretion to impose any solution that it deems appropriate unless an issue in dispute is addressed by a provision of the Media Code, in which case the MDA will apply that provision;
- The MDA may impose an interim resolution where appropriate; and
- The MDA may require a party or parties to pay the administrative or incidental costs of the dispute resolution if the MDA determines that such party or parties have not negotiated in good faith.

Any party providing mass media services or ancillary media services that has been injured or is likely to be injured as a direct result of the contravention of the Media Code may request the MDA to take enforcement actions. The MDA retains complete discretion on whether or not to initiate any enforcement action and as to the time and manner in which the MDA will conduct such enforcement action. The Media Code sets out the procedure for a party to request an enforcement action and the procedure that the MDA will use in any enforcement action. In the event that the MDA concludes that the Regulated Person has contravened the Media Code, the MDA may take appropriate enforcement measures including issuing warnings, directions, orders to cease and desist or to take specific remedial actions, imposing financial penalties up to the maximum of S$1 million per contravention, or suspending or cancelling a licence. In imposing financial penalties, the MDA will consider all relevant aggravating or mitigating factors including the severity and duration of the contravention, extent of harm to third parties, whether the contravention was accidental or committed knowingly and whether there was a previous history of contraventions.

TV Programme, Advertising and Sponsorship Codes

The MDA has issued TV Programme, Advertising and Sponsorship Codes which stipulate applicable standards for programmes on free-to-air and subscription television.

Cable TV Programme Code

The primary objective of the Cable TV Programme Code (like other programme codes issued by the MDA) is to safe-guard the viewing interests of the general public. The Code sets out guidelines which are congruent with Singapore's national objectives of upholding racial and religious harmony and reflecting community standards. The Code also ensures that children are protected from undesirable programming material. The standards stipulated by the Code vary according to the time of the telecast and the target viewership. Broadcast programmes are required to be scheduled appropriately taking into account the target viewership.

TV Advertising Code

The TV Advertising Code sets out guidelines to ensure that the interests of viewers as consumers are protected, including requirements that advertisements must be truthful and lawful and cannot contain any claims which may be misleading and that all claims and comparisons must be capable of substantiation. Licensees are required to be mindful of prevailing legislation affecting advertising. The Code also stipulates that advertisements should observe social values and basic standards of good taste and decency and that we should exercise discretion when scheduling advertisements and trailers to ensure that they are appropriate for the target audience.

TV Sponsorship Code

The TV Sponsorship Code governs aspects of television programme services which entail advertiser involvement in programming and promotional (rather than advertising) time. Licensees are required to maintain editorial integrity and programming independence and are not be influenced by the sponsor on either the content or acquisition of a programme. Licensees are required to make sure that no undue prominence is given to a sponsor and that references to the sponsor should not be obtrusive or mar the audience's viewing pleasure. The Code also imposes stricter standards in relation to genres like news, business, current affairs and children's programmes.

Penalty Framework

Breaches of the TV Programme, Advertising and Sponsorship Codes may attract a penalty depending on the severity of the breach and whether it is a recurring breach. The penalty in the form of a fine may range from S$1,000 to S$50,000. We have the right of reply and the opportunity to appeal before a penalty is imposed by the MDA. We can appeal the decisions of the MDA to the Minister who is assisted by the Broadcasting Appeals Advisory Committee, an appointed panel which will consider the case and give its recommendations to the Minister, whose decision is final.

Telecommunications Quality of Service Standards

The IDA regulates the service performance of telecommunication service providers against certain QoS standards it has laid down. The IDA conducts regular surveys to monitor customer satisfaction and to obtain consumer feedback on how services may be further improved. Service providers are also required to submit to the IDA quarterly reports on their service quality.

The IDA may impose financial penalties on service providers who fail to comply with the QoS standards. The financial penalties are either S$5,000 per primary indicator per month or S$1,000 per secondary indicator per month. A primary indicator generally constitutes a failure to comply with QoS standards that tends to have a wider public impact over a longer period of time and which may cause major public inconvenience.

The QoS standards applicable to our businesses are as follows (in the tables below, (P) refers to primary indicators, others are secondary indicators):

PUBLIC CELLULAR MOBILE TELEPHONE SERVICES

% of time network is operating (P)	over 99%
% of calls lost due to busy channels (P)	below 5%
% of calls successfully connected (P)	over 95%
Extent of service coverage (P) :	
On street level	over 95%
In-building (public access areas [(1)])	over 85%
Average time taken for calls to be connected	below 5 seconds
% of calls dropped or terminated abnormally	below 5%
Time taken to activate service from receipt of application	below 4 hours

[(1)] Public access areas refer to areas that are generally accessible to the public without any restriction. For the purpose of in-building radio coverage, the public access areas within a building are classified into three categories:

a) Main Lobby Area
b) High Traffic Area
   (i) Podium floors of tower building
   (ii) Multi-storey car parks (above level ground)
   (iii) Basement levels where services are made available to the public (e.g. shops, food courts, supermarkets)
c) Basement Car Park Area - refers to car parks at basement level 1 where the above (b)(iii) does not apply.

BROADBAND ACCESS SERVICES

Network Availability	> 99%
Service Activation Time (from date of receipt of application)	5 working days or fewer
Network Latency (connection within the local network)*	=< 85 msec
Network Latency (for the international portion of the network)**	=< 300 msec
Bandwidth Utilisation (for connections within the local network)	=< 90%

* This latency figure extends from the broadband user to the broadband service provider's Internet Exchange (IX).

** The international portion of the broadband network extends from beyond the domestic broadband local network up to the network provider's first point-of-presence in the U.S., or the first point of entry in the U.S.

INTERNET ACCESS SERVICES

Network availability (P)	over 99.5%
System accessibility (P) :	
Dial-up access	over 95%
Leased-line access	over 99%
Service Activation Time from date of receipt of application:	
Dial-up access	three working days or fewer
Leased-line access	seven working days or fewer

WIRED TELECOMMUNICATION SERVICES

Direct Exchange Lines

Installation time within five working days or on date specified by customer (P)	95%
Appointment met on date specified by customer	98%
Waiting time	one month or less #

\# refers to cases where the service cannot be provided within the normal five days due to unavailability of outside plant facilities such as lack of spare local pair at the serving or alternative distribution point.

Faults fixed within (P)

24 hours	90%
48 hours	95%

Operator Services - Percentage of Calls Handled	
Service 100:	
within 10 seconds	85%
within 20 seconds	90%
Service 104:	
within 10 seconds	90%
within 20 seconds	95%
Service 161:	
within 10 seconds	85%
within 20 seconds	90%
Service 900:	
Average waiting time	below 10 seconds
Service 1800-7381311:	
within 15 seconds	85%
Billing	
Enquiries dealt within 5 working days	100%
IDD Services	
Activation of IDD service on working lines:	
within one working day	95%
within two working days	99.9%
Local & International Leased Circuits	
Service reliability (P):	
Analogue	99.6%
Digital	99.7%
Leased circuit requirement provided within date agreed by customer (P)	
International Analogue/Digital	95%
Local Analogue/Digital	93%
Mean time to repair (P)	
Analogue	five hours
Digital	three hours
Public Payphones	
Average daily percentage of payphones in working condition	over 96%
Payphones repaired within:	
one working day	90%
two working days	94%

Tariffs

Operators, with the exception of Dominant Licensees, are free to determine their own rate structures, but advanced disclosure to end-users of price and non-price terms governing the provision of services and equipment is required. As a Dominant Licensee, SCV is required under the Telecom Competition Code to file a tariff with the IDA for approval prior to offering any new end user telecommunication service or modifying an existing telecommunication service offering, offering or modifying a promotion. SCV is also required to provide telecommunication services at the prices, terms and conditions specified in its approved tariffs. SCV may, however, develop offerings to meet the specific needs of individual end users, however, a tariff must be filed embodying the prices, terms and conditions of such offering and we must make those prices, terms and conditions (subject to reasonable modification) available to any other end user upon request.

Cable Open Access

As part of our obligations under our FBO licence, SCV was required to implement cable open access for Internet access providers by 31 December 2002. We have since fulfilled this obligation.

Changes in Our Regulatory Environment

The following are the possible changes which may occur in the regulatory environment which may have a material effect on our business:

- On 2 March 2004, SingTel submitted an application to the IDA under Subsection 2.6.1 of the Telecom Competition Code for a grant of exemption from various Dominant Licensee obligations with respect to the provision of international capacity services by SingTel. The IDA has completed a public consultation on SingTel's application and is currently concluding the second phase of the review, which involves interviews with users and industry players. The IDA has announced that it will issue a preliminary decision on the request as soon as possible and will seek further public comment on the preliminary decision before making a final decision. If the IDA decides that SingTel may be exempted from some or all of its Dominant Licensee obligations in relation to some or all of the above services,

such a decision may have an impact on our business and could have a material adverse effect on our revenue and profitability.

- On 16 December 2003, the IDA announced its decision to designate SingTel's local leased circuits ("LLC") as a mandated wholesale service and to allow co-location at SingTel's exchange buildings for access to the LLC under the Telecom Competition Code. SingTel appealed against the IDA's decision to the Minister and on 2 July 2004, the IDA's decision was upheld by the Minister with variations. Following the Minister's decision, the IDA has directed SingTel to propose and submit, for the IDA's approval, amendments to SingTel's RIO to include the offer of LLC as a wholesale service. The proposed amendments are presently the subject of a public consultation which closed on 11 August 2004. The IDA's eventual decision on SingTel's proposed amendments to SingTel's RIO could impact on our ability to provide services using the LLC services.
- In October 2003, the IDA commenced its first triennial review of the Telecom Competition Code. Proposed changes to the Telecom Competition Code include amendments to the definition of Dominant Licensee and the provisions applicable to Dominant Licensees, the consumer protection provisions and to the provisions governing changes to ownership and consolidations. The IDA has recently concluded the second public consultation for the proposed amendments and has indicated that it is aiming to issue the revised Telecom Competition Code by the second half of 2004. Changes to the Telecom Competition Code could have a material adverse effect on our business.
- On 18 June 2003, the IDA announced its intention to conduct a review of SingTel's RIO and issued a public consultation paper on the same with comments to be submitted to the IDA by 15 July 2003. On 26 September 2003, the IDA announced that the review of SingTel's RIO would be put on hold pending the completion of the triennial review of the Telecom Competition Code. Any unfavourable modification of the terms of SingTel's RIO subsequent to the review by the IDA could have an adverse effect on our business.
- On 26 June 2003, the MDA published a policy consultation paper seeking public and industry comments on whether exclusive carriage agreements between pay TV operators and content providers should be regulated and if so, the appropriate regulatory framework that should be adopted. The public consultation closed on 25 July 2003. To-date the MDA has not published its conclusions from the public consultation. If the MDA issues a ruling to prohibit all or some exclusive carriage agreements, this could have a significant adverse impact on our business.
- On 16 July 2004, the Ministry of Information, Communications and the Arts commenced a public consultation on proposed amendments to the Telecommunications Act. The proposed amendments would, among other things, grant additional powers to the IDA to suspend, cancel or reduce the term of a licence, issue codes of practice, direct telecommunication licensees to share telecommunication installations, plants and systems with any other person for the provision of broadcasting services and would also grant the Minister and the IDA powers to institute disenfranchise mechanisms if ownership changes of designated licensees raise regulatory or national interests concerns. Also proposed are amendments to the penalty framework and the review procedure in respect of the IDA's decisions. As the amendments are still in the consultation stage, the impact of the amendments on our business is presently unclear.
- The Intellectual Property Office of Singapore, on behalf of the MDA, has also commenced a public consultation, which closed on 18 August 2004, on amendments to the Broadcasting Act which are intended to strengthen the existing control measures against the distribution, import, export, manufacture, sale or hire of unauthorised decoders. The proposed amendments will criminalise the act of wilfully receiving or rebroadcasting programmes decoded without proper authorisation and also provide that any person who suffers loss as a result of these unlawful activities (for example, a pay-television broadcaster) will be able to seek appropriate civil remedies such as injunctions or monetary compensation. The impact of the amendments on our businesses cannot be precisely ascertained as the timing and final wording of the amendments are presently unclear.
- On 10 September 2004, the IDA issued a direction requiring SingTel to modify its RIO to allow FBO licensees greater access to submarine cable capacity landing at SingTel's submarine cable landing stations ("SCLS"). Under the IDA's direction, SingTel must allow FBO licensees who are holders of capacity owned, or leased on a long term basis, on any submarine cable that lands at the SCLS to obtain co-location space pursuant to SingTel's RIO. This collocation space may be used by a FBO licensee to access its own capacity, or to access capacity that is owned or leased by third parties, in order to offer them backhaul and transit services. SingTel has 14 days from the date of the direction to submit its proposed modifications to its RIO for the IDA's approval. The impact of this direction by the IDA cannot be precisely ascertained as the modifications to SingTel's RIO have not been finalised.

MANAGEMENT

Board of Directors

Our Board of Directors is responsible for our overall management and direction. It meets on a quarterly basis, or more frequently as required, to review and monitor our financial position and operations. Our Articles of Association provide that our Board of Directors will consist of not less than two Directors.

Our Board of Directors comprises 11 Directors and two alternate Directors. Other than Mr Steven Terrell Clontz, all of our Directors are non-executive Directors. Our Board of Directors has determined that four of our Directors are independent and do not have a material relationship with us as defined by the Singapore Code of Corporate Governance. They are Mr Kua Hong Pak, Mr Teo Ek Tor, Mr Nihal Vijaya Devadas Kaviratne and Mr Liu Chee Ming. We intend to appoint an additional independent Director to our Board following our listing on the SGX-ST, subject to obtaining all relevant regulatory approvals.

The following table sets forth certain information regarding our Directors:

Name	Age	Address	Position [1]	Occupation	Country of principal residence
Tan Guong Ching	57	27 Carmichael Road, Singapore 359808	Chairman	Permanent Secretary, Ministry of Home Affairs	Singapore
Steven Terrell Clontz	54	The Ascott Singapore, 6 Scotts Road, Unit 1603, Singapore 228209	President & Chief Executive Officer (Executive)	President & Chief Executive Officer, StarHub	Singapore
Lim Chin Beng	71	25 Orange Grove Road #05-01, Garden Apartments, Singapore 258351	Director	Chairman, The Ascott Group Limited, SPH and Valuair Limited	Singapore
Lee Theng Kiat	51	21 Bo Seng Avenue, Singapore 309813	Director	President & Chief Executive Officer, ST Telemedia and STT Communications	Singapore
Lim Ming Seong	57	69 Chartwell Drive, Singapore 558765	Director	Chairman of CSE Global Ltd, Deputy Chairman of Chartered Semiconductor Manufacturing Ltd and Deputy Chairman of STATS ChipPAC Ltd	Singapore
Kua Hong Pak	60	1 Muswell Hill, Singapore 358416	Director	Managing Director/ Group Chief Executive Officer, ComfortDelGro Corporation Limited	Singapore
Peter Seah Lim Huat	58	5 Ash Grove, Singapore 289786	Director	President & Chief Executive Officer, STPL	Singapore
Osamu Inoue	55	208, 2-18-1, Takaidonishi, Suginami-ku, Tokyo 168-0071, Japan	Director	Senior Vice President, NTT Communications	Japan
Teo Ek Tor	50	60 Binjai Park, Singapore 589860	Director	Managing Partner, PrimePartners Asset Management Pte Ltd	Singapore

Name	Age	Address	Position [1]	Occupation	Country of principal residence
Nihal Vijaya Devadas Kaviratne	60	The Shangri-La Residences Apartment No 02-05, No 1A, Ladyhill Road, Singapore 258685	Director	Senior Vice President, Development and Environmental Affairs Unilever Asia	Singapore
Liu Chee Ming	53	House A5, Sherwood's Bluff, 10 Bluff Path, The Peak, Hong Kong	Director	Managing Director, Platinum Holdings Company Limited	Hong Kong
Sio Tat Hiang	57	207 River Valley Road #04-75, Singapore 238275	Alternate Director to Peter Seah Lim Huat	Executive Vice President, ST Telemedia and STT Communications	Singapore
Jean F. H. P. Mandeville	44	18B Chatsworth Road, Singapore 249782	Alternate Director to Lee Theng Kiat	Chief Financial Officer, ST Telemedia	Singapore

Note:
(1) Unless otherwise stated, Directors are non-executive directors of our Company.

Tan Guong Ching

Mr Tan Guong Ching is currently the Permanent Secretary of the Ministry of Home Affairs. He is also the Chairman of SP PowerGrid Ltd, ST Telemedia and STT Communications and a director of Singapore Power Ltd ("Singapore Power"). His career in the Singapore Civil Service spanned several Ministries. Other positions held by Mr Tan were Principal Private Secretary to the Prime Minister and the Permanent Secretary of the Ministry of the Environment and the Ministry of Communications & Information (now re-organised as the Ministry of Transport and Ministry of Information, Communications and the Arts). He was the Chief Executive Officer of the Housing & Development Board immediately prior to assuming his current post of Permanent Secretary of the Ministry of Home Affairs in October 2000. Mr Tan initiated several major projects during his career, such as neighbourhood policing, civil defence, commissioning of the mass rapid transit system, the corporatisation of SingTel and the re-organisation of the Telecommunication Authority of Singapore. Mr Tan received his Bachelor and Master of Engineering (Chemical) from McMaster University. He was appointed to our Board on 8 August 1998.

Steven Terrell Clontz

Mr Steven Terrell Clontz is our President and Chief Executive Officer and a veteran in the telecommunications industry with 32 years of experience. He began his career in the United States and has worked internationally for the past 18 years. Mr Clontz moved to Singapore in 1999 to head StarHub. After graduating from the University of North Carolina, Greensboro, where he majored in physics, Mr Clontz joined Southern Bell as an engineer in 1973. In 1987, he joined BellSouth International. During his eight years there, Mr Clontz held senior-level executive positions and was President of BellSouth Asia Pacific between 1991 and 1994. From 1995 through 1998, Mr Clontz served as Chief Executive Officer and President of IPC Information Systems Inc., based in New York. Mr Clontz is currently a non-director member of the executive committee of Global Crossing Limited ("Global Crossing"). He was appointed to our Board on 8 December 1999.

Lim Chin Beng

Mr Lim Chin Beng is the Chairman of SPH, Valuair Limited, The Ascott Group Limited ("Ascott") and SPH MediaWorks. He graduated from the University of Malaya (Singapore) in 1956 with a Bachelor of Arts (Honours) degree in Economics. In that year, he joined the Singapore Civil Service as an administrative officer in the Ministry of Finance. In 1960, he joined Malayan Airways, the forerunner of Malaysia-Singapore Airlines, and in 1971 became the airline's Deputy Managing Director. When Singapore Airlines was established in 1972, he was appointed Managing Director and was Deputy Chairman between 1982 and 1996. Mr Lim was also Singapore's

ambassador to Japan between July 1991 and November 1997. In recognition of his significant contribution to the airline and tourism industries, Mr Lim was awarded the Businessman of the Year Award in 1986 and the Outstanding Contribution to Tourism Award in 1990. In 1998, Mr Lim was appointed as a member of the Public Service Commission by the President of Singapore. He was appointed to our Board on 8 August 1998.

Lee Theng Kiat

Mr Lee Theng Kiat joined the Singapore Technologies group of companies in 1985 and has held various senior-level positions overseeing the group's legal and strategic business development. In 1994, Mr Lee spearheaded the creation of ST Telemedia as a new business area for Singapore Technologies. Mr Lee is currently President and Chief Executive Officer of ST Telemedia and STT Communications. Under his leadership, ST Telemedia has evolved into a significant info-communications company with operations and investments in Asia-Pacific, America and Europe. Prior to joining the Singapore Technologies group, Mr Lee served in the Singapore Legal Service for more than eight years. He graduated with a Bachelor of Laws (Honours) degree from the former University of Singapore. He was appointed to our Board on 7 May 1998.

Lim Ming Seong

Mr Lim Ming Seong is Chairman of CSE Global Ltd, Deputy Chairman of Chartered Semiconductor Manufacturing Ltd ("CSM") and Deputy Chairman of STATS ChipPAC Ltd ("STATS ChipPAC"). From December 1986, Mr Lim was with the Singapore Technologies group and he was the Group Director when he left the group in February 2002. Prior to joining Singapore Technologies, Mr Lim was with the Singapore Ministry of Defence from October 1970. Mr Lim received his Bachelor of Applied Science (Honours) degree in Mechanical Engineering from the University of Toronto and his Diploma in Business Administration from the former University of Singapore. Mr Lim also participated in the Advance Management Programs conducted by INSEAD and Harvard Business School. He was appointed to our Board on 14 December 2000.

Kua Hong Pak

Mr Kua Hong Pak is the Managing Director and Group Chief Executive Officer of ComfortDelGro Corporation Limited. He is the Deputy Chairman of SBS Transit Ltd and VICOM Ltd and is a director of Temasek, Overseas Union Enterprise Limited, PSA Corporation Limited ("PSA"), PSA International Pte Ltd and Ringier Print (HK) Limited. He was previously the President and Chief Executive Officer of Times Publishing Group. Mr Kua graduated with a Bachelor of Accountancy degree from the former University of Singapore and participated in the Advanced Management Program conducted by Harvard Business School. He was appointed to our Board on 19 November 2001.

Peter Seah Lim Huat

Mr Peter Seah is the President and Chief Executive Officer and is also a director of STPL. He is the Chairman of Singapore Technologies Engineering Ltd ("STE") and SembCorp Industries Limited ("SembCorp") and serves on the board of CapitaLand Limited, CSM and STATS ChipPAC. He held several senior-level positions in Overseas Union Bank Limited ("OUB") during his 24 years with OUB before retiring as Vice Chairman and Chief Executive Officer. He graduated with honours in Business Administration from the former University of Singapore. He was appointed to our Board on 22 July 2002.

Osamu Inoue

Mr Osamu Inoue is a member of the board and Senior Vice President of NTT Communications. Mr Inoue started his career with Nippon Telegraph and Telephone Public Corporation in 1973. Since then, he has held various senior-level positions in the NTT group including that of director, ISDN Planning & Promotion, Vice President, Overseas Business Division of the Global Business Headquarters and also Managing Director of NTT Europe Ltd from 1999 to 2003. Mr Inoue received a Master's degree in Electronic Physical Engineering from the Tokyo Institute of Technology. He was appointed to our Board on 25 June 2003.

Teo Ek Tor

Mr Teo Ek Tor is the Managing Partner of PrimePartners Asset Management Pte Ltd which manages private-equity funds. He has vast experience in investment banking in Asia. Mr Teo has 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 received a Bachelor of Arts degree with Honours in Business Administration from the University of Western Ontario. He was appointed to our Board on 16 August 2004.

Nihal Vijaya Devadas Kaviratne

Mr Nihal Vijaya Devadas Kaviratne is the Senior Vice President (Development & Environmental Affairs) of Unilever Asia. He has spent the last 20 years of his career with Unilever in various senior-level management roles across Asia and Latin America. Mr Kaviratne was cited in the Queen's 2004 New Year Honours List in the UK and was awarded the CBE for services to UK business interests and sustainable development 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 was instrumental in leading the recovery of Unilever Indonesia after the financial crisis of 1998. He also sits on the Board of Governors of President University in Indonesia. Mr Kaviratne graduated with a honours degree in Economics from Bombay University. He has attended several management development programmes in India, Australia, the UK and the USA, including the Advanced Executive Program conducted by Kellogg School of Management, Northwestern University and the Advanced Management Program conducted by Harvard Business School. He was appointed to our Board on 16 August 2004.

Liu Chee Ming

Mr Liu Chee Ming is the Managing Director of Platinum Holdings Company Limited. Mr Liu has over 28 years of experience within the financial services sector. Mr Liu worked for various Jardine Fleming entities for over 17 years in senior-level positions. Between 1988 to 1995, he served as a Member of the Executive Committee and the Head of Investment Banking for Jardine Fleming Holdings Limited. In 1996, Mr Liu was appointed Managing Director of Platinum Holdings Company Limited. Mr Liu graduated from the University of Singapore with a Bachelor of Business Administration degree. He was appointed to our Board on 16 August 2004.

Sio Tat Hiang

Mr Sio Tat Hiang joined STPL in 1991 as Vice President, Corporate Finance, overseeing STPL's treasury and investment management functions. In 1993, he was appointed director of Strategic Investment and Group Treasurer and served as a member of the core team that formed ST Telemedia, the telecommunications arm of STPL. Prior to joining STPL, Mr Sio's career included positions in merchant and commercial banking, and securities brokering. He graduated from the former University of Singapore with a Bachelor of Business Administration (Honours) degree. Mr Sio is currently Executive Vice President of ST Telemedia and STT Communications. He has been an alternate Director since 14 May 1998 and was appointed as an alternate Director to Mr Peter Seah Lim Huat on 16 August 2004.

Jean F. H. P. Mandeville

Mr Jean F. H. P. Mandeville is currently Chief Financial Officer of ST Telemedia. Prior to joining ST Telemedia, his career included positions in telecommunications, education and research, transport and maritime. He was a senior consultant with Coopers & Lybrand, Belgium between 1989 and 1992. In 1992, he joined British Telecom and served in various capacities covering all sectors of the telecommunications market (including wireline, wireless and multi-media) in Europe, Asia and the Americas. In 2000, he was appointed President of British Telecom Asia Pacific. During that period, he served on the boards of SmarTone in Hong Kong, LGT in Korea (both public companies), Maxis in Malaysia, BCL in India and StarHub. Mr Mandeville is currently a non-director member of the executive committee of Global Crossing. He graduated from the University Saint-Ignatius Antwerp with a Licence in Applied Economics in 1982 and a Special degree in Sea Law in 1985, and attended the Stanford Senior Executive Program in 1996. He also holds numerous post-graduate achievements in general management, mergers and acquisitions, strategic alliances, strategy, financial and marketing management and economics. He was a Director from 13 September 2000 to 30 June 2002, has been an alternate Director since 10 October 2002, and was appointed as an alternate Director to Mr Lee Theng Kiat on 16 August 2004.

Family Relationship

None of our Directors is related to one another or to any of our Executive Officers (as defined below) or to any of our substantial shareholders.

Arrangement or Understanding

Each of Mr Tan Guong Ching, Mr Lim Chin Beng, Mr Lee Theng Kiat, Mr Lim Ming Seong, Mr Peter Seah Lim Huat, Mr Sio Tat Hiang and Mr Jean F. H. P. Mandeville is a nominee Director nominated by STT Communications. Mr Osamu Inoue is a nominee Director nominated by NTT IS. Each of STT Communications and NTT IS is a substantial shareholder of our Company.

Other than the foregoing, there are no arrangements or understandings with any of our substantial shareholders, customers or suppliers or other person pursuant to which any of our Directors was appointed.

Term of Office

Under our Articles of Association, at each annual general meeting, not less than one-third of our Directors for the time being will retire from office by rotation and will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office). At our next annual general meeting, Mr Tan Guong Ching, Mr Lee Theng Kiat and Mr Steven Terrell Clontz will retire by rotation and will be eligible for re-election at that annual general meeting.

In determining the number of Directors who are to retire by rotation at any annual general meeting, we shall not take into account:

(i) those Directors who have been appointed since the immediately preceding annual general meeting (in relation to our next annual general meeting, such Directors being Mr Teo Ek Tor, Mr Nihal Vijaya Devadas Kaviratne and Mr Liu Chee Ming) who will retire and be eligible for a re-election at that annual general meeting; and

(ii) those Directors who are 70 years of age and above at that annual general meeting (in relation to our next annual general meeting, such Director being Mr Lim Chin Beng) who were retired and re-elected at that annual general meeting.

Service Contracts

There is no existing service contract between any of our Directors and us or any of our subsidiaries which provides for benefits upon termination of employment.

Mr Steven Terrell Clontz's terms of employment with us provide, amongst other things, that either we or he may terminate his employment with us by providing six months' written notice or the payment of a sum equivalent to six months' salary in lieu of such notice. Besides receiving a monthly fixed salary, housing, tax equalisation and other benefits, Mr Clontz is eligible to participate in our "balanced scorecard" scheme, which determines his annual performance bonus, based on the achievement of mutually agreed targets set by our ERCC and him. (See " – Performance Bonus Scheme".)

In addition, a notional Economic Value Added ("EVA") bank account has been set up for Mr Clontz, into which the annual performance bonus earned by him each year is credited. One third of the total amount in his EVA bank account is paid to him annually and the remaining balance is retained in his EVA bank account. The balance in his EVA bank account will be paid to him upon his resignation or termination of employment (other than for cause). In the event of termination by our Company other than for cause, the balance in his EVA bank account will be paid to him in full. In the event of his resignation, the balance in his EVA bank account will be paid to him in full only if he has attained eight years' service on resignation. If he has attained less than eight years' service on resignation, then depending on his length of service, only a percentage of the balance in his EVA bank account can be withdrawn. Upon full implementation of the EVA incentive scheme for Mr Clontz, the balance in Mr Clontz's EVA bank account will increase or decrease depending on our Company's EVA performance in subsequent years.

In addition to serving as our President & Chief Executive Officer, Mr Clontz has provided, and will continue to provide, limited consulting services to ST Telemedia. These services have not interfered, and we do not expect that they will interfere, with the performance of Mr Clontz's duties to us.

Financial Review

To co-ordinate our financial and other operations, our Directors propose to hold quarterly meetings to discuss our financial performance. At each meeting, past budgets will be compared with the actual results and strategy and forecasts for the following months will be discussed and approved as appropriate to us.

Audit Committee

Our audit committee comprises Mr Kua Hong Pak, Mr Lim Ming Seong, Mr Teo Ek Tor and Mr Nihal Vijaya Devadas Kaviratne. The chairman of our audit committee is Mr Kua Hong Pak. Among other things, our audit committee:

- reviews, with our external auditors:
  - (i) our audit plan; and
  - (ii) our financial statements and the report of our external auditors thereon for submission to our Board of Directors;
- reviews, with our external auditors, their evaluation of the effectiveness and adequacy of our system of internal accounting controls, monitors the response to their findings and actions taken to correct any noted deficiencies;
- reviews, with our internal auditors, the scope and findings of the internal audit procedures and monitors the response to their findings to ensure that appropriate follow-up measures are taken;
- makes recommendations to our Board of Directors concerning the appointment and re-appointment of external auditors for each financial year taking into account, among other things, their independence, objectivity, resources and experience;
- monitors and keeps under review the nature and extent of non-audit services provided by our external auditors, and satisfies itself that the independence, objectivity and effectiveness of our external auditors are not compromised as a result thereof; and
- also meets with our external auditors and our internal auditors, without the presence of our management at least once annually.

Significant transactions with interested persons (as defined in "Interested Person Transactions and Potential Conflicts of Interests") and compliance with the procedures for such transactions will be subject to regular periodic reviews by our audit committee. If any member of our audit committee has a conflict of interest which is brought before our audit committee, such member shall not participate in any proceedings of our audit committee in relation to such conflict of interest. (See "Interested Persons Transactions and Potential Conflicts of Interests".)

Executive Resource and Compensation Committee ("ERCC")

Our ERCC is delegated with the responsibility of overseeing the development of leadership and management talent of our Company, ensuring that we have appropriate remuneration policies and designing competitive compensation packages focusing on long-term business sustainability and shareholders' return.

Our ERCC currently comprises Mr Peter Seah Lim Huat, Mr Lee Theng Kiat and Mr Lim Ming Seong. The Chairman of our ERCC is Mr Peter Seah Lim Huat.

Our ERCC is responsible for:

- reviewing and approving on an on-going basis our executive remuneration policy and other benefit programmes (including the remuneration of our Chief Executive Officer and the key management executives of our group companies);
- reviewing and approving the remuneration packages and service contracts of our senior management executives as well as their termination, retirement, ex-gratia, severance and other similar payments, and gratuities;
- reviewing and approving all equity-based plans as well as awards thereunder;
- approving the remuneration framework for our non-executive Directors on the boards of our group companies;
- approving the appointment of our senior management executives; and
- overseeing the development of management and reviewing succession plans for key positions in our Company.

Nominating Committee

Our nominating committee is responsible for identifying suitable candidates for appointment to our various boards, in particular, candidates who are able to add value to the management through their contributions in the relevant strategic business areas.

Our nominating committee comprises Mr Peter Seah Lim Huat, Mr Lee Theng Kiat and Mr Lim Ming Seong. The Chairman of our nominating committee is Mr Peter Seah Lim Huat. Our nominating committee is responsible for making recommendations to the chairman of our various boards on candidates it considers appropriate for appointment to the relevant boards.

Executive Officers

Each of our executive officers ("Executive Officers") reports directly to our President & Chief Executive Officer, Mr Steven Terrell Clontz, whose details are disclosed under "- Board of Directors" above. The following table sets forth certain information regarding our Executive Officers.

Name	Age	Address	Position	Country of principal residence
Yong Lum Sung	55	33 Lucky Crescent, Singapore 467744	Chief Operating Officer	Singapore
Kwek Buck Chye	51	55 Thomson Green, Singapore 574931	Chief Financial Officer	Singapore
Michael Eugene Reynolds	51	44 Saunders Road, Singapore 228277	Head, Consumer Markets, Senior Vice President	Singapore
Kaizad Bomi Heerjee	40	64 Farrer Road, Spanish Village #01-02, Singapore 268848	Head, Business Markets, Senior Vice President	Singapore
Chan Kin Hung	43	#07-02 Orchid Park Condominium Tower 5, 85 Yishun Street 81, Singapore 768447	Head, Mobile Services, Senior Vice President	Singapore
David William Storrie	46	116 Cairnhill Road, Singapore 229702	Head, Network & Wholesale Services, Senior Vice President	Singapore
Tan Swee Lim	45	26 Merryn Avenue, Singapore 298600	Head, Operations & Support, Senior Vice President	Singapore

Yong Lum Sung, Chief Operating Officer

Mr Yong Lum Sung is the Chief Operating Officer of the StarHub group. In this position, he has direct responsibility over the Business Markets, Consumer Markets, Mobile, Operations & Support and Network & Wholesale divisions. Mr Yong served as SCV's President from 1998 to the acquisition of Singapore Cable Vision Limited by StarHub in 2002. Mr Yong has more than 20 years of industry experience, having held various senior-level positions in technical, commercial and general management. He joined the Singapore Technologies group in 1991 and was one of the key executives who assisted in setting up the ST Telemedia group in 1993. Mr Yong helped start many of the group's telecommunication operations, including serving as General Manager of ST Mobile Data and ST SunPage. Mr Yong has a Masters degree in Electrical Engineering from the former University of Singapore and a Graduate Diploma in Accounting and Finance from the Chartered Association of Certified Accountants, UK. He has also attended the Advanced Management Program conducted by the Harvard Business School.

Kwek Buck Chye, Chief Financial Officer

Mr Kwek Buck Chye joined StarHub in September 2002 as Chief Financial Officer. In addition to his financial portfolio, Mr Kwek also oversees the Corporate Administration, Business Excellence Centre and Purchasing & Logistics departments. Prior to joining StarHub, Mr Kwek was Chief Financial Officer of ST Telemedia. Having been with the Singapore Technologies group since 1992, he served as Chief Financial Officer

in various major operating units within the group, including CSM, STATS ChipPAC and Vickers Capital. He was also Chief Operating Officer of Vickers Ballas Holdings in 1999. Before joining the Singapore Technologies group, Mr Kwek spent 10 years at United Technologies Carrier Asia Pacific Operations where he assumed various regional responsibilities in planning, business development and joint venture start-ups, including a three-year posting as Deputy General Manager of Carrier Taiwan Pte Ltd, a subsidiary of United Technologies Corporation. Mr Kwek holds a degree in Accountancy from the former University of Singapore. He also attended the Advanced Management Program conducted by Harvard Business School.

Michael Eugene Reynolds, Head, Consumer Markets, Senior Vice President

Mr Michael Eugene Reynolds is the Head of Consumer Markets. He is responsible for the consumer sector of all StarHub's services. Prior to this, Mr Reynolds was the Senior Vice President of StarHub's Business Markets, where he headed the Corporate Sales, Domestic Wholesale, International Services, Product Management & Marketing, and International Telephony departments. In that capacity, he was responsible for the business sector of all StarHub's fixed services. Mr Reynolds' experience spans all aspects of the industry, having spent more than 23 years with BellSouth Corporation in the American, European and Asia Pacific regions. Prior to joining StarHub, Mr Reynolds was based in Beijing as President of BellSouth China's operations where he oversaw BellSouth's two operating entities in China and was in charge of its business development and government relations. He was also the founding President and Chief Executive Officer of BellSouth International Wireless Services, Inc., a roaming clearinghouse and prepaid service bureau for Latin American mobile operators. He holds a Masters of Business Administration degree and a Bachelors of Business degree, both from the University of Georgia.

Dr Kaizad Bomi Heerjee, Head, Business Markets, Senior Vice President

Dr Kaizad Bomi Heerjee leads StarHub's Business Markets division and is responsible for planning and directing StarHub's corporate sales and marketing strategies for the commercial and public sectors. He also leads the Business Solutions and Services Units which provide integrated data and value-added services to local and global enterprise customers in Singapore and around the region. Prior to joining StarHub, he was Assistant Chief Executive of the IDA where he was responsible for its Online Development and Local Enterprise Internationalisation Groups. In this capacity, he was responsible for providing the vision and strategy to help realise Singapore's aim to be an info-communications hub and knowledge-based society. In his three years with the IDA, he was instrumental in grooming globally-competitive local IT enterprises by assisting them to access key global markets. Dr Heerjee also spent over ten years with Compaq Computers and Digital Equipment Corporations in several senior-level management positions in sales and marketing, and technical positions across Europe, North America and the Asia/Pacific region. He is on the board of several companies and institutions in Singapore. Dr Heerjee holds a Bachelors (Honours) degree in Mathematics from India, a Masters degree in Information Technology and a Doctorate degree in Computer Science from the UK.

Chan Kin Hung, Head, Mobile Services, Senior Vice President

Mr Chan Kin Hung is responsible for the strategic direction, marketing strategies, financial performance and operations of StarHub's mobile services. He joined StarHub in January 2001, bringing with him more than 15 years of marketing, sales and general management experience in the computer and telecommunications industry. Mr Chan began his career in various marketing positions in the Hong Kong and China operations of multinational corporations such as Digital Equipment and Apple Computer International Limited. He also spent nine years in Singapore holding various senior-level positions in the industry. He successfully implemented strategic and tactical sales and marketing plans to promote the mobile, narrowband and broadband Internet segments in Singapore. Prior to joining StarHub, he was the Managing Director of UUNET Singapore Pte Ltd, an MCI WorldCom company, where he was tasked to start and build up the Singapore operations. He succeeded in establishing UUNET in the local market as the key player in the wholesale and corporate Internet marketplace. Mr Chan received a Masters degree in Electrical Engineering from the University of Michigan, Ann Arbor, as well as a Masters degree in Business Administration from the Chinese University of Hong Kong.

David William Storrie, Head, Network & Wholesale Services, Senior Vice President

Mr David William Storrie joined StarHub in 1997 and was part of the team working through the licence tender phase. In his position as Head of Network & Wholesale, he is responsible for ensuring the day-to-day operations of StarHub's fixed, international and mobile networks as well as charting its future strategic technological directions. He is also responsible for wholesale services focusing on the provision of

communications infrastructure, facilities and services with other carriers and service providers. In addition, he is responsible for all of StarHub's core fixed network products. During his previous career with British Telecom, Mr Storrie assumed a variety of senior management positions including project management, network design, planning and operations. Mr Storrie is a veteran in the telecommunications industry with 29 years of working experience in numerous countries including Germany, France, and United States. He has a Degree in Electrical Engineering from City & Guilds London and is currently studying for a Masters degree in Business Administration with Edinburgh University.

Tan Swee Lim, Head, Operations & Support, Senior Vice President

Mr Tan Swee Lim heads StarHub's Operations & Support Division, which includes Information Technology, Customer Service and On-Site Service Fulfilment. Prior to the acquisition of Singapore Cable Vision Limited by StarHub in 2002, he was SCV's Executive Vice President of Operations and was instrumental in streamlining SCV's operations and systems. Mr Tan has 20 years of experience in telecommunications and operations, and has worked for the Singapore Ministry of Defence, AT&T, GEC, ST Mobile Data and ST Advanced Radio in various capacities. He held regional appointments in AT&T's customer support and business development in international network services, was head of the Electronics Division in GEC and was a consultant to Comfort Taxi for the Satellite Taxi Despatch Service project. He was Vice President of Engineering with start-up ST Mobile Data which provided the nationwide data network to support Comfort and TIBS Taxi Despatch Service. He also helped set up the network for digital trunked radio start-up, ST Advanced Radio. Mr Tan has a Bachelors degree in Electrical Engineering from the National University of Singapore and a Diploma in Marketing from the Marketing Institute of Singapore. He has also attended the Program for Management Development conducted by Harvard Business School.

Family Relationship

None of our Executive Officers is related to one another or to any of our Directors or to any of our substantial shareholders.

Arrangement or Understanding

None of our Executive Officers has any arrangement or understanding with any of our substantial shareholders, customers or suppliers or other persons pursuant to which such Executive Officer was appointed as our Executive Officer.

Terms of Employment

The standard terms of employment for all our Executive Officers (other than Mr Steven Terrell Clontz) provide, among other things, that:

- either party may terminate the employment by providing three months' written notice; and
- each Executive Officer's annual performance bonus shall be paid in accordance with our "balanced scorecard" scheme which is described in detail below.

Performance Bonus Scheme

We implemented the "balanced scorecard" scheme as a performance bonus scheme in 2000. This is used to determine the annual performance bonuses to be paid to all our employees. Under this scheme, each of our employees is given clear objectives on his personal scorecard, which are aligned to our 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. In order to ensure alignment of individual strategies of each business unit with our overall objectives, similar objectives are also used to develop divisional scorecards for each of our business units. As integration of our strategies is critical for synergies in our organisation to be achieved, we also measure our overall performance by a StarHub scorecard, which is also developed in accordance with our strategic objectives.

Reserved Shares

The Vendors have set aside an aggregate of 16,800,000 Offering Shares as Reserved Shares to be allocated to our Directors and employees, the directors and employees of our shareholders, and others who have contributed to our success and development (to be determined by us at our sole discretion). Save as disclosed under "Plan of Distribution — Restrictions on Disposals and Issues of Shares — Management Lock-up", there is no restriction on the disposal or transfer of all or any part of their shareholdings after completion of the Offering.

The number of Reserved Shares set aside for our Directors represents approximately 5.25% of the aggregate number of Reserved Shares available. The following Reserved Shares have been allocated:

Name of Director	No. of Reserved Shares [1]	Percentage of our issued Shares immediately after completion of the Offering[2]
Tan Guong Ching[3]	—	—
Steven Terrell Clontz	60,000	0.068
Lim Chin Beng	60,000	0.003
Lee Theng Kiat	130,000	0.006
Lim Ming Seong	60,000	0.003
Kua Hong Pak	60,000	0.003
Peter Seah Lim Huat	60,000	0.003
Osamu Inoue	60,000	0.003
Teo Ek Tor	60,000	0.003
Nihal Vijaya Devadas Kaviratne	60,000	0.003
Liu Chee Ming	60,000	0.003
Sio Tat Hiang	102,000	0.005
Jean F. H. P. Mandeville	110,000	0.005

Notes:

(1) Our Directors may also apply for additional Offering Shares under the Offering (including excess Reserved Shares).

(2) Assuming that all of our Directors take up their respective allocations of Reserved Shares.

(3) Mr Tan is precluded under the terms of his employment from acquiring our Shares and accordingly, we have not allocated him any Reserved Shares.

Directors' and Employees' Share Incentive Plans

When used in this section, our "Group" refers to StarHub Ltd and its subsidiaries, our "Company" refers to StarHub Ltd and our "Associated Company" refers to a company in which at least 20%, but not more than 50%, of its shares are held by StarHub Ltd and/or its subsidiaries, or a subsidiary of such company, and over whose management StarHub Ltd has control.

Share Option Plan 2000

On 16 June 2000, our shareholders approved the Share Option Plan 2000. The Share Option Plan 2000 is administered by our ERCC. Options granted to our non-executive Directors under the Share Option Plan 2000 have an exercise period of five years. Options granted to our employees (including our executive Directors) have an exercise period of ten years. With the termination of the Share Option Plan 2000 on 16 August 2004, no further options will be granted under the Share Option Plan 2000. The termination of the Share Option Plan 2000 does not prejudice the rights of optionholders holding options which have been granted and accepted under it prior to its termination.

Outstanding Options

As at the date of lodgement of this document with the Authority, options in respect of a total of 82,111,638 Shares have been granted under the Share Option Plan 2000, of which options in respect of a total of 52,315,127 Shares are still outstanding as at the date of this document, to a total of 2,851 of our current and former directors and employees. A nominal consideration of S$1.00 was paid by each such director or employee on acceptance of the grant of his options. To date, 28,421,509 Shares have been allotted to employees (excluding Mr Steven Terrell Clontz) and former directors, and 1,375,002 Shares have been allotted to our directors (including Mr Clontz).

Exercise of the options granted under the Share Option Plan 2000 has been suspended from 16 July 2004 to the date of our admission to the Official List of the SGX-ST.

Details of such outstanding options held by our current and former directors and employees, including the exercise prices payable upon exercise of such outstanding options and the applicable exercise periods, are set out below:

	Date of grant [1]	No. of Shares in respect of which outstanding options have been granted	Exercise period	Exercise price (S$)
Current Employees [2]	16/06/2000	376,005	17/06/2001 – 16/06/2010	$0.48
	02/10/2000	38,000	03/10/2001 – 02/10/2010	$0.48
	27/04/2001	432,408	28/04/2002 – 27/04/2011	$0.88
	26/10/2001	1,633,208	27/10/2002 – 26/10/2011	$0.88
	26/04/2002	1,330,250	27/04/2003 – 26/04/2012	$0.88
	29/11/2002	5,671,369	29/11/2002 – 29/11/2012	$0.68
	29/11/2002	11,207,566	30/11/2003 – 29/11/2012	$0.88
	30/05/2003	7,214,469	31/05/2004 – 30/05/2013	$0.88
	28/11/2003	9,170,779	29/11/2004 – 28/11/2013	$0.88
	02/04/2004	9,062,316	03/04/2005 – 02/04/2014	$0.96
Current Directors				
Steven Terrell Clontz	16/6/2000	458,334	01/01/2002 – 16/06/2010	$ 0.40
		458,334	01/01/2002 – 16/06/2010	$ 0.48
		458,334	01/01/2002 – 16/06/2010	$ 0.56
		458,334	01/01/2003 – 16/06/2010	$ 0.48
		458,334	01/01/2003 – 16/06/2010	$ 0.56
		458,334	01/01/2003 – 16/06/2010	$ 0.68
		458,334	01/01/2004 – 16/06/2010	$ 0.56
		458,334	01/01/2004 – 16/06/2010	$ 0.68
		458,334	01/01/2004 – 16/06/2010	$ 0.84
		458,334	01/01/2005 – 16/06/2010	$ 0.68
		458,334	01/01/2005 – 16/06/2010	$ 0.84
		458,334	01/01/2006 – 16/06/2010	$ 0.84
Lim Chin Beng	29/11/2002	87,500	30/11/2003 – 29/11/2007	$ 0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	$ 0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	$ 0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	$ 0.96
Lee Theng Kiat	29/11/2002	87,500	30/11/2003 – 29/11/2007	$ 0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	$ 0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	$ 0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	$ 0.96
Lim Ming Seong	29/11/2002	62,500	30/11/2003 – 29/11/2007	$ 0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	$ 0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	$ 0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	$ 0.96
Peter Seah Lim Huat	29/11/2002	37,500	30/11/2003 – 29/11/2007	$ 0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	$ 0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	$ 0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	$ 0.96
Former Employees	26/10/2001	22,083	27/10/2002 – 26/10/2011	$ 0.88
	26/04/2002	27,500	27/04/2003 – 26/04/2012	$ 0.88
Former Directors				
Lim Song Joo	28/11/2003	18,750	29/11/2004 – 28/11/2008	$ 0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	$ 0.96
Ernest Wong Yuen Weng	29/11/2002	41,666	30/11/2003 – 29/11/2007	$ 0.88
	30/05/2003	12,500	31/05/2004 – 30/05/2008	$ 0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	$ 0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	$ 0.96

Notes:

(1) Various current and former employees were granted options at the dates and upon the terms indicated. These options were granted before the Share Consolidation. However the information in this table has been adjusted to give effect to the Share Consolidation.

(2) Excluding Mr Steven Terrell Clontz.

Share Option Plan 2004

On 16 August 2004, our shareholders adopted the Share Option Plan 2004, the Performance Share Plan and the Restricted Stock Plan (collectively, the "Plans" and individually, a "Plan"). The Share Option Plan 2004 is designed to replace the Share Option Plan 2000, which was terminated on 16 August 2004 upon the adoption of the Share Option Plan 2004. As at 31 August 2004 (the "Latest Practicable Date"), no options have been granted under the Share Option Plan 2004. The following is a summary of the principal rules of the Share Option Plan 2004.

Eligibility

The following persons are eligible to participate in the Share Option Plan 2004, unless they are also persons holding directly or indirectly 15% or more of the nominal amount of all voting shares in our Company or persons who in fact exercise control over our Company ("controlling shareholders") or associates (as defined in the SGX-ST Listing Manual) of such controlling shareholders (see also "Interested Person Transactions and Potential Conflicts of Interests"):

(i) employees of our Group ("Group Employees") who have attained the age of 21 years and hold such rank as may be designated by our ERCC from time to time;

(ii) Non-Executive Directors who, in the opinion of our ERCC, have contributed or will contribute to our success. When used in this section, Non-Executive Directors mean (a) our non-executive directors; (b) non-executive directors of ST Telemedia or, if ST Telemedia ceases to be our holding company or single largest corporate shareholder, our holding company designated by our ERCC for the purposes of the relevant Plan or, where no such holding company exists, our single largest corporate shareholder for the time being designated by our ERCC for the purposes of the relevant Plan and approved by the SGX-ST (the "Parent Company") and/or any of its designated subsidiaries (other than our Company, where applicable) (the Parent Company and such subsidiaries, collectively the "Parent Group"); or (c) non-executive directors of our Associated Companies of which we currently have none; and

(iii) employees of the Parent Group (the "Parent Group Executives") and employees of our Associated Companies ("Associated Company Employees"), who have attained the age of 21 years and hold such rank as may be designated by our ERCC from time to time and who, in the opinion of our ERCC, have contributed or will contribute to the success of our Group.

We have designated STT Communications as the designated subsidiary of our Parent Company, ST Telemedia. Together, they comprise the Parent Group for the purposes of the Plans.

Option Entitlements

Selection of a participant under a Plan (a "Participant") and the number of Shares comprised in options to be offered to a Participant, shall be determined at the absolute discretion of our ERCC, which shall take into account criteria such as his rank, job performance, years of service, potential for future development and contribution to the success and development of our Group. However:

(i) any grant of options to a Parent Group Executive or a Non-Executive Director of the Parent Group which, together with options already granted to that Participant in his capacity as such, represents 5% or more of the total number of Shares available to the Parent Group Executives and Non-Executive Directors of the Parent Group under the Share Option Plan 2004, shall be approved by independent shareholders of our Company in a separate resolution for each such Parent Group Executive or Non-Executive Director of the Parent Group, provided that any grant of options to a Parent Group Executive or Non-Executive Director of the Parent Group whose services have been seconded to a company within our Group shall not be subject to the provisions of this paragraph (i); and

(ii) the aggregate number of Shares which may be offered by way of grant of options to Parent Group Executives and Non-Executive Directors of the Parent Group in their capacity as such under the Share Option Plan 2004 shall not exceed 20% of the total number of Shares available under the Share Option Plan 2004. Such aggregate number of Shares which may be offered to Parent Group Executives and Non-Executive Directors of the Parent Group in their capacity as such shall be approved by independent shareholders of our Company in a separate resolution, provided that any grant of options to a Parent Group Executive or Non-Executive Director of the Parent Group whose services have been seconded to a company within our Group shall not be subject to the provisions of this paragraph (ii).

We believe that the grant of options to specifically identified Parent Group Executives and Non-Executive Directors of the Parent Group whose services have been seconded to a company within our Group should not be

subject to the restrictions referred to in paragraphs (i) and (ii) above because such persons work full-time for our Group (like Group Employees) during the entire period of their secondment. However, such restrictions would apply after the period of secondment ends.

Size and Duration of the Share Option Plan 2004

The total number of new Shares over which options may be granted pursuant to the Share Option Plan 2004, when added to the number of new Shares issued and issuable in respect of all options granted thereunder and all options granted under the Share Option Plan 2000 and all awards granted under the Performance Share Plan and the Restricted Stock Plan, shall not exceed 15% of the issued share capital of our Company on the day preceding the relevant date of grant.

Under the Share Option Plan 2000, the number of new Shares over which options may be granted is limited to 10% of the issued share capital of our Company. The increase to a 15% limit under the new Plans is necessary, as there must be sufficient Shares to accommodate options and awards granted under the three separate Plans (which involve a large number of Participants) annually over the 10-year period of each Plan, and the extended vesting periods under the Restricted Stock Plan. For illustration purposes only, based on the issued share capital of our Company of 2,116,340,705 Shares as at the date of this document, options over up to 211,634,070 new Shares (being 10% of the issued share capital of our Company as at the date of this document) could have been granted pursuant to the Share Option Plan 2000, whereas options and/or awards over up to 317,451,106 new Shares (being 15% of the issued share capital of our Company as at the date of this document) may be granted under the new Plans.

As at the Latest Practicable Date, 2,528 of our executives (including Mr Steven Terrell Clontz, our President & Chief Executive Officer, who is also an executive Director) and our Directors are participating in the Share Option Plan 2000. Based on information available as at the Latest Practicable Date, we estimate that, with the broadening of the base for eligibility under the Share Option Plan 2004 to include Parent Group Executives and Associated Company Employees and Non-Executive Directors of the Parent Group and Associated Companies and the proposed adoption of the Performance Share Plan and the Restricted Stock Plan, a total of over 3,000 Group Employees, Non-Executive Directors, Parent Group Executives and Associated Company Employees will meet the eligibility criteria under the relevant Plan(s) as at the Latest Practicable Date. The 15% limit will therefore be necessary to accommodate the enlargement of the pool of potential Participants.

To provide for flexibility in the award structure, we have not specified a sub-limit for each of the Plans as there is no certainty that our ERCC will award performance shares and restricted shares (under the Performance Share Plan and the Restricted Stock Plan) on a fixed basis.

The Share Option Plan 2004 shall continue in force at the discretion of our ERCC until 16 August 2014, provided always that the Share Option Plan 2004 may continue beyond the above stipulated period with the approval of our shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Option Plan 2004, any outstanding options held by Participants prior to such expiry or termination will continue to remain valid.

Grant of Options

Options may be granted at any time during the period when the Share Option Plan 2004 is in force, except that no options shall be granted during the period of 14 days immediately preceding the date of announcement of our financial results. In the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, options may only be granted on or after the fourth Market Day after the date on which such announcement is released.

An option may be granted subject to such conditions as may be determined by our ERCC in its absolute discretion on the date of grant of that option.

Acceptance of Offer

Options are personal to the persons to whom they are granted and may not be transferred (other than to a Participant's personal representative on the death of the Participant), charged, assigned, pledged or otherwise

disposed of, in whole or in part, without the prior approval of our ERCC. An individual who wishes to accept options granted to him should do so, by completing, signing and returning the relevant acceptance form accompanied by payment of a nominal consideration of S$1.00, within 30 days from the date of such grant, failing which the offer shall automatically lapse.

Subscription Price

Subject to adjustments under the Share Option Plan 2004, the subscription price for each Share in respect of which an option is exercisable shall be determined by our ERCC, in its absolute discretion, to be either:

(i) a price which is equal to the volume-weighted average price for our Shares on the SGX-ST over the three consecutive days on which our Shares are traded on the SGX-ST immediately preceding the date of grant of that option, as determined by our ERCC by reference to the daily official list or any other publication published by the SGX-ST (the "Market Price"), or such higher price as may be determined by our ERCC in its absolute discretion; or

(ii) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by our ERCC in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price in respect of that option.

The subscription price shall, in no event, be less than the nominal value of a Share.

The flexibility to grant options with discounted subscription prices is intended, among other things, to enable us to offer competitive compensation and incentive packages to attract and retain talent and to further motivate and encourage them to optimise their performance and efficiency, while having regard to prevailing market practices for the recruitment and retention of talent. Having the discretion to grant options at a discount to the Market Price will also make our grant of options less vulnerable to market sentiments which may affect the price of our Shares and/or stock market volatility at the time that offers of the grant of options are to be made. The discretion to grant options with discounted subscription prices will, however, be used judiciously, and only in exceptional circumstances where there is a need to compensate option holders for stock market volatility at the time of grant. We currently do not intend to grant options with discounted subscription prices in the normal course.

Exercise of Options

Options with subscription prices at grant which are equal to, or higher than the Market Price, may be exercised after the first anniversary of the date of grant, and in accordance with a vesting schedule and the conditions (if any) to be determined by our ERCC on the date of each specific grant of the respective options.

Options with subscription prices at grant which represent a discount to the Market Price may be exercised after the second anniversary of the date of grant, and in accordance with a vesting schedule and the conditions (if any) to be determined by our ERCC on the date of grant of each specific the respective options.

The validity period of options will be subject to prevailing legislation applicable on the relevant date of grant. Based on legislation prevailing as at the Latest Practicable Date, options granted to Group Employees and Parent Group Executives (where the Parent Company is a holding company of our Company on the relevant date of grant), will cease to be exercisable after the tenth anniversary of the date of grant or such earlier date as our ERCC may specify on the date of grant of the relevant options. Options granted to Non-Executive Directors, Associated Company Employees and Parent Group Executives (where the Parent Company is not a holding company of our Company on the relevant date of grant), will cease to be exercisable after the fifth anniversary of the date of grant or such earlier date as our ERCC may specify on the date of grant of the relevant options.

An option may be exercised in whole or in part.

Shares allotted and issued on the exercise of options shall be subject to all the provisions of our Articles of Association, and shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions for which the record date falls before the date on which the option is exercised.

Special provisions relating to the lapsing or earlier exercise of options apply in certain circumstances, including the following:

(i) the cessation of the employment of a Participant;

(ii) the misconduct of a Participant;

(iii) the ill health, injury, disability or death of a Participant;

(iv) the bankruptcy of a Participant;

(v) the Participant's company by which he is employed ceasing to be a company within our Group, the Parent Group or an Associated Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group or the Parent Group or to an Associated Company;

(vi) the Participant, being a Non-Executive Director, ceasing at any time to be a director of any company within our Group or the Parent Group or an Associated Company for any reason whatsoever; and

(vii) a take-over, winding-up or reconstruction of our Company.

Upon the occurrence of any of the events specified in paragraphs (i) and (ii) above, an option then held by a Participant shall, subject as provided in the rules of the Share Option Plan 2004 and to the extent unexercised, immediately lapse without any claim whatsoever against us.

Upon the occurrence of any of the events specified in paragraphs (iii), (iv), (v) and (vi) above, an option then held by a Participant shall, to the extent unexercised, lapse without any claim whatsoever against us, unless otherwise determined by our ERCC in its absolute discretion. In exercising such discretion, our ERCC may determine the number of Shares comprised in that option which may be exercised and the period during which such option shall be exercisable (such option may also be exercised notwithstanding that the date of exercise is before the first day of the exercise period relating thereto), or allow the Participant to exercise any unexercised option in accordance with the original vesting schedule applicable thereto.

Upon the occurrence of any of the events specified in paragraph (vii) above, an option then held by a Participant may be exercised within certain fixed periods specified in the rules of the Share Option Plan 2004.

Performance Share Plan

One of the primary objectives of the Performance Share Plan is to recognise and retain outstanding key executives and executive Directors of our Group and our Associated Companies whose contributions are essential to our long-term growth and prosperity. Performance targets set under the Performance Share Plan are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are targets aimed at sustaining long term growth. Examples of performance targets to be set include targets based on criteria such as total shareholders' return, market share, market ranking and return on sales.

The following is a summary of the principal rules of the Performance Share Plan.

Eligibility

The following persons, unless they are also controlling shareholders of our Company or associates of such controlling shareholders (see also "Interested Person Transactions and Potential Conflicts of Interests"), shall be eligible to participate in the Performance Share Plan:

(i) Group Employees who have attained the age of 21 years and hold such rank as may be designated by our ERCC from time to time (including those Parent Group Executives and Non-Executive Directors of the Parent Group who meet the foregoing age and rank criteria and whose services have been seconded to a company within our Group and who shall be regarded as Group Employees for the purposes of the Performance Share Plan);

(ii) Non-Executive Directors (other than Non-Executive Directors of the Parent Group) who, in the opinion of our ERCC, have contributed or will contribute to the success of our Group; and

(iii) Associated Company Employees who have attained the age of 21 years and hold such rank as may be designated by our ERCC from time to time and who, in the opinion of our ERCC, have contributed or will contribute to the success of our Group.

Only seconded Parent Group Executives and Non-Executive Directors of the Parent Group who work full-time for our Group (like Group Employees) during the entire period of their secondment will be eligible to participate under paragraph (i) above.

Awards

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 target(s). Awards are released once our ERCC is satisfied that the prescribed performance target(s) have been achieved. There are no vesting periods beyond the performance achievement periods.

The selection of a Participant and the number of Shares which are the subject of each award to be granted to a Participant in accordance with the Performance Share Plan shall be determined at the absolute discretion of our ERCC, which shall take into account criteria such as rank, job performance, years of service and potential for future development, contribution to the success and development of our Group and the extent of effort required to achieve the performance target(s) within the performance period.

Our ERCC shall decide, in relation to each award to be granted to a Participant:

(i) the date on which the award is to be granted;

(ii) the number of Shares which are the subject of the award;

(iii) the prescribed performance target(s);

(iv) the performance period during which the prescribed performance target(s) are to be satisfied; and

(v) the extent to which Shares which are the subject of that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period.

Awards may be granted at any time in the course of a financial year. An award letter confirming the award and specifying, among other things, in relation to the award/the prescribed performance target(s) to be satisfied and the performance period during which the prescribed performance target(s) are to be satisfied, will be sent to each Participant as soon as is reasonably practicable after the making of an award.

Special provisions for the vesting and lapsing of awards apply in certain circumstances, including the following:

(i) the cessation of the employment of a Participant;

(ii) the misconduct of a Participant;

(iii) the Participant, being a Parent Group Executive or a Non-Executive Director of the Parent Group whose services have been seconded to a company within our Group, ceasing to be so seconded;

(iv) the ill health, injury, disability or death of a Participant;

(v) the bankruptcy of a Participant;

(vi) the Participant's company by which he is employed, or to which he is seconded, ceasing to be a company within the our Group or an Associated Company, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group or to an Associated Company;

(vii) the Participant, being a Non-Executive Director, ceasing to be a director of our Company, the relevant subsidiary of our Company, the relevant Associated Company or, as the case may be, the relevant subsidiary of an Associated Company for any reason whatsoever; and

(viii) a take-over, winding-up or reconstruction of our Company.

Upon the occurrence of any of the events specified in paragraphs (i), (ii) and (iii) above, an award held by a Participant shall, subject as provided in the rules of the Performance Share Plan and to the extent not yet released, immediately lapse without any claim whatsoever against us.

Upon the occurrence of any of the events specified in paragraphs (iv), (v), (vi) and (vii) above, our ERCC may, in its absolute discretion, preserve all or any part of any award and decide either to vest some or all of the Shares which are the subject of the award or to preserve all or part of any award until the end of the relevant performance period. In exercising its discretion, our ERCC will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the applicable performance conditions have been satisfied. We do not anticipate that Participants who are Non-Executive Directors will be treated any differently from other Participants in these circumstances.

Upon the occurrence of any of the events specified in paragraph (viii) above, our ERCC will consider, at its discretion, whether or not to release any award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If our ERCC decides to release any award, then in determining the number of Shares to be vested in respect of such award, our ERCC will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions have been satisfied.

Size and Duration of the Performance Share Plan

The total number of new Shares which may be issued pursuant to awards granted under the Performance Share Plan, when added to the number of new Shares issued and issuable in respect of all awards granted thereunder and all options or awards granted under the Share Option Plan 2000, the Share Option Plan 2004 and the Restricted Stock Plan, shall not exceed 15% of the issued share capital of our Company on the day preceding the relevant date of award.

The number of existing Shares purchased from the market which may be delivered pursuant to awards granted under the Performance Share Plan, and the amount of cash which may be paid upon the release of such awards, in lieu of Shares, will not be subject to any limit.

The Performance Share Plan shall continue in force at the discretion of our ERCC until 16 August 2014, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Performance Share Plan, any awards made to Participants prior to such expiry or termination will continue to remain valid.

Operation of the Performance Share Plan

Subject to the prevailing legislation and SGX-ST guidelines, we have the flexibility to deliver Shares to Participants upon vesting of their awards by way of:

(i) an issue of new Shares; and/or

(ii) the purchase of existing Shares.

The financial effects of the above methods are discussed under the heading "Financial Effects of the Plans" below. We can also determine to make a release of an award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the release of an award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

Our ERCC has the right to make computational adjustments to the audited results of our Company, our Group or an Associated Company, as the case may be, to take into account such factors as our ERCC may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance target(s) if our ERCC decides that a changed performance target would be a fairer measure of performance.

Restricted Stock Plan

One of the primary objectives of the Restricted Stock Plan is to serve as an additional motivational tool to attract and retain talented local and international executives.

Awards granted under the Restricted Stock Plan vest only after the satisfactory completion of time-based service conditions, that is, after the Participant has served our Company or, as the case may be, our relevant Associated Company, for a specified number of years (time-based restricted awards) or, where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). No minimum vesting periods are prescribed under the Restricted Stock Plan, 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 Performance Share Plan in that an extended vesting period is imposed beyond the performance target completion date. Therefore, under the Restricted Stock Plan, Participants are encouraged to remain employed by our Company or, as the case may be, our relevant Associated Company, beyond the achievement date of the pre-determined performance targets. A time-based award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executives who we seek to attract and retain. A performance-based award may be granted, for example, with a performance target based on the successful completion of a project, and thereafter with a further vesting period to encourage the Participant to remain employed for a further period of time following completion of that project.

It is possible that performance-related awards under both the Performance Share Plan and the Restricted Stock Plan will be granted to a Participant. For example, an individual Participant holding a key management position may be granted an award under the Performance Share Plan based on specified medium-term critical target objectives (for example, targets relating to market position and our profitability and growth) over the next three years which vests at the end of the performance period and at the same time, granted an award under the Restricted Stock Plan based on different performance targets (for example, ensuring that a particular project is successfully completed on time) and service conditions which vests after a longer period over the next three to five years. It is unlikely that identical performance targets will be set for awards granted under both Plans to the same Participant.

Although we will have the flexibility under the Restricted Stock Plan to grant both time-based restricted awards and performance-based restricted awards to the same Participant at the same time, generally, time-based restricted awards are intended to be used to attract new key employees and talents whom we may want to retain for specific periods. Time-based restricted awards may also be granted to employees in relation to whom performance targets may no longer be relevant. For example, key employees who have already achieved performance targets set in performance-related awards previously granted, but whom we wish to retain for a further period of time.

The following is a summary of the principal rules of the Restricted Stock Plan:

Eligibility

The following persons, unless they are also controlling shareholders of our Company or associates of such controlling shareholders (see also "Interested Person Transactions and Potential Conflicts of Interests"), shall be eligible to participate in the Restricted Stock Plan:

(i) Group Employees who have attained the age of 21 years and hold such rank as may be designated by our ERCC from time to time (including those Parent Group Executives and Non-Executive Directors of the Parent Group who meet the foregoing age and rank criteria and whose services have been seconded to a company within our Group and who shall be regarded as Group Employees for the purposes of the Restricted Stock Plan);

(ii) Non-Executive Directors (other than Non-Executive Directors of the Parent Group) who, in the opinion of our ERCC, have contributed or will contribute to the success of our Group; and

(iii) Associated Company Employees who have attained the age of 21 years and hold such rank as may be designated by our ERCC from time to time and who, in the opinion of our ERCC, have contributed or will contribute to the success of our Group.

Only seconded Parent Group Executives and Non-Executive Directors of the Parent Group who work full-time for our Group (like Group Employees) during the entire period of their secondment will be eligible to participate under paragraph (i) above.

Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge. However, the release of Shares under an award depends on whether certain prescribed performance targets (if any) are met and upon the expiry of the prescribed vesting periods.

The selection of a Participant and the number of Shares which are the subject of each award to be granted to a Participant in accordance with the Restricted Stock Plan shall be determined at the absolute discretion of our

ERCC, which shall take into account criteria such as rank, job performance, years of service and potential for future development, contribution to the success and development of our Group and, if applicable, the extent of effort required to achieve the performance target(s) within the performance period.

Our ERCC shall decide, in relation to each award to be granted to a Participant:

(i) the date on which the award is to be granted;

(ii) the number of Shares which are the subject of the award;

(iii) in the case of performance-related awards:

  (a) the prescribed performance target(s);

  (b) the performance period during which the prescribed performance target(s) are to be satisfied; and

  (c) the extent to which Shares which are the subject of that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

(iv) the prescribed vesting periods; and

(v) the extent to which Shares, which are the subject of that award, shall be released at the end of each prescribed vesting period.

Awards may be granted at any time in the course of a financial year. An award letter confirming the award and specifying, among other things, in relation to a performance-related award, the prescribed performance target(s) and the performance period during which the prescribed performance target(s) are to be satisfied will be sent to each Participant as soon as is reasonably practicable after making an award.

Special provisions for the vesting and lapsing of awards apply in certain circumstances including the following:

(i) the cessation of the employment of a Participant;

(ii) the misconduct of a Participant;

(iii) the Participant, being a Parent Group Executive or a Non-Executive Director of the Parent Group whose services have been seconded to a company within our Group, ceasing to be so seconded;

(iv) the ill health, injury, disability or death of a Participant;

(v) the bankruptcy of a Participant;

(vi) the Participant's company by which he is employed, or to which he is seconded, ceasing to be a company within our Group or an Associated Company, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group or to an Associated Company;

(vii) the Participant, being a Non-Executive Director, ceasing to be a director of our Company, the relevant subsidiary of our Company, the relevant Associated Company or, as the case may be, the relevant subsidiary of an Associated Company for any reason whatsoever; and

(viii) a take-over, winding-up or reconstruction of our Company.

Upon the occurrence of any of the events specified in paragraphs (i), (ii) and (iii) above, an award then held by a Participant shall, subject as provided in the rules of the Restricted Stock Plan and to the extent not yet released, immediately lapse without any claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (iv), (v), (vi) and (vii) above, our ERCC may, in its absolute discretion, preserve all or any part of any award and decide either to vest some or all of the Shares which are the subject of the award or to preserve all or part of any award until the end of the relevant vesting period. In exercising its discretion, our ERCC will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related awards, the extent to which the applicable performance condition has been satisfied. We do not anticipate that Participants who are Non-Executive Directors will be treated any differently from other Participants in these circumstances.

Upon the occurrence of any of the events specified in paragraph (viii) above, our ERCC will consider, at its discretion, whether or not to release any award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If our ERCC decides to release any award, then in determining the number of Shares to be vested in respect of such award, our ERCC will have regard to the proportion of the vesting or performance period which has elapsed and, in the case of performance-related awards, the extent to which the applicable performance conditions have been satisfied.

Size and Duration of the Restricted Stock Plan

The total number of new Shares which may be issued pursuant to awards granted under the Restricted Stock Plan, when added to the number of new Shares issued and issuable in respect of all awards granted thereunder and all options or awards granted under the Share Option Plan 2000, the Share Option Plan 2004 and the Performance Share Plan, shall not exceed 15% of the issued share capital of our Company on the day preceding the relevant date of award.

The number of existing Shares purchased from the market which may be delivered pursuant to awards granted under the Restricted Stock Plan, and the amount of cash which may be paid upon the release of such awards in lieu of Shares, will not be subject to any limit as such methods will not involve the issuance of any new Shares.

The Restricted Stock Plan shall continue in force at the discretion of our ERCC until 16 August 2014, provided always that the Restricted Stock Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Restricted Stock Plan, any awards made to Participants prior to such expiry or termination will continue to remain valid.

Operation of the Restricted Stock Plan

Subject to the prevailing legislation and SGX-ST guidelines, our Company will have the flexibility to deliver Shares to Participants upon vesting of their awards by way of:

(i) an issue of new Shares; and/or

(ii) the purchase of existing Shares.

The financial effects of the above methods are discussed under the heading "— Financial Effects of the Plans" below. Our Company can also determine to make a release of an award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the release of an award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

Our ERCC has the right to make computational adjustments to the audited results of our Company, our Group or an Associated Company, as the case may be, to take into account such factors as our ERCC may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and, in the case of performance-related awards, the right to amend the performance target(s) if our ERCC decides that a changed performance target would be a fairer measure of performance.

Adjustments and Alterations under the Plans

Variation of Capital

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution) shall take place, then:

(i) (a) in the case of the Share Option Plan 2004, the subscription price for the Shares, the nominal amount, class and/or number of Shares comprised in an option to the extent unexercised; and

(b) in the case of the Performance Share Plan and the Restricted Stock Plan, the nominal amount, class and/or number of Shares which are the subject of an award to the extent not yet vested; and/or

(ii) the nominal amount, class and/or number of Shares over which future options may be granted under the Share Option Plan 2004 or future awards may be granted under the Performance Share Plan or the Restricted Stock Plan,

shall be adjusted in such manner as our ERCC may determine to be appropriate. Any adjustment shall, unless otherwise determined by our ERCC, give a Participant the same proportion of the equity capital as that to which he was previously entitled and shall be made in such a way that a Participant will not receive a benefit that a shareholder of our Company does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment, unless our ERCC considers an adjustment to be appropriate, having regard, in the case of the issue of securities as consideration for an acquisition or a private placement of securities, the number of Shares issued and the applicable subscription price and, in the case of market purchases of Shares undertaken by our Company on the SGX-ST, the number of Shares repurchased and the applicable purchase price.

In the case of the Share Option Plan 2004, no such adjustment shall be made if as a result, the subscription price shall fall below the nominal amount of a Share.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors of our Company for the time being (acting only as experts and not as arbitrators) to be in their opinion fair and reasonable.

Modifications or Alterations to the Plans

Each of the Plans may be modified and/or altered from time to time by a resolution of our ERCC, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to options or awards granted prior to such modification or alteration except with the written consent of such number of Participants under the relevant Plan who, if they exercised their options in full or if their awards were released to them, would thereby become entitled to not less than three-quarters in nominal amount of all the Shares which would be issued upon exercise in full of all outstanding options or awards under the relevant Plan, as the case may be.

No alteration shall be made to particular rules of any of the Plans to the advantage of the holders of the options or awards, as the case may be, except with the prior approval of our shareholders in general meeting.

Disclosures in Annual Reports

The following disclosures (as applicable) will be made by our Company in its annual report for so long as the Plans continue in operation:

(i) the names of the members of our ERCC administering the Plans; and

(ii) in respect of the following Participants of the Plans:

(a) Directors of our Company; and

(b) Participants (other than those in paragraph (a) above) who have been granted options under the Share Option Plan 2000 and/or the Share Option Plan 2004 and/or who have received Shares pursuant to the release of awards granted under the Performance Share Plan and/or the Restricted Stock Plan which, in aggregate, represent 5% or more of the aggregate of:

(1) the total number of new Shares available under the Share Option Plan 2000, the Share Option Plan 2004, the Performance Share Plan and the Restricted Stock Plan collectively; and

(2) the total number of existing Shares purchased for delivery of awards released under the Performance Share Plan and the Restricted Stock Plan collectively,

the following information:

(aa) the name of Participant;

(bb) the following particulars relating to options granted under the Share Option Plan 2004:

(I) options granted during the financial year under review (including terms);

(II) the aggregate number of Shares comprised in options granted since the commencement of the Share Option Plan 2004 to the end of the financial year under review;

(III) the aggregate number of Shares arising from options exercised since the commencement of the Share Option Plan 2004 to the end of the financial year under review; and

(IV) the aggregate number of Shares comprised in options outstanding as at the end of the financial year under review;

(cc) the following particulars relating to options granted under the Share Option Plan 2000:

(I) the aggregate number of Shares comprised in the options granted under the Share Option Plan 2000 granted;

(II) the aggregate number of Shares arising from the exercise of the options granted under the Share Option Plan 2000 since the commencement of the Share Option Plan 2000 to the end of the financial year under review; and

(III) the aggregate number of Shares comprised in the outstanding options under Share Option Plan 2000 Options as at the end of the financial year under review;

(dd) the following particulars relating to awards released under the Performance Share Plan and/or the Restricted Stock Plan:

(I) the number of new Shares issued to such Participant during the financial year under review; and

(II) the number of existing Shares transferred to such Participant during the financial year under review;

(iii) (a) the names of and number and terms of options granted to each Parent Group Executive and Non-Executive Director of the Parent Group who receives 5% or more of the total number of Shares available to Parent Group Executives and Non-Executive Directors of the Parent Group under the Share Option Plan 2004, during the financial year under review, provided that no disclosure shall be required under this paragraph (a) in respect of any options granted to a Parent Group Executive or Non-Executive Director of the Parent Group while his services are seconded to a company within our Group; and

(b) the aggregate number of options granted to Parent Group Executives and Non-Executive Directors of the Parent Group collectively for the financial year under review, and since the commencement of the Share Option Plan 2004 to the end of the financial year under review, provided that no disclosure shall be required under this paragraph (b) in respect of any options granted to a Parent Group Executive or Non-Executive Director of the Parent Group while his services are seconded to a company within our Group;

(iv) the number and proportion of Shares comprised in options granted under the Share Option Plan 2004 during the financial year under review:

(a) at a discount of 10% or less of the Market Price (as defined in the Share Option Plan 2004) in respect of the relevant option; and

(b) at a discount of more than 10% of the Market Price (as defined in the Share Option Plan 2004) in respect of the relevant option;

(v) in relation to the Performance Share Plan and the Restricted Stock Plan, the following particulars:

(a) the aggregate number of Shares comprised in awards granted since the commencement of the Performance Share Plan and the Restricted Stock Plan respectively to the end of the financial year under review;

(b) the aggregate number of Shares comprised in awards which have vested during the financial year under review and in respect of such awards, the proportion of:

(1) new Shares issued; and

(2) existing Shares purchased, including the range of prices at which such Shares have been purchased,

upon the release of the vested awards; and

(c) the aggregate number of Shares comprised in awards which have not been released as at the end of the financial year under review.

In relation to Parent Group Executives and Non-Executive Directors of the Parent Group whose services have been seconded to a company within our group of companies, the disclosure requirements in paragraphs (iii)(a) and (b) above will apply after their period of secondment ends and the disclosure requirements in paragraph (ii) above (as applicable) will continue to apply in relation to such Participants regardless of any such secondment.

Role of our ERCC

Our ERCC has been designated as the committee responsible for the administration of the Plans. In compliance with the requirements of the SGX-ST Listing Manual, a Participant who is a member of our ERCC shall not be involved in its deliberations in respect of options or awards (as the case may be) to be granted to or held by that member.

Rationale for the Plans

The Plans are share incentive plans, and are designed on the basis that it is important to retain employees whose contributions are essential to the well-being and prosperity of our Group. The Plans seek to align the interests of employees with the interest of the shareholders of our Company, instill loyalty and inculcate a stronger identification by employees with the long-term growth and prosperity of our Group. The Plans will allow us to attract potential employees with relevant skills, to motivate employees to optimise their performance standards, efficiency and maintain a high level of contribution to our Group, and more importantly, to retain key executives and executive directors of our Group, the Parent Group and our associated companies whose contributions are essential to our long-term growth and profitability. In addition, we hope to convey our recognition and appreciation to the outstanding executives, non-executive directors and executive directors of our Group, the Parent Group and our Associated Companies who have contributed to our growth. This, we hope, will further instill these individuals' commitment, support and loyalty to our long-term growth and profitability.

The Performance Share Plan and the Restricted Stock Plan, in particular, contemplate the award of fully paid Shares to executives, when and after pre-determined performance or service conditions over the medium term (that is, the next three to five years) are satisfied. In addition, the Restricted Stock Plan serves to enhance our Company's overall compensation packages in order to attract key talent. New executive hires often have to forego substantial share options or other share incentives when they leave their positions to join our Group. The Restricted Stock Plan will hopefully provide future opportunities for such persons to gain rewards which more than make up for the opportunities lost.

The Performance Share Plan and the Restricted Stock Plan are targeted at key executives who are in the best position to drive the growth of our Group through superior performance. Whether or not a particular Participant is granted awards under one Plan or both, and the proportion of Shares and the type of award to be granted to a Participant under each Plan, will be determined at the discretion of our ERCC, which will take into account factors such as the Participant's capability, scope of responsibility, skill and future relevance to the Group, and vulnerability to leaving the employment of our Group or, as the case may be, our relevant Associated Company. When deciding on the number of Shares to be awarded under a Plan to a Participant at any one point in time, our ERCC will also take into consideration the number of Shares to be awarded to that Participant under the other Plan(s) at that time, if any.

Both the Performance Share Plan and the Restricted Stock Plan are fairly commonly used methods to attract, incentivise, motivate and retain key executives to achieve pre-determined targets which create and enhance economic value for shareholders, and our Company is adopting them because we believe that these Plans will be more effective than cash bonuses in motivating executives to work towards goals.

While the Plans cater principally to our employees, we recognise that other persons can also make significant contributions to our Group through their close working relationships with us, even though they are not employed within our Group. Such persons include non-executive members of our Board of Directors, Parent Group Executives and employees of our Associated Companies.

Parent Group Executives will be eligible to participate on a selective basis in the Share Option Plan 2004 to reward those who have contributed to our Group's performance, only with the approval of our ERCC and strictly on their own individual merits. We work closely with the ST Telemedia group, exchanging ideas of best practices and new technology. Through the ST Telemedia group's business contacts, we have enjoyed continual deal-flow opportunities and joint negotiations with vendors, and have access to and derive benefit from leveraging on the ST Telemedia group's good relationship with customers and suppliers. All of these have strengthened and enhanced our overall growth and profitability. By including employees of the ST Telemedia group as Participants, our Company hopes to motivate them towards achieving stronger collaboration and greater future contributions to our Group.

Financial Effects of the Plans

Share capital

The Share Option Plan 2004 will result in an increase in our Company's issued share capital when the options are exercised. This will in turn depend on, among other things, the number of Shares comprised in options granted, the vesting schedules and the prevailing market price of the Shares on the SGX-ST.

The Performance Share Plan and the Restricted Stock Plan will result in an increase in our Company's issued share capital only if new Shares are issued to Participants. The number of new Shares issued will depend on, among other things, the size of the awards granted under the Performance Share Plan and the Restricted Stock Plan. If existing Shares are purchased for delivery to Participants instead of issuing new Shares to Participants, the Performance Share Plan and the Restricted Stock Plan will have no impact on our Company's issued share capital.

Net tangible assets

Under the Share Option Plan 2004, the issue of new Shares upon the exercise of options will increase our consolidated net tangible assets by the aggregate exercise price of the new Shares issued. On a per Share basis, the effect is accretive if the exercise price is above the net tangible assets per Share but dilutive otherwise.

As described below under the paragraph on earnings per share, the Performance Share Plan and the Restricted Stock Plan will result in a charge to our profit and loss account equal to the market value at which the new Shares are issued or the existing Shares are purchased. Accordingly, our consolidated net tangible assets would decrease by the amount charged (after any adjustment for tax).

Nonetheless, it should be noted that the delivery of Shares to Participants of the Performance Share Plan and/or the Restricted Stock Plan is contingent upon the Participants meeting prescribed performance targets and/or conditions.

Earnings per Share

Share Option Plan 2004

While the Share Option Plan 2004 will dilute our consolidated earnings per Share, the impact is not expected to be material in any given financial year, as options tend to be exercised over several years in accordance with the pre-determined vesting schedules.

Currently, Singapore FRS do not require companies to expense share-based awards granted to their employees. Accordingly, publicly listed companies have not recognised any compensation expenses relating to share options granted to their employees in their financial statements. In July 2004, the Council on Corporate Disclosure and Governance issued a new accounting standard, Singapore Financial Reporting Standard 102: Share-based Payment ("SFRS 102"), that would require financial statements to reflect the effects of share-based payment transactions. This standard becomes operative for financial statements beginning on or after 1 January 2005. The standard requires that an entity recognises all share-based payment transactions (including employee stock options) to be measured at fair value.

Performance Share Plan and Restricted Stock Plan

Under our current accounting policies, the Performance Share Plan and the Restricted Stock Plan will result in a change to the earnings equivalent to the market value at which existing Shares are purchased or the market value on the date at which the new Shares are issued.

With the adoption of SFRS 102 on 1 January 2005, the accounting for such transactions will be in accordance with the prescribed standard. Although the Performance Share Plan and the Restricted Stock Plan will have a dilutive impact on our Company's consolidated earnings per Share, it should be noted that the delivery of Shares to Participants of the Performance Share Plan and/or the Restricted Stock Plan is contingent upon the Participants meeting prescribed performance targets and/or conditions.

Compensation

Directors' Compensation

Each of our Directors (other than Mr Steven Terrell Clontz) was paid compensation of below S$250,000 (including any benefits in kind and any deferred compensation accrued for the financial year in question and payable at a later date) by us and our subsidiaries for services rendered by them in all capacities to us and our related corporations for the financial years ended 31 December 2002 and 31 December 2003. For the financial year ending 31 December 2004, we estimate that the compensation payable to each of our Directors (other than Mr Clontz) will be below S$250,000. Part of the compensation of Mr Lim Chin Beng, Mr Lee Theng Kiat, Mr Lim Ming Seong and Mr Peter Seah Lim Huat comprised options granted to them under the Share Option Plan 2000 in the financial years ended 31 December 2002 and 2003 and the financial year ending 31 December 2004, details of which are set out below:

Director	Date of grant [1]	No. of Shares in respect of which options were granted	Exercise Period	Expiration Date	Exercise Price
Lim Chin Beng	29/11/2002	87,500	30/11/2003 – 29/11/2007	29/11/2007	$0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	30/05/2008	$0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	28/11/2008	$0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	02/04/2009	$0.96
Lee Theng Kiat	29/11/2002	87,500	30/11/2003 – 29/11/2007	29/11/2007	$0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	30/05/2008	$0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	28/11/2008	$0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	02/04/2009	$0.96
Lim Ming Seong	29/11/2002	62,500	30/11/2003 – 29/11/2007	29/11/2007	$0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	30/05/2008	$0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	28/11/2008	$0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	02/04/2009	$0.96
Peter Seah Lim Huat	29/11/2002	37,500	30/11/2003 – 29/11/2007	29/11/2007	$0.88
	30/05/2003	18,750	31/05/2004 – 30/05/2008	30/05/2008	$0.88
	28/11/2003	18,750	29/11/2004 – 28/11/2008	28/11/2008	$0.88
	02/04/2004	18,750	03/04/2005 – 02/04/2009	02/04/2009	$0.96

Note:

(1) These options were granted before the Share Consolidation. However the information in this table has been adjusted to give effect to the Share Consolidation.

The value of these options and options (if any) which may be granted under the Share Option Plan 2004 in the financial year ending 31 December 2004, has not been included in computing the compensation of these Directors for the purposes of the above paragraph.

Executive Director's Compensation

Mr Steven Terrell Clontz does not receive any director's fees for his Board directorship with us. However, for his employment with us as our President & Chief Executive Officer, he receives compensation (including any benefits in kind and any deferred compensation accrued for the financial year and payable at a later date) paid by us and our subsidiaries for services rendered in all capacities to us and our related corporations. In the financial years ended 31 December 2002 and 31 December 2003, such compensation totalled between S$2.0 million and S$2.25 million for each financial year. For the financial year ending 31 December 2004, Mr Clontz's compensation (including any benefits in kind but excluding any deferred compensation payable for the year) is estimated to be between S$1.25 million and S$1.5 million. Part of Mr Clontz's compensation includes bonus pursuant to the bonus schemes described in "– Board of Directors – Service Contracts" above. Such bonus has been included in computing his compensation for the financial years ended 31 December 2002 and 2003 but has

not been included in computing his compensation for the financial year ending 31 December 2004. The value of options (if any) which may be granted under the Share Option Plan 2004 has not been included in computing the compensation to be paid for the financial year ending 31 December 2004.

Executive Officers' Compensation

The compensation in bands of S$250,000 (including any benefit in kind and any deferred compensation accrued for the financial year in question and payable at a later date) paid by us and our subsidiaries to each of our Executive Officers (not being our Directors) for services rendered by them in all capacities to us and our related corporations for the financial years ended 31 December 2002 and 31 December 2003, and expected to be payable by us and our subsidiaries to each of our Executive Officers (not being our Directors) for services rendered by them in all capacities to us and our related corporations for the financial year ending 31 December 2004 are as follows:

	Year ended 31 December		
Executive Officer	**2002**	**2003**	**2004 (3)**
Yong Lum Sung	C	C	C
Kwek Buck Chye (1)	A	B	B
Michael Eugene Reynolds	C	C	C
Kaizad Bomi Heerjee (2)	na	C	B
Chan Kin Hung	B	B	B
David William Storrie	C	C	B
Tan Swee Lim	B	B	B

Notes:

(1) Transferred from ST Telemedia to StarHub in September 2002.

(2) Joined StarHub in February 2003.

(3) Excludes any bonus to be earned for the financial year ending 31 December 2004. (See "Management – Performance Bonus Scheme".)

Remuneration bands:
"A" refers to remuneration below S$250,000
"B" refers to remuneration between S$250,000 and S$499,999
"C" refers to remuneration between S$500,000 and S$749,999

Part of the Executive Officers' compensation set out in this paragraph comprised options granted to them under the Share Option Plan 2000 in the financial years ended 31 December 2002 and 2003 and the financial year ending 31 December 2004, details of which are set out below:

Executive Officer	Date of grant (1)	No. of Shares in respect of which options were granted	Exercise Period	Expiration Date	Exercise Price
Yong Lum Sung	29/11/2002	2,000,000	29/11/2002 – 29/11/2012	29/11/2012	$0.68
	29/11/2002	82,500	30/11/2003 – 29/11/2012	29/11/2012	$0.88
	30/05/2003	90,000	31/05/2004 – 30/05/2013	30/05/2013	$0.88
	28/11/2003	90,000	29/11/2004 – 28/11/2013	28/11/2013	$0.88
	02/04/2004	70,500	03/04/2005 – 02/04/2014	02/04/2014	$0.96
Kwek Buck Chye	29/11/2002	582,500	30/11/2003 – 29/11/2012	29/11/2012	$0.88
	30/05/2003	66,000	31/05/2004 – 30/05/2013	30/05/2013	$0.88
	28/11/2003	66,000	29/11/2004 – 28/11/2013	28/11/2013	$0.88
	02/04/2004	66,000	03/04/2005 – 02/04/2014	02/04/2014	$0.96
Michael Eugene Reynolds	26/04/2002	101,250	27/04/2003 – 26/04/2012	26/04/2012	$0.88
	29/11/2002	82,500	30/11/2003 – 29/11/2012	29/11/2012	$0.88
	30/05/2003	82,500	31/05/2004 – 30/05/2013	30/05/2013	$0.88
	28/11/2003	82,500	29/11/2004 – 28/11/2013	28/11/2013	$0.88
	02/04/2004	66,000	03/04/2005 – 02/04/2014	02/04/2014	$0.96
Kaizad Bomi Heerjee	30/05/2003	8,625	31/05/2004 – 30/05/2013	30/05/2013	$0.88
	28/11/2003	75,000	29/11/2004 – 28/11/2013	28/11/2013	$0.88
	02/04/2004	60,000	03/04/2005 – 02/04/2014	02/04/2014	$0.96
Chan Kin Hung	26/04/2002	22,500	27/04/2003 – 26/04/2012	26/04/2012	$0.88
	29/11/2002	170,000	30/11/2003 – 29/11/2012	29/11/2012	$0.88
	30/05/2003	60,000	31/05/2004 – 30/05/2013	30/05/2013	$0.88
	28/11/2003	60,000	29/11/2004 – 28/11/2013	28/11/2013	$0.88
	02/04/2004	60,000	03/04/2005 – 02/04/2014	02/04/2014	$0.96
David William Storrie	26/04/2002	101,250	27/04/2003 – 26/04/2012	26/04/2012	$0.88
	29/11/2002	82,500	30/11/2003 – 29/11/2012	29/11/2012	$0.88
	30/05/2003	66,000	31/05/2004 – 30/05/2013	30/05/2013	$0.88
	28/11/2003	66,000	29/11/2004 – 28/11/2013	28/11/2013	$0.88
	02/04/2004	66,000	03/04/2005 – 02/04/2014	02/04/2014	$0.96
Tan Swee Lim	29/11/2002	750,000	29/11/2002 – 29/11/2012	29/11/2012	$0.68
	29/11/2002	82,500	30/11/2003 – 29/11/2012	29/11/2012	$0.88
	30/05/2003	66,000	31/05/2004 – 30/05/2013	30/05/2013	$0.88
	28/11/2003	66,000	29/11/2004 – 28/11/2013	28/11/2013	$0.88
	02/04/2004	52,500	03/04/2005 – 02/04/2014	02/04/2014	$0.96

Note:

(1) These options were granted before the Share Consolidation. However the information in this table has been adjusted to give effect to the Share Consolidation.

The value of these options and options (if any) which may be granted under the Share Option Plan 2004 in the financial year ending 31 December 2004, has not been included in computing the compensation of these Executive Officers for the purposes of the above paragraph.

We have not set aside any amount for pension, retirement or similar benefits.

Summary of Laws of Singapore relating to Directors

The following statements are brief summaries of the laws of Singapore relating to directors of a company incorporated in Singapore, which are qualified in their entirety by reference to the laws of Singapore.

An officer of a corporation is defined in the Singapore Companies Act to include any director of that corporation. A director is in turn defined to include any person occupying the position of director of that corporation by whatever name called, and includes a person in accordance with whose directions or instructions

the directors of that corporation are accustomed to act and an alternate or substitute director. A director of a company is not an employee of that company, though a person who is a director may hold another executive position in such company, and, in the latter capacity, is an employee. However, every director by virtue of his office occupies a fiduciary position with respect to the company. The fiduciary relationship is similar to that of a principal and agent relationship. This relationship arises from the fact that a company being an artificial person can only act through the agency of natural persons. Such being the case, a company can only act through agents, i.e., its individual directors and its board of directors, and it is the duty of the "agents" to act in the best interests of the company. Accordingly, a director is not permitted to place himself in a situation where his interests conflict with his duty. Duties are imposed upon any person who becomes a director of a company and breaches of these duties may lead to criminal or civil liabilities. Such duties are governed by statute and common law. Such duties include (without limitation) duties of care and skill and duties to act in good faith in the best interest of the company, as well as the statutory duty under the Singapore Companies Act to act honestly and to use reasonable diligence in the discharge of the duties of his office at all times.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS

Interested Person Transactions

In general, transactions between our Group (when used in this section, our "Group" refers to StarHub Ltd, its subsidiaries and its associated companies and our "Company" refers to StarHub Ltd) and any of our interested persons (namely, our Directors, Chief Executive Officer or controlling shareholders or the "associates" (as defined in the SGX-ST Listing Manual) of such Directors, Chief Executive Officer or controlling shareholders) would constitute interested person transactions for the purposes of Chapter 9 of the SGX-ST Listing Manual.

Temasek is our ultimate controlling shareholder, having an aggregate shareholding interest of 100% in STPL, the controlling shareholder of STT Communications, our controlling shareholder (see "Shareholders — Principal Shareholders"). Our interested persons include (i) Temasek and its associates (excluding STPL and its associates) (the "Temasek Group"), which include the various groups of companies set out below and (ii) STPL and its associates (the "STPL Group"), which includes the various groups of companies set out below. The value of revenue earned and expenses incurred from the transactions undertaken by our Group with our interested persons during each of the three most recently completed financial years ended 31 December 2003 and the period from 1 January 2004 until 31 July 2004, insofar as the aggregate values of revenue earned and expenses incurred from such transactions with each group of interested persons are material in the context of the Offering, are as follows:

In S$million	Year ended 31 December (unaudited)			1 January to 31 July 2004 (unaudited)
	2001	2002	2003	
Value of revenue earned by us from transactions with interested persons [1]				
STPL Group, comprising:				
CapitaLand Limited group	0.5	0.8	1.1	0.3
CSM group	0.1	0.1	0.2	0.2
Singapore Computer Systems Limited group	0.7	0.9	0.8	0.5
STE group	0.1	0.5	0.6	0.4
STATS ChipPAC group	0.1	0.2	0.3	0.3
Ascott group	0.1	0.1	0.2	0.1
TeleChoice group	3.6	2.6	2.9	1.3
Other STPL Group companies:				
STT Communications group	6.6	5.5	4.4	2.3
Others [2]	0.4	0.5	0.5	0.4
Total	12.2	11.2	11.0	5.8
Temasek Group, comprising:				
SembCorp group	0.1	0.1	0.3	0.3
SingTel group [3]	23.7	26.1	45.1	31.8
Pacific Internet group	0.1	0.0	0.9	0.8
Other Temasek Group companies:				
MediaCorp group	0.2	4.2	2.0	1.4
Singapore Power group	0.4	0.2	0.5	0.2
Others [4]	0.3	0.3	0.5	0.4
Total	24.8	30.9	49.3	34.9
Total	**37.0**	**42.1**	**60.3**	**40.7**

In S$million	Year ended 31 December (unaudited)			1 January to 31 July 2004 (unaudited)
	2001	2002	2003	
Value of expenses incurred by us from transactions with interested persons [1]				
STPL Group, comprising:				
CapitaLand Limited group	4.1	4.9	5.0	3.8
Singapore Computer Systems Limited group	6.9	5.7	6.2	4.8
STE group	5.2	7.7	2.7	2.7
SNP Corporation Limited group	2.5	7.0	5.2	2.6
Ascott group	0.1	0.2	0.1	0.0
TeleChoice group [5]	49.1	73.0	91.2	81.6
Other STPL Group companies:				
STT Communications group	16.0	12.5	11.7	4.9
Others [2]	4.3	3.2	3.7	1.2
Total	88.2	114.2	125.8	101.6
Temasek Group, comprising:				
SembCorp group	3.2	0.8	1.1	1.0
Singapore Post Limited group	2.1	5.5	4.5	2.1
SingTel group [6]	56.3	63.9	79.8	47.1
Other Temasek Group companies:				
MediaCorp group	9.5	7.8	6.2	3.4
Singapore Power group	35.6	32.9	32.7	17.7
Others [4]	0.1	0.0	0.0	0.1
Total	106.8	110.9	124.3	71.4
Total	**195.0**	**225.1**	**250.1**	**173.0**

Notes:

(1) The values set out above have been derived on an accrual basis and include the value of all transactions with the relevant interested persons regardless of whether such transactions are individually material in the context of the Offering. The transactions described in the following sections "—Material Transactions with the STPL Group" and "—Material Transactions with the Temasek Group" below are those which are individually material in the context of the Offering and, accordingly, may not comprise an exhaustive description of the interested person transactions.

(2) The values do not include the values of transactions with companies in the STPL Group which are listed on the SGX-ST, as well as with their subsidiaries, where the aggregate values of such transactions with such group of interested persons for the relevant periods are not material.

(3) More than 90% of revenues from the transactions with the SingTel group are earned in connection with provision of interconnection and inter-operator services by us to the SingTel group.

(4) The values do not include the values of transactions with companies in the Temasek Group which are listed on the SGX-ST, as well as with their subsidiaries, where the aggregate values of such transactions with such group of interested persons for the relevant periods are not material.

(5) The values of the expenses incurred by us from the transactions described in "Interested Person Transactions and Potential Conflicts of Interests—Material Transactions with the STPL Group—TeleChoice group—Provision of Mobile Handsets and Accessories, and Logistics and Order Fulfilment Services by TeleChoice" below are S$40.1 million, S$66.6 million, S$86.7 million and S$76.7 million for the years ended 31 December 2001, 2002 and 2003 and the seven-month period ended 31 July 2004.

(6) More than 90% of expenses from the transactions with the SingTel group are incurred in connection with the leasing of lines and underground plant, and the provision of interconnection and inter-operator services by the SingTel group.

Leasing of lines and underground plant include the transactions described in the following sections in "Interested Person Transactions and Potential Conflicts of Interests—Material Transactions with the Temasek Group—SingTel group": "—Network Lease from SingTel", "—Provision of Local Leased Circuits and ISDN Wholesale Services by SingTel", "—Underground Plant Lease from SingTel", "—Provision of Backup for SCV Backbone Network by SingTel" and "—Provision of Internet Connection Network by SingTel" below.

Interconnection services include the transactions described in "Interested Person Transactions and Potential Conflicts of Interests—Material Transactions with the Temasek Group—SingTel group—Interconnection Services" below.

Inter-operator services include the transactions described in described in the following sections in "Interested Person Transactions and Potential Conflicts of Interests—Material Transactions with the Temasek Group—SingTel group": "—SMS and MMS Interworking", "—Number Portability" and "—Provision of Directory Enquiry System Access Services by SingTel" below.

Material Transactions with the STPL Group

CapitaLand Limited ("CapitaLand") group

CapitaLand is a subsidiary of STPL. Accordingly, any transaction between our Group and the CapitaLand group will be an interested person transaction. Our material transactions with the CapitaLand group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications and broadcasting services to the CapitaLand group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile, cable TV, Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) domestic leased circuits, (iv) ISDN and (v) Internet broadband and dial-up services.

These services were provided in our ordinary course of business and our fees charged to the CapitaLand group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the CapitaLand group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate (as defined and described below) following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate. (See "— Review Procedures for Transactions with Interested Persons".)

Provision of Office Space by the CapitaLand Group

CapitaCommercial Trust, CapitaMall Trust and Plaza Singapura (Private) Limited ("Plaza Singapura") are subsidiaries of CapitaLand.

We lease several of our offices and operating centres from the CapitaLand group. Details of the various leases entered into with the group companies of CapitaLand listed above are set out below.

	Date of agreement	Period of lease	Property
CapitaCommercial Trust:	30 September 2003	5 years expiring 28 February 2009	StarHub Centre, #07-00, #08-00 and #10-18
	24 August 2001	3 years and 4 months expiring 30 September 2004	StarHub Centre, #01-05/06
	15 February 1999	Renewed for 5 years expiring 30 September 2004	StarHub Centre, #01-01/02/03
CapitaMall Trust:	22 August 2003	3 years expiring 17 October 2006	Tampines Mall, #02-04/05
	21 May 2003	3 years expiring 14 July 2006	Tampines Mall, #02-27/28
Plaza Singapura:	15 September 2003	3 years expiring 30 September 2006	Plaza Singapura, #01-36
	15 September 2003	3 years expiring 30 September 2006	Plaza Singapura, #02-01

The leases were commercially negotiated on an arm's length basis and are on normal commercial terms, taking into account prevailing market rates. (Further descriptions of the properties under these leases are contained in the section "Business – Properties".)

Our lease arrangements with the CapitaLand group are likely to be recurrent interested person transactions. We intend to continue with these arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Licence of Mobile Base Transmission Stations from the CapitaLand Group

We also entered into various agreements with subsidiaries of CapitaLand, including CapitaLand Commercial Limited and PREMAS International Ltd pursuant to which we license areas for the plant and equipment used for our mobile base transmission stations.

The licence fees payable to the CapitaLand group were negotiated on an arm's length basis, taking into account standard prevailing rates.

Our licence arrangements with the CapitaLand group are likely to be recurrent interested person transactions. We intend to continue with these arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the CapitaLand group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the tables entitled "Value of revenue earned by us from transactions with interested persons" and "Value of expenses incurred by us from transactions with interested persons" above (the "summary table").

CSM group

CSM is a subsidiary of STPL. Accordingly, any transaction between our Group and the CSM group will be an interested person transaction. Our material transactions with the CSM group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications services to the CSM group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile, Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) ISDN and (iv) Internet and dial-up services.

These services were provided in our ordinary course of business and our fees charged to the CSM group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the CSM group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of such arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the CSM group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

Singapore Computer Systems Limited ("SCS") group

SCS is a subsidiary of STPL. SCS Networks Pte Ltd ("SCS Networks") and SCS Enterprises Pte Ltd ("SCS Enterprises") are wholly-owned subsidiaries of SCS. SCS Networks and SCS Enterprises have, pursuant to a restructuring of SCS, transferred all their businesses to SCS. Accordingly, any transaction between our Group and the SCS group will be an interested person transaction. Our material transactions with the SCS group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications services to the SCS group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile,

Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) domestic leased circuits, (iv) ISDN and (iv) Internet broadband and dial-up services.

These services were provided in our ordinary course of business and our fees charged to the SCS group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the SCS group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of such arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision and Maintenance of Wireless Internet Infrastructure by SCS Networks

We engaged SCS Networks to supply, install and maintain wireless broadband Internet infrastructure at Changi Airport, Passenger Terminal Buildings 1 and 2 as well as at Suntec City, and to integrate the wireless infrastructure with our networks. We appointed SCS Networks for the installation of our wireless broadband Internet infrastructure following a tender process.

The agreements for the provision of hardware maintenance services by SCS Networks were entered into on an arm's length basis following technical and pricing evaluations.

Supply, Installation, Operation and Maintenance of IT Systems and Lease of Computer Systems by SCS

We entered into various agreements with SCS, pursuant to which SCS agreed to:

(i) supply, deliver, install, customise, commission and integrate the shop and dealer access IT systems and software with our existing IT systems and equipment;

(ii) install, set up and operate the hardware and software for customer contact centres for StarHub and SCV;

(iii) supply, deliver, install, customise, commission and integrate the Microsoft mobile information server with our existing IT systems and equipment; and

(iv) lease computer equipment and systems to us.

These agreements shall continue until terminated in accordance with the terms of the relevant agreement. These agreements and the fees charged by SCS were negotiated on an arm's length basis.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Supply, Installation, Delivery and Commissioning of Computer Equipment by Telescience (Singapore) Pte Ltd ("Telescience")

We entered into various agreements with Telescience, a subsidiary of the SCS group, pursuant to which Telescience agreed to supply, install, deliver and commission certain computer equipment.

These agreements shall continue until terminated in accordance with the terms of the relevant agreement. These agreements and the fees charged by Telescience were negotiated on an arm's length basis.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Software Maintenance Services by SCS

We entered into various software maintenance agreements with SCS under which SCS provides software maintenance services. These agreements are typically for an initial period of one year and renewable on a yearly basis.

These agreements were entered into on an arm's length basis and, in certain cases, we received bulk discounts to these fees in line with similar discounts given to unrelated third parties.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Hardware Maintenance Services by SCS

We entered into various maintenance agreements with SCS under which SCS provides computer maintenance and other hardware maintenance services, including network maintenance and network services for our equipment and machines at various locations.

The agreements for the provision of hardware maintenance services by the SCS group were entered into on an arm's length basis and, in certain cases, we received bulk discounts to these fees in line with similar discounts given to unrelated third parties.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Facility Management Services by SCS

On 1 November 2000, we entered into an agreement with SCS pursuant to which SCS agreed to provide us with facility management services in respect of access and availability of space in the premises of their computer data centre. This agreement shall continue until terminated in accordance with the terms of the agreement.

The fees charged by SCS for these facility management services were negotiated on an arm's length basis on normal commercial terms.

We may continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Manpower Services by SCS

On 15 September 1999, we entered into a manpower services master agreement with SCS pursuant to which SCS agreed to provide us with the services of certain of its information technology professionals for the purposes of the conduct of computer related services. This agreement shall continue until terminated in accordance with the terms of the agreement.

The fees charged by SCS for each of its information technology professionals were agreed on an arm's length basis and are based on its standard prevailing rates.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Hardware and Personal Computer Software Licences by the SCS Group

From time to time, we obtain certain of our personal computer software, hardware and related accessories from SCS and SCS Enterprises, and our routers, ATM switches and related equipment from SCS Networks.

The fees charged by the SCS group for such services are agreed on an arm's length basis, based on its standard prevailing rates, and in certain cases, we received bulk discounts.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the SCS group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

STE group

STE is a subsidiary of STPL. Accordingly, any transaction between our Group and the STE group will be an interested person transaction. Our material transactions with the STE group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications services to the STE group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile, Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) domestic leased circuits, (iv) ISDN and (v) Internet broadband and dial-up services.

These services were provided in our ordinary course of business and our fees charged to the STE group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the STE group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of such arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Mobile Network Roll-out Services by CET Technologies Pte Ltd ("CET Technologies")

CET Technologies is a subsidiary of STE.

- Supply, Installation and Maintenance of Telco System

On 22 February 2002, we entered into an agreement with CET Technologies pursuant to which CET Technologies agreed to supply, deliver, install, customise, commission and integrate the hardware and software for a telco system with our network. The maintenance services provided by CET Technologies under this agreement are still ongoing.

This agreement was entered into on an arm's length basis, based on normal commercial terms.

We intend to continue with this agreement under our Shareholder's Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

- Installation of In-Building Cabling

From time to time, we engage CET Technologies for the purposes of installing our in-building cabling. Such arrangements are entered into on an arm's length basis, taking into account the pricing by other vendors.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

- Supply of Equipment and Maintenance Services in connection with Digital Voice Services

On 10 December 2002, we entered into an agreement with CET Technologies under which CET Technologies supplied and installed equipment, and provided maintenance services in connection with our Digital Voice services. The maintenance services provided under this agreement are still ongoing. This

agreement was entered into on an arm's length basis and CET Technologies was selected as our vendor for these services following a tender process.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

- Supply of Telecommunications Equipment

We also engaged, and continue to engage, CET Technologies on an ad hoc basis to supply telecommunications equipment. The fees paid to CET Technologies for these services were negotiated on an arm's length basis, following quotations obtained from various other vendors.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Office Space by Allied Ordnance of Singapore (Pte) Limited ("AOS")

AOS is a subsidiary of STE. We lease one of our offices, and equipment and data centre from AOS. Details of the lease entered into with AOS are set out below.

Date of agreement	Period of lease	Property
1 April 2004	Expiring on 31 March 2007	AOS Building and Workshop, Units #01 to 07-01, 2D Ayer Rajah Crescent and west end of the second workshop at 2B/2C Ayer Rajah Crescent

The lease was commercially negotiated on an arm's length basis and is on normal commercial terms, taking into account prevailing market rates. (Further descriptions of this property under the lease are contained in the section "Business – Properties".)

Our lease arrangement with AOS is likely to be a recurrent interested person transaction. We intend to continue with this arrangement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the STE group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

SNP Corporation Limited ("SNP") group

Provision of Printing Services by the SNP Group

SNP is a subsidiary of STPL. We engage a subsidiary of SNP, SNP SPrint Pte Ltd ("SNP SPrint") from time to time for our various publication and security printing needs. Accordingly, any transaction between our Group and the SNP group will be an interested person transaction. Our material transactions with the SNP group are as follows:

On 1 June 2003, we entered into a master agreement with SNP SPrint for the outsourcing of print management services for the printing of certain data and information in accordance with our specifications. This agreement with SNP SPrint was negotiated on an arm's length basis on normal commercial terms. This agreement expired on 31 May 2004 and on 1 June 2004, we entered into a new master agreement with SNP SPrint for similar services. We also entered into agreements with SNP SPrint on an arm's length basis for the purchase of top up scratch cards.

We also entered into a printing service agreement on an arm's length basis on 1 August 2001 with eOS Resource Management Pte Ltd (now known as SNP Digital Publishing Pte Ltd), a subsidiary of SNP, for printing services. This agreement was novated to SNP Sprint with effect from 1 March 2003 but has been terminated and superseded by the master agreement with SNP SPrint described above.

We intend to continue with printing arrangements with the SNP group from time to time under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the SNP group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

STATS ChipPAC group

STATS ChipPAC is an associated company of STPL. Accordingly, any transaction between our Group and the STATS ChipPAC group will be an interested person transaction. Our material transactions with the STATS ChipPAC group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications services to the STATS ChipPAC group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD, (iii) domestic leased circuits and (iv) ISDN.

These services were provided in our ordinary course of business and our fees charged to the STATS ChipPAC group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the STATS ChipPAC group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the STATS ChipPAC group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

Ascott group

Ascott is a subsidiary of STPL. Accordingly, any transaction between our Group and the Ascott group will be an interested person transaction. Our material transactions with the Ascott group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications and broadcasting services to the Ascott group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our cable TV and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) IDD and voice over Internet protocol, (ii) fixed network non-voice services and (iii) Internet broadband services.

These services were provided in our ordinary course of business and our fees charged to the Ascott group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the Ascott group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Lease of Serviced Apartment and Licence for Mobile Base Transmission Station from the Ascott Group

We had leased a serviced apartment from the Ascott group for one of our executives. Such lease was entered into on an arm's length basis, based on standard rates charged by the Ascott group to unrelated third parties.

We also have a licence agreement with Somerset Investments Pte Ltd, a subsidiary of Ascott, pursuant to which we were allowed to install and maintain an in-building mobile system and related equipment at Liang Court Shopping Centre. The licence expired on 14 August 2004. The licence fees payable by us under this agreement were negotiated on an arm's length basis on standard prevailing rates. We are currently in negotiations for the renewal of this licence. We intend to maintain this arrangement with the Ascott group under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the Ascott group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

TeleChoice group

TeleChoice is a subsidiary of STT Communications, our controlling shareholder. Accordingly, any transaction between our Group and the TeleChoice group will be an interested person transaction. Our material transactions with the TeleChoice group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications and broadcasting services to the TeleChoice group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile, cable TV, Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) domestic leased circuits, (iv) ISDN and (v) Internet broadband and dial-up services.

These services were provided in our ordinary course of business and our fees charged to the TeleChoice group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the TeleChoice group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Interconnection Services to ST SunPage

ST SunPage is a wholly-owned subsidiary of TeleChoice, which in turn is owned by STT Communications.

We entered into interconnection agreements with ST SunPage under which we agreed with ST SunPage to provide interconnect services to each other and otherwise make available to each other associated services and information, and to provide originating access services to ST SunPage. In addition, calls to ST SunPage's IDD service are routed through our networks and to ST SunPage's switching facility. Our interconnection agreements with ST SunPage are effective till the expiry or revocation of any of our or ST SunPage's relevant licences issued by the IDA or upon termination either by ourselves or ST SunPage giving 30 days' written notice, subject to the approval of the IDA.

The terms of this interconnection agreement were negotiated on an arm's length basis on normal commercial terms.

We intend to continue with these agreements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Mobile Handsets and Accessories, and Logistics and Order Fulfilment Services by TeleChoice

Pursuant to an agreement we entered into with TeleChoice on 20 July 2001, TeleChoice has been:

- selling to us mobile handsets and accessories as we may request from time to time; and

- providing to us order fulfilment and supply chain management services including inventory planning, procurement and management, after-sales services and logistics support.

We pay TeleChoice certain commissions and fees for these services. TeleChoice was selected as our supplier for mobile handsets and accessories, and logistics and order fulfilment services, following a tender process. Our agreement with TeleChoice had an initial duration of three years with effect from 1 April 2000, was renewed for an additional year, and had expired in March 2004. The agreement was extended for a further two year period with effect from 1 April 2004, and may be extended by us for a further one year.

The provision of products and services to us by TeleChoice was and is on an arm's length basis and on normal commercial terms.

The provision of the above-mentioned services to us by TeleChoice is likely to be a recurrent interested person transaction. We intend to continue with this arrangement under our Shareholders' Mandate following our listing on the SGX-ST as TeleChoice has the necessary management expertise, support systems and facilities to effectively source for and manage our handsets and accessories' supplies to enable us to provide our mobile services. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of Cable Modems by TeleChoice

We entered into several agreements with TeleChoice in 2001, pursuant to which TeleChoice provided us with cable modems which we ordered under the agreements. These agreements were entered into on normal commercial terms and on an arm's length basis, after obtaining competitive bids from other suppliers. The material obligations of the parties under these agreements have been fulfilled.

Provision of Mobile and Fixed Network Engineering Services by the TeleChoice Group

The TeleChoice group also provides us with mobile and fixed network engineering services which includes in-building coverage, benchmarking, outdoor telecommunications implementation and fixed network roll-out services on an ongoing basis. The fees paid to the TeleChoice group for these services are provided on normal commercial terms and on an arm's length basis, following a tender process.

The provision of such services to us by the TeleChoice group is likely to be a recurrent interested person transaction. We intend to continue with this arrangement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of Mobile Engineering Services by NexWave Technologies Pte Ltd ("NexWave")

NexWave is a wholly-owned subsidiary of TeleChoice.

NexWave supplies, installs and maintains as well as provides us with mobile network engineering services for our in-building transmission stations, from time to time. NexWave was selected to provide these services either through a tender process or after obtaining competitive bids from other suppliers, and such arrangements with NexWave are entered into on an arm's length basis.

We intend to continue with such arrangements with NexWave and enter into two master agreements with NexWave for the provision of such services, under our Shareholders' Mandate, following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the TeleChoice group for the past three financial years ended 31 December 2003 up to 31 July 2004 is set out in the summary table above.

Other STPL Group Companies

Our material transactions with other STPL Group companies are set out below.

General Services in the Ordinary Course of Business

We also have been providing our info-communications and broadcasting services to other STPL Group companies (including the STT Communications group and STPL) from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile, cable TV, Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) domestic leased circuits, (iv) ISDN, (v) voice over Internet protocol and (vi) Internet broadband and dial-up services.

These services were provided in our ordinary course of business and our fees charged to the STPL Group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the STPL Group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Transactions with STPL

- Provision of Internal Audit Services by STPL

On a yearly basis, we enter into agreements with STPL for the provision of operational and information technology audit services to our Group by STPL. For the current year, the engagement period commenced with effect from 1 January 2004 and will continue till 31 December 2004. Thereafter, STPL's engagement may be extended on a year-to-year basis by mutual agreement.

The rates agreed between ourselves and STPL for their services were negotiated on an arm's length basis on rates comparable with market rates.

Provisions of the above-mentioned services by STPL are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

- Provision of Office Space by STPL

We sub-lease one of our offices, and equipment and data centre from STPL. Details of the sub-lease entered into with STPL are set out below.

Date of agreement	Period of lease	Property
1 September 2004	3 years expiring on 31 August 2007	19 Tai Seng Drive

The sub-lease was commercially negotiated on an arm's length basis and is on normal commercial terms, taking into account market rates. (Further descriptions of this property under the sub-lease are contained in the section "Business – Properties".) In connection with this sub-lease, we also reimburse STPL for utilities services provided to us at these premises.

Our lease arrangement with STPL is likely to be a recurrent interested person transaction. We intend to continue with this arrangement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

- Cash Sweep Arrangements with STPL

Our subsidiary, SCV, had a zero balancing arrangement with STPL where the funds in its Singapore dollar and US dollar current accounts with Citibank N.A., Singapore branch ("Citibank"), were placed with STPL on an overnight basis at the close of business on each business day and would be returned to it on the open of business on the next business day. SCV was paid interest on the funds placed at a rate 0.125% per annum on the funds in its Singapore dollar account and the prevailing bid rate for money placed on call with Citibank on the funds in its US dollar account. Any deficit in its current accounts was also met by STPL under this arrangement and bore interest at 0.5% per annum below the prime rate of Citibank.

We entered into this arrangement, and the terms and the interest rates were determined, on an arm's length basis, taking into account our treasury requirements. The quantum of the average daily balance of our funds which were subject to the zero balancing arrangement was S$2.5 million, S$3.4 million, S$4.3 million and S$5.0 million for the financial years ended 31 December 2001, 2002 and 2003 and the period from 1 January 2004 to 31 July 2004. The highest quantum of SCV's funds which were placed with STPL during the respective periods was S$10.5 million, S$9.1 million, S$15.6 million and S$38.0 million. The SCV current accounts were not in deficit at any time in the relevant periods except for certain periods in the financial years ended 31 December 2001 and 2002, in which the quantum of deficit met by STPL was an average of S$0.3 million for 19 days and an average of S$0.7 million for four days, and the highest quantum of deficit met by STPL was S$1.1 million and S$1.2 million. The aggregate amount of net interest received by us in each of the periods was S$2,222, S$3,883, S$5,415 and S$3,665, after deducting interest of S$802 and S$392 due to STPL for meeting the deficits in our current accounts in the financial years ended 31 December 2001 and 2002. This arrangement has been terminated with effect from 1 August 2004.

- Provision of Administrative Services

Since September 1994, STPL had provided legal, corporate secretariat and treasury services to SCV for a monthly fee. This arrangement was however terminated in December 2002. The monthly fees paid to STPL for these services were negotiated on an arm's length basis.

Transactions with the STT Communications Group

- Provision of Satellite–Related Services by STTP

STTP is a wholly-owned subsidiary of STT Communications, our controlling shareholder. Accordingly, any transaction between our Group and STTP will be an interested person transaction.

(i) Satellite Services

We entered into an agreement with STTP under which STTP agreed to retrofit their earth station to facilitate voice and/or data traffic, commit the retrofitted earth station for carriage of our traffic on a first priority basis and perform related operation and maintenance services. This agreement expired on 30 September 2002 but the parties agreed to continue with this agreement on a monthly basis, pending discussions on the renewal of this agreement.

The terms of these agreements and the fees payable to STTP were negotiated on an arm's length basis, based on normal commercial terms.

We also enter into agreements from time to time with STTP for the provision of satellite services in connection with live programmes and new turnaround channels which we add on to our channel line up from time to time. The fees payable to STTP for such services are based on their standard prevailing rates.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

(ii) Satellite Link

We also entered into an agreement with STTP under which STTP agreed to provide us with the necessary facilities for the establishment of a satellite based link between Singapore and Cambodia, enabling us to provide international broadcast, Internet, data and voice services using these facilities. This agreement expired on

31 January 2004 but the parties agreed to continue with the services provided under the agreement on a monthly basis, pending discussions on the renewal of the agreement.

The terms of these agreements and the fees payable to STTP were negotiated on an arm's length basis on normal commercial terms.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

(iii) Internet Access Satellite Services

On 1 September 1998 and 12 October 1999, we entered into two agreements for the provision of Internet satellite links by STTP. These agreements have both been terminated.

The terms of these agreements and the fees payable to STTP were negotiated on an arm's length basis on normal commercial terms.

- Transactions with PT Indonesian Satellite Corporation Tbk ("Indosat")

Indosat is a subsidiary of STT Communications. Accordingly, any transaction between our Group and Indosat will be an interested person transaction.

(i) Provision of Internet Transit Access Services to Indosat

On 6 March 2003, we entered into Internet exchange service agreement with Indosat pursuant to which we agreed to provide Indosat with Internet transit access services through our Internet backbone network and telecommunications services throughout domestic leased circuits. This agreement superseded an earlier agreement entered into in February 2002.

This agreement and the charges payable under it were negotiated on an arm's length basis, based on normal commercial terms.

We intend to continue with these arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

(ii) International GSM Roaming Services

We have entered into various GSM roaming agreements with the Indosat group pursuant to which the parties to the agreement agreed to provide each other with international roaming services.

These agreements and the charges payable under the agreements were negotiated on an arm's length basis, based on normal commercial terms.

We intend to continue with these arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

(iii) IDD Interconnection Services

On 26 July 2000, we entered into an agreement with a member of the Indosat group pursuant to which both parties agreed to provide international call termination capability for IDD traffic to certain destinations.

This agreement and the charges payable under it were negotiated on an arm's length basis, based on normal commercial terms.

We intend to continue with this agreement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

- Transactions with STT Communications

(i) Sale of Southeast Asia Netcom (Singapore) Pte Ltd ("SEAC") (previously known as StarHub Crossing Pte Ltd)

On 3 May 2002, we entered into an agreement with Asia Global Crossing Ltd and Asia Global Crossing (Singapore) Pte Ltd ("AGCS"), and STT Communications, pursuant to which we sold to AGCS all the issued shares in SEAC for a consideration of US$1.9 million (subject to adjustment in accordance with the terms of this agreement). Completion of the sale occurred on 7 May 2002.

The sale was negotiated on an arm's length basis on normal commercial terms.

(ii) Provision of Capacity to STT Communications

On 20 May 2003, in connection with the sale of SEAC and an amended and restated capacity purchase agreement entered into on 1 August 2002 with Asia Global Crossing Asia Pacific Commercial Ltd, we entered into an amendment and restatement of a capacity purchase agreement with STT Communications whereby we agreed with STT Communications that they would reduce their commitment to purchase capacity on the East Asia Crossing and Pacific Crossing cable systems from us.

This agreement was negotiated on an arm's length basis, based on normal commercial terms. We intend to continue with this agreement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

- Provision of Capacity on the Global Crossing Network by Global Crossing Bandwidth, Inc. ("GCB")

Global Crossing is a subsidiary of STT Communications. Accordingly, any transaction between our Group and the Global Crossing group will be an interested person transaction.

In the first half of 2004, we entered into a capacity agreement with GCB, a subsidiary of Global Crossing, pursuant to which we agreed to purchase dedicated circuit capacity from GCB for the transport of our telecommunications traffic. This agreement is for an initial one year period and is automatically renewed for successive periods of one month each thereafter.

This agreement was negotiated on an arm's length basis, based on normal commercial terms.

We intend to continue with this agreement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

- Provision of Cable Network Construction Services by Ordnance Development & Engineering Co. of Singapore (1996) Pte Ltd ("Ordnance Development")

We also entered into agreements with Ordnance Development & Engineering Co. of Singapore (1996) Pte Ltd, pursuant to which Ordnance Development provided cable network construction services for the roll-out of our cable network. These engagements have been completed.

The fees payable to Ordnance Development for these services were determined on an arm's length basis on normal commercial terms, based on similar rates we pay to other unrelated third party contractors for similar services.

The aggregate values of all our transactions with the other STPL Group companies (other than the groups of companies separately listed in the summary table above), including STPL and the STT Communications group which have been separately listed, for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

Material Transactions with the Temasek Group

SembCorp group

SembCorp is a subsidiary of Temasek. Accordingly, any transaction between our Group and the SembCorp group will be an interested person transaction. Our material transactions with the SembCorp group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications services to the SembCorp group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile, Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) ISDN and (iv) Internet broadband and dial-up services.

These services were provided in our ordinary course of business and our fees charged to the SembCorp group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the SembCorp group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the SembCorp group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

Provision of Electricity by SembCorp Power Pte Ltd ("SembCorp Power")

SembCorp Power is a subsidiary of SembCorp. Accordingly, any transaction between our Group and SembCorp Power will be an interested person transaction.

On 18 August 2003, we entered into an agreement with SembCorp Power to purchase electricity from SembCorp Power for the period which commenced on 1 September 2003 and ended on 31 August 2004. We have renewed this agreement and such renewal commenced on 1 September 2004 and ends on 31 May 2005.

The charges by SembCorp Power for the sale of electricity were determined on an arm's length basis on normal commercial terms, following a tender process.

We intend to continue with such arrangements under our Shareholders' Mandate. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Construction Services by the SembCorp Group

ST Architects & Engineers Pte Ltd and SembCorp Engineers & Constructors Pte Ltd are subsidiaries of SembCorp. Accordingly, any transaction between our Group and any of these parties will be an interested person transaction.

In 1998, we entered into an agreement with ST Architects pursuant to which ST Architects provided us with construction services for the roll-out of our cable network. The works were completed and the agreement expired in 2001. We also engaged SembCorp Engineers for certain construction and renovation works.

The fees payable to the SembCorp group companies for these services were determined on an arm's length basis on normal commercial terms, following a tender process.

Singapore Post Limited ("SingPost") group

SingPost is an associated company of Temasek. Accordingly, any transaction between our Group and the SingPost group will be an interested person transaction. Our material transactions with the SingPost group are as follows:

Provision of Payment and Bill Collection Services by SingPost

We have entered into various agreements with SingPost pursuant to which SingPost provides us with electronic and credit card bill payment services under their vPOST service, and we authorise SingPost to undertake the acceptance of payments for StarHub and SCV bills on behalf of both of us at all of SingPost's outlets and at its self-service automated machines ("SAMs").

The fees payable to SingPost in respect of such services were determined on an arm's length basis, based on normal commercial terms.

We intend to continue with such arrangements under our Shareholders' Mandate. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Distribution Services for Phonecards by SingPost

We have entered into various agreements with SingPost pursuant to which SingPost has undertaken to sell our phonecards, including top-up cards, homeconnect cards and Green cards at all SingPost branches. In connection with these agreements, we have also agreed with SingPost to allow their postal agents to purchase our phonecards in bulk from SingPost's main branches, for resale and SingPost has provided us with top-up services for our pre-paid phonecards, allowing our customers to use their SAMs to top-up such cards.

The commissions payable to SingPost and their dealers for these services were negotiated on an arm's length basis, based on rates comparable to rates charged by SingPost for similar services to unrelated third parties.

We intend to continue with such arrangements under our Shareholders' Mandate. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the SingPost group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

SingTel group

SingTel is a subsidiary of Temasek. SingTel Mobile is a wholly-owned subsidiary of SingTel. Accordingly, any transaction between our Group and the SingTel group will be an interested person transaction. Our material transactions with the SingTel group are as follows:

Interconnection Services

We had entered into a RIO agreement (the "Interconnection Agreement") with SingTel for the purposes of interconnecting our network with the SingTel network. (See "Regulation".) Under this arrangement, both SingTel and ourselves provide interconnection services (such as call origination and termination) to each other.

The terms of the Interconnection Agreement and the prices at which the services were provided were set on an arm's length basis, following standard prevailing charges regulated by the IDA.

It is our current intention to maintain this agreement with SingTel pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

Network Lease from SingTel

On 5 April 2002, we entered into a network lease agreement with SingTel for the use of its dark fibre, ducts and manholes for the purposes of our cable TV and broadband services. This agreement with SingTel expires on 31 March 2017 and is renewable for a further three years.

The terms of this agreement and the prices of the leases were set on an arm's length basis, following discussions with the IDA.

It is our current intention to maintain this agreement, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of such agreement shall be subject to the review procedures under our Shareholders' Mandate.

Provision of Local Leased Circuits and ISDN Wholesale Services by SingTel

We have leased local leased circuits and procured ISDN services from SingTel on a wholesale basis.

The prices of the leases and services provided by SingTel were set on an arm's length basis, taking into consideration our needs and requirements for such services.

It is our current intention to continue with such arrangements, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Underground Plant Lease from SingTel

On 27 March 2000, we entered into an underground plant agreement with SingTel pursuant to which we leased SingTel's underground ducting system including manholes (which had been designated as essential support facilities), for the purpose of housing our cables.

The terms of this agreement and the prices for the leases provided by SingTel were set on an arm's length basis, taking into consideration our needs and requirements for such services.

It is our current intention to maintain this agreement, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

Provision of Mobile Coverage Services by SingTel

In those cases determined by the IDA to be in the national and/or public interest, we share certain specified infrastructure, in designated areas, with other operators (see "Regulation – Infrastructure Sharing). For this purpose, we have entered into various agreements with SingTel for the use of SingTel's facilities for the provision of mobile services in these areas: various MRT lines, Kallang Expressway, Central Expressway and the Paya Lebar Expressway.

The terms of these agreements and the charges by SingTel for the use of these facilities were set on an arm's length basis.

SingTel may terminate these agreements upon the occurrence of any event of default. It is our current intention to maintain these agreements, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these agreements will be subject to the review procedures under our Shareholders' Mandate.

Surf for Free Internet Access Services

On 15 August 2003, we entered into an agreement with SingTel pursuant to which both SingTel and ourselves agreed to bill and collect on behalf of each other, the relevant charges for the other party's free Internet access services from our respective customers. This agreement is ongoing.

The terms of this agreement and the charges for the services provided were negotiated on an arm's length basis on normal commercial terms.

It is our current intention to maintain this agreement, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

SMS and MMS Interworking

We have entered into various agreements with SingTel and SingTel Mobile in relation to SMS and MMS traffic between our networks. These agreements allow for SMS and MMS services to be made available to each of our mobile and fixed network customers and *vice versa*.

The terms of this agreement and the prices for the inter-operator SMS and MMS services provided by each party were set on an arm's length basis, taking into consideration our needs and requirements for such services.

It is our current intention to maintain these agreements, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these agreements will be subject to the review procedures under our Shareholders' Mandate.

Number Portability

Pursuant to the terms of our and SingTel's licences, we have number portability arrangements with SingTel which allow the portability of any telephone numbers (including 1800/1900 numbers) in the Singapore numbering plan associated with a physical telephony link or trunk, as well as the portability of mobile numbers between us. Our agreement with SingTel for the fixed network number portability is effective till the expiry or revocation of any of our or SingTel's relevant licences issued by the IDA or upon termination either by either party, subject to the approval of the IDA. Our arrangement with SingTel for mobile number portability is ongoing.

The inter-operator charges under these arrangements were set on an arm's length basis.

It is our current intention to maintain these agreements, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these agreements will be subject to the review procedures under our Shareholders' Mandate.

Provision of Directory Enquiry System Access Services by SingTel

On 25 January 2002, we entered into a wholesale services agreement with SingTel pursuant to which we obtain access to the directory enquiry system to enable our customers to obtain directory services from SingTel.

The terms of this agreement and the prices for the services provided by SingTel were set on an arm's length basis, taking into consideration our needs and requirements for such services.

It is our current intention to maintain this agreement, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

1900 Premium Rate Services

On 30 June 2000, we entered into an agreement with SingTel pursuant to which we agreed to bill and collect the relevant charges for SingTel's 1900 premium rate services provided to our mobile and fixed network customers. This agreement is ongoing.

The terms of this agreement and the prices for the services provided by SingTel were set on an arm's length basis, on the basis of SingTel's prevailing rates for such services.

It is our current intention to maintain this agreement, pursuant to our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

Provision of Backup for SCV Backbone Network by SingTel

On 19 February 2000, we agreed with SingTel that they would provide backup for SCV's backbone network. This arrangement with SingTel was terminated on 2 June 2003.

The terms of this agreement and the prices for the services provided by SingTel were set on an arm's length basis, taking into consideration our needs and requirements for such services.

Provision of Internet Connection Network by SingTel

On 28 February 2002, we entered into an agreement with SingTel pursuant to which SingTel provided us with an Internet connection network and related support services. This agreement superseded an earlier agreement entered into on 14 March 2001. This agreement expired in January 2003.

We also entered into agreements with SingTel on 22 January 1998 and 28 January 1999 pursuant to which SingTel provided us with international leased circuits. These agreements expired on 21 January 2001 and 27 January 2002.

The rates and tariffs charged by SingTel under these agreements were set on an arm's length basis.

Provision of Engineering Services by NCS Communications Engineering Pte Ltd ("NCS")

NCS is a subsidiary of SingTel. Accordingly, any transaction between our Group and NCS will be an interested person transaction.

We entered into various agreements with NCS, pursuant to which NCS agreed to design and install inbuilding mobile coverage systems. These agreements shall continue until terminated by the parties or until completion of the relevant works.

These agreements and the fees charged by NCS were negotiated on an arm's length basis.

We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of such arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the SingTel group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

Pacific Internet group

Pacific Internet is an associated company of Temasek. Accordingly, any transaction between our Group and the Pacific Internet group will be an interested person transaction. Our material transactions with the Pacific Internet group are as follows:

General Services in the Ordinary Course of Business

We have been providing our info-communications services to the Pacific Internet group from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our fixed network business, as well as its related and value-added services. Examples of such services include the following (i) domestic leased circuits, (ii) ISDN, (iii) ATM and (iv) other voice products.

These services were provided in our ordinary course of business and our fees charged to the Pacific Internet group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the Pacific Internet group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the Pacific Internet group for the past three financial years ended 31 December 2003 and up to 31 July 2004 is set out in the summary table above.

Other Temasek Group Companies

Our material transactions with other Temasek Group companies are set out below.

General Services in the Ordinary Course of Business

We also have been providing our info-communications and broadcasting services to other Temasek Group companies (including the MediaCorp group, Singapore Power group and PSA group) from time to time, in the ordinary course of our business. These services comprise our range of services which we provide in our mobile, cable TV, Internet access and fixed network business, as well as their related and value-added services. Examples of such services include the following (i) mobile voice and non-voice services, (ii) IDD and voice over Internet protocol, (iii) domestic leased circuits, (iv) ISDN, (v) direct exchange lines, (vi) Internet broadband and dial-up services and (vii) miscellaneous services, including advertising services related to cable TV.

These services were provided in our ordinary course of business and our fees charged to the Temasek Group in respect of such services were determined on an arm's length basis on normal commercial terms, on the basis of our published or standard rates applicable to unrelated third parties for the same services and, in certain cases, applying volume discounts to these fees in line with similar discounts given to unrelated third parties.

Provisions of the above-mentioned services to the Temasek Group are likely to be recurrent interested person transactions. We intend to continue to provide these services under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of such arrangements will be subject to the review procedures under our Shareholders' Mandate.

Transactions with the MediaCorp Group

MediaCorp is a subsidiary of Temasek. Accordingly, any transactions between our Group and the MediaCorp group are interested person transactions. For the purposes of this section, "MediaCorp" shall mean MediaCorp and its subsidiaries. Our material transactions with MediaCorp are as follows:

- Sub-Licence of Broadcast Rights

We entered into an agreement on 16 January 2004 pursuant to which we agreed to sub-license a part of our broadcast rights of UEFA Euro 2004 to MediaCorp TV Singapore Pte Ltd. This agreement expires on 31 December 2004. This agreement and the licence fees payable to us were negotiated on an arm's length basis on normal commercial terms.

- Grant of Exclusive Broadcast Rights to MediaCorp

We entered into two agreements, on 5 April 2002 and 1 June 2002, pursuant to which we agreed to grant to MediaCorp the right, exclusive in relation to the free-to-air television operators in Singapore, to broadcast FIFA's basic international feed of certain matches of the 2002 FIFA World Cup as well as to broadcast excerpts taken from the matches on their regularly scheduled news programmes. These agreements and the licence fees payable to us were negotiated on an arm's length basis on normal commercial terms.

- Carriage of Analogue Over-the-air Television Channels on SCV

As part of our licence requirements, we carry over-the-air channels from MediaCorp. The carriage fees paid to us by MediaCorp for certain of these channels are determined by the MDA on an arm's length basis. We intend to continue with these arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

- Carriage of CCTV-9 Channel on SCV

StarHub will be carrying China International Television Corporation's ("CITC") CCTV-9 English news channel on our digital basic tier. This arrangement is in connection with an agreement between MCN International Pte Ltd ("MCN(I)"), a subsidiary of MediaCorp, and CITC for the distribution of Channel News

Asia International in the People's Republic of China. The agreement between MCN(I) and StarHub will be entered into on an arm's length basis under our Shareholders' Mandate.

- Provision of Advertising Services by MediaCorp

We enter into advertising contracts with MediaCorp from time to time, for advertisements in the media of press, publications, television and radio. Advertising fees charged to us in respect of such services were determined on an arm's length basis on normal commercial terms, upon prevailing rates and, in certain cases, we have obtained bulk discounts to these fees in line with similar discounts given to unrelated third parties. We intend to continue with these arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

- Provision of Transmitter System, Presentation Facilities, Engineering Services and Other Ancillary Services by MediaCorp

On 1 April 1992, we entered into a ten-year agreement with Singapore Broadcasting Corporation ("SBC") pursuant to which SBC installed, operated and maintained three UHF television transmitters and provided floor space for related facilities and services. SBC, which was a statutory board, was thereafter privatised, corporatised and subsequently restructured, resulting in the current MediaCorp group. With effect from 31 March 2001, services for one UHF channel were terminated. MediaCorp has continued to provide us with the services under this agreement for the remaining UHF channels, and we are in discussions with MediaCorp for the renewal of this agreement. The terms of this agreement were negotiated on an arm's length basis on normal commercial terms. We may continue with this agreement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

- Provision of Distribution and Publishing Services by MediaCorp

On 10 August 2002, we entered into an agreement with MediaCorp, pursuant to which MediaCorp provided us with printing, distribution and publishing services for our Telescope magazine and similar publications to our SCV customers in Singapore. The terms of this agreement were negotiated on an arm's length basis following a tender process. The initial two-year term of the agreement expired on 9 August 2004 and both parties have agreed to extend the agreement for a further period of six months.

- Provision of Television Rating Services by MediaCorp

On 23 March 2001, we entered into an agreement with MediaCorp pursuant to which we subscribed for a television measurement service. Under this agreement, we also licensed to MediaCorp the right to access our cable programme signals and collect cable ratings data for viewership monitoring and reporting purposes. This agreement shall continue in existence until it is terminated by either party at any time giving one year's prior written notice to the other party. The terms of this agreement were negotiated on an arm's length basis on normal commercial terms. We may continue with this agreement under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of any such arrangements will be subject to the review procedures under our Shareholders' Mandate.

Transactions with the Singapore Power group

SP Telecommunications is a subsidiary of Temasek. Accordingly, any transaction between a member of our Group and SP Telecommunications will be an interested person transaction.

- Licensing of Ducts from SP Telecommunications

On 1 April 1999, we entered into an agreement with SP Telecommunications under which SP Telecommunications agreed to license to us the use of their existing ducts and pipes and new ducts and pipes, for the purposes of our provision of our public basic telephone services. Under this agreement, we also agreed to maintain those ducts which were licensed to us for our use. The licences under this agreement will expire on 31 March 2017 unless they are renewed pursuant to the terms of this agreement.

The terms of this agreement and the licence fees payable by us to SP Telecommunications were negotiated on an arm's length basis. Currently, we are in discussions with SP Telecommunications to review the licence fees, as required by this agreement.

We intend to continue with this agreement with SP Telecommunications following our listing on the SGX-ST, and renew it in the future subject to discussion with SP Telecommunications. The continuance or renewal of this agreement will be subject to the review procedures under our Shareholders' Mandate.

- Sub-Licensing of Sub-Station Spaces from SP Telecommunications

For the purposes of interconnecting our network with the networks of third parties, we have obtained various licences from SP Telecommunications pursuant to which SP Telecommunications has sub-licensed to us certain spaces at various sub-stations in Singapore for the installation and establishment of equipment of such third parties.

The terms of these sub-licences and the fees payable by us to SP Telecommunications were negotiated on an arm's length basis.

Such agreements with SP Telecommunications are likely to be recurrent interested person transactions. We intend to continue with such arrangements under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

- Provision of Utilities

We enter into transactions with the SingPower group pursuant to which the SingPower group has been providing us with utilities. We enter into these transactions in our ordinary course of business from time to time and the expenditures in respect of such transactions are determined on an arm's length basis, on the basis of SingPower group's published or standard rates applicable to unrelated third parties to which the SingPower group provides such utilities.

Transactions relating to the provision of utilities by the SingPower group are likely to be recurrent interested person transactions. We intend to continue to enter into such transactions with the SingPower group under our Shareholders' Mandate following our listing on the SGX-ST. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

The aggregate values of all our transactions with the other Temasek Group companies (other than the groups of companies separately listed in the summary table above), including the MediaCorp group, the Singapore Power group and the PSA group (which have been separately listed) for the past three financial years ended 31 December 2003 up to 31 July 2004 is set out in the summary table above.

General Mandate for Interested Person Transactions

We anticipate that we would, in the ordinary course of business, continue to enter into certain transactions with our interested persons, including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions, it would be advantageous for us to obtain a shareholders' mandate to enter into certain interested person transactions in our normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority shareholders.

Chapter 9 of the SGX-ST Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of our day-to-day operations.

Pursuant to Rule 920(2) of the SGX-ST Listing Manual, our Company may treat a general mandate as having been obtained from our shareholders ("Shareholders' Mandate") for us to enter into interested person transactions with our interested persons, if the information required under Rule 920(1)(b) of the SGX-ST Listing Manual is included in this document. In relation to us, the information required by Rule 920(1)(b) is as follows:

(i) the class of interested persons with which the Entity At Risk (as defined below) will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale, and benefit to the Entity At Risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the our interest and the interests of our minority shareholders;

(vi) an opinion from our audit committee if it takes a different view to the independent financial adviser; and

(vii) a statement from us that we will obtain a fresh mandate from our shareholders if the methods or procedures in (iv) above become inappropriate.

The Shareholders' Mandate will be effective until the earlier of the following: (i) the conclusion of our first annual general meeting following our admission to the Official List of the SGX-ST; or (ii) the date by which our next annual general meeting is required by law to be held, which shall be earlier than the first anniversary of the date of our admission to the Official List of the SGX-ST. Thereafter, we will seek the approval of our shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting.

Entities At Risk

For the purposes of the Shareholders' Mandate, an "Entity At Risk" means:

- our Company;
- a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or
- an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that our Group and our interested person(s), have control over the associated company. (Currently, we do not have any such associated companies.)

Classes of Mandated Interested Persons

The Shareholders' Mandate will apply to our Group's transactions with:

- the Temasek Group; and
- the STPL Group,

(the "Mandated Interested Persons" and each a "Mandated Interested Person").

Transactions with Mandated Interested Persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the SGX-ST Listing Manual.

Categories of Interested Person Transactions

The transactions with the Mandated Interested Persons which will be covered by the Shareholders' Mandate and the benefits to be derived therefrom are as follows:

General Transactions

This category relates to general transactions ("General Transactions") by our Group relating to the provision to, or obtaining from, Mandated Interested Persons of products and services in the normal course of business of our Group or which are necessary for the day-to-day operations of our Group (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of our day-to-day operations) comprising the following:

(1) provision and obtaining of info-communications, broadcasting and fixed network services (including mobile, cable TV and broadband Internet), equipment, infrastructure, network, applications, products and content;

(2) sale and procurement of info-communications and broadcasting devices, accessories and pre-paid cards for distribution and trade;

(3) provision and obtaining of professional, consultancy, sub-contracting or outsourcing services;

(4) provision and obtaining of after-sales services;

(5) provision and obtaining of warehousing, logistics, packing, handling, transportation and freight services;

(6) obtaining licences to provide or resell info-communications and broadcasting services;

(7) provision, obtaining, repair, maintenance and operation of info-communications and broadcasting equipment, infrastructure, network and applications;

(8) provision and obtaining of bill collection services;

(9) engaging dealers to sell info-communications and broadcasting products (including pre-paid cards, SIM cards, calling cards and mobile handsets) and services;

(10) provision and obtaining of printing, advertisement and marketing related services;

(11) provision and obtaining of lease and/or rental of properties and equipment;

(12) obtaining of utilities services;

(13) obtaining of insurance and insurance related services;

(14) obtaining of professional, administrative and support services including finance and treasury, business development, management information systems, human resource, corporate communications (including investor relations), taxation, internal audit, legal, corporate secretarial services and any other professional services; and

(15) provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (14) above.

The transactions set out in sub-paragraphs (1) to (14) arise in the normal course of business of our Group, while the transactions set out in sub-paragraph (15) will be those which are necessary for the day-to-day operations of our Group.

Our Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group and the STPL Group in addition to obtaining quotes from, or transacting with, non-interested persons.

Treasury Transactions

Treasury transactions ("Treasury Transactions") comprise:

(1) the placement of funds with any Mandated Interested Person;

(2) the borrowing of funds from any Mandated Interested Person;

(3) the entry into with any Mandated Interested Person of forex, swaps and options transactions for hedging purpose; and

(4) the subscription of debt securities and/or preference shares issued by any Mandated Interested Person and the issue of debt securities and/or preference shares to any Mandated Interested Person and the buying from, or the selling to, any Mandated Interested Person of debt securities and/or preference shares.

Our Group can benefit from obtaining competitive rates or quotes from Mandated Interested Persons in an expedient manner in addition to third party financial institutions. By transacting directly with a Mandated Interested Person, our Group may also eliminate margins which third party intermediaries might ordinarily be expected to earn.

Rationale for and Benefits of the Shareholders' Mandate

The transactions with Mandated Interested Persons are entered into or to be entered into by our Group in its ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. Our Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Mandated Interested Persons.

Our Directors believe that our Group will be able to benefit from its transactions with the Temasek Group and the STPL Group. The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential interested person transactions with the Mandated Interested Persons arise, thereby reducing substantially, the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us.

The Shareholders' Mandate is intended to facilitate transactions in our normal course of business which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority shareholders.

Disclosure will be made in the format required by the SGX-ST Listing Manual of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate is in force.

Review Procedures for Transactions with the Mandated Interested Persons

We have established the following procedures to ensure that the interested person transactions are undertaken on an arm's length basis and on normal commercial terms.

General Transactions

Review Procedures

In general, there are procedures established by our Group to ensure that the General Transactions with Mandated Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with our Group's usual business practices and policies, which are generally no more favourable to the Mandated Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been implemented.

(i) Provision of services or the sale of products

The review procedures are:

(1) all contracts entered into or transactions with Mandated Interested Persons are to be carried out at the prevailing market rates or prices of the service or product to be provided, on terms which are no more favourable to the Mandated Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/process/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(2) where the prevailing market rates or prices are not available due to the nature of services to be provided or the product to be sold, our Group's pricing for such services to be provided or products to be sold to Mandated Interested Persons will be determined in accordance with our Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by our Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Mandated Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account. A senior officer authorised by our management who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable.

(ii) Obtaining of services or purchasing of products

The review procedures are:

(1) all purchases made by our Group, including purchases from Mandated Interested Persons will be governed by internal control procedures which detail matters such as the constitution of internal approving authorities, their approval limits, the number of vendors from whom bids are to be

obtained and the review procedures. The guiding principle is to objectively obtain the best goods and/or services on the best terms through competitive quotations, if appropriate. In determining whether the price and terms offered by the Mandated Interested Persons are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account. A senior officer authorised by our management who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable; and

(2) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), a senior officer authorised by our management who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable.

Threshold limits

In addition to the review procedures, General Transactions entered into by our Group are monitored as individual transactions equal to or exceeding S$100,000 in value will require the prior approval of the relevant approving authority in our Group who does not have any conflict of interests, whether direct or indirect, in relation to the transaction to be approved. In particular:

(i) individual transactions equal to or exceeding 3% but less than 5% of our net tangible assets in value (based on our latest audited consolidated accounts) will be reviewed and approved by any two of our Directors; and

(ii) individual transactions equal to or exceeding 5% of our net tangible assets in value (based on our latest audited consolidated accounts) will be reviewed and approved by our audit committee.

Treasury Transactions

Review Procedures

Placements. Prior to the placement with any Mandated Interested Person by our Group of its funds, we will require that quotations be obtained from such company and at least two of the principal bankers of our Group for rates for deposits with such bankers of an equivalent amount, and for the equivalent period, of the funds to be placed by our Group. Our Group will only place its funds with such company, provided that the interest rate quoted is not less than the highest of the rates quoted by such principal bankers.

Borrowings. Prior to borrowing funds from any Mandated Interested Person by our Group, we will require that quotations be obtained from such company and at least two of the principal bankers of our Group for rates of loans from such bankers of an equivalent amount, and for the equivalent period, of the funds to be borrowed. Our Group will borrow funds from such company, provided that the interest rate quoted is not more than the lowest of the rates quoted by such principal bankers.

Forex, Swaps and Options. Prior to entering into forex, swaps and options transactions with any Mandated Interested Person by our Group, we will require that rate quotations be obtained from such company and at least two of the principal bankers of our Group. Our Group will only enter into such forex, swaps and options transactions with such company, provided that such rates quoted are no less favourable than the rates quoted by such bankers.

Debt Securities and Preference Shares. Prior to the subscription of debt securities and preference shares issued by, or purchase of debt securities or preference shares from, Mandated Interested Persons, we will only enter into the subscription or purchase of such debt securities or preference shares issued, provided that the price(s) at which our Group subscribes for or purchases such debt securities or preference shares will not be higher than the price(s) at which such debt securities or preference shares are subscribed for or purchased by third parties.

Prior to the issue or sale to Mandated Interested Persons of debt securities or preference shares, we will only issue or sell such debt securities or preference shares to Mandated Interested Persons provided that the price(s) at which our Group issues or sells such debt securities or preference shares will not be lower than the price(s) at

which such debt securities or preference shares are issued or sold to third parties. Our Group will also comply with all applicable laws and regulations in connection with the issue or sale of such debt securities or preference shares to Mandated Interested Persons.

For the purpose of the Shareholders' Mandate, any preference shares to be subscribed or purchased from Mandated Interested Persons or to be issued or sold to Mandated Interested Persons, will not carry any voting rights, except in the circumstances set out in Sections 180(2)(a), (b) and (c) of the Singapore Companies Act.

Threshold limits

In addition to the review procedures, our Group will monitor the Treasury Transactions entered into by our Group as follows:

Placement and Debt Securities and Preference Shares. Where the aggregate value of funds placed with, and debt securities or preference shares subscribed which are issued by, or purchased from the same Mandated Interested Person shall at any time exceed an amount equivalent to 25% of the consolidated shareholders' funds of our Group (based on our latest audited accounts), each subsequent placement of funds with, or subscription or purchase of debt securities or preference shares issued by, the same Mandated Interested Person shall require the prior approval of our audit committee.

Placements of funds with, and subscription of debt securities issued by, or purchased from, the same Mandated Interested Person which do not in the aggregate exceed the respective limits set out above will not require the prior approval of the audit committee and shall be reviewed on a quarterly basis by our audit committee.

Borrowings and Debt Securities and Preference Shares. Where the aggregate value of funds borrowed from, and debt securities or preference shares issued or sold to, the same Mandated Interested Person shall at any time exceed an amount equivalent to 25% of the consolidated shareholders' funds of our Group (based on our latest audited accounts), each subsequent borrowing of funds from and debt securities or preference shares issued or sold to, the same Mandated Interested Person shall require the prior approval of our audit committee.

Borrowing of funds from and debt securities or preference shares issued or sold to, the same Mandated Interested Person which do not in the aggregate exceed the respective limits set out above will not require the prior approval of our audit committee and shall be reviewed on a quarterly basis by our audit committee.

Forex, Swaps and Options. Where the aggregate of the principal amount of all forex, swaps and options transactions entered into with the same Mandated Interested Person exceeds at any one time the equivalent of 25% of the consolidated shareholders' fund of our Group (based on our latest audited accounts), each subsequent forex, swap and options transaction entered into with the same Mandated Interested Person shall require the prior approval of our audit committee.

Entry into of forex, swaps and options transactions with the same Mandated Interested Person where the principal amounts thereof do not in the aggregate exceed the limit set out above will not require the prior approval of our audit committee and shall be reviewed on a quarterly basis by our audit committee.

Transactions falling within the above categories, if any, will be reviewed at least quarterly by our audit committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account.

Other Review Procedures

Our Group has also implemented the following procedures for the identification of Mandated Interested Persons and the recording of all our interested person transactions:

(i) we will maintain a register of all transactions carried out with Mandated Interested Persons, whether mandated or non-mandated. Our internal audit plan will incorporate a review of all interested person transactions whether mandated or non-mandated; and

(ii) on a quarterly basis, our internal auditors will submit a report to our audit committee of all recorded interested person transactions, and the basis of such transactions, entered into by our Group.

In addition, our audit committee will include the review of our interested person transactions as part of its standard procedures while examining the adequacy of our internal controls.

In the event that a member of our Board of Directors, a member of our audit committee or an authorised reviewing officer (where applicable) has a conflict of interests in relation to any interested person transaction, he will abstain from reviewing that particular transaction. In such instances, an alternative approving authority will be responsible for reviewing the transaction. Our Board of Directors will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into pursuant to the Shareholders' Mandate.

Our audit committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, our audit committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between ourselves and the Mandated Interested Persons are conducted on normal commercial terms. Further, if during these periodic reviews by our audit committee, our audit committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these interested person transactions will be on normal commercial terms and will not be prejudicial to our Company and our minority shareholders, we will (pursuant to Rule 920(1)(b)(iv) and (vii) of the SGX-ST Listing Manual) revert to shareholders for a fresh mandate based on new guidelines and procedures for transactions with Mandated Interested Persons.

Our Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within our Company as they deem appropriate.

Review of Non-Mandated Interested Person Transactions and Review by Audit Committee

All other existing and future interested person transactions not subject to the Shareholders' Mandate will be reviewed and approved in accordance with the threshold limits for General Transactions set out above, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority shareholders. In the event that such interested person transactions require the approval of our Board and our audit committee, relevant information will be submitted to our Board or our audit committee for review. In the event that such interested person transactions require the approval of our shareholders, additional information may be required to be presented to shareholders and an independent financial adviser may be appointed for an opinion.

Our audit committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the SGX-ST Listing Manual) are complied with.

Opinion of the Independent Financial Adviser

KPMG Corporate Finance Pte Ltd ("KPMG Corporate Finance") was appointed as our independent financial adviser pursuant to Rule 920(1)(b)(v) of the SGX-ST Listing Manual, to opine on whether the methods and procedures for determining transaction prices, as set out above, are sufficient to ensure that our Group's transactions with the Interested Persons are on normal commercial terms which will not be prejudicial to the interests of our Company and our minority shareholders.

Based on the analysis undertaken and subject to the qualifications and assumptions made in the letter from KPMG Corporate Finance set out in "Appendix – Letter dated 16 August 2004 from KPMG Corporate Finance to the Independent Directors in respect of the Shareholders' Mandate for Interested Person Transactions", KPMG Corporate Finance is of the opinion that the current methods and procedures for determining transaction prices of interested person transactions as set out under "– Review Procedures for Transactions with the Mandated Interested Persons" are, if applied strictly, sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and/or our minority shareholders.

Please refer to "Appendix – Letter dated 16 August 2004 from KPMG Corporate Finance to the Independent Directors in respect of the Shareholders' Mandate for Interested Person Transactions" for more details.

Potential Conflicts of Interests

We summarise below the potential conflicts of interests which may arise from the interests of our principal shareholders and Directors in any corporation carrying on the same business or dealing in similar products as us.

Certain of our principal shareholders also have affiliates which have interests in other info-communications companies in Singapore and elsewhere. SPH Multimedia Pte Ltd, a wholly-owned subsidiary of SPH, holds approximately 14.14% of MobileOne. Two senior executive officers of SPH are also directors of MobileOne. Our ultimate controlling shareholder, Temasek, has a shareholding interest in approximately 64.97% of SingTel and has a shareholding interest of 100% in MediaCorp. SPH MediaWorks is a wholly-owned subsidiary of SPH. Through its interest in SembCorp, STPL has a shareholding interest in approximately 30.5% of Pacific Internet and Temasek including through its shareholding interest in STPL, has a shareholding interest in approximately 37.16% of Pacific Internet.

In addition, a number of our Directors are also directors or key executives of companies who are or have interests in licensed or active info-communications companies in Singapore or our suppliers. Mr Lim Chin Beng is the Chairman of SPH and SPH MediaWorks. Several of our Directors, namely, Mr Lee Theng Kiat, Mr Lim Ming Seong, Mr Peter Seah Lim Huat and Mr Tan Guong Ching, are directors and/or senior officers of STPL, ST Telemedia and/or STT Communications. Mr Kua Hong Pak is a director of Temasek. Mr Peter Seah Lim Huat is a director of SembCorp. Mr Tan Guong Ching is a director of Singapore Power.

None of our Directors have an interest in any corporation carrying on the same business or dealing in similar products as us, other than certain direct or deemed interests (not exceeding 1%) in shares of such companies.

Mitigation

We believe that any potential conflicts of interests (including those arising from the interested person transactions mentioned above) are addressed as follows:

- our Directors have a duty to disclose their interests in respect of any contract, arrangement, proposal, transaction or matter in which they have any personal material interest, or any actual or potential conflict of interests (including a conflict of interests that arises from their directorship(s) or executive position(s) or personal investment in any other corporation(s)) that may involve them. Upon such disclosure, such Directors shall not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interests arises, unless and until our audit committee has determined that no such conflict of interest exists;
- our audit committee will review any actual or potential conflicts of interests that may involve our Directors disclosed by them to our Board and the exercise of Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, our audit committee will consider whether a conflict of interests does in fact exist. A Director who is a member of our audit committee will not participate in any proceedings of our audit committee in relation to the review of a conflict of interests relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our audit committee may deem reasonably necessary;
- we have established policies and procedures, including internal audit controls, to ensure that our transactions with our controlling shareholders and their associates are entered into on an arm's length basis and on commercial terms consistent with our Group's usual business practices and policies. Specific procedures have also been instituted for Treasury Transactions. These procedures include the appointment of KPMG Corporate Finance as an independent financial adviser to opine on whether the methods and procedures for determining transaction prices are sufficient to ensure that our transactions with our controlling shareholders and their associates are entered into on arm's-length terms and at commercial rates that will not be prejudicial to our interests and the interests of our minority shareholders (see "— Interested Person Transactions");
- upon our listing on the SGX-ST, we will be subject to the SGX-ST listing rules on interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek shareholders' approval for certain material interested person transactions. Our audit committee may also have to appoint independent financial

advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to us, not prejudicial to our interests and the interests of our minority shareholders. Under the SGX-ST listing rules, our Shareholders' Mandate must be renewed at each annual general meeting and disclosure must be made in our annual report of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate during each financial year, and in the annual reports for the subsequent years during which the Shareholders' Mandate is in force. We must also adopt a new mandate if for any reason the review policies and procedures under our current Shareholders' Mandate are inadequate (see "— Interested Person Transactions");

- our audit committee will review interested person transactions on a periodic basis to ensure compliance with our policies and procedures, including the internal audit controls, referred to above, and with the relevant provisions of the SGX-ST listing rules. If a member of our audit committee has an interest in a transaction, he will abstain from participating in the review and approval process of our audit committee in relation to that transaction. Our audit committee will also review the policies and procedures to ensure that they are adequate to achieve the objectives of ensuring that our interested person transactions are fair and reasonable to us and not prejudicial to our interests and the interests of our minority shareholders; and
- our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors are also subject to a duty of confidentiality that precludes a Director from disclosing to any third party (including any of our shareholders or their associates) information that is confidential to us.

SHAREHOLDERS

Principal Shareholders

As at the date of this document, we had 2,116,340,705 Shares outstanding. As at such date, we are owned by STT Communications, NTT IS, MediaCorp, BTNH, SPH, and certain current and former employees and directors. The shareholdings of our Directors, STT Communications, NTT IS, MediaCorp, BTNH, SPH, our current and former employees, and former directors immediately before and after completion of the Offering are set out in the table below:

Shareholder	Shares owned immediately before completion of the Offering [1]		Shares owned immediately after completion of the Offering (assuming the Over-allotment Option is not exercised)		Shares owned immediately after completion of the Offering (assuming the Over-allotment Option is exercised in full)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors [2]						
Tan Guong Ching	—	—	—	—	—	—
Steven Terrell Clontz	1,375,002	0.07	1,435,002	0.07	1,435,002	0.07
Lim Chin Beng	—	—	60,000	nm	60,000	nm
Lee Theng Kiat	—	—	130,000	0.01	130,000	0.01
Lim Ming Seong	—	—	60,000	nm	60,000	nm
Kua Hong Pak	—	—	60,000	nm	60,000	nm
Peter Seah Lim Huat	—	—	60,000	nm	60,000	nm
Osamu Inoue						
Teo Ek Tor	—	—	60,000	nm	60,000	nm
Nihal Vijaya Devadas Kaviratne	—	—	60,000	nm	60,000	nm
Liu Chee Ming	—	—	60,000	nm	60,000	nm
Sio Tat Hiang	—	—	102,000	nm	102,000	nm
Jean F.H.P. Mandeville	—	—	110,000	0.01	110,000	0.01
Substantial Shareholders [3]						
STT Communications [4]	1,053,002,142	49.76	1,053,002,142	49.76	1,053,002,142	49.76
NTT IS [5]	302,742,000	14.30	220,875,000	10.44	201,828,000	9.54
MediaCorp [6]	293,650,266	13.88	292,802,266	13.84	277,777,052	13.13
BTNH [7]	247,698,000	11.70	19,047,000	0.90	—	—
SPH [8]	189,451,786	8.95	19,046,786	0.90	—	—
Other Shareholders						
Employee shareholders [9]	28,421,509	1.34	39,311,509	1.86	39,311,509	1.86
Public shareholders	—	—	469,999,000	22.21	542,165,000	25.62
Total	2,116,340,705	100.00	2,116,340,705	100.00	2,116,340,705	100.00

Notes:

"nm" means not meaningful.

(1) All Shares owned by our Directors, STT Communications, NTT IS, MediaCorp, BTNH, SPH carry, and the Shares to be issued pursuant to the exercise of options granted under the Share Option Plan 2000 will carry, the same voting rights as the Offering Shares.

(2) Assumes our Directors will purchase all Reserved Shares set aside for them. (See "Management — Reserved Shares".)

(3) STT Communications, NTT IS, MediaCorp, BTNH and SPH are subject to certain restrictions in relation to their shareholdings in us. (See "Plan of Distribution — Restrictions on Disposals and Issues of Shares".)

(4) STT Communications is a subsidiary of ST Telemedia, which is in turn a wholly-owned subsidiary of STPL. STPL is a wholly-owned subsidiary of Temasek. Accordingly, ST Telemedia, STPL and Temasek are deemed to be interested in our Shares held by STT Communications.

(5) NTT IS is a wholly-owned subsidiary of NTT Communications, which in turn is a wholly-owned subsidiary of NTT.

(6) MediaCorp is a wholly-owned subsidiary of Temasek. Accordingly, Temasek is deemed to be interested in our Shares held by MediaCorp.

(7) BTNH is a wholly-owned subsidiary of BT Sixty-Four Limited, which in turn is a wholly-owned subsidiary of BT Fifty Three Limited. BT Fifty Three Limited is indirectly wholly owned by BT Holdings Limited (together with its other subsidiaries, BT (International) Holdings Limited, BT Fifty-One Limited and BT Limited). BT Holdings Limited is a wholly-owned subsidiary of BT, which in turn is a wholly-owned subsidiary of BT Group Investments Limited. BT Group Investments Limited is a wholly-owned subsidiary of BT Group plc. Accordingly, all the foregoing related corporations of BTNH are deemed to be interested in our Shares held by BTNH.

(8) As at the Latest Practicable Date, SPH has no substantial shareholders.

(9) Shares held by our current and former employees, and former directors, excluding Shares owned by Mr Steven Terrell Clontz, who is listed in the table individually under "Directors". The shareholding numbers assume (to the extent applicable) that these persons will purchase all Reserved Shares set aside for them, but do not include any other Offering Shares (including excess Reserved Shares) they may purchase in the Offering.

Significant Changes in Percentage of Ownership

Save as disclosed below, there were no significant changes in the percentage of ownership in our Company in the three years before the Latest Practicable Date. The following table sets forth the significant changes in the shareholding interests of our Directors and substantial shareholders in our Shares during the last three financial years:

	As at 1 January 2001		Exercise of Share Options on 16 January 2001	Immediately after the relevant event	
	No. of Shares held	%	Resultant number of Shares held	Resultant number of Shares held	%
Directors					
Steven Terrell Clontz	458,334	0.03	1,375,002	1,375,002	0.07

	As at 1 January 2001		Acquisition of SCV on 2 July 2002	Immediately after the relevant event	
	No. of Shares held	%	Resultant number of Shares held	Resultant number of Shares held	%
Substantial shareholders					
STT Communications	825,660,000	59.98	1,053,002,142	1,053,002,142	50.36
NTT IS	302,742,000	21.99	na	302,742,000	14.48
MediaCorp	Nil	na	293,650,266	293,650,266	14.04
BTNH	247,698,000	17.99	na	247,698,000	11.85
SPH	Nil	na	189,451,786	189,451,786	9.06

Note:
The information in this table has been adjusted to give effect to the Share Consolidation. The percentages set out in this table are calculated based on the issued share capital of our Company as at 16 January 2001 and 2 July 2002, as the case may be.

Control of Our Company

We are currently controlled by STT Communications, which owns approximately 49.76% of our outstanding shares immediately prior to the Offering and we expect this to continue after the completion of this Offering. Headquartered in Singapore, STT Communications is a leading information-communications company with operations and investments in Asia-Pacific, the Americas and Europe. STT Communications invests in and manages info-communication businesses. STT Communications' group of companies offer a wide array of communications and information services, including fixed and mobile communications, global IP network and services, Internet Business Exchange data centres and services, satellite and cable TV.

STT Communications is the 99.99%-owned investment holding company of ST Telemedia, which is wholly-owned by STPL. ST Telemedia was incorporated in 1995 as the telecommunications arm of the Singapore Technologies group, the largest technology-based multinational group in Singapore, with businesses in engineering, technology, infrastructure and logistics, property and financial services.

STPL is wholly-owned by Temasek. Temasek was incorporated in 1974 to hold and manage the Singapore Government's investments in companies. Temasek's sole shareholder is the Minister for Finance (Incorporated). We are not aware of any arrangements the operation of which may, at a subsequent date, result in a change of control of our Company. (See "Plan of Distribution — Restrictions on Disposals and Issues of Shares".)

Shareholders' Agreement

On 15 May 2002, in connection with our acquisition of SCV, our shareholders (including our new shareholders following the SCV acquisition), BT, NTT Communications and us entered into a shareholders' agreement to regulate their rights and obligations in relation to their shareholdings in us, which was subsequently varied by variation agreements dated 21 January 2003 and 17 June 2004, and a supplemental agreement dated 16 August 2004 (as amended, supplemented and/or varied, the "Shareholders' Agreement"). The Shareholders' Agreement contained customary restrictions on transfers of Shares without first offering such Shares to other shareholders as well as set out our shareholders' intentions to list our Company in due course. The Shareholders' Agreement provides for its termination, among other things, immediately before the completion of the transfer of the existing ordinary shares in our Company offered pursuant to the Offering (which, for the avoidance of doubt, does not refer to the completion of the transfer of the existing ordinary shares in our Company pursuant to the exercise of any Over-allotment Option granted by the Vendors in the Offering).

SHARE CAPITAL

Our Share Capital

As at the date of lodgement of this document with the Authority, we have an authorised share capital of S$2,000,000,000, divided into 5,000,000,000 ordinary shares of par value S$0.40 each, and our issued and paid-up share capital is S$846,536,282 divided into 2,116,340,705 Shares, all of which are fully paid. Save as disclosed above and under "General and Statutory Information" below, there has been no change in our issued share capital during the three years preceding the date of lodgement of this document with the Authority.

None of our Shares is held by or on behalf of us or any of our subsidiaries.

On 16 August 2004, our shareholders passed resolutions authorising our Directors:

- to grant Options under the Share Option Plan 2004, and to issue Shares from time to time pursuant to the exercise of options granted or to be granted under the Share Option Plan 2004, prior to our next annual general meeting or, if earlier, the date by which our next annual general meeting is required by law to be held;
- to grant awards under the Performance Share Plan and the Restricted Stock Plan and to issue Shares from time to time upon the vesting of such awards, prior to our next annual general meeting or, if earlier, the date by which our next annual general meeting is required by law to be held; and
- to issue Shares and warrants, debentures or other instruments convertible into Shares under the general authority referred to under "Description of our Shares - New Shares".

As at 31 December 2003, our authorised share capital was S$2,000,000,000 divided into 20,000,000,000 shares of par value S$0.10 each. On 18 August 2004, we converted from a private company limited by shares to a public company limited by shares. On 16 August 2004, we consolidated every four ordinary shares of par value S$0.10 each in our Company into one ordinary share of par value S$0.40 each. The Offering and the exercise of the Over-allotment Option in part or in full will not result in any change in our issued and paid-up share capital.

As at 31 December 2003, our issued and paid-up share capital of S$838,043,291.80 comprised 8,380,432,918 ordinary shares of par value S$0.10 each, all of which are fully paid. Details of changes in our issued and paid-up share capital since 31 December 2003, being the date of our last audited accounts, are as follows:

	No. of S$0.10 shares	Share capital (based on S$0.10 shares) (S$)	No. of S$0.40 Shares	Share capital (based on S$0.40 Shares) (S$)
Issued and paid-up share capital as at 31 December 2003	8,380,432,918	838,043,291.80	na	na
Issued and paid-up share capital following the allotment of shares pursuant to exercise of options [(1)]	8,465,362,222	846,536,222.20	na	na
Issued and paid-up share capital following the Bonus Issue and the Share Consolidation on 16 August 2004[(2)]	8,465,362,820	846,536,282.00	2,116,340,705	846,536,282.00
Issued and paid-up share capital immediately before and after the Offering	na	na	2,116,340,705	846,536,282.00

Notes:

(1) Fully paid ordinary shares of par value S$0.10 each were issued between 31 December 2003 and 19 July 2004 to a total of 2,027 employees, and former employees and directors pursuant to their exercise of options under the Share Option Plan 2000.

(2) 598 fully paid ordinary shares of par value S$0.10 each were issued pursuant to the Bonus Issue on 16 August 2004.

Share Capital of Our Subsidiaries

Save as disclosed below in respect of StarHub (Hong Kong) Limited, there has been no change in the issued share capital of any of our subsidiaries during the three years preceding the date of lodgement of this document with the Authority:

Date of issue of ordinary shares	Purpose	Number of ordinary shares of par value HK$1.00 issued	Allottee	Issue price	Consideration	Resultant issued share capital
				HK$	HK$	HK$
25 October 2002	Capital Injection	998	StarHub (Hong Kong) Limited	1.00	998	1,000

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of shareholders conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Articles of Association but are qualified in their entirety by reference to our Articles of Association and the laws of Singapore.

Shares

Our authorised share capital is S$2,000,000,000 consisting of 5,000,000,000 Shares. Our Shares, which have identical rights in all respects, rank equally with one another. Our Articles of Association provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board of Directors may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Board of Directors may issue shares at a premium. If we issue shares at a premium, we will transfer, subject to certain exceptions, a sum equal to the aggregate amount or value of the premium to a share premium account.

As at the date of this document, we have 2,116,340,705 Shares in issue which are fully paid-up in cash. All of our Shares are in registered form. We may, subject to the provisions of the Singapore Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

We may only issue new shares in the capital of StarHub Ltd ("shares") with the prior approval of our shareholders in a general meeting. Our shareholders have given us general authority to issue new shares, and 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, prior to our next annual general meeting or if earlier the date by which our next annual general meeting is required by law to be held, and to issue shares in pursuance of any Instrument made or granted by our Directors while such general authority is in force. The aggregate number of shares to be issued pursuant to such general authority (including shares to be issued pursuant to Instruments made or granted pursuant to such general authority) may not exceed 50.0% of our issued share capital, of which the aggregate number of shares to be issued other than on a *pro rata* basis to our shareholders (including shares issued pursuant to Instruments made or granted pursuant to such general authority) may not exceed 20.0% of our issued share capital. For the purpose of computing such numerical limits, the percentage of issued share capital is calculated based on the issued share capital of StarHub Ltd at the time that the general authority is given, after adjusting for 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 the general authority is given, and adjusted for any subsequent consolidation or subdivision of shares. Subject to the foregoing, the provisions of the Singapore Companies Act and any special rights attached to any class of shares currently issued, our Board of Directors controls the allotment and issue of all new shares and may impose such rights and restrictions as it thinks fit.

Shareholders

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the depositors in the depository register maintained by CDP for our Shares as holders of our Shares. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of our Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the depository register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least ten clear Market Days' notice. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules or the rules or bye-laws of any stock exchange on which we are listed or as provided in our Articles of Association. Our Board of Directors may decline to register any transfer of Shares which are not fully paid-up Shares or on which we have a lien or where in their opinion such transfer when registered would cause the limits described under "Limitations on Rights to Hold or Vote Shares" to be exceeded. (See "— Limitations on Rights to Hold or Vote Shares".) A shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any stock exchange on which we are listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S$2.00 together with the amount of stamp duty payable, if any, and furnishes such evidence and a letter of indemnity as our Board of Directors may require.

General Meetings of Our Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever they think fit and must do so if shareholders representing not less than 10.0% of the total voting rights of all shareholders request in writing that such a meeting be held.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding up;
- amendments to our Memorandum of Association and our Articles of Association;
- a change of our corporate name; and
- a reduction in the share capital, share premium account or capital redemption reserve fund.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every shareholder present in person or by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman) in his sole discretion shall be entitled to vote on a show of hands); and
- on a poll, every shareholder present in person or by proxy shall have one vote for each Share which he holds or represents.

A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by any two shareholders present in person or by proxy and entitled to vote; and
- by any shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all shareholders having the right to vote at the meeting.

However, no poll may be demanded on a question of the choice of the chairman of the meeting or on a question of adjournment of the meeting. In the case of a tied vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may also declare an interim dividend without the approval of our shareholders.

We must pay all dividends out of our profits; however, we may capitalise our share premium account and apply it to pay dividends if such dividends are satisfied by the issue of shares to our shareholders. (See "— Bonus and Rights Issues".)

All dividends we pay are *pro rata* in amount to our shareholders in proportion to the amount paid up on each shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each shareholder at his registered address appearing in our register of members or (as the case may be) the depository register. However, our payment to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

Our shareholders may further resolve that members may, subject to certain provisions in our Articles of Association, be entitled to receive scrip dividends in lieu of cash.

Bonus and Rights Issue

Our Board of Directors may, with approval from our shareholders at a general meeting, capitalise any reserves or profits (including profit or monies carried and standing to any reserve or to the share premium account) and distribute the same as bonus Shares credited as paid-up to the shareholders in proportion to their shareholdings. Our Board of Directors may also issue bonus shares to participants of any share incentive or option scheme or plan implemented by StarHub Ltd and approved by our shareholders in such manner and on such terms as our Board of Directors shall think fit.

Our Board of Directors may also issue rights to take up additional Shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Take-overs

The Singapore Code on Take-overs and Mergers regulates the acquisition of voting shares of public companies and contains certain provisions that may delay, deter or prevent a take-over or change in control of StarHub. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares in StarHub or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting shares in StarHub, and acquires additional voting shares representing more than 1.0% of our voting Shares in any six-month period, may be required to extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. Parties acting in concert comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company and its related and associated companies and companies whose associated companies include any of these companies;
- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;
- a financial or other professional adviser and its clients in respect of shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;
- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions.

Subject to certain exceptions, a take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months.

Under the Singapore Code on Take-overs and Mergers, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in the distribution of any assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in StarHub.

Indemnity

As permitted by Singapore law, our Articles of Association provide that, subject to the Singapore Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal:

- which relate to anything done or omitted to have been done by them as an officer, director or employee; and
- in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court.

We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us. However, we may purchase and maintain for our Directors and officers insurance against any such liability.

Limitations on Rights to Hold or Vote Shares

The Broadcasting Act and our Articles of Association prescribe certain limitations on the ownership of our Shares. (See "Regulation".)

Our Articles of Association provide that our Directors may, in the case of a breach of the limitations on the ownership of our Shares, take all steps and do all things as they may in their absolute discretion deem necessary to ensure that the limitations are complied with. In particular, our Articles of Association provide that our Directors would have the power to require the relevant shareholders to dispose of their Shares and, if such request is not complied with within 21 days after such request (or such shorter period as our Directors shall consider reasonable), the power to arrange for the sale of their Shares.

Substantial Shareholdings

Notwithstanding that the Minister has approved a person to hold more than 5% of the nominal amount of all our voting shares or become our substantial shareholder, the Singapore Companies Act and the Securities and Futures Act require such substantial shareholders to give notice to us and the SGX-ST, including particulars of their interest and the circumstances by which they have acquired such interest, within two Singapore business days of their becoming our substantial shareholders and of any change in the percentage level of their interest.

Under the Singapore Companies Act, a person has a substantial shareholding in StarHub if he has an interest (or interests) in one or more voting shares in StarHub and the nominal amount of that share (or the aggregate amount of the nominal amounts of those shares) is not less than 5.0% of the aggregate of the nominal amount of all voting shares in StarHub.

"Percentage level", in relation to a substantial shareholder, means the percentage figure ascertained by expressing the aggregate of the nominal amount of the voting shares in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the nominal amount of all the voting shares in StarHub, and, if it is not a whole number, rounding that figure down to the next whole number.

Minority Rights

Section 216 of the Singapore Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our shareholders; or
- if we take an action, or threaten to take an action, or our shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Singapore Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of our affairs in the future;
- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- direct us or some of our shareholders to purchase a minority shareholder's shares and, in the case of our purchase of shares, a corresponding reduction of our share capital;
- direct that our Memorandum of Association and our Articles of Association be amended; and
- direct that we be wound up.

Legal Framework

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board of Directors, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statute law.

The Singapore Companies Act is the principal companies legislation governing companies incorporated under the laws of Singapore and provides for three main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Registrar of Companies in Singapore through certain electronic forms, including the constitutional documents which are its Memorandum and Articles of Association.

The Memorandum of Association of a Singapore incorporated company sets out the objects and powers of the company. The Articles of Association generally contain provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding up and indemnity of the officers of the company.

TAXATION

Singapore Income Tax, Stamp Duty, Estate Duty and Goods and Services Tax Consequences

The following is a discussion of certain Singapore income tax, stamp duty, estate duty and GST consequences of purchasing, holding or disposing of our Shares. This discussion is based on current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. This discussion is subject to changes in current tax laws, or in the interpretation thereof, which changes may be retrospective. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretation taken or that changes in such laws will not occur.

The discussion is limited to a general description of certain tax consequences in Singapore with respect to the purchase, holding or disposal of the Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares and do not address the tax treatment of investors subject to specific rules.

EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT ITS TAX ADVISERS ABOUT THE PARTICULAR TAX CONSEQUENCES OF AN INVESTMENT IN OUR SHARES. IT IS EMPHASISED THAT NEITHER OUR COMPANY, OUR DIRECTORS, THE VENDORS NOR ANY OTHER PERSONS INVOLVED IN THE OFFERING ACCEPT RESPONSIBILITY FOR ANY TAX EFFECTS OR LIABILITIES RESULTING FROM THE PURCHASE, HOLDING OR DISPOSAL OF OUR SHARES.

Singapore Income Tax

General

Corporate and individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore from outside Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by all tax resident taxpayers on or after 1 June 2003 will be exempt from tax if certain prescribed conditions are met.

The Minister for Finance has announced in the fiscal year 2004 Budget on 27 February 2004 ("2004 Budget") that, with effect from year of assessment 2005 (that is, for income received on or after 1 January 2004), all foreign-sourced income received (except for income received through a partnership in Singapore) in Singapore by tax resident individuals will be exempt from tax. However, this tax exemption has not been promulgated as law yet.

Non-resident corporate taxpayers are subject to income tax on income accrued in or derived from Singapore, and on foreign income received in Singapore, subject to certain exceptions. Non-resident individuals, subject to certain exceptions, are subject to income tax on income accrued in or derived from Singapore.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

The corporate tax rate in Singapore is 22% for the year of assessment 2004 (that is, for the income earned in the financial year 2003 or other basis period ending in 2003). However, the Minister for Finance has announced in the 2004 Budget that the corporate tax rate will be reduced to 20% with effect from the year of assessment 2005. In addition, three-quarters of up to the first S$10,000, and one-half of up to the next S$90,000, of a company's chargeable income otherwise subject to normal taxation (other than Singapore dividends received by the company) has been exempted from corporate tax with effect from the year of assessment 2002. In addition, the Minister for Finance also announced in the 2004 Budget that new companies will, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income (other than Singapore dividends) of up to S$100,000 a year for each of the company's first three years of assessment falling within year of assessment 2005 to year of assessment 2009. The conditions which a new company must satisfy in order to claim this exemption for a year of assessment include (a) it must be incorporated in Singapore; (b) it must be tax resident in Singapore for that year of assessment; and (c) it must have no more than 20 shareholders throughout

the basis period relating to that year of assessment; (d) all of the shareholders are individuals throughout the basis period relating to that year of assessment. It should be noted that the Government has also indicated that it will review this scheme closer to 2006. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate. This proposal has not been promulgated as law yet.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's chargeable income, subject to a maximum rate of 22% for the year of assessment 2004. In the 2004 Budget, the Minister for Finance announced that the top personal tax rate would remain at 22% for the year of assessment 2005 although he reaffirmed that the Government's goal to bring the top personal tax rate down to 20% eventually remains unchanged.

Dividend Distributions

Prior to 1 January 2003, Singapore operated an imputation system of taxation. Under the imputation system, the income tax paid by a Singapore tax resident company on its taxable income was imputed to and deemed to be paid on behalf of its shareholders, upon distribution. Where these profits were distributed as dividends (commonly known as franked dividends) to shareholders, the dividends received by the shareholders were net of the corporate income tax paid by the company. Shareholders were taxed on the gross amount of dividends (that is, the amount of net proceeds received plus an amount which the company had deducted from the gross proceeds and paid as corporate income tax). The income tax paid effectively becomes available to shareholders as a tax credit to offset their Singapore income tax liabilities.

With effect from 1 January 2003 (subject to certain transitional rules), Singapore has adopted the one-tier corporate tax system ("one-tier system"). Under the one-tier system, the tax collected from corporate profits is final and the company can pay tax exempt (1-tier) dividends which are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder.

During a five-year transitional period expiring on 31 December 2007, companies with unutilised dividend franking credits may remain under the imputation system for the purpose of paying franked dividends. Such companies will automatically move to the one-tier system when the dividend franking credits are fully utilised.

Companies, however, have the irrevocable option to move to the one-tier system at an earlier date before their dividend franking credits are exhausted.

Where a company has income that is exempt from tax or taxed at concessionary tax rates or utilises investment allowances or is granted tax rebates or receives foreign dividends for which a foreign tax credit (obtained pursuant to a double taxation treaty with one of Singapore's treaty partners or unilaterally granted under the Income Tax Act, Chapter 134 of Singapore) has been allowed and pays dividends out of these sources of income, the company may pay tax-exempt dividends (referred to as normal exempt dividends) out of such income. Normal exempt dividends paid to shareholders of shares which are not of a preferential nature are free from Singapore tax in the hands of recipient shareholders, whether resident or non-resident for Singapore tax purposes. In the case of a company which is in the one-tier system, such a company can pay tax exempt (one-tier) dividends (instead of normal exempt dividends) out of their exempt profits to shareholders. Hence, dividends paid by such companies as tax exempt (one-tier) dividends to all their shareholders, including shareholders of shares of a preferential nature, will not be subject to tax in the hands of these shareholders.

Singapore does not currently impose withholding tax on dividends paid to non-Singapore tax resident shareholders.

Gains on Disposal of our Shares

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which Inland Revenue Authority of Singapore regards as the carrying on of a trade or business in Singapore.

Stamp Duty

Stamp duty is payable on the instrument of transfer of our Shares at the rate of S$0.20 for every S$100 or part thereof computed on the amount or value of consideration. The amount or value of consideration is the actual consideration or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if an instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through CDP.

Estate Duty

Singapore estate duty is imposed on the value of immovable property situated in Singapore and movable property, wherever it may be situated, passing on the death of an individual domiciled in Singapore. Accordingly, our Shares held by an individual domiciled in Singapore could be subject to Singapore estate duty upon such individual's death. Singapore estate duty is payable to the extent that the value of our Shares aggregated with any other assets subject to Singapore estate duty exceeds S$600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond S$600,000 will be taxed at 5% on the first S$12,000,000 of the individual's Singapore chargeable assets and thereafter at 10%.

Estate duty, however, is not imposed on movable properties in Singapore passing on the death, on or after 1 January 2002, of persons who are not domiciled in Singapore. Accordingly, where an individual holder of our Shares is not domiciled in Singapore at the time of the individual's death, our Shares will not be subject to Singapore estate duty.

Prospective purchasers of the Shares who are individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding the Singapore estate duty consequences of their investment.

Goods and Services Tax

The sale of the Shares by an investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST.

Where the Shares are supplied by a GST-registered investor for and to a person belonging outside Singapore, the supply is generally a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business may, subject to the provisions of the Goods and Services Tax Act, Chapter 117A of Singapore, be available as a credit against the GST chargeable on the supply of any goods and services made by him in the course or furtherance on his business, and where there is any excess input tax, such excess tax may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of shares will be subject to GST at the current rate of 5%. Similar services rendered for and to an investor belonging outside Singapore are subject to GST at zero-rate.

United States Federal Income Taxation

The following is a summary of the material US federal income tax consequences of the acquisition, ownership and disposition of our Shares by a "US Holder" (as defined below). This summary deals only with initial purchasers of our Shares that are US Holders and that will hold our Shares as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of our Shares by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10% or more of our voting stock, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as partnerships, banks, insurance companies,

investors subject to the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold our Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes or investors whose functional currency is not the US dollar).

As used herein, the term US Holder means a beneficial owner of Shares that is (i) a citizen or resident of the United States for US federal income tax purposes, (ii) a corporation, or other entity treated as a corporation, created or organised in or under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, perhaps with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

General

Subject to the discussion below, under "Passive Foreign Investment Company Status," the gross amount of distributions paid out of current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends-received deduction allowed to corporations. Such dividend income will generally not qualify for the lower capital gains rate when received by a non-corporate US Holder. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in our Shares and thereafter as capital gain. We do not maintain calculations of earnings and profits in accordance with US federal income tax principles. Therefore, a US holder should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

A distribution of additional Shares to US Holders with respect to their Shares that is made as part of a *pro rata* distribution to all shareholders generally should not be subject to US federal income tax unless, for example, shareholders can elect that the distribution be payable in either additional Shares or cash.

Under both the current imputation system and the proposed one-tier corporate tax system (see "—United States Federal Income Taxation"), a US Holder will generally not be entitled to a credit against its US federal income tax liability for Singapore income taxes paid by us, and the amount of the distribution for US tax purposes will not include any such Singapore income taxes paid by us. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the Shares.

Foreign Currency Dividends

Dividends paid in Singapore dollars will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the Singapore dollars are converted into US dollars at that time. If dividends received in Singapore dollars are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the Singapore dollars received. Generally, gain or loss, if any, resulting from currency exchange fluctuation during the period from the date of distribution to the date the payment is converted into US dollars will be treated as ordinary income or loss.

Sale or other Disposition

Subject to the discussion below, under "Passive Foreign Investment Company Status," upon a sale or other disposition of our Shares, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder's adjusted tax basis in our Shares. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in our Shares exceeds one year. The deductibility of capital losses is subject to limitations. For a non-corporate US Holder, long-term capital gains are subject to a lower rate than ordinary income.

A US Holder that receives Singapore dollars on the sale or other disposition of our Shares will realise an amount equal to the US dollar value of the Singapore dollars on the date of sale or other disposition (or as long as Shares are traded on an established securities market, in the case of a cash basis or electing accrual basis taxpayer, the settlement date). A US Holder will have a tax basis in the Singapore dollars received equal to the amount realised. Any gain or loss realised by a US Holder on a subsequent conversion of Singapore dollars into US dollars will be US source ordinary income or loss. Any gain or loss will generally be from sources within the United States, subject to certain exceptions.

Passive Foreign Investment Company Status

We do not anticipate that we will be a PFIC for the year 2004 or for future years. This is a factual determination, however, that must be made annually at the end of the taxable year, and therefore, may be subject to change. If we were classified as a PFIC for any taxable year during which you held our Shares, you would be subject to adverse tax consequences with respect to certain distributions on, and gain realised from a disposition of, our Shares.

Prospective purchasers should consult their tax advisors regarding the potential application of the PFIC rules to their ownership of our Shares.

Backup Withholding and Information Reporting

Payments of dividends and other proceeds with respect to shares by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders (including, among others, corporations) are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

PLAN OF DISTRIBUTION

The Offering

Credit Suisse First Boston (Singapore) Limited and UBS AG are acting as Joint Global Co-ordinators in connection with the Offering. UOB Asia Limited is acting as a Co-lead Manager of the Placement and a Joint Lead Manager of the Public Offer. The Offering consists of: (i) the Placement to investors, including institutional and other investors in Singapore and (ii) the Public Offer in Singapore. The minimum size of the Public Offer is 30,000,000 Offering Shares. Offering Shares may be re-allocated between the Placement and the Public Offer in the event of an under-subscription in one and an over-subscription in the other.

The Placement will be conducted pursuant to a placement agreement (the "Placement Agreement") and the Public Offer will be conducted pursuant to an offer agreement (the "Offer Agreement") each between Credit Suisse First Boston (Singapore) Limited, UBS AG, UOB Asia Limited, the Vendors and ourselves. The Placement Agreement is expected to be signed upon the agreement of the Offering Price and the Offer Agreement is dated 17 September 2004. Subject to the terms and conditions contained in the Placement Agreement and the Offer Agreement, each of the Vendors will severally agree, or has severally agreed, to sell to Credit Suisse First Boston (Singapore) Limited, UBS AG and UOB Asia Limited, and each of Credit Suisse First Boston (Singapore) Limited, UBS AG and UOB Asia Limited, will severally agree, or has severally agreed, to purchase the number of Offering Shares set forth opposite its name below, at the Offering Price and/or to procure the purchase of those Offering Shares at the Offering Price. The Offer Agreement is conditional upon, among other things, the execution and delivery of the Placement Agreement and the Placement Agreement having become unconditional.

Underwriters	Number of Offering Shares
Credit Suisse First Boston (Singapore) Limited	225,841,225
UBS AG	225,841,225
UOB Asia Limited	30,088,550
Total	481,771,000

The Joint Global Co-ordinators will enter into sub-underwriting arrangements with CLSA Singapore Pte Limited, Nomura Singapore Limited, DBS Bank Ltd, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, and UOB Asia Limited will enter into a sub-underwriting arrangement with United Overseas Bank Limited.

The Shares are being offered and sold outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A. The Offering Shares are being offered concurrently in certain other jurisdictions outside Singapore, including by way of the Japanese Offering. The completion of the Offering is not conditional on the completion of the Japanese Offering.

Prior to the Offering, there has been no public market for the Offering Shares. The Offering Price will be determined following a book-building process by agreement between the Vendors and the Joint Global Co-ordinators on the Price Determination Date, which date is subject to change. Among the factors that will be taken into account in determining the Offering Price are the demand for the Offering Shares and the prevailing conditions in the securities markets.

The Vendors will pay the Joint Global Co-ordinators, on behalf of the Lead Managers, as compensation for their services in connection with the offer and sale of the Offering Shares in the Offering, a combined underwriting and selling commission of 2.0% of an amount equal to the total number of Offering Shares under the Offering plus any Shares sold pursuant to the Over-allotment Option multiplied by the Offering Price actually received by the Vendors. Each of the Vendors has also agreed to reimburse the underwriters for certain expenses incurred in connection with the Offering. The Vendors may also pay the Joint Global Co-ordinators an incentive fee in connection with the Offering.

Purchasers of our Shares may be required to pay brokerage (and if so required, such brokerage will be 1.0% of the Offering Price), stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, in addition to the Offering Price, as applicable.

The Placement

In the Placement Agreement, Credit Suisse First Boston (Singapore) Limited, UBS AG and UOB Asia Limited will severally agree, subject to the terms and conditions set forth in that agreement, to purchase, and/or procure the purchase of, Offering Shares being offered in the Placement. The Placement Agreement may be terminated at any time prior to delivery of the Offering Shares pursuant to the terms of the Placement Agreement upon the occurrence of certain events, including, amongst other things, certain force majeure events. The closing of the Offering is conditional upon certain events including the fulfilment, or waiver by the SGX-ST, of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of our issued Shares on the Main Board of the SGX-ST.

Subject to certain conditions, we and each of the Vendors have agreed to indemnify Credit Suisse First Boston (Singapore) Limited, UBS AG and UOB Asia Limited against certain liabilities incurred in connection with the Placement. Subject to certain conditions, we and each of the Vendors have agreed to indemnify CLSA Singapore Pte Ltd, Nomura Singapore Limited, DBS Bank Ltd, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited against certain liabilities incurred in relation to Offering Shares being sold in the Placement that are sold outside of Singapore.

The Public Offer

In the Offer Agreement, Credit Suisse First Boston (Singapore) Limited, UBS AG and UOB Asia Limited severally agree, subject to the terms and conditions set forth in that agreement, to purchase and/or procure the purchase of 30,000,000 Offering Shares being offered pursuant to the Public Offer. The Offer Agreement will be terminated upon termination of the Placement Agreement. The Public Offer is conditional upon the conditions to the Placement set out in the Placement Agreement being satisfied.

Subject to certain conditions, we and each of the Vendors have agreed to indemnify Credit Suisse First Boston (Singapore) Limited, UBS AG and UOB Asia Limited against certain liabilities incurred in connection with the Public Offer.

Indemnities

To the extent that any of our representations, warranties, covenants, undertakings or indemnities in the Placement Agreement or Offer Agreement are in breach of Section 76 of the Singapore Companies Act, such representations, warranties, covenants, undertakings or indemnities shall be deemed to be ineffective to the extent of such breach and severed from the rest of our obligations under the Placement Agreement and Offer Agreement. In such an event, the Vendors have agreed to be severally liable for our representations, warranties, covenants, undertakings and indemnities.

Section 76 of the Singapore Companies Act generally prohibits a Singapore incorporated company from, among others, directly or indirectly giving any financial assistance for the purpose of or in connection with the acquisition of shares in such company.

Over-allotment Option

In connection with the Offering, the Vendors will grant the Joint Global Co-ordinators, on behalf of the Lead Managers, an option, exercisable by Credit Suisse First Boston (Singapore) Limited in consultation with UBS AG, in full or in part within 30 days after the commencement of dealing in our Shares on the SGX-ST, to purchase up to an aggregate of 72,166,000 Shares (which is not more than 15% of the total Offering Shares), solely to cover the over-allotment of Offering Shares (if any). The 72,166,000 Shares offered pursuant to the Over-allotment Option have been offered as follows: 19,047,000 Shares have been offered by NTT IS, 15,025,214 Shares have been offered by MediaCorp, 19,047,000 Shares have been offered by BTNH and 19,046,786 Shares have been offered by SPH. The Vendors have agreed that the Shares to be sold upon exercise of the Over-allotment Option shall first be satisfied from the 19,047,000 Shares offered by BTNH.

Price Stabilisation

In connection with the Offering, Credit Suisse First Boston (Singapore) Limited may, in consultation with UBS AG, over-allot Shares or effect transactions which stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of dealing in our Shares on the SGX-ST or (ii) the date when the over-allotment of our Shares which are the subject of the Over-allotment Option has been fully

covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option by Credit Suisse First Boston (Singapore) Limited, or through both).

None of us, the Vendors or any of the Joint Global Co-ordinators makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, none of us, the Vendors or any of the Joint Global Co-ordinators makes any representation that the Joint Global Co-ordinators will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). Credit Suisse First Boston (Singapore) Limited, the stabilising manager, will be required to make a public announcement through the SGX-ST on the cessation of the stabilising action and the amount of the Over-allotment Option that has been exercised not later than 8:30 a.m. on the trading day of the SGX-ST immediately after the day of cessation of stabilisation action.

Share Lending Agreement

Upon signing the Placement Agreement, Credit Suisse First Boston (Singapore) Limited will enter into a share lending agreement with NTT IS, MediaCorp, BTNH and SPH under which it may borrow up to 72,166,000 Shares from the Vendors for the purpose of facilitating settlement of the over-allotment of Shares in connection with the Offering. Credit Suisse First Boston (Singapore) Limited will re-deliver to the Vendors such number of Shares which are equivalent to the Shares (if any) lent under this agreement no later than five Singapore business days following the earlier of (i) the exercise of the Over-allotment Option or (ii) the expiry of the Over-allotment Option, or such earlier time as may be agreed between the parties.

Reserved Shares

Up to 16,800,000 Offering Shares in the Public Offer have been reserved for purchase by our Directors and employees, the directors and employees of our shareholders, and others who have contributed to our success and development (to be determined by us at our sole discretion). The Reserved Shares will be offered on the same terms as the other Offering Shares in the Public Offer. If any of the Reserved Shares are not taken up, they will be available to satisfy over-subscription (if any) for the Offering Shares in the Public Offer and/or the Placement. Reserved Shares purchased will, except as restricted by applicable securities laws, be available for resale following the Offering.

Restrictions on Disposals and Issues of Shares

Disposals in the Lock-Up Period

Each of our substantial shareholders, STT Communications, NTT IS, MediaCorp, BTNH and SPH, has agreed with the Joint Global Co-ordinators, subject to the exceptions described below, that during the Lock-Up Period, it will not issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our Shares (or any securities convertible into or exercisable or exchangeable for Shares or that represent the right to receive, subscribe for or purchase Shares) or publicly announce any intention to do anything which is contrary to its lock-up obligation, or enter into any swap, forward sale or other arrangement (including a derivative transaction) that transfers to another, in whole or part, any of the economic consequences of ownership of such Shares (or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, subscribe for or purchase such Shares), or enter into a transaction (including a derivative transaction) with a similar economic effect to a sale, or deposit of any Shares (or any securities convertible into or exercisable or exchangeable for Shares) in any depository receipt facility (excluding CDP).

This restriction shall apply to all Shares held or acquired by such shareholder prior to or after the date of our admission to the Official List of the SGX-ST.

This restriction does not apply to disposals which are:

- in accordance with the Over-allotment Option or the share lending agreement described above;
- made with the prior written consent of each of the Joint Global Co-ordinators (which consent shall not be unreasonably withheld or delayed); or

- by such shareholder to its related corporation of all Shares then held by it, subject to provision by the related corporation of a lock-up undertaking on substantially the same terms for the unexpired period of the Lock-Up Period and the re-transfer of Shares to such shareholder if the related corporation ceases to be a related corporation of such shareholder.

ST Telemedia has agreed with the Joint Global Co-ordinators, conditional upon the admission of our Shares to the Official List of the SGX-ST, that it will not realise, transfer or dispose of any part of its effective interest in shares of STT Communications during the Lock-Up Period, other than any transfer of shares in STT Communications to any of its wholly-owned subsidiaries provided that ST Telemedia shall procure an undertaking from such transferee not to realise, transfer or dispose of any part of its interest in any STT Communications shares (other than as provided herein) during the period commencing on the date of such transfer to the date falling on the expiry of the Lock-Up Period and provided further that ST Telemedia shall procure such transferee to re-transfer such shares in STT Communications to ST Telemedia or any of its wholly-owned subsidiaries on the same terms in the event that such transferee ceases to be a wholly-owned subsidiary of ST Telemedia.

STPL has agreed with the Joint Global Co-ordinators that, conditional upon the admission of our Shares to the Official List of the SGX-ST, it will not realise, transfer or dispose of any part of its effective interest in shares of ST Telemedia during the Lock-Up Period, other than any transfer of shares in ST Telemedia to any of its wholly-owned subsidiaries provided that STPL shall procure an undertaking from such transferee not to realise, transfer or dispose of any part of its interest in any ST Telemedia shares (other than as provided herein) during the period commencing on the date of such transfer to the date falling on the expiry of the Lock-Up Period and provided further that STPL shall procure such transferee to re-transfer such shares in ST Telemedia to STPL or any of its wholly-owned subsidiaries on the same terms in the event that such transferee ceases to be a wholly-owned subsidiary of STPL.

The SGX-ST has given Temasek a waiver from the requirement of providing a moratorium undertaking as required under Rule 228 of the SGX-ST Listing Manual.

Company Lock-up

We have agreed with the Joint Global Co-ordinators that for a period of six months from the date of our admission to the Official List of the SGX-ST, we will not:

- issue, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive, subscribe for or purchase Shares);
- enter into any transaction (including a derivative transaction) having an economic effect similar to that of a sale of Shares;
- publicly announce any intention to issue, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive, subscribe for or purchase Shares); or
- deposit any Shares (or any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe or purchase Shares) in any depositary receipt facility,

without the prior written consent of each of the Joint Global Co-ordinators, which consent shall not be unreasonably withheld or delayed.

The foregoing restrictions shall not apply in respect of Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares) issued, offered, allotted, appropriated, modified or granted under the Plans or the Share Option Plan 2000. During the period of six months from the date of our admission to the Official List of the SGX-ST, we will also not undertake any capital markets fund-raising activities.

Management Lock-up

Our Directors and certain members of our senior management who will hold in aggregate up to 0.12%[1] of our issued Shares following the Offering (including Reserved Shares[2]), have agreed with the Joint Global Co-ordinators that for a period of 30 days from the date of admission of our Shares to the Official List of the SGX-ST, they will not realise, sell, transfer or otherwise dispose of any part of their interest in our Shares.

Other Relationships

Certain of the Lead Managers and their affiliates engage in transactions with, and perform services for, us and the Vendors in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions with the Vendors and us, for which they have received, and may in the future receive, customary compensation.

UOB Asia Limited is a wholly-owned subsidiary of United Overseas Bank Limited, which is one of our principal bankers and has granted us various committed and uncommitted banking facilities, both on a bilateral, as well as on a syndicated basis.

Persons Intending to Purchase in the Offering

We are not aware of any person who intends to purchase more than 5% of the Offering Shares offered pursuant to the Offering.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offering Shares being offered outside Singapore, except in the case of a public offer in Japan pursuant to the Japanese Offering, or the possession, circulation or distribution of this document or any other material relating to us or the Offering Shares in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Expenses

The expenses payable in connection with the Offering and the application for listing, including the underwriting and selling commission, and all other incidental expenses relating to the Offering (but excluding certain expenses to be paid out of the selling commission), are estimated (based on circumstances known to us as at the date of this document, which may change) to amount to approximately S$17.4 million (assuming no Over-allotment Option is exercised and the Offering Price is the Maximum Offering Price), the breakdown of which is set out below:

	S$ in millions
Underwriting and selling commission	11.1
Professional and accounting fees	2.4
Other Offering-related expenses [1]	2.6
Advertising and printing expenses	1.3
Total	17.4

Note:
(1) Listing fees of S$100,000 will be paid by us and all other expenses will be borne by the Vendors and STT Communications.

(1) As at the date of this document, our Directors hold an aggregate of 1,375,002 Shares and have been allocated an aggregate of 882,000 Reserved Shares. (See "Shareholders" and "Management — Reserved Shares"). As at the date of this document, Mr Yong Lum Sung does not hold any Shares and has been allocated 50,000 Reserved Shares and Mr Kwek Buck Chye holds 194,167 Shares and has been allocated 50,000 Reserved Shares.

(2) The shareholding numbers assume (to the extent applicable) that these persons will purchase all Reserved Shares set aside for them, but do not include any other Offering Shares (including excess Reserved Shares) they may purchase in the Offering or any Shares held by them following the exercise of their share options.

The underwriting and selling commission (assuming the Offering Price is the Maximum Offering Price) is, on a per Offering Share basis, 2.3 Singapore cents and, as a percentage of the Offering, 2.0%. Other than the listing fees, which will be borne by us, these expenses will be borne by certain of our shareholders as follows: approximately S$9.8 million will be borne by STT Communications and the remaining expenses will be borne by the Vendors in the same proportion as the number of Shares sold by each of them in the Offering, including the Shares sold pursuant to the exercise of the Over-allotment Option.

Distribution And Selling Restrictions

The distribution of this document or any offering material and the offering, sale or delivery of Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this document or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Australia

This document does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "Australian Corporations Act") and will not be lodged with the Australian Securities and Investments Commission. Each Underwriter has severally represented, warranted and agreed that the Offering Shares will be offered to persons who receive offers in Australia only to the extent that such offers of Shares do not need disclosure to investors under Part 6D.2 of the Australian Corporations Act. Any offer of Shares received in Australia is void to the extent that it needs disclosure to investors under the Australian Corporations Act. In particular, offers for sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by Section 708 of the Australian Corporations Act. Any person to whom Shares are sold pursuant to an exemption under Section 708 of the Australian Corporations Act must not, within 12 months after the sale, permit offers for sale of those Shares to be received in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

France

Each underwriter has severally represented, warranted and agreed that, in connection with its initial distribution (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Offering Shares to the public in the Republic of France, and (ii) offers and sales of Offering Shares will be made in the Republic of France only to qualified investors as defined and in accordance with Articles L.411-1 and L.411-2 of the French *Code monétaire et financier* and Decree No. 98-880 dated 1 October 1998 relating to offers to qualified investors.

In addition, neither the document nor any offering material relating to our Shares has been distributed or caused to be distributed and will be distributed or caused to be distributed in the Republic of France, other than to those investors to whom offers and sales of the Offering Shares may be made as described above.

Hong Kong

Each Underwriter has severally represented, warranted and agreed that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Shares other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong; and

(2) it has not issued and will not issue any advertisement, invitation or document relating to Shares, whether in Hong Kong or elsewhere which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws in Hong Kong) other than with respect to Shares which are intended to be disposed of only to persons outside Hong Kong or only "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Japan

As part of the Placement, a certain number of Offering Shares are being offered in Japan. It is intended that the offering in Japan be made by way of a public offer in Japan or, if for any reason, the Japanese Offering does

not proceed, by way of a private placement instead (in either case, in accordance with the Securities and Exchange Law of Japan and the regulations thereunder). The Japanese Offering, if made, will be made pursuant to a securities registration statement to be filed by StarHub Ltd, as amended (as so amended, the "SRS"), with the relevant authority in Japan in accordance with the Securities and Exchange Law of Japan. The Offering Price will be identical for both the Japanese Offering and the Offering.

Under the Placement Agreement, each underwriter has represented and agreed that Shares it purchases will be purchased by it as principal and that, in connection with the initial offering and distribution of such Shares, it has not offered or sold, and will not offer or sell, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, any of the Shares which it purchases under the Placement Agreement, except in accordance with the terms and conditions of the Japanese Offering under the SRS (in the case of such a Japanese Offering) or except in compliance with the Securities and Exchange Law of Japan and other applicable laws and regulations of Japan (in the case of a private placement). As used in this paragraph, "resident of Japan" means any person residing in Japan, including any corporations or other entities organised under the laws of Japan.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Offering Shares has been or will be registered with the Securities Commission of Malaysia pursuant to the Securities Commission Act, 1993 as the offer for purchase of, or invitation to purchase, the Shares is meant to qualify as an "excluded offer or excluded invitation" within the meaning of Section 38 of the Securities Commission Act, 1993. Each Underwriter has severally represented, warranted or agreed that the Shares will not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor any document or other material in connection therewith distributed, in Malaysia, other than to persons falling within any one of the categories or persons specified in Schedule 2 and/or Schedule 3 of the Securities Commission Act, 1993 who are also persons to whom any offer or invitation to purchase or sell would be an excluded offer or invitation within the meaning of Section 38 of the Securities Commission Act, 1993.

The Netherlands

Each underwriter has severally represented, warranted and agreed that it has not offered, transferred, delivered or sold and will not offer, transfer, deliver or sell any Offered Shares in or from The Netherlands as part of their initial distribution or as part of any re-offering, and that it may not distribute the Offered Shares or any other document in respect of the offering in or from The Netherlands, other than to individuals or legal entities, who or which trade or invest in securities in the conduct of their profession or trade (which includes banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises).

United Kingdom

Each Underwriter has severally represented, warranted and agreed that:

(1) it has not offered or sold and, prior to the date six months after the date of delivery of the Offering Shares, will not offer or sell any Shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(2) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the Offered Shares in, from or otherwise involving the United Kingdom; and

(3) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the sale of any Offered Shares in circumstances in which section 21(1) of the FSMA does not apply to us or the Vendors.

United States of America

The Offering Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Underwriter has severally agreed that, except as permitted by the Placement Agreement, it will not offer or sell the Offering Shares:

(1) as part of their distribution at any time; or

(2) otherwise until 40 days after the later of the commencement of the Offering and the closing date thereof,

within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells the Shares (other than a sale pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Shares within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Offering Shares are restricted as described under "Transfer Restrictions".

The Shares are being offered and sold outside the United States to non-US persons in reliance on Regulation S. The Placement Agreement provides that the Joint Global Co-ordinators may, through their respective United States broker-dealer affiliates, arrange for the offer and resale of the Shares in the United States to only qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the later of the commencement of the Offering or the closing date thereof, an offer or sale of the Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

TRANSFER RESTRICTIONS

Because the following restrictions will apply to the Placement, purchasers are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of the Shares.

The Shares have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except to (a) qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) persons in offshore transactions in reliance on Regulation S.

Rule 144A

Each purchaser of the Offering Shares within the United States pursuant to Rule 144A, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a qualified institutional buyer within the meaning of Rule 144A, (b) acquiring such Shares for its own account or for the account of a qualified institutional buyer, and (c) aware, and each beneficial owner has been advised, that the sale of such Shares to it is being made in reliance on Rule 144A.

(2) It understands that the Offering Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that the Offering Shares purchased pursuant to Rule 144A (to the extent they are in certificated form), unless otherwise agreed by us in accordance with applicable law, will bear a legend substantially to the following effect:

"THESE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THESE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK."

We, the Vendors, the Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Offering Shares for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Offering Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S

Each purchaser of the Offering Shares outside the United States pursuant to Regulation S and each subsequent purchaser of those Shares in resales prior to the expiration of the distribution compliance period, by accepting delivery of this document and those Shares, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time the Offering Shares are purchased will be, the beneficial owner of such shares and (a) it is not a US person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of us or a person acting on behalf of such an affiliate.

(2) It understands that the Offering Shares have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such shares except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or the account of a qualified institutional buyer or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(3) We, the Vendors, the Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

General

Each purchaser of the Offering Shares will be deemed to have represented and agreed that it is relying on this document and not on any other information or representation concerning us or the Shares and none of us, the Vendors, nor any other person responsible for this document or any part of it, nor the Lead Managers, will have any liability for any such other information or representation.

CLEARANCE AND SETTLEMENT

In-principle approval has been obtained from the SGX-ST for the listing and quotation of our Shares. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by CDP, rather than CDP itself, will be treated, under the Singapore Companies Act and our Articles of Association, as our members in respect of the number of our Shares credited to their respective securities accounts.

Persons holding our Shares in a securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10 for each withdrawal of 1,000 Shares or less and a fee of S$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a maximum fee of S$2 or such other fee as our Directors may determine, will be payable to our share registrar for each share certificate issued, and stamp duty of S$10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S$0.20 per S$100 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S$10 and stamp duty of S$10 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of our Shares sold and the buyer's securities account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05% of the transaction value, subject to a maximum of S$200 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee, as well as the share certificate issue fee payable to our share registrar, may be subject to GST of 5%.

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement through CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following Market Day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with CDP or a securities sub-account with a CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

LEGAL MATTERS

Certain legal matters in connection with the Offering and our Shares as to Singapore and English law will be passed upon for us by Linklaters Allen & Gledhill. Certain legal matters in connection with the Offering and our Shares as to United States law will be passed upon for us by Latham & Watkins LLP. Certain legal matters relating to Singapore law will be passed upon for the Lead Managers by Venture Law LLC. Certain legal matters relating to United States and English law will be passed upon for the Joint Global Co-ordinators by Milbank, Tweed, Hadley & McCloy LLP.

Each of Linklaters Allen & Gledhill, Latham & Watkins LLP, Venture Law LLC and Milbank, Tweed, Hadley & McCloy LLP does not make, or purport to make, any statement in this document and is not aware of any statement in this document which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this document.

INDEPENDENT ACCOUNTANTS

Our consolidated financial statements as at and for the years ended 31 December 2001, 2002 and 2003 included in this document have been audited by, and our unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2003 and 2004 included in this document, have been reviewed by, KPMG, Certified Public Accountants, as stated in their reports appearing in this document. Our unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002 included in this document have been reported on by KPMG as stated in their report appearing in this document.

For the purpose of complying with the Securities and Futures Act only, KPMG has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of, and all references to (i) its name, (ii) its Report of Independent Accountants dated 16 August 2004 on our consolidated financial statements for the years ended 31 December 2001, 2002 and 2003, (iii) its Report of Independent Accountants dated 16 August 2004 on our unaudited condensed consolidated interim financial statements for the six months ended 30 June 2003 and 2004 and (iv) its Report of Independent Accountants dated 16 August 2004 on our unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002 in the form and context in which they are respectively included in this document.

For the purposes of offers and sales outside the United States to non-US persons (as defined under Regulation S) in reliance on Regulation S (other than in Singapore) and within the United States to qualified institutional buyers in reliance on Rule 144A, KPMG has agreed to the reference to (i) its name in the sections of this document headed "Summary Consolidated Financial Information and Operating Data", "Selected Consolidated Financial Information and Operating Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Independent Accountants", (ii) the inclusion in this document of its Report of Independent Accountants dated 16 August 2004 on our consolidated financial statements for the years ended 31 December 2001, 2002 and 2003, (iii) the inclusion in this document of its Report of Independent Accountants dated 16 August 2004 on our unaudited condensed consolidated interim financial statements for the six months ended 30 June 2003 and 2004 and (iv) the inclusion in this document of its Report of Independent Accountants dated 16 August 2004 on our unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002. The opinion referenced in (iv) is provided solely on the basis of and in accordance with auditing practice and securities law applicable to Singapore. In the United States, reporting standards and practices are different and the role of the independent accountant in an offering of securities does not provide for the expression of an opinion in the manner referred to above. Accordingly, this opinion should not be relied upon as if it had been provided in accordance with United States standards.

Directors and Management

Other Principal Directorships of our Directors

The present principal directorships, other than those held in us, and the principal directorships in the last five years of each of our Directors are as follows:

Name	Present Principal Directorships	Past Principal Directorships
Tan Guong Ching	Singapore Power Limited Singapore Technologies Aerospace Ltd SP PowerGrid Limited SRCC Pte Ltd STT Communications ST Telemedia	Housing & Development Board PowerGrid Limited Singapore Technologies Engineering Ltd Techpower Communications Pte Ltd
Steven Terrell Clontz	InterDigital Communications Corporation	e-station Pte Ltd Southeast Asia Netcom (Singapore) Pte Ltd
Lim Chin Beng	Asian Aerospace Pte Ltd CapitaLand Ltd Pontiac Hotel Private Limited Pontiac Land Private Limited Press Foundation of Singapore Ltd RCMS Hotels Ltd RCMS Properties Pte Ltd Singapore Press Holdings Limited SPH MediaWorks Ltd The Ascott Group Limited Valuair Limited Value Management Pte Ltd	Singapore Technologies Aerospace Ltd
Lee Theng Kiat	Agilis Communication Technologies Pte Ltd Asia-Pacific Mobile Telecommunications Satellite (APMT) Pte Ltd Asia-Pacific Mobile Telecommunications (Singapore) Pte Ltd Cogent Electronics Inc. eCommerce Data Center Limited Elipva Ltd Equinix, Inc Global Crossing Limited Horizon Education and Technologies Limited Indonesia Communications Limited i-STT Communications Sdn Bhd i-STT Hong Kong Ltd i-STT Information Technology Development (Beijing) Co., Ltd i-STT International Pte. Ltd. i-STT Investments Pte. Ltd. i-STT Macau Limited Singapore Technologies (China) Paging Pte Ltd Singapore Technologies Inc. ST Cellular (NZ) Pte Ltd ST Mobile Data Pte Ltd ST SunPage Pte Ltd ST Telecommunications (Beijing) Co., Ltd ST Telemedia ST Teleport Pte Ltd	APCG Business Pte Ltd Digital Network Access Communications Pte Ltd eCommerce Ventures Limited Elipva (M) Sdn Bhd Elipva Hong Kong/China Limited Enersave Holdings Limited Equinix Singapore Pte. Ltd. Evelca Investment Pte Ltd HiOffice.Net Pte Ltd i-STT Nation Limited i-STT (Shanghai) Co., Ltd Republic Technologies Pte Ltd StarHub Cable Vision Ltd. Singapore Technologies Cellular Pte Ltd SpiceCorp Limited StarHub Internet Pte Ltd ST Satellite Communications Pte Ltd ST Satellite Pte Ltd ST SiChuan XingRong Communications Ltd TechPower Communications Pte Ltd TeleChoice Systems Limited

Name	Present Principal Directorships	Past Principal Directorships
	STT Communications STT Crossing Ltd T.Choice Pty Ltd TeleChoice International Limited TeleTech Park Pte Ltd	
Lim Ming Seong	Chartered Semiconductor Manufacturing Ltd CSE Global Limited Double Helix Pte Ltd Ebworx Limited Founders Industries Pte Ltd Genovate Solutions Pte Ltd Healthstats International Pte Ltd LHI Technology Limited Servelec Group Limited Singapore Millennium Foundation Limited Singapore Precision Industries 2000 Pte Ltd Singapore Technologies Capital Services Pte Ltd Singapore Technologies Electronics Holdings Pte Ltd Singapore Technologies Inc. Singapore Technologies Kinetics Pte Ltd Singapore Technologies Semiconductors Pte Ltd ST Assembly Test Services Inc. STATS ChipPAC Ltd Stetsys Pte Ltd Stetsys US Inc. STT Communications ST Telemedia Transtel Engineering Pte Ltd WhiteRock Investments III Ltd WhiteRock Management Ltd WhiteRock^2 Management Ltd WhiteRock^2 Management (USA) Inc. W-Industries Inc.	AMR Technologies Inc. Comstream Holdings Inc. Radyne Comstream Inc.
Kua Hong Pak	Beijing CityLimo Yin Jian Auto Services Company Limited (China) Beijing Jin Jian Taxi Services Company Limited (China) Beijing Tian Long Da Tian Vehicle Inspection Co Ltd Braddell plc (UK) Cabcharge Asia Pte Ltd Chengdu CityLimo Auto Services Co Ltd Chengdu ComfortDelGro Yiyou Taxi Co Ltd Chengdu Jitong Integrated Vehicle Inspection Co Ltd CityCab (Shenyang) Ltd CityCab Pte Ltd CityFleet (UK) Pte Ltd CityLimo Leasing Pte Ltd CityLimo Pte. Ltd. Comfort Ads Pte. Ltd. Comfort Bus Pte Ltd Comfort (China) Pte Ltd	ALP Limited Asia Magazines Ltd BBD Distributions Limited Bevendean Properties Ltd Changi International Distribution Services Pte Ltd Eastern Universities Press (Malaysia) Sdn Bhd Educational Associates Ltd Far East Publications Ltd Far East Trade Press Ltd Federal Publications Sdn Berhad Hazeldean Ltd H.S. Stuttman Inc. International Theme Parks (Singapore) Pte Ltd Liaoning Times Xinhua Printers Ltd Livre Enterprises Inc. Marshall Cavendish (Australia) Pty Ltd Marshall Cavendish Books Ltd Marshall Cavendish Corporation

Name	Present Principal Directorships	Past Principal Directorships
	ComfortDelGro (S.E. Asia) Pte. Ltd. Comfort Driving Centre Pte Ltd Comfort Group Ltd Comfort Group Investments Pte Ltd Comfort Nominees Pte Ltd Comfort Transportation Pte Ltd ComfortDelGro (China) Pte. Ltd. ComfortDelGro Corporation Limited ComfortDelGro Engineering Pte. Ltd. ComfortDelGro Insurance Brokers Pte. Ltd. Computer Cab plc (UK) DelGro Corporation Limited DelGro (Guangzhou) Pte. Ltd. DelGro Investments Pte Ltd General Automotive Services Pte Ltd Guangzhou Xin Tian Wei Transportation Development Company Ltd JIC Inspection Services Pte Ltd Jilin Comfort Transportation Co Ltd Metroline plc (UK) Nanning Comfort Transportation Co Ltd Overseas Union Enterprise Limited Pantas Rent-A-Car Holdings Sdn. Bhd. PSA Corporation Limited PSA International Pte Ltd Ringier Print (HK) Limited SBS Transit Ltd Setsco Services Pte Ltd Shanghai City Qi Ai Taxi Services Company Limited Shanghai Shen Xin Bus Service Ltd Shengyang ComfortDelGro Taxi Ptd Ltd Singapore Airport Bus Services Ltd Suzhou Comfort Taxi Co Ltd Tecobest Investment Limited (Hong Kong) Temasek Holdings (Private) Limited VICOM Assessment Centre Pte Ltd VICOM Inspection Centre Pte Ltd VICOM Nominee Investment Pte Ltd VICOM-Unichamps Pte. Ltd. VICOM Ltd Vietnam Taxi Company Limited (Vietnam) Waterbank Properties (S) Pte Ltd Yellow-Top Cab Pte Ltd Xiamen Comfort Taxi Co Ltd	Marshall Cavendish International Ltd Marshall Cavendish International Private Limited Marshall Cavendish Ltd Marshall Cavendish Partworks Ltd Musicway Corporation Ltd Rainbow Products Ltd Shanghai Times Sanyin Printers Co., Ltd Shendene Ltd STP Distributors (M) Sendirian Berhad STP Distributors Private Limited Times Conferences & Exhibitions Private Limited Times Consultants Pty Ltd Times Corporation Sdn Bhd Times Editions Pte Ltd Times Educational Services Private Limited Times Enterprises (Australia) Pty Ltd Times Group International Media Private Limited Times Learning Systems Pte Ltd Times Media Private Limited Times Offset (Malaysia) Sdn Bhd Times Offset Private Limited Times Printers Private Limited Times Publishing (Hong Kong) Ltd Times Publishing Limited Times The Bookshop Pte Ltd Times Trade Directories Pte Ltd Times Travel Pte. Ltd. Times Village Entertainment Private Limited TPL Corporation (HK) Limited TPL Corporation (UK) Limited TPL Printers (UK) Ltd United Publishers Services Ltd Webster's United, Inc.
Peter Seah Lim Huat	Asia Financial Holdings Pte Ltd Bank Internasional Indonesia CapitaLand Limited Chartered Semiconductor Manufacturing Ltd Defence Science and Technology Agency EDB Investments Pte Ltd EDB Ventures Pte Ltd EDB Ventures 2 Pte Ltd EDBV Management Pte Ltd	AF (Indonesia) Pte Ltd Asean Finance Corporation Limited Asean Fund Limited Asean Supreme Fund Ltd Asfinco Singapore Limited Board of Commissioners of Currency, Singapore Civil Aviation Authority of Singapore first OUB Pte Ltd OUB Asset Management Ltd

Name	Present Principal Directorships	Past Principal Directorships
	Global Crossing Limited Government of Singapore Investment Corporation Private Limited GIC Special Investments Private Limited PT Indonesian Satellite Corporation Tbk SembCorp Industries Limited STATS ChipPAC Ltd Singapore Technologies Engineering Ltd Singapore Technologies Holdings Pte Ltd Singapore Technologies Pte Ltd Singapore Technologies Semiconductors Pte Ltd The Siam Commercial Bank Public Company Limited, Singapore Branch	OUB Australia Ltd OUB.com Pte Ltd OUB Centre Limited OUB Investments Pte Ltd OUB Manulife Pte Ltd Overseas Union Bank Limited Overseas Union Bank (Malaysia) Berhad Overseas Union Bank Trustees Ltd Overseas Union Enterprise Limited Overseas Union Holdings Private Limited Overseas Union Securities Ltd Overseas Union Securities Trading Pte Ltd Overseas Union Trust Limited PT Bintan Resort Corporation Securities Investments Pte Ltd Singapore Clearing House Private Limited Singapore-Bintan Resort Holdings Pte Ltd
Osamu Inoue	NTT America, Inc. NTT Communications NTT Europe Ltd. NTT Worldwide Telecommunications Corporation	Nil
Teo Ek Tor	Brightway Global Inc CF Fund Holdings Ltd CF Holdings (II) Ltd ECS Holdings Limited Nylex (M) Bhd PFA Corporate Holdings Sdn Bhd PFA Corporate Services Sdn Bhd PFA Registration Services Sdn Bhd PPCF International Pte Ltd PP Special Asset Limited Prime Dilmun Management Ltd PrimeFounders Inc PrimePartners Advisers Pte Ltd PrimePartners Asset Management Pte Ltd PrimePartners Assets Inc PrimePartners Holdings Pte Ltd PrimePartners Management Pte Ltd PrimePartners Corporate Finance Pte. Ltd. Rhodemark Development Sdn Bhd Trustco Labuan Ltd Trustco Labuan Sdn Bhd United Pacific Industries Limited Vitalway Global Limited WhiteRock Investments I Ltd WhiteRock Investments II Ltd WhiteRock Investments III Ltd WhiteRock^2 Management Ltd WhiteRock Management I Ltd WhiteRock Management Company Ltd WhiteRock Partners Pte Ltd Wywy Office Solutions Group Pte. Ltd.	Beppeb Capital Pte Ltd BNP Merchant Bank Nominees Pte Ltd BNP Prime Peregrine Holdings (L) Ltd BNP Prime Peregrine Inc BNP Prime Peregrine International Pte Ltd BNP Peregrine Sdn Bhd BNP Prime Peregrine Securities (Thailand) Ltd BNP Prime Peregrine Securities Inc. BNP Prime Peregrine Securities Pte Ltd BNP Prime Peregrine (Singapore) Ltd BPP Holdings Pte Ltd Matrix Strategic Capital (HK) Ltd PrimeEast Capital Investment Holding Pte Ltd PrimeFounders Holdings Pte Ltd PrimePartners Asset Management (HK) Limited PrimePartners Limited PT BNP Prime Peregrine Rosy Target Limited Summit Securities (S) Pte Ltd Vector Precision (Wuxi) Co Ltd

Name	Present Principal Directorships	Past Principal Directorships
Nihal Vijaya Devadas Kaviratne	Nil	PT Kimberly Lever Indonesia PT Technopia Lever PT Unilever Indonesia TbK Unilever de Argentina S.A.
Liu Chee Ming	Access Advisory Limited Access Investment Management (H.K.) Limited Access Investment Management Holdings Limited Access Investment Management Limited (British West Indies) Access Investment Management Limited (British Virgin Islands) Access PCP Emerging Markets Limited Access PCP Limited Access Private Capital Portfolios Limited Bendic Associates Limited Benthurst Associates Limited Brianne Investments Limited Calder Valley Corp. CAV-Thakral Home Entertainment LTD. China Yuchai International Ltd. Culford Holdings International Ltd. Divine Limited DOT Media Holdings (HK) Limited Farex International Ltd. Firestorm Pacific Limited Hall-Bridge Holdings Inc. Honour Estate Investments Limited Jade Valley Limited Jade Class Limited Kader Holdings Company Limited Keltyhill Incorporated Media Asia Holdings Ltd. Montex Limited Neta Holdings Incorporated Odlins Holdings Limited Platinum Advisory (HK) Limited Platinum Advisory International Inc. Platinum Advisory Limited Platinum Broking (China) Limited Platinum Broking (Shanghai) Limited Platinum Broking (Tianjin) Limited Platinum Broking Company Limited Platinum Business Inc. Platinum Capital Asia Inc. Platinum Capital Asia Limited Platinum Capital Inc. Platinum Capital Limited Platinum China Investments Limited Platinum Direct Investment Limited Platinum Futures Limited Platinum Holdings Company Limited Platinum Holdings Limited Platinum Investments Holdings Limited Platinum Investments Management Limited Platinum Management Services Limited Platinum Nominees Limited	DOT Holdings Limited Platinum Broking (Beijing) Limited Platinum Broking (Shenzhen) Limited Platinum Online (Asia) Limited Platinum Property Management Limited Platinum Securities (Beijing) Limited Platinum Securities (Shenzhen) Limited Platinum Securities (Tianjin) Limited Strategic Links Limited Tiye Limited

Name	Present Principal Directorships	Past Principal Directorships
	Platinum Property Investment Limited Platinum Securities (China) Limited Platinum Securities (Shanghai) Limited Platinum Securities Company Limited Platinum Securities Company Limited (Singapore) Platinum Securities International Inc. Private Capital Portfolio Management Limited Proactive Limited Rainbow City Limited Rosaland Limited Summit Investment Co. Limited Summit Investment Limited Super Oriental Limited Takway Limited Thames-Road Holdings Investments Inc. Timly Way Limited Topchart Company Holdings Ltd. Trinity Oil Limited Vansbridge Limited Vanwood Limited Winner Valley Limited	
Sio Tat Hiang, Alternate Director to Peter Seah Lim Huat	Asia-Pacific Mobile Telecommunications Satellite (APMT) Pte Ltd Asia-Pacific Mobile Telecommunications (Singapore) Pte Ltd Beijing Uni-Sin Telecommunications Technology Co., Ltd Digital Network Access Communications Pte Ltd eCommerce Data Center Limited i-STT Communications Sdn. Bhd. i-STT Hong Kong Limited i-STT International Pte. Ltd. i-STT Investments Pte. Ltd. i-STT Macau Limited Langfang Unicom SunPage Telecommunications Technology & Equipment Co Ltd Mobile Solutions and Payment Services Pte Ltd Singapore Technologies (China) Paging Pte Ltd ST Cellular (NZ) Pte Ltd ST Mobile Data Pte Ltd ST Telecommunications (Beijing) Co., Ltd ST Teleport Pte Ltd SunPage Communications Pte Ltd TeleChoice International Limited Teodoro N. Romansata Inc.	APCG Business Pte Ltd eCommerce Ventures Limited Elipva Hong Kong/China Limited Elipva (M) Sdn Bhd Elipva Ltd Equinix Singapore Pte. Ltd i-STT (Shanghai) Co., Ltd i-STT 100 Ltd i-STT 100 Pte Ltd i-STT Information Technology Development (Beijing) Co Ltd i-STT Nation Ltd Singapore Technologies Capital Services Pte Ltd ST Satellite Pte Ltd ST SiChuan XingRong Communications Ltd StarHub Cable Vision Ltd. StarHub Internet Pte Ltd Sttarplanet.com (Asia Pacific) Pte Ltd
Jean F. H. P. Mandeville, Alternate Director to Lee Theng Kiat	Equinix Asia Pacific Pte Ltd Equinix, Inc. Indonesia Communications Ltd i-STT Investments Pte. Ltd. STT Crossing Ltd STT Hungary Liquidity Management Limited Liability Company	BCL India LGT Korea Maxis Communications Berhad SmarTone HK Trollsun International Ltd STT Hungary Holdings Pte Ltd

Principal Directorships of our Executive Officers

The present principal directorships and the principal directorships in the last five years of each of our Executive Officers are as follows:

Name	Present Principal Directorships	Past Principal Directorships
Yong Lum Sung	i-STT International Pte Ltd ST SunPage Pte Ltd	1-Net Singapore Pte Ltd Digital Network Access Communications Pte Ltd Equinix Singapore Pte Ltd
Kwek Buck Chye	i-STT Hong Kong Limited Pac-Am Restaurants (S) Pte Ltd ST Cellular (NZ) Pte Ltd TeleChoice (Indonesia) Pte Ltd TeleChoice International Limited TeleTech Park Pte Ltd	Asia-Pacific Mobile Telecommunications Satellite (APMT) Pte Ltd Asia-Pacific Mobile Telecommunications (Singapore) Pte Ltd Automation Leasing & Consultancy Private Limited California Avi-Tron Corporation Chartered Semiconductor Manufacturing Inc Evelca Investment Pte Ltd i-STT Nation Ltd Republic Technologies Pte Ltd Singapore Technologies Inc Sunburst Technologies Investments Pte Ltd Tritech Microelectronics Design Inc Vertex China Pharmaceutical Investment Pte Ltd WEBcentre HK Limited
Michael Eugene Reynolds	Nil	BellSouth-Jitong (PRC) SkyCell Private Limited Southeast Asia Netcom (Singapore) Pte Ltd ST Mobile Data Pte Ltd TBL Private Limited
Kaizad Bomi Heerjee	Nil	Commerce Exchange Pte. Ltd. CoolConnect Pte Ltd ICUS Pte Ltd Infotech Ventures Ltd InQuisitive Mind Pte Ltd
Chan Kin Hung	Nil	Nil
David William Storrie	Nil	Nil
Tan Swee Lim	Nil	1-Net Singapore Pte Ltd

Statutory Matters

Save as disclosed below, none of our Directors or Executive Officers:

(i) has had, at any time during the last ten years, a petition under any bankruptcy laws of any jurisdiction filed against him or against any partnership of which he was a partner;

(ii) has had, at any time during the last ten years, a petition under any law of any jurisdiction filed against any corporation of which he was a director or a key executive for the winding up of that corporation on the ground of insolvency;

(iii) has any unsatisfied judgment against him;

(iv) has been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty punishable with imprisonment for three months or more, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(v) has been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry, in Singapore or elsewhere, or has been the subject of any criminal proceedings (including pending criminal proceedings of which he is aware) for such breach;

(vi) has had, at any time during the last ten years, a judgment entered against him in any civil proceeding, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry, in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(vii) has been convicted, in Singapore or elsewhere, of any offence in connection with the formation or management of any corporation;

(viii) has been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(ix) has been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity; or

(x) to his knowledge, has been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

(1) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations, in Singapore or elsewhere; or

(2) any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry, in Singapore or elsewhere,

in each case in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership.

Mr Teo Ek Tor was a director of PrimeEast Capital Group Pte Ltd ("PECG"). PECG and its subsidiary, PrimeEast Capital (Asia) Pte Ltd ("PECA"), were investigated by the Commercial Affairs Department of Singapore in relation to dealing in securities without a dealer's licence under the now repealed Securities Industry Act in late 1995/early 1996. No charges were brought against PECG and PECA but letters of warning were served.

PECG has since been put into voluntary liquidation and PECA has since been wound up voluntarily.

Articles of Association

The following provisions of our Articles of Association relate to:

(i) power to vote on a proposal, arrangement or contract in which he is interested:

Article 105

A Director shall not vote in respect of any transaction (including any contract or arrangement) or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(ii) the remuneration of the Directors:

Article 81

The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Article 82

(A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

(B) The remuneration (including any remuneration under Article 82(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

Article 84

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Article 85

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 90

The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to these presents be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 100(D)

An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.

There are no specific provisions in our Articles of Association relating to a Director's power to vote on remuneration (including pension or other benefits) for himself or for any other Director, and whether the quorum at a meeting of our Board of Directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote.

(iii) the borrowing powers exercisable by our Directors:

Article 112

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Article 112, like any other provision in our Articles of Association, may be amended by a special resolution of our shareholders.

(iv) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Articles of Association relating to the retirement or non-retirement of a Director under an age limit requirement.

(v) the shareholding qualification of a Director:

Article 80

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(vi) the rights, preferences and restrictions attaching to each class of shares:

Article 53

Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which shares in the Company may be listed.

Article 67

Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote (provided that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Article 126

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the

shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.

Article 149

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(vii) any change in capital:

Article 7

The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

Article 8

(A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of Singapore Exchange Securities Trading Limited, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).

(B) Notwithstanding Article 8(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a) (i) issue shares in the capital 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; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 50 per cent. (or such other limit as may be prescribed by Singapore Exchange Securities Trading Limited) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (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 the Ordinary Resolution) does not exceed 20 per cent. (or

such other limit as may be prescribed by Singapore Exchange Securities Trading Limited) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for:

(i) new shares arising upon 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 the Ordinary Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by Singapore Exchange Securities Trading Limited) and these presents; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Article 9

The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;

(c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; and

(d) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.

Article 11

(A) The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents, the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled.

(B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On

the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

(viii) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Article 6

(A) Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

(B) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

The conditions prescribed by Article 6 for variation of such rights are not different from those required under the Singapore Companies Act.

(ix) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

Article 124

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 125

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 126

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.

Article 127

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

Article 131

(A) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.

(B) A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable.

Article 134

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 136, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

Article 136

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

Material Contracts

The dates of, parties to and general nature of the material contracts (not being contracts entered into in the ordinary course of business) entered into by StarHub Ltd or any of our subsidiaries during the two years preceding the date of lodgement of this document with the Authority, and the amount of any consideration passing to or from StarHub Ltd or any of our subsidiaries, as the case may be, under such contracts are as follows:

(i) an agreement dated 21 January 2003 made between StarHub Ltd, our shareholders, BT and NTT Communications, relating to the variation of certain provisions of the shareholders' agreement dated 15 May 2002 made between the same parties (See "Shareholders – Shareholders' Agreement");

(ii) an agreement dated 17 June 2004 made between StarHub Ltd, our shareholders, BT and NTT Communications, relating to the variation of certain provisions of the shareholders' agreement dated 15 May 2002 made between the same parties (See "Shareholders – Shareholders' Agreement"); and

(iii) a supplemental agreement dated 16 August 2004 made between StarHub Ltd, our shareholders, BT and NTT Communications, relating to the variation of certain provisions of the shareholders' agreement dated 15 May 2002 made between the same parties (See "Shareholders – Shareholders' Agreement").

Significant Changes

No event has occurred since 30 June 2004 and up till the Latest Practicable Date which would have a material effect on the financial information set out in our audited consolidated financial statements for the years ended 31 December 2001, 2002 and 2003 and our unaudited consolidated financial statements for each of the six months ended 30 June 2003 and 2004. (See "Consolidated Financial Statements".)

No event has occurred since 30 June 2004 and up till the Latest Practicable Date which may have a material effect on the financial position and results of our Company.

Working Capital

Our Directors are of the opinion that, after taking into account the present banking facilities and cash flows from our operations, we will have sufficient working capital available for our present requirements. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources".)

Related Corporations

The corporations which are, by virtue of Section 6 of the Singapore Companies Act, related corporations of our Company, are our subsidiaries, the details of which are as follows:

	Country of incorporation	Principal place of business	StarHub ownership interest/ voting power
StarHub Mobile Pte Ltd	Singapore	Singapore	100%
StarHub Cable Vision Ltd.	Singapore	Singapore	100%
StarHub Internet Pte Ltd	Singapore	Singapore	100%
StarHub Shop Pte Ltd	Singapore	Singapore	100%
StarHub (Hong Kong) Limited	Hong Kong	Hong Kong	100%
StarHub, Inc.	Delaware, USA	Delaware, USA	100%
e-station Pte Ltd (in members' voluntary liquidation)	Singapore	Singapore	70%

ST Telemedia and its subsidiaries are corporations which are, by virtue of Section 6 of the Singapore Companies Act, related corporations of our Company. The names of these subsidiaries of ST Telemedia are as follows:

- ALC Communications Corporation
- Ameritel Management, Inc.
- Atlantic Crossing Holdings Ltd.
- Atlantic Crossing Holdings U.K. Limited
- Atlantic Crossing Ltd.
- Atlantic Crossing II Ltd.
- Beijing Uni-Sin Telecommunications Technology Co., Ltd (under voluntary liquidation)
- Budget Call Long Distance, Inc.
- Business Telemanagement, Inc.
- Elipva (M) Sdn. Bhd. (under voluntary liquidation)
- Elipva Inc.

- Elipva Ltd
- Equal Access Networks, LLC
- G.C. St. Croix Company, Inc.
- GC Dev. Co., Inc.
- GC Holdco SPV
- GC Holding SPV
- GC Hungary Holdings Vagyonkezelö Korlátolt Felelössėgü Társaság
- GC Landing Co. GmbH
- GC Mart LLC
- GC Pacific Landing Corp.
- GC Pan European Crossing Belgie B.V.B.A.
- GC Pan European Crossing Czech s.r.o.
- GC Pan European Crossing Danmark A.P.S.
- GC Pan European Crossing Deutschland GmbH
- GC Pan European Crossing Espana S.L.
- GC Pan European Crossing France S.A.R.L.
- GC Pan European Crossing Holdings B.V.
- GC Pan European Crossing Italia S.R.L.
- GC Pan European Crossing Luxembourg I S.À.R.L.
- GC Pan European Crossing Luxembourg II S.À.R.L.
- GC Pan European Crossing Nederland B.V.
- GC Pan European Crossing Networks B.V.
- GC Pan European Crossing Norge AS
- GC Pan European Crossing Osterreich GmbH
- GC Pan European Crossing Slovakia S.R.O.
- GC Pan European Crossing Sverige A.B.
- GC Pan European Crossing Switzerland GmbH
- GC Pan European Crossing UK Limited
- GC SAC Argentina S.R.L.
- GC Trading GmbH
- GC UK Holding Ltd.
- GCNAN Claims, LLC (Delaware)
- GCNAN Claims, LLC (California)
- GCTI Claims, LLC (Delaware)
- GCTI Claims, LLC (California)
- Geoconference Limited
- Global Crossing Advanced Card Services, Inc.
- Global Crossing Asia Holdings Ltd
- Global Crossing (Bidco) Limited
- Global Crossing Bandwidth, Inc.

- Global Crossing Belgie B.V.B.A.
- Global Crossing Billing, Inc.
- Global Crossing Communications International Limited
- Global Crossing Conferencing Limited
- Global Crossing Conferencing-Canada, Ltd.
- Global Crossing Corporación S. de R.L. de C.V.
- Global Crossing Cyprus Holdings Limited
- Global Crossing Danmark A.P.S.
- Global Crossing Deutschland GmbH
- Global Crossing Development Co.
- Global Crossing Employee Services, Inc.
- Global Crossing Espana S.L.
- Global Crossing Europe Limited
- Global Crossing France SAS
- Global Crossing Globalcenter Holdings, Inc.
- Global Crossing Government Markets USA, Inc.
- Global Crossing Holdings Limited (formerly known as GC Holdings Ltd.)
- Global Crossing Holdings II Ltd.
- Global Crossing Holdings USA LLC
- Global Crossing Intellectual Property Ltd.
- Global Crossing International, Ltd.
- Global Crossing Internet Dial-Up, Inc.
- Global Crossing Investments Ltd.
- Global Crossing Ireland Limited
- Global Crossing Italia S.R.L.
- Global Crossing IXnet EMEA Holdings Limited
- Global Crossing Landing Mexicana S. de R.L.
- Global Crossing Latin America & Caribbean Co.
- Global Crossing Limited
- Global Crossing Local Services, Inc.
- Global Crossing Management Services, Inc.
- Global Crossing Mexicana S.de R.L. de C.V.
- Global Crossing Nederland B.V.
- Global Crossing Network Center Ltd.
- Global Crossing Network Center (UK) Ltd.
- Global Crossing Norge AS
- Global Crossing North America, Inc.
- Global Crossing North American Holdings, Inc.
- Global Crossing North American Networks, Inc.
- Global Crossing Panama Inc.

- Global Crossing Portfolio Holdings Ltd.
- Global Crossing Services Europe Limited
- Global Crossing Services Ireland Limited
- Global Crossing Servicios, S. de R.L. de C.V.
- Global Crossing Sverige A.B.
- Global Crossing Switzerland GmbH
- Global Crossing Telecommunications, Inc.
- Global Crossing Telecommunications-Canada, Ltd.
- Global Crossing Telemanagement VA, LLC
- Global Crossing Telemanagement, Inc.
- Global Crossing (UK) Internet Services Limited
- Global Crossing (UK) Telecommunications Limited
- Global Crossing (UK) Telecommunications Networks Limited
- Global Crossing USA Inc.
- Global Crossing Venezuela B.V.
- Global Crossing Ventures, Inc.
- Global Crossing Worldwide Customer Help Desk Canada Ltd.
- Global Marine Holding Bermuda Limited
- GT Landing Corp.
- GT Landing II Corp.
- GT Netherlands B.V.
- GT U.K. Ltd.
- Indonesia Communications Limited
- Indosat Finance Company B.V.
- International Exchange Networks GmbH
- International Exchange Networks SAS
- International Optical Network, L.L.C.
- International Optical Network Limited.
- i-STT Communications Sdn Bhd
- i-STT International Pte Ltd
- i-STT Investments Pte. Ltd.
- i-STT Mauritius Ltd
- Ixnet, Inc.
- Ixnet UK Limited
- Langfang Unicom SunPage Telecommunications Technology & Equipment Co., Ltd (under voluntary liquidation)
- MAC Landing Corp.
- Metaclorin Investco II, Inc.
- Mid-Atlantic Crossing Holdings Ltd.
- Mid-Atlantic Crossing Holdings UK Ltd.
- Mid-Atlantic Crossing Ltd.

- NexWave Technologies Pte Ltd
- PAC Landing Corp.
- PAC Panama Ltd.
- Pan American Crossing Holdings Ltd.
- Pan American Crossing Ltd.
- Pan American Crossing U.K. Ltd.
- PT Aplikanusa Lintasarta
- PT Asitelindo Data Buana
- PT Atrajasa Pembayaran Elektronis
- PT Indonesian Satellite Corporation TbK
- PT Indosat Mega Media
- PT Nexwave
- PT Satelindo Multi Media
- PT Sisindosat Lintasbuana
- PT TeleChoice (Indonesia)
- Racal Telecommunications Inc.
- SAC Brazil (Backhaul) Ltd. (under voluntary liquidation)
- SAC Brasil Holding Ltda.
- SAC Brasil Ltda.
- SAC Chile S.A.
- SAC Colombia Limitada
- SAC Panama Landing Ltd.
- SAC Panama S.A.
- SAC Peru S.R.L.
- Satelindo International Finance B.V.
- Saturn Global Network Services (UK) Ltd.
- Singapore Technologies (China) Paging Pte Ltd
- South American Crossing (Backhaul) Ltd.
- South American Crossing (Subsea) Ltd.
- South American Crossing Holdings (Backhaul) Ltd.
- South American Crossing Holdings (Subsea) Ltd.
- South American Crossing Holdings Ltd.
- South American Crossing Ltd.
- ST Mobile Data Pte Ltd
- ST SunPage Pte Ltd
- ST Telecommunications (Beijing) Co, Ltd
- ST Teleport Pte Ltd
- ST Teleport (USA), Inc.
- STT Communications
- STT Crossing Ltd
- STT Hungary Holdings Pte Ltd

- STT Hungary Ltd
- STT Ventures Ltd
- Subsidiary Telco, LLC
- SunPage Communications Pte Ltd
- T.Choice (Malaysia) Sdn. Bhd.
- T.Choice Pty Ltd
- TeleChoice (Indonesia) Pte Ltd
- TeleChoice International Limited
- TeleChoice International (Tianjin) Co., Ltd (under voluntary liquidation)
- TeleChoice Mobile Pte. Ltd.
- TeleChoice Philippines Inc.
- TeleChoice (Thailand) Co., Ltd
- US Crossing, Inc.

In addition, under Section 6 of the Singapore Companies Act, as ST Telemedia is indirectly owned by Temasek, Temasek and its subsidiaries (including STT Communications and its subsidiaries) are also our related corporations.

Changes in Issued Share Capital

Save as disclosed below and set out under the section entitled "Share Capital — Our Share Capital", there were no changes in the issued and paid-up share capital of our Company and our subsidiaries within the three years preceding the date of lodgement of this document:

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
2001				
16 January	1,833,334	S$0.10	[2]	550,806,666.70
16 January	1,833,333	S$0.12	[2]	550,990,000.00
22 June	139,999	S$0.12	[2]	551,003,999.90
22 June	212,240	S$0.12	[2]	551,025,223.90
02 July	50,000	S$0.12	[2]	551,030,223.90
02 July	81,000	S$0.12	[2]	551,038,323.90
12 July	78,000	S$0.12	[2]	551,046,123.90
12 July	156,880	S$0.12	[2]	551,061,811.90
17 July	66,000	S$0.12	[2]	551,068,411.90
17 July	93,310	S$0.12	[2]	551,077,742.90
23 July	788,667	S$0.12	[2]	551,156,609.60
23 July	353,270	S$0.12	[2]	551,191,936.60
30 July	50,000	S$0.12	[2]	551,196,936.60
30 July	45,810	S$0.12	[2]	551,201,517.60
13 August	893,331	S$0.12	[2]	551,290,850.70
13 August	430,140	S$0.12	[2]	551,333,864.70
20 August	14,000	S$0.12	[2]	551,335,264.70
20 August	28,140	S$0.12	[2]	551,338,078.70
22 August	36,000	S$0.12	[2]	551,341,678.70
22 August	43,780	S$0.12	[2]	551,346,056.70
22 August	51,333	S$0.12	[2]	551,351,190.00
22 August	93,127	S$0.12	[2]	551,360,502.70
06 September	535,333	S$0.12	[2]	551,414,036.00
06 September	86,357	S$0.12	[2]	551,422,671.70
07 September	21,400	S$0.12	[2]	551,424,811.70
19 September	46,783	S$0.12	[2]	551,429,490.00
01 October	17,400	S$0.12	[2]	551,431,230.00
12 October	27,400	S$0.12	[2]	551,433,970.00
12 October	24,000	S$0.12	[2]	551,436,370.00
17 October	143,823	S$0.12	[2]	551,450,752.30
17 October	14,000	S$0.12	[2]	551,452,152.30
23 October	29,700	S$0.12	[2]	551,455,122.30
23 October	26,000	S$0.12	[2]	551,457,722.30
29 October	89,610	S$0.12	[2]	551,466,683.30
29 October	22,000	S$0.12	[2]	551,468,883.30
01 November	152,593	S$0.12	[2]	551,484,142.60
01 November	4,000	S$0.12	[2]	551,484,542.60
12 November	20,000	S$0.12	[2]	551,486,542.60
12 November	14,000	S$0.12	[2]	551,487,942.60
19 November	22,000	S$0.12	[2]	551,490,142.60
22 November	519,743	S$0.12	[2]	551,542,116.90
30 November	45,496	S$0.12	[2]	551,546,666.50
30 November	4,000	S$0.12	[2]	551,547,066.50
10 December	86,250	S$0.12	[2]	551,555,691.50
10 December	4,000	S$0.12	[2]	551,556,091.50
18 December	32,380	S$0.12	[2]	551,559,329.50
28 December	84,170	S$0.12	[2]	551,567,746.50
28 December	4,000	S$0.12	[2]	551,568,146.50
28 December	235,423	S$0.12	[2]	551,591,688.80
28 December	4,000	S$0.12	[2]	551,592,088.80
Total for 2001	**9,687,555**			

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
2002				
15 January	16,710	S$0.12	[2]	551,593,759.80
15 January	30,100	S$0.12	[2]	551,596,769.80
23 January	22,736	S$0.12	[2]	551,599,043.40
28 January	4,000	S$0.12	[2]	551,599,443.40
28 January	14,050	S$0.12	[2]	551,600,848.40
04 February	19,720	S$0.12	[2]	551,602,820.40
04 February	14,000	S$0.12	[2]	551,604,220.40
07 February	9,356	S$0.12	[2]	551,605,156.00
25 February	10,030	S$0.12	[2]	551,606,159.00
06 March	24,750	S$0.12	[2]	551,608,634.00
06 March	8,000	S$0.12	[2]	551,609,434.00
08 March	53,200	S$0.12	[2]	551,614,754.00
28 March	32,750	S$0.12	[2]	551,618,029.00
28 March	4,000	S$0.12	[2]	551,618,429.00
03 April	10,016	S$0.12	[2]	551,619,430.60
03 April	22,000	S$0.12	[2]	551,621,630.60
08 April	30,336	S$0.12	[2]	551,624,664.20
08 April	10,000	S$0.12	[2]	551,625,664.20
19 April	18,050	S$0.12	[2]	551,627,469.20
19 April	16,016	S$0.12	[2]	551,629,070.80
03 May	95,490	S$0.12	[2]	551,638,619.80
03 May	4,000	S$0.12	[2]	551,639,019.80
16 May	209,900	S$0.12	[2]	551,660,009.80
16 May	22,000	S$0.12	[2]	551,662,209.80
16 May	266,758	S$0.22	[2]	551,688,885.60
21 May	221,926	S$0.12	[2]	551,711,078.20
21 May	6,000	S$0.12	[2]	551,711,678.20
21 May	241,332	S$0.22	[2]	551,735,811.40
21 May	69,806	S$0.12	[2]	551,742,792.00
21 May	8,000	S$0.12	[2]	551,743,592.00
21 May	113,040	S$0.22	[2]	551,754,896.00
03 June	76,190	S$0.12	[2]	551,762,515.00
03 June	28,000	S$0.12	[2]	551,765,315.00
03 June	166,000	S$0.22	[2]	551,781,915.00
05 June	105,610	S$0.12	[2]	551,792,476.00
05 June	14,000	S$0.12	[2]	551,793,876.00
05 June	163,960	S$0.22	[2]	551,810,272.00
14 June	31,410	S$0.12	[2]	551,813,413.00
14 June	113,500	S$0.22	[2]	551,824,763.00
17 June	54,150	S$0.12	[2]	551,830,178.00
17 June	14,000	S$0.22	[2]	551,831,578.00
25 June	1,408,570	S$0.12	[2]	551,972,435.00
25 June	4,000	S$0.12	[2]	551,972,835.00
25 June	147,005	S$0.22	[2]	551,987,535.50
28 June	1,254,967	S$0.12	[2]	552,113,032.20
28 June	32,000	S$0.12	[2]	552,116,232.20
28 June	513,500	S$0.22	[2]	552,167,582.20
2 July	2,841,776,768	[3]	Acquisition of SCV	836,345,259.00
16 July	296,490	S$0.12	[2]	836,374,908.00
16 July	30,000	S$0.22	[2]	836,377,908.00
16 July	334,020	S$0.12	[2]	836,411,310.00
16 July	4,000	S$0.12	[2]	836,411,710.00
16 July	47,500	S$0.22	[2]	836,416,460.00
26 July	258,960	S$0.12	[2]	836,442,356.00
26 July	4,000	S$0.12	[2]	836,442,756.00
26 July	37,000	S$0.22	[2]	836,446,456.00
26 July	148,930	S$0.12	[2]	836,461,349.00

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
26 July	4,000	S$0.12	[2]	836,461,749.00
26 July	21,000	S$0.22	[2]	836,463,849.00
14 August	39,900	S$0.12	[2]	836,467,839.00
14 August	6,000	S$0.22	[2]	836,468,439.00
14 August	95,934	S$0.12	[2]	836,478,032.40
14 August	14,000	S$0.12	[2]	836,479,432.40
14 August	12,500	S$0.22	[2]	836,480,682.40
27 August	62,863	S$0.12	[2]	836,486,968.70
27 August	76,000	S$0.22	[2]	836,494,568.70
03 September	6,970	S$0.12	[2]	836,495,265.70
03 September	10,000	S$0.12	[2]	836,496,265.70
03 September	2,500	S$0.22	[2]	836,496,515.70
17 September	27,000	S$0.12	[2]	836,499,215.70
17 September	5,000	S$0.22	[2]	836,499,715.70
17 September	59,190	S$0.12	[2]	836,505,634.70
17 September	84,000	S$0.22	[2]	836,514,034.70
23 September	4,000	S$0.12	[2]	836,514,434.70
23 September	1,500	S$0.22	[2]	836,514,584.70
02 October	14,000	S$0.12	[2]	836,515,984.70
02 October	30,000	S$0.22	[2]	836,518,984.70
11 October	87,523	S$0.12	[2]	836,527,737.00
11 October	4,000	S$0.12	[2]	836,528,137.00
11 October	72,000	S$0.22	[2]	836,535,337.00
11 October	68,652	S$0.12	[2]	836,542,202.20
11 October	38,000	S$0.12	[2]	836,546,002.20
11 October	3,000	S$0.22	[2]	836,546,302.20
15 October	21,660	S$0.12	[2]	836,548,468.20
15 October	12,000	S$0.12	[2]	836,549,668.20
15 October	7,000	S$0.22	[2]	836,550,368.20
24 October	23,000	S$0.12	[2]	836,552,668.20
24 October	10,000	S$0.12	[2]	836,553,668.20
24 October	1,500	S$0.22	[2]	836,553,818.20
28 October	21,000	S$0.12	[2]	836,555,918.20
28 October	3,000	S$0.22	[2]	836,556,218.20
01 November	63,150	S$0.12	[2]	836,562,533.20
01 November	50,000	S$0.12	[2]	836,567,533.20
01 November	23,499	S$0.22	[2]	836,569,883.10
01 November	169,999	S$0.22	[2]	836,586,883.00
14 November	25,888	S$0.12	[2]	836,589,471.80
14 November	14,000	S$0.12	[2]	836,590,871.80
14 November	2,001	S$0.22	[2]	836,591,071.90
14 November	37,001	S$0.22	[2]	836,594,772.00
21 November	4,000	S$0.12	[2]	836,595,172.00
21 November	18,500	S$0.22	[2]	836,597,022.00
27 November	67,000	S$0.12	[2]	836,603,722.00
27 November	9,000	S$0.22	[2]	836,604,622.00
27 November	27,500	S$0.22	[2]	836,607,372.00
12 December	8,000	S$0.12	[2]	836,608,172.00
12 December	1,000	S$0.22	[2]	836,608,272.00
12 December	5,000	S$0.22	[2]	836,608,772.00
12 December	84,500	S$0.12	[2]	836,617,222.00
12 December	4,000	S$0.12	[2]	836,617,622.00
12 December	3,500	S$0.22	[2]	836,617,972.00
12 December	18,000	S$0.22	[2]	836,619,772.00
18 December	162,240	S$0.12	[2]	836,635,996.00
18 December	34,000	S$0.12	[2]	836,639,396.00
18 December	44,000	S$0.22	[2]	836,643,796.00
18 December	25,000	S$0.22	[2]	836,646,296.00

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
18 December	36,500	S$0.17	[2]	836,649,946.00
31 December	29,600	S$0.12	[2]	836,652,906.00
31 December	30,000	S$0.12	[2]	836,655,906.00
31 December	12,500	S$0.22	[2]	836,657,156.00
31 December	17,500	S$0.22	[2]	836,658,906.00
Total for 2002	**2,850,668,172**			
2003				
03 January	124,950	S$0.12	[2]	836,671,401.00
03 January	16,000	S$0.12	[2]	836,673,001.00
03 January	45,537	S$0.22	[2]	836,677,554.70
03 January	148,000	S$0.22	[2]	836,692,354.70
03 January	62,000	S$0.17	[2]	836,698,554.70
17 January	255,100	S$0.12	[2]	836,724,064.70
17 January	20,000	S$0.12	[2]	836,726,064.70
17 January	26,500	S$0.22	[2]	836,728,714.70
17 January	32,500	S$0.22	[2]	836,731,964.70
17 January	90,000	S$0.17	[2]	836,740,964.70
17 January	73,960	S$0.12	[2]	836,748,360.70
17 January	18,000	S$0.12	[2]	836,750,160.70
17 January	6,000	S$0.22	[2]	836,750,760.70
17 January	23,000	S$0.22	[2]	836,753,060.70
17 January	47,000	S$0.17	[2]	836,757,760.70
27 January	37,100	S$0.12	[2]	836,761,470.70
27 January	16,380	S$0.22	[2]	836,763,108.70
27 January	17,380	S$0.22	[2]	836,764,846.70
27 January	11,000	S$0.12	[2]	836,765,946.70
27 January	1,000	S$0.22	[2]	836,766,046.70
27 January	3,000	S$0.22	[2]	836,766,346.70
27 January	20,000	S$0.17	[2]	836,768,346.70
05 February	76,603	S$0.12	[2]	836,776,007.00
05 February	24,000	S$0.12	[2]	836,778,407.00
05 February	4,500	S$0.22	[2]	836,778,857.00
05 February	13,500	S$0.22	[2]	836,780,207.00
13 February	104,000	S$0.12	[2]	836,790,607.00
13 February	5,000	S$0.22	[2]	836,791,107.00
13 February	2,000	S$0.22	[2]	836,791,307.00
13 February	200,000	S$0.17	[2]	836,811,307.00
14 February	58,620	S$0.12	[2]	836,817,169.00
14 February	8,000	S$0.12	[2]	836,817,969.00
14 February	7,000	S$0.22	[2]	836,818,669.00
14 February	14,000	S$0.22	[2]	836,820,069.00
27 February	79,000	S$0.12	[2]	836,827,969.00
27 February	3,000	S$0.22	[2]	836,828,269.00
27 February	6,500	S$0.22	[2]	836,828,919.00
27 February	26,000	S$0.17	[2]	836,831,519.00
03 March	19,900	S$0.12	[2]	836,833,509.00
12 March	4,000	S$0.12	[2]	836,833,909.00
12 March	2,000	S$0.22	[2]	836,834,109.00
12 March	9,500	S$0.22	[2]	836,835,059.00
18 March	3,500	S$0.22	[2]	836,835,409.00
18 March	8,000	S$0.22	[2]	836,836,209.00
02 April	11,000	S$0.17	[2]	836,837,309.00
07 April	97,000	S$0.12	[2]	836,847,009.00
07 April	4,000	S$0.12	[2]	836,847,409.00
07 April	21,000	S$0.22	[2]	836,849,509.00
07 April	24,500	S$0.22	[2]	836,851,959.00
07 April	174,000	S$0.17	[2]	836,869,359.00

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
14 April	73,280	S$0.12	[2]	836,876,687.00
14 April	24,000	S$0.12	[2]	836,879,087.00
14 April	22,000	S$0.22	[2]	836,881,287.00
14 April	20,500	S$0.22	[2]	836,883,337.00
14 April	40,000	S$0.17	[2]	836,887,337.00
14 April	57,000	S$0.12	[2]	836,893,037.00
14 April	4,000	S$0.12	[2]	836,893,437.00
14 April	13,000	S$0.22	[2]	836,894,737.00
14 April	24,500	S$0.22	[2]	836,897,187.00
25 April	49,000	S$0.12	[2]	836,902,087.00
25 April	10,000	S$0.12	[2]	836,903,087.00
25 April	20,000	S$0.22	[2]	836,905,087.00
25 April	26,500	S$0.22	[2]	836,907,737.00
25 April	22,000	S$0.17	[2]	836,909,937.00
06 May	18,000	S$0.12	[2]	836,911,737.00
06 May	1,000	S$0.22	[2]	836,911,837.00
06 May	10,000	S$0.22	[2]	836,912,837.00
06 May	8,000	S$0.17	[2]	836,913,637.00
12 May	31,000	S$0.12	[2]	836,916,737.00
12 May	24,000	S$0.12	[2]	836,919,137.00
12 May	227,500	S$0.22	[2]	836,941,887.00
12 May	49,500	S$0.22	[2]	836,946,837.00
12 May	180,000	S$0.22	[2]	836,964,837.00
19 May	93,900	S$0.12	[2]	836,974,227.00
19 May	40,000	S$0.12	[2]	836,978,227.00
19 May	354,620	S$0.22	[2]	837,013,689.00
19 May	44,000	S$0.22	[2]	837,018,089.00
19 May	22,000	S$0.17	[2]	837,020,289.00
19 May	97,000	S$0.22	[2]	837,029,989.00
27 May	95,293	S$0.12	[2]	837,039,518.30
27 May	16,000	S$0.12	[2]	837,041,118.30
27 May	77,000	S$0.22	[2]	837,048,818.30
27 May	49,500	S$0.22	[2]	837,053,768.30
27 May	19,500	S$0.17	[2]	837,055,718.30
27 May	93,000	S$0.22	[2]	837,065,018.30
29 May	22,000	S$0.12	[2]	837,067,218.30
29 May	16,000	S$0.12	[2]	837,068,818.30
29 May	76,500	S$0.22	[2]	837,076,468.30
29 May	23,500	S$0.22	[2]	837,078,818.30
29 May	57,500	S$0.22	[2]	837,084,568.30
03 June	21,000	S$0.12	[2]	837,086,668.30
03 June	12,000	S$0.12	[2]	837,087,868.30
03 June	58,500	S$0.22	[2]	837,093,718.30
03 June	12,500	S$0.22	[2]	837,094,968.30
03 June	20,000	S$0.17	[2]	837,096,968.30
03 June	43,500	S$0.22	[2]	837,101,318.30
10 June	81,557	S$0.12	[2]	837,109,474.00
10 June	219,170	S$0.22	[2]	837,131,391.00
10 June	37,500	S$0.22	[2]	837,135,141.00
10 June	47,500	S$0.22	[2]	837,139,891.00
18 June	46,000	S$0.12	[2]	837,144,491.00
18 June	16,000	S$0.12	[2]	837,146,091.00
18 June	108,000	S$0.22	[2]	837,156,891.00
18 June	20,000	S$0.22	[2]	837,158,891.00
18 June	40,000	S$0.17	[2]	837,162,891.00
18 June	56,000	S$0.22	[2]	837,168,491.00
26 June	277,334	S$0.12	[2]	837,196,224.40
26 June	32,000	S$0.12	[2]	837,199,424.40

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
26 June	47,500	S$0.22	[2]	837,204,174.40
26 June	21,000	S$0.22	[2]	837,206,274.40
26 June	49,000	S$0.22	[2]	837,211,174.40
03 July	297,537	S$0.12	[2]	837,240,928.10
03 July	28,000	S$0.12	[2]	837,243,728.10
03 July	31,000	S$0.22	[2]	837,246,828.10
03 July	17,500	S$0.22	[2]	837,248,578.10
03 July	10,000	S$0.17	[2]	837,249,578.10
03 July	30,500	S$0.22	[2]	837,252,628.10
08 July	229,960	S$0.12	[2]	837,275,624.10
08 July	8,000	S$0.12	[2]	837,276,424.10
08 July	33,500	S$0.22	[2]	837,279,774.10
08 July	12,500	S$0.22	[2]	837,281,024.10
08 July	18,500	S$0.22	[2]	837,282,874.10
16 July	144,000	S$0.12	[2]	837,297,274.10
16 July	18,000	S$0.22	[2]	837,299,074.10
16 July	9,500	S$0.22	[2]	837,300,024.10
16 July	11,000	S$0.17	[2]	837,301,124.10
16 July	14,000	S$0.22	[2]	837,302,524.10
24 July	101,900	S$0.12	[2]	837,312,714.10
24 July	40,900	S$0.22	[2]	837,316,804.10
24 July	4,000	S$0.22	[2]	837,317,204.10
24 July	28,500	S$0.17	[2]	837,320,054.10
24 July	4,500	S$0.22	[2]	837,320,504.10
30 July	99,000	S$0.12	[2]	837,330,404.10
30 July	8,000	S$0.12	[2]	837,331,204.10
30 July	32,000	S$0.22	[2]	837,334,404.10
30 July	16,500	S$0.22	[2]	837,336,054.10
30 July	26,500	S$0.22	[2]	837,338,704.10
06 August	62,000	S$0.12	[2]	837,344,904.10
06 August	22,000	S$0.22	[2]	837,347,104.10
06 August	19,000	S$0.22	[2]	837,349,004.10
06 August	5,000	S$0.17	[2]	837,349,504.10
06 August	26,500	S$0.22	[2]	837,352,154.10
11 August	19,000	S$0.12	[2]	837,354,054.10
11 August	8,000	S$0.22	[2]	837,354,854.10
11 August	2,500	S$0.22	[2]	837,355,104.10
11 August	35,000	S$0.17	[2]	837,358,604.10
11 August	14,500	S$0.22	[2]	837,360,054.10
21 August	138,000	S$0.12	[2]	837,373,854.10
21 August	12,000	S$0.12	[2]	837,375,054.10
21 August	58,500	S$0.22	[2]	837,380,904.10
21 August	9,500	S$0.22	[2]	837,381,854.10
21 August	22,000	S$0.17	[2]	837,384,054.10
21 August	14,500	S$0.22	[2]	837,385,504.10
26 August	81,000	S$0.12	[2]	837,393,604.10
26 August	4,000	S$0.22	[2]	837,394,004.10
26 August	33,000	S$0.17	[2]	837,397,304.10
26 August	8,000	S$0.22	[2]	837,398,104.10
01 September	50,000	S$0.12	[2]	837,403,104.10
01 September	1,250	S$0.22	[2]	837,403,229.10
01 September	61,000	S$0.17	[2]	837,409,329.10
01 September	3,000	S$0.22	[2]	837,409,629.10
10 September	64,000	S$0.12	[2]	837,416,029.10
10 September	4,000	S$0.12	[2]	837,416,429.10
10 September	26,000	S$0.22	[2]	837,419,029.10
10 September	17,000	S$0.22	[2]	837,420,729.10
10 September	5,000	S$0.17	[2]	837,421,229.10

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
10 September	15,000	S$0.22	[2]	837,422,729.10
18 September	95,900	S$0.12	[2]	837,432,319.10
18 September	8,000	S$0.12	[2]	837,433,119.10
18 September	19,500	S$0.22	[2]	837,435,069.10
18 September	20,000	S$0.22	[2]	837,437,069.10
18 September	19,500	S$0.22	[2]	837,439,019.10
22 September	16,290	S$0.12	[2]	837,440,648.10
22 September	2,500	S$0.22	[2]	837,440,898.10
22 September	2,500	S$0.22	[2]	837,441,148.10
26 September	299,334	S$0.12	[2]	837,471,081.50
26 September	17,000	S$0.22	[2]	837,472,781.50
26 September	9,500	S$0.22	[2]	837,473,731.50
26 September	9,000	S$0.22	[2]	837,474,631.50
09 October	109,000	S$0.12	[2]	837,485,531.50
09 October	3,000	S$0.22	[2]	837,485,831.50
09 October	8,500	S$0.22	[2]	837,486,681.50
09 October	10,000	S$0.17	[2]	837,487,681.50
09 October	8,000	S$0.22	[2]	837,488,481.50
16 October	40,000	S$0.12	[2]	837,492,481.50
17 October	112,250	S$0.12	[2]	837,503,706.50
17 October	22,000	S$0.12	[2]	837,505,906.50
17 October	39,000	S$0.22	[2]	837,509,806.50
17 October	3,000	S$0.22	[2]	837,510,106.50
17 October	183,000	S$0.17	[2]	837,528,406.50
17 October	17,500	S$0.22	[2]	837,530,156.50
22 October	67,940	S$0.12	[2]	837,536,950.50
22 October	42,000	S$0.12	[2]	837,541,150.50
22 October	31,000	S$0.22	[2]	837,544,250.50
22 October	7,500	S$0.22	[2]	837,545,000.50
22 October	8,500	S$0.22	[2]	837,545,850.50
29 October	12,000	S$0.12	[2]	837,547,050.50
29 October	22,000	S$0.12	[2]	837,549,250.50
29 October	6,000	S$0.22	[2]	837,549,850.50
29 October	7,500	S$0.22	[2]	837,550,600.50
31 October	24,990	S$0.12	[2]	837,553,099.50
31 October	81,000	S$0.22	[2]	837,561,199.50
31 October	101,000	S$0.22	[2]	837,571,299.50
31 October	14,000	S$0.22	[2]	837,572,699.50
13 November	63,357	S$0.12	[2]	837,579,035.20
13 November	29,000	S$0.22	[2]	837,581,935.20
13 November	13,000	S$0.17	[2]	837,583,235.20
13 November	1,500	S$0.22	[2]	837,583,385.20
17 November	34,964	S$0.12	[2]	837,586,881.60
17 November	4,000	S$0.12	[2]	837,587,281.60
17 November	14,000	S$0.22	[2]	837,588,681.60
17 November	28,620	S$0.22	[2]	837,591,543.60
17 November	28,500	S$0.17	[2]	837,594,393.60
17 November	5,500	S$0.22	[2]	837,594,943.60
27 November	52,980	S$0.12	[2]	837,600,241.60
27 November	14,000	S$0.12	[2]	837,601,641.60
27 November	13,500	S$0.22	[2]	837,602,991.60
27 November	30,000	S$0.22	[2]	837,605,991.60
27 November	29,000	S$0.17	[2]	837,608,891.60
27 November	12,500	S$0.22	[2]	837,610,141.60
02 December	22,008	S$0.12	[2]	837,612,342.40
02 December	2,002	S$0.22	[2]	837,612,542.60
02 December	37,000	S$0.22	[2]	837,616,242.60
02 December	10,500	S$0.22	[2]	837,617,292.60

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
08 December	39,240	S$0.12	[2]	837,621,216.60
08 December	8,000	S$0.12	[2]	837,622,016.60
08 December	5,500	S$0.22	[2]	837,622,566.60
08 December	66,000	S$0.22	[2]	837,629,166.60
08 December	58,250	S$0.17	[2]	837,634,991.60
08 December	11,500	S$0.22	[2]	837,636,141.60
08 December	574,000	S$0.22	[2]	837,693,541.60
18 December	73,010	S$0.12	[2]	837,700,842.60
18 December	40,000	S$0.12	[2]	837,704,842.60
18 December	70,000	S$0.22	[2]	837,711,842.60
18 December	102,000	S$0.22	[2]	837,722,042.60
18 December	33,500	S$0.17	[2]	837,725,392.60
18 December	26,000	S$0.22	[2]	837,727,992.60
18 December	404,500	S$0.22	[2]	837,768,442.60
23 December	60,000	S$0.12	[2]	837,774,442.60
23 December	34,000	S$0.12	[2]	837,777,842.60
23 December	164,000	S$0.22	[2]	837,794,242.60
23 December	70,500	S$0.22	[2]	837,801,292.60
23 December	28,500	S$0.22	[2]	837,804,142.60
23 December	263,500	S$0.22	[2]	837,830,492.60
30 December	351,242	S$0.12	[2]	837,865,616.80
30 December	138,000	S$0.12	[2]	837,879,416.80
30 December	557,500	S$0.22	[2]	837,935,166.80
30 December	274,000	S$0.22	[2]	837,962,566.80
30 December	212,250	S$0.17	[2]	837,983,791.80
30 December	84,500	S$0.22	[2]	837,992,241.80
30 December	510,500	S$0.22	[2]	838,043,291.80
Total for 2003	**13,843,858**			
2004				
16 January	14,000	S$0.12	[2]	838,044,691.80
16 January	4,000	S$0.12	[2]	838,045,091.80
16 January	72,000	S$0.22	[2]	838,052,291.80
16 January	56,500	S$0.22	[2]	838,057,941.80
16 January	121,250	S$0.17	[2]	838,070,066.80
16 January	18,900	S$0.22	[2]	838,071,956.80
16 January	188,000	S$0.22	[2]	838,090,756.80
19 January	179,000	S$0.12	[2]	838,108,656.80
19 January	36,000	S$0.12	[2]	838,112,256.80
19 January	46,500	S$0.22	[2]	838,116,906.80
19 January	35,000	S$0.22	[2]	838,120,406.80
19 January	21,000	S$0.17	[2]	838,122,506.80
19 January	16,000	S$0.22	[2]	838,124,106.80
19 January	145,000	S$0.22	[2]	838,138,606.80
30 January	39,000	S$0.12	[2]	838,142,506.80
30 January	40,000	S$0.12	[2]	838,146,506.80
30 January	5,000	S$0.22	[2]	838,147,006.80
30 January	25,500	S$0.22	[2]	838,149,556.80
30 January	11,500	S$0.22	[2]	838,150,706.80
30 January	123,000	S$0.22	[2]	838,163,006.80
04 February	34,000	S$0.12	[2]	838,166,406.80
04 February	4,000	S$0.12	[2]	838,166,806.80
04 February	6,000	S$0.22	[2]	838,167,406.80
04 February	25,500	S$0.22	[2]	838,169,956.80
04 February	5,500	S$0.22	[2]	838,170,506.80
04 February	65,000	S$0.22	[2]	838,177,006.80
16 February	1,031,000	S$0.12	[2]	838,280,106.80
16 February	169,166	S$0.22	[2]	838,297,023.40

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
16 February	172,166	S$0.22	[2]	838,314,240.00
16 February	92,000	S$0.22	[2]	838,323,440.00
16 February	138,000	S$0.22	[2]	838,337,240.00
19 February	164,274	S$0.12	[2]	838,353,667.40
19 February	22,000	S$0.12	[2]	838,355,867.40
19 February	10,500	S$0.22	[2]	838,356,917.40
19 February	24,000	S$0.22	[2]	838,359,317.40
19 February	204,000	S$0.17	[2]	838,379,717.40
19 February	9,000	S$0.22	[2]	838,380,617.40
19 February	150,500	S$0.22	[2]	838,395,667.40
25 February	120,750	S$0.12	[2]	838,407,742.40
25 February	87,500	S$0.22	[2]	838,416,492.40
25 February	76,500	S$0.22	[2]	838,424,142.40
25 February	327,750	S$0.17	[2]	838,456,917.40
25 February	19,500	S$0.22	[2]	838,458,867.40
25 February	217,000	S$0.22	[2]	838,480,567.40
03 March	412,784	S$0.12	[2]	838,521,845.80
03 March	57,500	S$0.12	[2]	838,527,595.80
03 March	111,500	S$0.22	[2]	838,538,745.80
03 March	145,000	S$0.22	[2]	838,553,245.80
03 March	510,750	S$0.17	[2]	838,604,320.80
03 March	67,500	S$0.22	[2]	838,611,070.80
03 March	383,500	S$0.22	[2]	838,649,420.80
10 March	365,471	S$0.12	[2]	838,685,967.90
10 March	64,000	S$0.12	[2]	838,692,367.90
10 March	130,500	S$0.22	[2]	838,705,417.90
10 March	195,000	S$0.22	[2]	838,724,917.90
10 March	361,000	S$0.17	[2]	838,761,017.90
10 March	77,500	S$0.22	[2]	838,768,767.90
10 March	414,000	S$0.22	[2]	838,810,167.90
18 March	225,000	S$0.12	[2]	838,832,667.90
18 March	20,000	S$0.12	[2]	838,834,667.90
18 March	375,500	S$0.22	[2]	838,872,217.90
18 March	124,000	S$0.22	[2]	838,884,617.90
18 March	190,750	S$0.17	[2]	838,903,692.90
18 March	61,500	S$0.22	[2]	838,909,842.90
18 March	419,000	S$0.22	[2]	838,951,742.90
25 March	205,140	S$0.12	[2]	838,972,256.90
25 March	20,000	S$0.12	[2]	838,974,256.90
25 March	64,100	S$0.22	[2]	838,980,666.90
25 March	85,500	S$0.22	[2]	838,989,216.90
25 March	160,750	S$0.17	[2]	839,005,291.90
25 March	50,500	S$0.22	[2]	839,010,341.90
25 March	263,000	S$0.22	[2]	839,036,641.90
02 April	691,634	S$0.12	[2]	839,105,805.30
02 April	70,000	S$0.12	[2]	839,112,805.30
02 April	374,000	S$0.22	[2]	839,150,205.30
02 April	206,500	S$0.22	[2]	839,170,855.30
02 April	654,500	S$0.17	[2]	839,236,305.30
02 April	116,000	S$0.22	[2]	839,247,905.30
02 April	716,500	S$0.22	[2]	839,319,555.30
13 April	249,194	S$0.12	[2]	839,344,474.70
13 April	68,000	S$0.12	[2]	839,351,274.70
13 April	247,000	S$0.22	[2]	839,375,974.70
13 April	269,000	S$0.22	[2]	839,402,874.70
13 April	518,000	S$0.17	[2]	839,454,674.70
13 April	114,000	S$0.22	[2]	839,466,074.70
13 April	575,500	S$0.22	[2]	839,523,624.70

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
20 April	669,270	S$0.12	[2]	839,590,551.70
20 April	160,000	S$0.12	[2]	839,606,551.70
20 April	507,500	S$0.22	[2]	839,657,301.70
20 April	412,000	S$0.22	[2]	839,698,501.70
20 April	1,423,250	S$0.17	[2]	839,840,826.70
20 April	206,100	S$0.22	[2]	839,861,436.70
20 April	1,200,500	S$0.22	[2]	839,981,486.70
23 April	458,334	S$0.12	[2]	840,027,320.10
23 April	66,000	S$0.12	[2]	840,033,920.10
23 April	311,500	S$0.22	[2]	840,065,070.10
23 April	256,500	S$0.22	[2]	840,090,720.10
23 April	1,194,500	S$0.17	[2]	840,210,170.10
23 April	101,000	S$0.22	[2]	840,220,270.10
23 April	706,500	S$0.22	[2]	840,290,920.10
28 April	321,480	S$0.12	[2]	840,323,068.10
28 April	44,000	S$0.12	[2]	840,327,468.10
28 April	366,500	S$0.22	[2]	840,364,118.10
28 April	286,000	S$0.22	[2]	840,392,718.10
28 April	2,697,000	S$0.17	[2]	840,662,418.10
28 April	130,000	S$0.22	[2]	840,675,418.10
28 April	1,514,166	S$0.22	[2]	840,826,834.70
5 May	342,500	S$0.12	[2]	840,861,084.70
5 May	34,000	S$0.12	[2]	840,864,484.70
5 May	604,000	S$0.22	[2]	840,924,884.70
5 May	186,000	S$0.22	[2]	840,943,484.70
5 May	2,170,750	S$0.17	[2]	841,160,559.70
5 May	309,500	S$0.22	[2]	841,191,509.70
5 May	686,000	S$0.22	[2]	841,260,109.70
6 May	1,095,666	S$0.12	[2]	841,369,676.30
6 May	32,000	S$0.12	[2]	841,372,876.30
6 May	1,777,333	S$0.22	[2]	841,550,609.60
6 May	309,166	S$0.22	[2]	841,581,526.20
6 May	1,739,750	S$0.17	[2]	841,755,501.20
6 May	577,500	S$0.22	[2]	841,813,251.20
6 May	667,666	S$0.22	[2]	841,880,017.80
7 May	161,000	S$0.12	[2]	841,896,117.80
7 May	40,000	S$0.12	[2]	841,900,117.80
7 May	487,500	S$0.22	[2]	841,948,867.80
7 May	59,500	S$0.22	[2]	841,954,817.80
7 May	87,000	S$0.17	[2]	841,963,517.80
7 May	154,000	S$0.22	[2]	841,978,917.80
7 May	158,000	S$0.22	[2]	841,994,717.80
7 May	98,900	S$0.12	[2]	842,004,607.80
7 May	46,000	S$0.12	[2]	842,009,207.80
7 May	465,000	S$0.22	[2]	842,055,707.80
7 May	92,000	S$0.22	[2]	842,064,907.80
7 May	1,408,500	S$0.17	[2]	842,205,757.80
7 May	215,500	S$0.22	[2]	842,227,307.80
7 May	570,000	S$0.22	[2]	842,284,307.80
10 May	145,980	S$0.12	[2]	842,298,905.80
10 May	36,000	S$0.12	[2]	842,302,505.80
10 May	376,000	S$0.22	[2]	842,340,105.80
10 May	67,500	S$0.22	[2]	842,346,855.80
10 May	883,750	S$0.17	[2]	842,435,230.80
10 May	256,500	S$0.22	[2]	842,460,880.80
10 May	406,000	S$0.22	[2]	842,501,480.80
11 May	219,440	S$0.12	[2]	842,523,424.80
11 May	80,000	S$0.12	[2]	842,531,424.80

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
11 May	395,500	S$0.22	[2]	842,570,974.80
11 May	195,000	S$0.22	[2]	842,590,474.80
11 May	1,329,500	S$0.17	[2]	842,723,424.80
11 May	317,500	S$0.22	[2]	842,755,174.80
11 May	662,500	S$0.22	[2]	842,821,424.80
13 May	211,000	S$0.12	[2]	842,842,524.80
13 May	52,000	S$0.12	[2]	842,847,724.80
13 May	678,500	S$0.22	[2]	842,915,574.80
13 May	162,500	S$0.22	[2]	842,931,824.80
13 May	1,422,500	S$0.17	[2]	843,074,074.80
13 May	321,500	S$0.22	[2]	843,106,224.80
13 May	726,500	S$0.22	[2]	843,178,874.80
14 May	253,310	S$0.12	[2]	843,204,205.80
14 May	70,500	S$0.12	[2]	843,211,255.80
14 May	420,500	S$0.22	[2]	843,253,305.80
14 May	175,500	S$0.22	[2]	843,270,855.80
14 May	1,535,500	S$0.17	[2]	843,424,405.80
14 May	358,000	S$0.22	[2]	843,460,205.80
14 May	824,000	S$0.22	[2]	843,542,605.80
14 May	328,000	S$0.12	[2]	843,575,405.80
14 May	98,000	S$0.12	[2]	843,585,205.80
14 May	861,700	S$0.22	[2]	843,671,375.80
14 May	238,000	S$0.22	[2]	843,695,175.80
14 May	1,935,900	S$0.17	[2]	843,888,765.80
14 May	383,000	S$0.22	[2]	843,927,065.80
14 May	971,500	S$0.22	[2]	844,024,215.80
14 May	83,333	S$0.22	[2]	844,032,549.10
17 May	228,000	S$0.12	[2]	844,055,349.10
17 May	116,000	S$0.12	[2]	844,066,949.10
17 May	657,900	S$0.22	[2]	844,132,739.10
17 May	278,000	S$0.22	[2]	844,160,539.10
17 May	1,985,500	S$0.17	[2]	844,359,089.10
17 May	492,000	S$0.22	[2]	844,408,289.10
17 May	1,149,000	S$0.22	[2]	844,523,189.10
17 May	721,847	S$0.12	[2]	844,595,373.80
17 May	144,000	S$0.12	[2]	844,609,773.80
17 May	1,328,434	S$0.22	[2]	844,742,617.20
17 May	475,250	S$0.22	[2]	844,790,142.20
17 May	6,402,750	S$0.17	[2]	845,430,417.20
17 May	767,000	S$0.22	[2]	845,507,117.20
17 May	4,000	S$0.22	[2]	845,507,517.20
17 May	1,681,400	S$0.22	[2]	845,675,657.20
12 July	11,500	S$0.22	[2]	845,676,807.20
12 July	7,000	S$0.22	[2]	845,677,507.20
12 July	14,000	S$0.22	[2]	845,678,907.20
12 July	37,500	S$0.22	[2]	845,682,657.20
12 July	981,400	S$0.22	[2]	845,780,797.20
12 July	62,250	S$0.17	[2]	845,787,022.20
12 July	12,000	S$0.12	[2]	845,788,222.20
12 July	30,500	S$0.22	[2]	845,791,272.20
12 July	13,000	S$0.22	[2]	845,792,572.20
12 July	20,500	S$0.22	[2]	845,794,622.20
12 July	48,000	S$0.22	[2]	845,799,422.20
12 July	664,400	S$0.22	[2]	845,865,862.20
12 July	62,500	S$0.17	[2]	845,872,112.20
14 July	7,000	S$0.12	[2]	845,872,812.20
14 July	32,500	S$0.22	[2]	845,876,062.20
14 July	30,000	S$0.22	[2]	845,879,062.20

Date	No. of shares issued [1]	Issue price per share	Purpose of issue	Resultant issued share capital (S$) [1]
14 July	25,000	S$0.22	[2]	845,881,562.20
14 July	45,000	S$0.22	[2]	845,886,062.20
14 July	644,800	S$0.22	[2]	845,950,542.20
14 July	99,500	S$0.17	[2]	845,960,492.20
15 July	27,000	S$0.12	[2]	845,963,192.20
15 July	12,000	S$0.12	[2]	845,964,392.20
15 July	22,500	S$0.22	[2]	845,966,642.20
15 July	4,000	S$0.22	[2]	845,967,042.20
15 July	13,500	S$0.22	[2]	845,968,392.20
15 July	23,000	S$0.22	[2]	845,970,692.20
15 July	558,900	S$0.22	[2]	846,026,582.20
15 July	57,750	S$0.17	[2]	846,032,357.20
16 July	21,000	S$0.12	[2]	846,034,457.20
16 July	33,000	S$0.22	[2]	846,037,757.20
16 July	26,000	S$0.22	[2]	846,040,357.20
16 July	39,000	S$0.22	[2]	846,044,257.20
16 July	61,500	S$0.22	[2]	846,050,407.20
16 July	785,450	S$0.22	[2]	846,128,952.20
16 July	15,000	S$0.17	[2]	846,130,452.20
19 July	58,000	S$0.12	[2]	846,136,252.20
19 July	60,000	S$0.22	[2]	846,142,252.20
19 July	44,000	S$0.22	[2]	846,146,652.20
19 July	70,500	S$0.22	[2]	846,153,702.20
19 July	126,000	S$0.22	[2]	846,166,302.20
19 July	774,250	S$0.22	[2]	846,243,727.20
19 July	35,250	S$0.17	[2]	846,247,252.20
19 July	49,000	S$0.12	[2]	846,252,152.20
19 July	50,500	S$0.22	[2]	846,257,202.20
19 July	92,000	S$0.22	[2]	846,266,402.20
19 July	120,000	S$0.22	[2]	846,278,402.20
19 July	283,500	S$0.22	[2]	846,306,752.20
19 July	1,831,950	S$0.22	[2]	846,489,947.20
19 July	25,000	S$0.22	[2]	846,492,447.20
19 July	437,750	S$0.17	[2]	846,536,222.20
16 August	598	S$0.10	[4]	846,536,282.00
Total for 2004 (up to the date of this document)	**84,929,902**			

Notes:

(1) The information on the number of shares issued, the issued price per share and the resultant issued share capital during the period before 16 August 2004 has not been adjusted to reflect the Share Consolidation which occurred on 16 August 2004 and accordingly, are based on ordinary shares of par value S$0.10 each in the capital of our Company.

(2) Except as indicated, all issuances were pursuant to the exercise of share options.

(3) The shares were issued and credited as fully paid in consideration for the acquisition of 280,000,000 ordinary shares of par value S$1.00 each in the capital of SCV.

(4) Issuance of shares pursuant to the Bonus Issue.

More than 10% of the share capital has been paid for with assets other than cash within the period of three years before the date of lodgement of this document.

Consents

KPMG has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of (i) its Report of Independent Accountants dated 16 August 2004 on our consolidated financial statements for the years ended 31 December 2001, 2002 and 2003, (ii) its Report of Independent Accountants dated 16 August 2004 on our unaudited condensed consolidated interim financial statements for the six months ended 30 June 2003 and 2004 and (iii) its Report of Independent Accountants dated 16 August 2004 on the unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002,

which have been prepared for the purposes of incorporation in this document in the form and context in which they are included and references to their name in the form and context in which they appear in this document and to act in such capacity in relation to this document.

KPMG Corporate Finance has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the Letter dated 16 August 2004 from KPMG Corporate Finance to the Independent Directors in respect of the Shareholder's Mandate for Interested Person Transactions which has been prepared for the purposes of incorporation in this document in the form and context in which it is included and references to their name in the form and context in which they appear in this document and to act in such capacity in relation to this document.

ACNielsen (Singapore) Pte Ltd of 51 Newton Road, #09-01/12 Goldhill Plaza, Singapore 308900, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the statements attributed to them, in the form and context in which they are included, and references to their name in the form and context in which they appear in this document. Such statements have been certified by them on 13 August 2004 and have not been prepared for the purposes of incorporation in this document.

Documents Available for Inspection

Copies of the following documents are available for inspection at our registered office during normal business hours for a period of six months from the date of registration of this document with the Authority:

(i) the Memorandum of Association and Articles of Association of our Company;

(ii) the rules of the Share Option Plan 2000, the Share Option Plan 2004, the Performance Share Plan and the Restricted Stock Plan;

(iii) the material contracts referred to above under "— Material Contracts";

(iv) the Shareholders' Agreement;

(v) the Offer Agreement;

(vi) the Report of Independent Accountants dated 16 August 2004 by KPMG on our consolidated financial statements for the years ended 31 December 2001, 2002 and 2003;

(vii) the Report of Independent Accountants dated 16 August 2004 by KPMG on our unaudited condensed consolidated financial statements for the six months ended 30 June 2003 and 2004;

(viii) the Report of Independent Accountants dated 16 August 2004 on our unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002;

(ix) the unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002;

(x) our audited financial statements (and all notes, reports or information relating thereto which are required to be prepared under the Singapore Companies Act) and the audited financial statements (and all notes, reports or information relating thereto which are required to be prepared under the Singapore Companies Act) of each of our subsidiaries for each of the years ended 31 December 2001, 2002 and 2003;

(xi) our condensed consolidated interim financial statements for the six months ended 30 June 2003 and 2004; and

(xii) the letter from KPMG Corporate Finance dated 16 August 2004 to the Independent Directors in respect of the Shareholders' Mandate for Interested Person Transactions.

GLOSSARY OF DEFINED AND TECHNICAL TERMS

2G spectrum right	Second Generation Cellular spectrum allocation.
3G FBO	Licensed operator for third generation cellular services.
3G Network	Third Generation Cellular infrastructure.
3G spectrum right	Third Generation Cellular spectrum allocation.
ACNielsen	ACNielsen (Singapore) Pte Ltd.
ADSL	Asymmetric Digital Subscriber Line.
AGCS	Asia Global Crossing (Singapore) Pte Ltd.
AOS	Allied Ordnance of Singapore (Pte) Limited.
APB 25	Accounting Principles Board Opinion No. 25: *Accounting for Stock Issued to Employee.*
APCN	Asia Pacific Cable Network, a regional undersea telecommunications network. APCN2 is a 19,000 kilometres ring main cable system in the north and mid-pacific.
ARPU	Average revenue per user. Generally computed by dividing operating revenue from the relevant info-communications service provided by us for the relevant period by the average number of active customers of that service during that period. We compute ARPU as follows: (i) for mobile services, by dividing operating revenue from these services for the relevant period (including subscription, usage, value-added services, international call revenue and roaming) by the average number of active post-paid customers or, as the case may be, active pre-paid customers for that period, (ii) for cable TV services, by dividing subscription revenue from residential cable TV services for the relevant period (excluding commercial subscription, advertising, installation and other fees) by the average number of active residential customers for that period and (iii) for cable broadband services, by dividing broadband revenues for the relevant period (excluding installation fees and revenue from the sale of cable modems) by the average number of active broadband customers for that period.
Analogue Network	Platform to carry speech signals (speech is analogue signal).
Ascott	The Ascott Group Limited.
associated company	In the context of our share incentive plans, "associated company" refers to a company in which at least 20% but not more than 50% of such company's shares are held by StarHub Ltd and/or our subsidiaries, or a subsidiary of such company, and over whose management our Company has control. In the context of the description of interested person transactions, "associated company" refers to a company in which we hold at least 20% but not more than 50% of its issued share capital. In the context of the Take-over Code, a company is an "associated company" of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.
Associated Company Employees	Employees of associated companies of StarHub.

ATM	Asynchronous Transfer Mode.
Australian Corporations Act	Corporations Act 2001 of the Commonwealth of Australia.
Authority	Monetary Authority of Singapore.
average acquisition cost per gross connection	Calculated based on the cost of handset subsidies, commissions, SIM card costs as well as other premiums given, divided by gross connections (for both post-paid and pre-paid).
average monthly churn rate	Calculated by dividing the churn rate for the relevant period by the relevant number of months in that period.
Backbone Network	Traffic on high capacity dense lines.
backhaul management	From the international gateway to domestic point of presence operated by the service provider.
Bonus Issue	The bonus issue undertaken by us on 16 August 2004, in conjunction with the Share Consolidation, described in detail under "Dilution".
broadband	A data transmission scheme where multiple transmissions share a communications path and in connection to our business, refers to MaxOnline, our broadband Internet access service provided over our HFC network, via the cable modem.
Broadcasting Act	Broadcasting Act, Chapter 28 of Singapore.
BT	British Telecommunications plc.
BTNH	BT (Netherlands) Holdings B.V.
bundled services	More than one service offered as a solution.
cable broadband	A broadband service offered over hybrid fibre-coaxial cable network.
cable-ready homes	Refers to "homes-passed".
cable TV	Our subscription-based television service which is transmitted to customers in Singapore over our HFC cable network or our UHF and MMDS platforms, and TVRO.
CapitaLand	CapitaLand Limited.
CDP	The Central Depository (Pte) Limited.
CET Technologies	CET Technologies Pte Ltd.
churn rates	Calculated by expressing the number of customers who deactivate or disconnect (net of reactivations or reconnections) for the relevant period as a percentage of the number of customers as at the end of that period. For mobile services, only post-paid customer churn rates are relevant and they are expressed as a percentage of the number of post-paid customers as at the end of that period.
CITC	China International Television Corporation
Citibank	Citibank N.A., Singapore branch.
controlling shareholder	As defined in the SGX-ST Listing Manual, persons holding directly or indirectly 15% of the nominal amount of all voting shares in StarHub Ltd or shareholders who in fact exercise control over StarHub Ltd.

CPF	Central Provident Fund of Singapore.
CSM	Chartered Semiconductor Manufacturing Ltd.
Director	Member of the Board of Directors of StarHub Ltd.
DLCs	Domestic leased circuits.
DOCSIS 1.1	Digital over Cable Service Interface Specification version 1.1 as designated by CableLabs.
Dominant Licensee	A licensee declared "Dominant" pursuant to Section 2.3 of the Telecom Competition Code.
downlink	The direction when sending information in the "receive" direction (that is, from the answer network to the subscriber).
DTTV	Digital Terrestrial Television.
EBITDA	Profit from operations adding back depreciation, amortisation and accretion of asset grants. EBITDA is neither a standard measure under Singapore FRS or US GAAP. However, it is commonly used as an indicator of operating performance, liquidity and as a financial measure of the potential capacity of a company to incur and service debt. The components of EBITDA may vary between companies. We cannot give any assurance that the EBITDA measure used in this document is an appropriate indicator or measure of any of the above or is comparable to other similarly titled measures used by other companies.
EMI	EMI Music Singapore.
EPL	English Premier League.
EPPL	Equinix Pacific Pte Ltd.
ERCC	Executive Resource and Compensation Committee.
Ericsson	Sony Ericsson Mobile Communications AB.
ESS	ESPN STAR Sports.
Ethernet	A family of local-area network products covered by the Institute of Electrical and Electronics Engineers Inc. 802.3 standard.
EVA	Economic Value Added.
facilities management	Space provided as a service and managed by the service provider.
FASTAR	FAST Automatic Restoration.
FBOs	Facilities-based operators.
fixed network	Wireline platform consisting of voice, data and international switching platforms.
Frame Relay	Fast packet technology, public data network commonly used for LAN to LAN communications.
frequency	The number of complete cycles of sinusoidal variation per unit time.
FSMA	Financial Services and Markets Act 2000.

gateways	An access point to the global networks and subsea cables. Connection point to the domestic infrastructure.
Gbps	Gigabits per second.
GCB	Global Crossing Bandwidth, Inc.
Gigabit	Billions of bits per second.
Global Crossing	Global Crossing Limited.
GPRS	General Packet Radio Services.
Green	The brand name of our pre-paid mobile service plans.
Group Employees	Employees of StarHub Ltd and our subsidiaries who have attained the age of 21 years and hold such rank as may be designated by our ERCC from time to time.
GSM	Global System for Mobile Communications.
GST	Singapore goods and services tax.
HDB	The Housing and Development Board.
HDB properties	Government-built high-rise dwellings in Singapore.
HFC	Hybrid fibre-coaxial.
Hubbing	Our strategy to be a "one-stop shop" for convergent and bundled products and services for both our consumer and business customers.
IDA	Info-communications Development Authority of Singapore.
IDA Act	The Info-communications Development Authority of Singapore Act, Chapter 137A.
IDD	International direct dial.
ILC	International leased circuits.
Income Tax Act	Income Tax Act, Chapter 134 of Singapore.
indirect controller	A person, whether acting alone or together with any other person and whether with or without holding our Shares, in accordance with whose directions, instructions or wishes our Directors are accustomed or under an obligation, whether formal or informal, to act; or a person who is in a position to determine our policy.
Indosat	PT Indonesia Satellite Corporation Tbk.
info-communications	Mobile and fixed network telecommunications, wireless communications, all other forms of data and information communications including broadcasting, television and the Internet, and in relation to our businesses, means the mobile, cable TV, Internet access and fixed network services offered by us.
Interconnection Services	A means to connect domestic service providers.

Internal Revenue Code	United States Internal Revenue Code of 1986.
International Frame Relay	Frame Relay with global connectivity.
Internet Code	MDA's Internet Code of Practice.
Internet Exchange	Centralised point for connection of multiple networks to the global internet.
Interested Persons	For purposes of our Shareholders' Mandate, the Temasek Group and the STPL Group.
IP	Internet protocol.
IP Platform	Platform carrying traffic using the Internet protocol.
IPVPN	Internet Protocol Virtual Private Networks.
ISAC	Integrated Service Assurance Centre.
ISDN	Integrated Service Digital Network.
ISDN-2	2 channel service (2 x 64 Kbps).
ISDN-30	30 channel service (30 x 64 Kbps).
ISPs	Internet service providers.
IT	Information technology.
Japanese Offering	The offer of a certain number of Offering Shares as part of the Placement by the Vendors in Japan by way of a public offer without listing in Japan.
Joint Global Co-ordinators	Credit Suisse First Boston (Singapore) Limited and UBS AG.
Kbps	Kilobits per second.
Kbytes	Kilobytes.
KPMG Corporate Finance	KPMG Corporate Finance Pte Ltd.
Latest Practicable Date	31 August 2004.
Lead Managers	Credit Suisse First Boston (Singapore) Limited Limited, UBS AG and UOB Asia Limited.
LLC	Local leased circuits.
Lock-Up Period	The period from the date of the Placement Agreement to the date falling 12 months from the date of our admission to the Official List of the SGX-ST.
Lucent	Lucent Technologies Singapore Pte Ltd.

Market Day	A day on which the SGX-ST is open for trading in securities.
Market Price	A price which is equal to the volume-weighted average price for our Shares on the SGX-ST over the three consecutive days on which our Shares are traded on the SGX-ST immediately preceding the date of grant of that option, as determined by our ERCC by reference to the daily official list or any other publication published by the SGX-ST.
Maximum Offering Price	S$1.15, such amount being the maximum offering price for each Offering Share in the Offering.
Mbps	Megabits per second.
MDA	Media Development Authority of Singapore.
MDA Act	The Media Development Authority of Singapore Act, Chapter 172.
MCN(I)	MCN International Pte Ltd.
Media Code	Code of Practice for Market Conduct in the Provision of Mass Media Services issued by the MDA.
MediaCorp	MediaCorp Pte. Ltd.
MHz	Mega Hertz.
Minister	The Minister for Information, Communication and the Arts of Singapore.
MMDS	Multi-channel Multi-point Distribution System networks which allows reception of two UHF channels and ten MMDS channels.
MMS	Multimedia Messaging Service.
MobileOne	MobileOne Ltd.
Motorola	Motorola Electronics Pte Ltd.
MPLS	Tag switching – Increase speed of connections between LANS. Fixed length "label" act to instruct a router where to deliver the traffic. This eliminates the router to intelligently look for an address within the overhead of the message.
MRT	Mass rapid transit.
MS-Spring	Multiplex Section-Shared Protection Rings.
MTV	MTV Asia Pte Ltd.
NCS	NCS Communications Engineering Pte Ltd.
Net Tangible Assets	Means total assets (excluding goodwill) less total liabilities and minority interests.
NexWave	NexWave Technologies Pte Ltd.
Nokia	Nokia Corporation.

Non-Executive Directors	For purposes of our Plans, (a) our non-executive Directors, (b) non-executive directors of our Parent Group or (c) non-executive directors of our Associated Companies.
NTT	Nippon Telegraph and Telephone Corporation.
NTT Communications	NTT Communications Corporation.
NTT IS	NTT Investment Singapore Pte. Ltd.
NVOD	Near video-on-demand.
Offer Agreement	The offer agreement dated 17 September 2004, between, among others, the Lead Managers, the Vendors and StarHub Ltd relating to the offer of the Offering Shares.
Offering	The offering of the Offering Shares by the Vendors.
Offering Price	The offering price for each Offering Share.
Offering Shares	The Shares offered by the Vendors.
Ordnance Development	Ordnance Development & Engineering Co. of Singapore (1996) Pte Ltd.
Over-allotment Option	Option granted to the Joint Global Co-ordinators by the Vendors to purchase up to an aggregate of up to 72,166,000 Shares (which is in aggregate not more than 15% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares (if any).
Pacific Internet	Pacific Internet Limited.
Parent Company	For the purposes of the Plans, our holding company or, where no such holding company exists, our single largest corporate shareholder for the time being. Initially, this is ST Telemedia.
Parent Group	Parent Company and its subsidiaries.
Parent Group Executives	Employees of ST Telemedia and STT Communications.
Participant	A participant in one of our Plans.
PBTS	Public basic telephone services.
PCMTS	Public cellular mobile telephone services.
PECA	PrimeEast Capital (Asia) Pte Ltd.
PECG	PrimeEast Capital Group Pte Ltd.
Performance Share Plan	StarHub Performance Share Plan.
PFIC	Passive Foreign Investment Company.
Placement	The placement of Offering Shares.
Placement Agreement	The placement agreement expected to be dated the Price Determination Date between, among others, the Lead Managers, the Vendors and StarHub Ltd relating to the placement of the Offering Shares.

Plans	The Share Option Plan 2004, the Performance Share Plan and the Restricted Stock Plan.
Plaza Singapura	Plaza Singapura (Private) Limited.
PMEs	Professionals, managers and executives.
PNETS Licence	Public Non-Exclusive Telecommunications Services Licence.
post-paid customer	A mobile customer who subscribes for mobile services and whose subscription charge and usages are billed and paid on a monthly basis. Such customers may make outgoing calls or messages and receive incoming calls or messages. Post-paid customers include barred customers who may only receive incoming calls or messages.
PPV	Pay-per-view.
pre-paid customer	A mobile customer who prepays a sum of money for a limited period of use of a certain amount of airtime of our mobile service. Such customers may make outgoing calls or messages and receive incoming calls or messages. Pre-paid customers include those mobile customers with expired cards who have not yet been terminated within the grace period to reactivate.
Price Determination Date	The date on which the Offering Price will be determined, currently expected to be 6 October 2004.
PSA	PSA Corporation Limited.
Public Offer	The public offer in Singapore of Offering Shares in the Offering.
QoS	Quality of service.
Regulated Person	A party designated as such a person under the MDA Act.
Regulation S	Regulation S under the Securities Act.
Reserved Shares	The Offering Shares reserved for purchase by our Directors and employees, the directors and employees of our shareholders, and others who have contributed to our success and development (to be determined by us at our sole discretion).
Restricted Stock Plan	StarHub Restricted Stock Plan.
RIO	Reference Interconnect Offer.
Rule 144A	Rule 144A under the Securities Act.
SAMs	Self-service automated machines.
Samsung	Samsung Asia Pte Ltd.
SARS	Severe Acute Respiratory Syndrome.
SBC	Singapore Broadcasting Corporation.
SBOs	Services-based operators.
SCLS	SingTel's submarine cable landing stations.
SCS	Singapore Computer Systems Limited.
SCS Enterprises	SCS Enterprises Pte Ltd.
SCS Networks	SCS Networks Pte Ltd.

SCV	StarHub Cable Vision Ltd. (previously known as Singapore Cable Vision Limited).
SDH	Synchronous Digital Hierarchy.
SEAC	Southeast Asia Netcom (Singapore) Pte Ltd (previously known as StarHub Crossing Pte Ltd).
Securities Act	US Securities Act of 1933, as amended.
SembCorp	SembCorp Industries Limited.
SembCorp Engineers	SembCorp Engineers & Constructors Pte Ltd.
SembCorp Power	SembCorp Power Pte Ltd.
SFRS 102	Singapore Financial Reporting Standard 102: Share-based Payment.
SGX-ST	Singapore Exchange Securities Trading Limited.
Share Consolidation	The consolidation of every four ordinary shares of par value S$0.10 each in our Company into one ordinary share of par value S$0.40 each which occurred on 16 August 2004.
Shareholders' Agreement	The shareholders' agreement dated 15 May 2002 between our company, our shareholders, BT and NTT Communications, which was subsequently varied by variation agreements dated 21 January 2003 and 17 June 2004, and a supplemental agreement dated 16 August 2004.
Shareholders' Mandate	Our general mandate from shareholders for the entering into certain interested person transactions as having been obtained from our shareholders.
Share Option Plan 2000	StarHub Pte Ltd Share Option Plan.
Share Option Plan 2004	StarHub Share Option Plan 2004.
Shares	Our ordinary shares of par value S$0.40 each.
Siemens	Siemens A.G.
Singapore Companies Act	The Companies Act, Chapter 50 of Singapore.
Singapore FRS	Singapore Financial Reporting Standards.
Singapore Power	Singapore Power Ltd.
SingPost	Singapore Post Limited.
SingStats	Singapore Department of Statistics.
SingTel	Singapore Telecommunications Limited.
SingTel Mobile	Singapore Telecom Mobile Pte Ltd.
SingTel's RIO	SingTel's Reference Interconnect Offer.
SMEs	Small and Medium Enterprises.

SMS	Short Messaging Service.
SMW3	South East Asia Middle East Western Europe 3 network.
SNP	SNP Corporation Limited.
SNP SPrint	SNP SPrint Pte Ltd.
SPH	Singapore Press Holdings Limited.
SPH MediaWorks	SPH MediaWorks Ltd.
SP Telecommunications	SP Telecommunications Pte Ltd.
SRS	Securities registration statement to be filed in connection with the public offer in Japan.
ST Architects	ST Architects & Engineers Pte Ltd.
ST Mobile Data	ST Mobile Data Pte Ltd.
ST SunPage	ST SunPage Pte Ltd.
StarHub's penetration	In relation to our cable TV penetration, this means our total residential cable TV customers at the end of a period divided by total cable-ready homes at the end of such period. In relation to our cable broadband penetration, this means our total residential cable broadband customers at the end of a period divided by total cable-ready homes at the end of such period.
STATS ChipPAC	STATS ChipPAC Ltd (formerly known as ST Assembly Test Services Ltd).
STE	Singapore Technologies Engineering Ltd.
STM	Synchronous Transport Module.
STPL	Singapore Technologies Pte Ltd.
STT Communications	STT Communications Ltd.
ST Telemedia	Singapore Technologies Telemedia Pte Ltd.
STTP	ST Teleport Pte Ltd.
TeleChoice	TeleChoice International Limited.
Telescience	Telescience (Singapore) Pte Ltd.
Telecom Competition Code	Code of Practice for Competition in the Provision of Telecommunication Services of Singapore.
Telecom Radio Regulations	The Telecommunications (Radio-Communication) Regulations of Singapore.
Telecommunications Act	The Telecommunications Act, Chapter 323 of Singapore.
Telecommunications (Dealers) Regulations	The Telecommunications (Dealers) Regulations 2003 of Singapore.

Temasek	Temasek Holdings (Private) Limited.
TVRO	TV Receive Only.
UBS AG	UBS AG, acting through its business group, UBS Investment Bank
UEFA Euro 2004	UEFA European Football Championships 2004.
UHF	Ultra High Frequency.
uplink	The direction when sending information in the "transmit" direction (that is, from the requesting subscriber to the network).
US GAAP	Generally accepted accounting principles in the United States.
VeCM	Voice-enabled cable modem.
Vendors	NTT IS, MediaCorp, BTNH and SPH.
WBA	Wireless Broadband Alliance, the world's first and largest WiFi broadband alliance of 18 leading global telecommunications companies to promote a common goal icon and commence wireless broadband roaming internationally.
WCDMA	Wideband Code Division Multiple Access – Spread spectrum technology.

PRINCIPAL DIFFERENCES BETWEEN SINGAPORE FRS AND US GAAP

Our consolidated financial statements included in this document have been prepared and presented in accordance with Singapore Financial Reporting Standards ("Singapore FRS"), which differ in certain significant respects from accounting principles generally accepted in the United States of America ("US GAAP").

Certain significant differences between Singapore FRS and US GAAP relevant to our consolidated financial statements are summarised below. Such differences involve methods for measuring the amounts shown in the financial statements, as well as additional disclosures which have not been described. This summary should not be construed as being exhaustive. In making an investment decision, potential investors must rely upon their own examination of our Company, the terms of the offering and our financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Singapore FRS and US GAAP and how these differences might affect the financial information herein. In addition, no attempt has been made to identify all classification, disclosure and presentation differences between Singapore FRS and US GAAP that would affect the manner in which transactions and events are presented in the consolidated financial statements or notes thereto. No attempt has been made to identify future differences between Singapore FRS and US GAAP as the result of prescribed changes in standards and regulations. In addition, regulatory bodies that promulgate Singapore FRS and US GAAP have significant projects ongoing that could affect future comparisons of Singapore FRS and US GAAP. Finally, no attempt has been made to identify all future differences between Singapore FRS and US GAAP that may affect our consolidated financial statements as a result of transactions or events that may occur in the future.

Revenue Recognition

Under Singapore FRS, revenue from one-time connection fees and initial fees for subscribing to value-added services are recognised at the point of sale. Under US GAAP, such one-time connection fees and initiation fees are generally deferred over the expected service period.

Under Singapore FRS, sales incentives are treated either as a component of cost of sales or marketing expenses. Under US GAAP, cash sales incentives are treated as a reduction of revenue, and the cost of a non-cash sales incentive would be classified as cost of sales, as discussed in EITF 01-9, *Accounting for Consideration given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*.

Under Singapore FRS, when a company enters into a contractual arrangement that includes an upfront equipment sale and a service contract for a specified period, the company recognises as revenue the sales price of the equipment specified in the contract. For purposes of the company's determination of net realisable value of inventory, the company references the sales price of the equipment sold in such contracts. As a result, the company has taken write-downs on its inventory.

Under US GAAP, total revenue under such multiple element transactions would be generally allocated among the elements based on the fair value of the elements. Equipment sales revenue under this approach would likely be different than under Singapore FRS. For purposes of the company's determination of net realisable value of inventory, under US GAAP the company would reference the fair value of the equipment, and thus would likely record different write-downs than under Singapore FRS.

Under Singapore FRS, when a company offers to a customer, in connection with a current revenue transaction, free or discounted products or services that are redeemable only if the customer completes a specified cumulative level of revenue transactions, the liability is recognised as cost of sales or marketing costs when the related products have been provided or the services have been rendered.

Under US GAAP, such offers will be generally treated as separate deliverables in a multiple element transaction, and therefore a portion of the total customer revenue would be allocated to the offer and recognition deferred until the products have been provided or the services have been rendered.

Non-Monetary Transactions

Under Singapore FRS, exchanges of non-monetary assets of a similar nature and value do not give rise to revenue or gains. Items are similar where they have similar cash flow and risk profiles. Where the assets exchanged are dissimilar, the transaction gives rise to gain or loss, calculated by reference to fair value.

Under US GAAP, the principles are similar to those found in Singapore FRS, but are generally more explicit than Singapore FRS. Revenue recognition for non-monetary transactions follow the general principles discussed in APB 29: *Accounting for Nonmonetary Transactions*. Under APB 29, the revenue and expense for non-monetary transactions should be recognised at the fair value of the services surrendered in the transaction which are generally based on the entity's own historical practice of receiving cash, marketable securities, or other consideration that is readily convertible to a known amount of cash for similar services from buyers unrelated to the counter party in the nonmonetary transactions.

Customer Acquisition Cost

Under Singapore FRS, the customer acquisition costs are expensed as incurred.

Under US GAAP, customer acquisition costs are either deferred and recognised rateably over the estimated life of customers, or expensed as incurred. Once an entity elects one of these alternatives, it is required to apply the applicable accounting method for all subsequent transactions.

Capitalisation of Software Development Costs

Under Singapore FRS, expenditure on capitalised software after its purchase or its completion is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates and the expenditure can be measured and attributed to the asset reliably.

Under US GAAP, upgrades and enhancements are defined as modifications to existing internal-use software that result in additional functionality – that is modifications to enable the software to perform tasks that it was previously incapable of performing. In addition, the costs that can be capitalised include only external direct costs of materials and services consumed, payroll and payroll related costs for employees who are directly associated with the upgrades and enhancements. General and administrative costs and overhead costs are not capitalised. Accordingly, under US GAAP, less costs will be capitalised.

Capitalisation of Interest Costs

Singapore FRS allows our Company to adopt either a policy of capitalising or not capitalising interest costs, as long as the policy is consistently applied. If the policy of capitalising interest costs is adopted, Singapore FRS requires that the capitalisation rate be based on the actual borrowing rate on amounts directly attributable to the acquisition and construction of the fixed assets.

Under US GAAP, interest costs incurred during the period of construction of long-lived assets are capitalised into the costs of such assets. Under US GAAP, the capitalisation rates used in an accounting period shall be based on the rates applicable to borrowings specifically used to construct the qualifying assets or the weighted average of the rates applicable to other borrowings outstanding during the capitalisation period.

Impairment of Long-Lived Assets

Under Singapore FRS, an impairment review is carried out at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. Measurement of impairment loss is based on the recoverable amount of the asset. The recoverable amount is the higher of an asset's net selling price and its value in use based on discounted cash flows. If the recoverable amount subsequently increases, except when the increase is caused by the unwinding of the discount used in calculating the value in use, the impairment is reversed.

Under US GAAP, an impairment assessment of long-lived assets is required whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of undiscounted expected future cash flows is less than an asset's carrying value, an impairment loss is measured as the difference between the carrying value and fair value. When an asset is written down, the amount of write-down cannot be subsequently reversed.

Government Grant

Under Singapore FRS, government grants are recognised when there is reasonable assurance that both the enterprise will comply with the relevant conditions and the grant will be received. Grants to subsidise capital

expenditure are deferred and released to income over the depreciation life of the equipment. Other grants are recognised as income when the related expenses are incurred, except where the grants are conditional upon performance of obligations by the company over a period of time, in which case the grants are released over the period of such performance.

Pursuant to US GAAP, grants received shall be recognised as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending upon the form of the benefits received. Grants received shall be measured at their fair values. Grants that are conditional, which depend on the occurrence of a specified future and uncertain event to bind the promisor, shall be recognised when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote. A transfer of assets with a conditional promise to contribute them shall be accounted for as a refundable advance until the conditions have been substantially met.

Deferred Taxation

Under Singapore FRS, deferred income tax assets and liabilities are generally recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the initial recognition of assets or liabilities that affect neither accounting nor tax profit. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The measurement of deferred tax assets and liabilities is based on the provisions of substantively enacted tax laws, which may include announcements of future changes. Deferred tax assets and liabilities are classified as non-current on the balance sheet.

Under US GAAP, deferred income taxes are recognised for all temporary differences between the carrying value of assets and liabilities for financial statement purposes and their respective tax bases. Deferred tax assets are reduced by a valuation allowance if, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax asset will not be realised. Deferred tax assets and liabilities are classified between current and non-current based on the classification of the asset or liability to which the temporary difference relates. The measurement of deferred tax assets and liabilities is based on enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realised or settled.

Accounting for Derivatives

Under Singapore FRS, derivatives such as interest rate swaps and forward foreign exchange contracts for hedging purposes are off-balance sheet items and therefore are not recorded.

Under US GAAP, derivatives are required to be recorded on the balance sheet as assets or liabilities measured at fair value under SFAS 133: *Accounting for Derivative Instruments and Certain Hedging Activities*. The accounting for changes in the fair value (that is, gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation. Strict structural and documentation standards need to be satisfied before a derivative qualifies as a hedge.

For derivative instruments that are designated and qualify as a fair value hedge (that is, hedging the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognised in current earnings during the period of the change in fair values. For derivative instruments that are designated and qualify as a cash flow hedge (that is, hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, is recognised in current earnings during the period of change. For derivative instruments that are designated and qualify as a hedge of a net investment in a foreign currency, the gain or loss is reported in other comprehensive income as part of the cumulative translation adjustment to the

extent it is effective. For derivative instruments that are not designated as hedging instruments or do not qualify as effective hedges or to the extent such hedges are ineffective, the gain or loss is recognised in current earnings during the period of change. Embedded derivatives are separated from their host non-derivative contract and accounted for as a derivative instrument if the economic characteristics of the embedded derivative are not "clearly and closely" related to the host contract, the instrument that embodies both the embedded derivative and the host contract is not re-measured at fair value and a free-standing instrument with the same terms as the embedded derivative would be a derivative instrument subject to the requirements of SFAS 133.

Compensated Absences

Under Singapore FRS, a liability is recognised when employees have provided services in exchange for benefits to be received in the future, the benefits accumulate, either vested or non-vested, and the benefits can be reliably estimated and payment is probable.

Under US GAAP, a liability is recognised when employees have the right to receive compensation benefits for services already rendered, is probable of payment, and it is estimable. The liability is thus recognised in the period the benefits are earned rather than when they are paid.

Equity Compensation Benefits

Under current Singapore FRS, the cost related to share options granted to employees under the Share Option Plan, and the cost related to shares issued at a discount to their fair values are not recognised as an expense. Upon adoption of SFRS 102 by us on 1 January 2005, equity instruments issued to employees will be measured at their fair value at grant date. The fair value of share options will be recognised as an expense over the period in which we receive the related employment services. The fair value of shares granted will be charged against profit over the period in which we receive the related employment services, if we have an obligation to settle in cash. When we have the choice of settling in cash or through shares, we will generally account for any shares issued as a transfer of one component of equity to another if shares are issued, or as a deduction from equity if we settle in cash.

Under US GAAP and the provisions of Accounting Principles Board Opinion No. 25: *Accounting for Stock Issued to Employees* ("APB 25"), and its related interpretations, the Share Option Plan would have been accounted for as a fixed plan. Under the accounting treatment prescribed by APB 25 for fixed plans, compensation cost would have been measured as the excess of fair market value of the shares subject to the option at the date of grant over the exercise price of the option, and would have been recognised over the period in which the related employee services are rendered, which is generally the period over which the options vest.

Alternatively, under US GAAP, the Share Option Plan can be accounted for under SFAS 123: *Accounting for Stock-Based Compensation*, where compensation cost is measured as the fair market value of the stock options at the date of grant valued based on an option pricing model and recognised over the period in which the related employee services are rendered, which is generally the period over which the options vest.

Under US GAAP, employees in this regard comprise only employees and directors of the Company and its controlled subsidiaries. Share options granted to non-employees are accounted for under SFAS 123.

Basis of Consolidation

Under Singapore FRS, control can exist when the holding company owns one half or less of the voting power of an enterprise and has the power to appoint or remove the majority of the members of the board of directors or has the power to cast the majority of the votes at meetings of the board of directors.

Under US GAAP, consolidation is generally required when a company directly or indirectly has a controlling financial interest in the investee. The usual condition for a controlling financial interest is ownership of a majority of the voting interest and, therefore, as a general rule ownership by one company, directly or indirectly, of over fifty per cent of the outstanding voting shares of another company is a condition pointing towards consolidation. According to Emerging Issues Task Force (EITF) 96-16, *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*, if a minority shareholder has substantive participating rights in significant decisions of the investee, the investee cannot be consolidated.

Under FASB Interpretation No. 46: *Consolidation of Variable Interest Entities* ("VIE"), consolidation is required when the holder of variable interests receives a majority of the expected gains and losses of a variable interest entity. A VIE is an entity in which equity investors do not have characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from investors.

Goodwill

Under Singapore FRS, prior to 1 January 2001, goodwill is written off against shareholders' equity at the date of acquisition. After 1 January 2001, goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is amortised in the profit and loss account using the straight-line method over its estimated useful life of not more than 20 years.

Under US GAAP, up to 31 December 2001, goodwill is capitalized in the balance sheet and is required to be amortised over its estimated useful life not to exceed 20 years. Beginning 1 January 2002, in accordance with SFAS No. 142 *"Goodwill and Other Intangible Assets"*, goodwill and infinite-lived intangible assets are no longer amortised, but instead tested for impairment at least annually. The goodwill test is a two-step test. The first step is to compare the fair value of the applicable reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, the second step of the impairment test is performed to determine the amount of impairment loss, if any. The second step of the test involves the comparison of the implied fair value of the goodwill to its carrying value. If the carrying value of reporting unit goodwill exceeds its implied fair value, an impairment loss is recognised for an amount equal to the excess. The implied fair value of reporting unit goodwill is determined in the same manner as the amount of goodwill recognised in a purchase business combination is determined.

Materiality

Under Singapore FRS, information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement.

Under US GAAP, the omission or misstatement of an item in a financial report is material if, in the light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item. It considers both qualitative and quantitative factors when determining materiality.

Liabilities

Under Singapore FRS, a liability is recognised on the basis of a legal or constructive obligation.

Under US GAAP, a liability is recognised if it is probable that future sacrifices of economic benefits have arisen from present obligations of an entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Minority Interests

Under Singapore FRS, minority interests are presented separately from liabilities and shareholders' equity.

Under US GAAP, minority interests are classified under liabilities.

Share Information

Under Singapore FRS, share information for periods preceding a share restructuring are not restated when a share restructuring exercise takes place.

Under US GAAP, share information is required to be restated for all periods presented when a share restructuring exercise takes place.

APPENDIX - LETTER DATED 16 AUGUST 2004 FROM KPMG CORPORATE FINANCE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

The Independent Directors
StarHub Ltd
51 Cuppage Road
#07-00 StarHub Centre
Singapore 229469

16 August 2004

Dear Sirs

THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1 INTRODUCTION

StarHub Ltd (the "Company") is proposing to adopt a shareholders' mandate (the "Shareholders' Mandate") in accordance with the Listing Manual (the "Listing Manual") of Singapore Exchange Securities Trading Limited (the "SGX-ST") to enable the entering into of certain categories of transactions with specified classes of the Company's interested persons. This letter has been prepared for the use of the directors who are considered independent for the purposes of the Shareholders' Mandate namely, Mr Kua Hong Pak, Mr Teo Ek Tor, Mr Nihal Kaviratne and Mr Liu Chee Ming (the "Independent Directors"), to be incorporated into the offering document of the Company in relation to the proposed listing of the Company's shares on the SGX-ST (the "Offering Document"), which provides, *inter alia*, the details of the Shareholders' Mandate and the recommendation of the Independent Directors thereon. Unless otherwise defined, all terms in this letter have the same meaning in the Offering Document.

To comply with the requirements of Chapter 9 of the Listing Manual, KPMG Corporate Finance Pte Ltd ("KPMG Corporate Finance") has been appointed as the independent financial adviser to provide an opinion on whether the methods and procedures set out in the Shareholders' Mandate as described in pages 176 to 179 of the Offering Document for determining the prices of the Interested Person Transactions (as defined in the Offering Document) are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/or the minority shareholders of the Company (the "Independent Shareholders").

2 TERMS OF REFERENCE

The objective of this letter is to provide an independent opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the methods and procedures set out in the Shareholders' Mandate for determining the prices of Interested Person Transactions are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company or the Independent Shareholders.

KPMG Corporate Finance is not and was not involved in any aspect of the discussions on the scope of the Shareholders' Mandate, nor were we involved in the deliberations leading to the decision by the Directors to obtain the Shareholders' Mandate or the methods or procedures adopted by the Company for determining the prices of Interested Person Transactions. In the course of our evaluation of the methods and procedures adopted for determining transaction prices in connection with the Shareholders' Mandate, we have held discussions with the Chief Financial Officer and certain other members of the senior management team of the Company (the "Senior Management"). We have also relied on the information contained in the Offering Document. We have not independently verified such information furnished by the Senior Management of the Company or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Chief Financial Officer has confirmed to us that, to the best of his knowledge and belief, the information provided to us (whether written or verbal) as well as the information contained in the Offering Document constitutes a full and true disclosure, in all material respects, of all material facts relating to the Shareholders' Mandate and there is

no material information the omission of which would make any of the information contained herein or in the Offering Document inaccurate, incomplete or misleading in any material respect.

We have also made reasonable enquiries and used our judgment in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Offering Document have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations or financial condition of the Company or the transactions described on pages 153 to 173 of the Offering Document.

Our opinion is delivered to the Independent Directors for their deliberation on the Shareholders' Mandate, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors. Our opinion should not be relied on as a recommendation to any Shareholder of the Company as to how such Shareholder should vote on the Shareholders' Mandate or any matter related thereto. Each Shareholder may have different investment objectives and considerations and should seek professional advice.

Our opinion in relation to the Shareholders' Mandate should be considered in the context of the entirety of this letter and the Offering Document.

3 SHAREHOLDERS' MANDATE

(a) Background

It is envisaged that, in the ordinary course of their business, the Company, its subsidiaries and associated companies which are considered to be "entities at risk" as such term is considered in Chapter 9 of the Listing Manual, (together, the "EAR Group"), will enter into transactions with its Interested Persons (as defined in the Offering Document) with some degree of frequency and may arise at any time and from time to time. The categories of Interested Person Transactions are described on pages 174 and 175 of the Offering Document.

In view of the time-sensitive and frequent nature of such Interested Person Transactions, the Independent Directors are seeking the approval of Shareholders, pursuant to Chapter 9 of the Listing Manual, for the Shareholders' Mandate to enable the EAR Group to enter into Interested Person Transactions with the classes of Interested Persons (as set out on page 174 of the Offering Document), provided that such Interested Person Transactions are made at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and the Independent Shareholders.

The Shareholders' Mandate does not cover any Interested Person Transaction which has a value of less than $100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

(b) Interested Person Transactions

Salient information on the Interested Person Transactions including:

(i) the background to the Shareholders' Mandate;

(ii) the classes of Interested Persons;

(iii) the scope and the validity period of the Shareholders' Mandate;

(iv) the categories of Interested Person Transactions;

(v) the rationale and benefit to the Shareholders of the Shareholders' Mandate; and

(vi) the review procedures for Interested Person Transactions;

is set out on pages 173 to 179 of the Offering Document.

(c) Validity Period of the Shareholders' Mandate

If approved by Shareholders at the extraordinary general meeting (the "EGM"), the Shareholders' Mandate will take effect from the passing of the ordinary resolution relating thereto at the EGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the first annual general meeting ("AGM") of the Company following listing or the first anniversary of the listing date, whichever is earlier. Approval from Shareholders will be sought for the renewal of the Shareholders' Mandate at the first AGM of the Company and at each subsequent AGM of the Company, subject to satisfactory review by the Company's audit committee of its continued application to transactions with Interested Persons.

(d) Disclosure

In accordance with the requirements of Chapter 9 of the Listing Manual, disclosure is required to be made in the Company's annual report ("Annual Report") of the aggregate value of all Interested Person Transactions conducted with Interested Persons pursuant to the Shareholders' Mandate during the current financial year, and in the Annual Reports for subsequent financial years that the Shareholders' Mandate continues in force. The Company will also announce the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report.

(e) Other Interested Person Transactions

The Independent Directors should note that any transaction between any company within the EAR Group and the Interested Persons which does not fall within the ambit of the Shareholders' Mandate (as set out in pages 173 to 179 of the Offering Document and in respect of which approval is sought from the Shareholders at the EGM) shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/ or other applicable provisions of the Listing Manual.

Such transactions will, unless specifically excluded from the ambit of Chapter 9 of the Listing Manual, require an immediate announcement where:

(i) the transaction is of a value equal to, or more than, 3% of the latest audited consolidated net tangible assets of the Company and its subsidiaries (the "Group"); or

(ii) the aggregate value of all transactions entered into with the same Interested Person (as such term is construed in the Listing Manual) during the same financial year amounts to 3% or more of the Group's latest audited consolidated net tangible assets.

Shareholders' approval (in addition to an immediate announcement) is required where:

(i) the transaction is of a value equal to, or more than, 5% of the Group's latest audited consolidated net tangible assets; or

(ii) the transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, 5% of the Group's latest audited consolidated net tangible assets.

4 CONCLUSION

In arriving at our opinion on whether the methods and procedures for determining transaction prices of Interested Person Transactions for the purposes of the Shareholders' Mandate, as set out in pages 176 to 179 of the Offering Document, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/ or the Independent Shareholders, we have considered the following:

(i) the rationale for and the benefit to the Company of the Shareholders' Mandate as set out in the Offering Document;

(ii) the classes of Interested Persons and the categories of Interested Person Transactions covered by the Shareholders' Mandate; and

(iii) the review procedures for Interested Person Transactions.

Based on the analysis undertaken and subject to the qualifications and assumptions made herein, KPMG Corporate Finance is of the opinion that the existing methods and procedures for determining transaction prices of Interested Person Transactions as set out in pages 176 to 179 of the Offering Document are, if applied strictly, sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/or the Independent Shareholders.

We have prepared this letter for the use of the Independent Directors of the Company in connection with and for the purposes of their consideration of the Shareholders' Mandate and for inclusion in the Offering Document. No other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner except with KPMG Corporate Finance's prior written consent in each specific case.

The opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
KPMG Corporate Finance Pte Ltd

Vishal Sharma
Director

STARHUB LTD AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT ACCOUNTANTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2001, 2002 AND 2003

16 August 2004

The Board of Directors
StarHub Ltd

Dear Sirs

This report has been prepared for inclusion in the offering document of StarHub Ltd (the "Company") to be issued in connection with the initial public offering of the shares of the Company.

We have audited the accompanying consolidated financial statements of the Company and its subsidiaries (collectively the "Group") set out on pages F-4 to F-49, comprising the Group's consolidated balance sheets as at 31 December 2001, 2002 and 2003, and its consolidated profit and loss accounts, consolidated statements of changes in equity and consolidated statements of cash flows for each of the financial years ended 31 December 2001, 2002 and 2003. These consolidated financial statements of the Group are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of the Group present fairly, in all material respects, the state of affairs of the Group as at 31 December 2001, 2002 and 2003 and its results, changes in shareholders' equity and cash flows for the financial years ended 31 December 2001, 2002 and 2003 in accordance with Singapore Financial Reporting Standards.

Yours faithfully

KPMG
Certified Public Accountants
Singapore

Tham Sai Choy
Partner-in-charge

REPORT OF INDEPENDENT ACCOUNTANTS ON THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2003 AND 2004

16 August 2004

The Board of Directors
StarHub Ltd

Dear Sirs

This report has been prepared for inclusion in the offering document of StarHub Ltd (the "Company") to be issued in connection with the initial public offering of the shares of the Company.

We have reviewed the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the "Group"), comprising the consolidated balance sheets of the Group as at 30 June 2003 and 30 June 2004, and the related consolidated profit and loss accounts, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the six month periods then ended. These consolidated financial statements are the responsibility of the Company's directors. Our responsibility is to issue a report on these unaudited consolidated financial statements based on our review.

We conducted our review in accordance with Singapore Standards on Auditing applicable to review engagements. Those standards require that we plan and perform the audit to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to enquiries of Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the unaudited consolidated financial statements are not presented fairly, in all material respects, in accordance with Singapore Financial Reporting Standards.

Yours faithfully

KPMG
Certified Public Accountants
Singapore

Tham Sai Choy
Partner-in-charge

STARHUB LTD AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Notes	As at 31 December				As at 30 June		
		2001	2002	2003	2003	2003	2004	2004
		S$'000	S$'000	S$'000	US$'000 (unaudited)	S$'000 (unaudited)	S$'000 (unaudited)	US$'000 (unaudited)
Non-current assets								
Property, plant and equipment	5	1,158,612	1,134,921	975,905	566,399	1,030,771	895,148	519,529
Intangible assets	6	171,135	418,640	388,161	225,282	403,642	367,808	213,470
Interest in jointly controlled entity	7	847	–	–	–	–	–	–
Deferred tax assets	8	135,910	156,762	164,297	95,355	165,675	146,222	84,864
Trade receivables	9	2,588	1,873	1,321	767	1,234	1,170	680
		1,469,092	1,712,196	1,529,684	887,803	1,601,322	1,410,348	818,543
Current assets								
Inventories	10	5,475	4,391	5,984	3,473	6,094	9,272	5,381
Trade receivables	9	117,777	97,531	87,120	50,563	120,933	95,222	55,265
Other receivables, deposits and prepayments	11	70,802	65,132	71,423	41,453	80,912	74,136	43,027
Balances with related parties	12	9,210	18,762	18,099	10,504	15,969	23,066	13,387
Cash and bank balances	13	257,048	66,936	73,818	42,843	37,465	117,028	67,921
		460,312	252,752	256,444	148,836	261,373	318,724	184,981
Current liabilities								
Trade payables and accruals		198,554	230,555	239,939	139,257	251,792	241,872	140,378
Other payables	14	557,249	296,253	147,410	85,554	152,684	136,895	79,452
Interest-bearing borrowings	15	3,504	16,529	30,966	17,972	529	43,716	25,372
Provisions	16	2,168	3,496	6,098	3,539	3,845	6,196	3,596
Balances with related parties	12	39,509	49,135	82,269	47,748	57,803	67,467	39,157
		800,984	595,968	506,682	294,070	466,653	496,146	287,955
Net current liabilities		(340,672)	(343,216)	(250,238)	(145,234)	(205,280)	(177,422)	(102,974)
Non-current liabilities								
Interest-bearing borrowings	15	426,453	397,035	355,528	206,342	408,769	342,514	198,789
Deferred income	17	136,105	34,465	29,906	17,357	32,172	27,646	16,045
		562,558	431,500	385,434	223,699	440,941	370,160	214,834
Minority interests		824	607	624	362	624	624	362
Net assets		565,038	936,873	893,388	518,508	954,477	862,142	500,373
Share capital	18	551,592	836,659	838,043	486,386	837,211	845,676	490,816
Reserves	19	13,446	100,214	55,345	32,122	117,266	16,466	9,557
Shareholders' funds		565,038	936,873	893,388	518,508	954,477	862,142	500,373

The accompanying notes form an integral part of these financial statements.

STARHUB LTD AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Notes	Year ended 31 December				Six months ended 30 June		
		2001	2002	2003	2003	2003	2004	2004
		S$'000	S$'000	S$'000	US$'000 (unaudited)	S$'000 (unaudited)	S$'000 (unaudited)	US$'000 (unaudited)
Operating revenue	21	777,664	911,851	1,118,193	648,980	535,537	654,512	379,868
Operating expenses	22	(1,167,051)	(1,179,929)	(1,249,047)	(724,926)	(610,948)	(675,869)	(392,263)
Other operating income - government grants		7,887	556	1,017	590	–	919	533
Loss on operating activities		(381,500)	(267,522)	(129,837)	(75,356)	(75,411)	(20,438)	(11,862)
Deferred compensation	17	360,667	360,667	90,166	52,331	90,166	–	–
Gain on disposal of jointly controlled entity	7	–	3,400	–	–	–	–	–
Share of losses of jointly controlled entity	7	(331)	(434)	–	–	–	–	–
Profit/(Loss) before interest and taxation		(21,164)	96,111	(39,671)	(23,025)	14,755	(20,438)	(11,862)
Interest income	23	9,491	1,269	153	89	66	103	60
Interest on borrowings	24	(16,492)	(15,743)	(13,977)	(8,112)	(7,078)	(7,123)	(4,134)
Profit/(Loss) before taxation		(28,165)	81,637	(53,495)	(31,048)	7,743	(27,458)	(15,936)
Taxation – credit/(charge)	25	68,883	20,852	7,585	4,402	8,913	(18,075)	(10,490)
Profit/(Loss) after taxation		40,718	102,489	(45,910)	(26,646)	16,656	(45,533)	(26,426)
Minority interests		12,842	217	(17)	(10)	(17)	–	–
Profit/(Loss) attributable to shareholders		53,560	102,706	(45,927)	(26,656)	16,639	(45,533)	(26,426)
Earnings/(Loss) per share (in cents)	26							
Basic		2.82	5.15	(2.19)	(1.27)	0.80	(2.16)	(1.26)
Diluted		2.81	5.13	(2.19)	(1.27)	0.79	(2.16)	(1.26)
EBITDA (unaudited)	27	(134,396)	46,080	203,149	117,904	91,870	143,578	83,330

The accompanying notes form an integral part of these financial statements.

STARHUB LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Year ended 31 December				Six months ended 30 June		
	2001	2002	2003	2003	2003	2004	2004
	S$'000	S$'000	S$'000	US$'000 (unaudited)	S$'000 (unaudited)	S$'000 (unaudited)	US$'000 (unaudited)
Share Capital							
Balance at 1 January	550,623	551,592	836,659	485,583	836,659	838,043	486,386
Issue of shares under share option scheme (note 20)	969	889	1,384	803	552	7,633	4,430
Issue of shares for acquisition of a subsidiary	–	284,178	–	–	–	–	–
Balance at 31 December/30 June	551,592	836,659	838,043	486,386	837,211	845,676	490,816
Share Premium							
Balance at 1 January	–	157	596	346	596	1,654	960
Issue of shares under share option scheme (note 20)	157	439	1,058	614	413	6,654	3,862
Balance at 31 December/30 June	157	596	1,654	960	1,009	8,308	4,822
Goodwill Written Off							
Balance at 1 January and at 31 December/30 June	(276,290)	(276,290)	(276,290)	(160,354)	(276,290)	(276,290)	(160,354)
Merger Reserve							
Balance at 1 January	421,811	421,811	213,509	123,917	213,509	213,509	123,917
Capitalisation through issue of shares in acquisition of a subsidiary	–	(208,302)	–	–	–	–	–
Balance at 31 December/30 June	421,811	213,509	213,509	123,917	213,509	213,509	123,917
Capital Reserve							
Balance at 1 January	–	–	191,925	111,390	191,925	191,925	111,390
Issue of shares for acquisition of a subsidiary	–	191,925	–	–	–	–	–
Balance at 31 December/30 June	–	191,925	191,925	111,390	191,925	191,925	111,390
Accumulated losses							
Balance at 1 January	(185,792)	(132,232)	(29,526)	(17,135)	(29,526)	(75,453)	(43,792)
Net profit/(loss) for the year/period	53,560	102,706	(45,927)	(26,656)	16,639	(45,533)	(26,426)
Balance at 31 December/30 June	(132,232)	(29,526)	(75,453)	(43,791)	(12,887)	(120,986)	(70,218)
Total Capital and Reserves	565,038	936,873	893,388	518,508	954,477	862,142	500,373

The accompanying notes form an integral part of these financial statements.

STARHUB LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December				Six months ended 30 June		
	2001	2002	2003	2003	2003	2004	2004
	S$'000	S$'000	S$'000	US$'000 (unaudited)	S$'000 (unaudited)	S$'000 (unaudited)	US$'000 (unaudited)
Operating Activities							
Profit/(Loss) before taxation	(28,165)	81,637	(53,495)	(31,048)	7,743	(27,458)	(15,936)
Adjustments for:							
Provision for charity fund	765	459	516	299	233	275	160
Provision for loyalty programme	600	2,063	7,056	4,095	1,740	4,648	2,698
Amortisation of intangible assets	30,195	41,235	53,671	31,150	26,533	26,775	15,540
Share of loss of jointly controlled entity	331	434	–	–	–	–	–
Accretion of deferred income and unearned revenue	(370,158)	(336,520)	(96,143)	(55,800)	(87,409)	8,735	5,070
Gain on disposal of unquoted equity investment	–	(3,400)	–	–	–	–	–
Depreciation of property, plant and equipment and impairment losses	244,944	287,357	290,444	168,569	147,262	139,688	81,072
Gain/(Loss) on disposal/ write-off of property, plant and equipment and intangible assets	427	2,395	7,227	4,194	(279)	175	101
Interest expense	16,492	15,743	13,977	8,112	7,078	7,123	4,134
Interest income	(9,491)	(1,269)	(153)	(89)	(66)	(103)	(60)
Operating profit/(loss) before working capital changes	(114,060)	90,134	223,100	129,482	102,835	159,858	92,779
Changes in working capital:							
Inventories	(477)	1,084	(1,593)	(925)	(1,703)	(3,288)	(1,908)
Trade receivables	(35,516)	20,961	10,963	6,363	(22,763)	(7,952)	(4,615)
Other receivables, deposits and prepayments	19,675	(1,964)	(6,325)	(3,671)	(15,816)	(2,699)	(1,566)
Trade payables, accruals and other payables	54,712	31,723	4,335	2,516	21,424	(2,313)	(1,341)
Related corporations balances (trade)	16,030	74	33,797	19,615	11,461	(19,769)	(11,474)
Net cash inflow/(outflow) from operating activities	(59,636)	142,012	264,277	153,380	95,438	123,837	71,875

The accompanying notes form an integral part of these financial statements.

STARHUB LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December				Six months ended 30 June		
	2001	2002	2003	2003	2003	2004	2004
	S$'000	S$'000	S$'000	US$'000 (unaudited)	S$'000 (unaudited)	S$'000 (unaudited)	US$'000 (unaudited)
Investing Activities							
Proceeds from disposal of property, plant and equipment and intangible assets	104	166	2,229	1,294	987	124	71
Purchase of property, plant and equipment and intangible assets	(462,680)	(314,596)	(221,311)	(128,445)	(115,344)	(87,668)	(50,882)
Interest received	11,026	1,444	187	110	102	89	51
Proceeds from disposal of jointly controlled entity	–	3,813	–	–	–	–	–
Investment in jointly controlled entity	(1,178)	–	–	–	–	–	–
Net cash outflow from investing activities	(452,728)	(309,173)	(218,895)	(127,041)	(114,255)	(87,455)	(50,760)
Financing Activities							
Proceeds from issue of shares	1,126	1,328	2,442	1,417	965	14,287	8,292
Repayment of finance lease liabilities	(61)	(393)	(1,070)	(621)	(266)	(264)	(153)
Interest paid	(16,105)	(15,525)	(14,239)	(8,264)	(7,353)	(7,268)	(4,218)
Grants received	17,066	7,639	367	213	–	73	42
Proceeds from loans	75,000	170,400	99,000	57,458	75,000	36,000	20,894
Repayment of loans	(94,500)	(186,400)	(125,000)	(72,548)	(79,000)	(36,000)	(20,894)
Net cash inflow/(outflow) from financing activities	(17,474)	(22,951)	(38,500)	(22,345)	(10,654)	6,828	3,963
Net increase/(decrease) in cash and cash equivalents	(529,838)	(190,112)	6,882	3,994	(29,471)	43,210	25,078
Cash and cash equivalents at beginning of the year/period	786,886	257,048	66,936	38,849	66,936	73,818	42,843
Cash and cash equivalents at end of the year/period (note 13)	257,048	66,936	73,818	42,843	37,465	117,028	67,921

Significant non-cash transactions

During the financial year ended 31 December 2002, the Group acquired 100% of the equity interest of StarHub Cable Vision Ltd. ("SCV") through the issue of the Company's shares to shareholders of SCV. See notes 2 and 4 for details of the transactions.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 16 August 2004.

1 DOMICILE AND ACTIVITIES

StarHub Ltd ("StarHub" or the "Company") is incorporated in the Republic of Singapore with its registered office at 51 Cuppage Road, #07-00 StarHub Centre, Singapore 229469.

The Group is engaged in the operation and provision of telecommunication services and other businesses relating to the info-communications industry.

The consolidated financial statements of the Company for the years ended 31 December 2001, 2002 and 2003 and for the six months ended 30 June 2003 and 30 June 2004 relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

2 ACQUISITION OF STARHUB CABLE VISION LTD.

On 2 July 2002, the Company completed its acquisition of StarHub Cable Vision Ltd. ("SCV") (the "SCV Acquisition"). On that day, the Company issued 2,841,776,768 ordinary shares of par value of $0.10 each to the shareholders of SCV to acquire 100% of the equity of SCV. As a result of the SCV Acquisition, SCV became a wholly-owned subsidiary of StarHub.

Prior to the SCV Acquisition, 73.3% of the equity of SCV was held by entities majority-owned and controlled by Temasek Holdings (Private) Limited ("Temasek"). Temasek was the ultimate holding company of StarHub immediately before and immediately after the SCV Acquisition. Accordingly, in the preparation of StarHub's consolidated financial statements, the SCV Acquisition has been accounted for as a reconstruction of businesses under common control using the historical cost method similar to the "pooling of interests" method.

Under the historical cost method, the assets and liabilities of SCV acquired by the StarHub Group are recorded at their historical cost to the Temasek group. The consolidated financial statements include the results of operations, and the assets and liabilities, of SCV as part of the StarHub Group for the whole of the current and preceding periods. The total historical cost of investment of 73.3% equity interest in SCV of $421.8 million was recorded as Merger Reserve until the issue of StarHub shares in the SCV Acquisition, at which time the reserve balance was capitalised to the extent of the par value of $208.3 million of the shares issued. The excess of the par value of SCV shares held by related corporations over the par value of StarHub shares issued remains in the Merger Reserve as a component of shareholders' equity.

In the SCV Acquisition, 26.7% of the equity of SCV was acquired from an unrelated party. The acquisition of this 26.7% equity interest in SCV was accounted for as an acquisition under the purchase method. The goodwill arising on consolidation under the purchase method amounting to $267.8 million was capitalised and is amortised over 15 years.

The Company accounted for the acquisition of these SCV shares comprising 26.7% of SCV's equity at the fair value of the StarHub shares exchanged for SCV shares. The Company's shares are not traded. The fair value of the shares issued in the SCV Acquisition was estimated from valuations of SCV carried out using:

(i) the comparable company method, involving comparison with comparable cable television companies; and

(ii) the comparable transaction method, involving comparison with comparable sale transactions of cable television companies.

The mid-point of the highest and lowest in the valuation range established from the methods above was used to determine the enterprise value per subscriber. The enterprise value per subscriber was applied to the number of subscribers of SCV to derive the valuation of SCV, and of the StarHub shares issued.

2 ACQUISITION OF STARHUB CABLE VISION LTD. (continued)

As the SCV Acquisition qualified for merger relief under the Companies Act, the excess of the fair value of StarHub shares to acquire the 26.7% of the equity of SCV from an unrelated party over their par value was not required to be set aside as share premium, and is recorded by the Group as a capital reserve.

As at the date of the SCV Acquisition, the assets and liabilities contributed by each party, and the results for the period from 1 January 2002 to 1 July 2002 of the combining parties are as follows:

	The Group (excluding SCV)	SCV
	S$'000	S$'000
Total assets	1,283,654	505,756
Total liabilities	605,534	579,357

Revenue and net profit for the period from 1 January 2002 to 1 July 2002 are as follows:

	The Group (excluding SCV)	SCV
	S$'000	S$'000
Revenue	302,779	134,823
Other operating revenue	556	–
Net profit/(loss)	75,228	(37,312)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements for the years ended 31 December 2001, 2002 and 2003 have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related interpretations promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

The financial statements for the six months ended 30 June 2003 and 2004 have been prepared in accordance with the requirements of FRS 34: *Interim Financial Reporting* applicable to a condensed set of financial statements.

The statutory financial statements for the years ended 31 December 2001 and 2002 were previously prepared in accordance with Singapore Statements of Accounting Standard ("SAS"). No adjustments were made in the transition from SAS to FRS on the financial statements as the effect was not significant. These consolidated financial statements differ from the statutory financial statements previously presented to shareholders of the Company. These differences include the following:

(i) The statutory financial statements for the nine months ended 31 December 2001 were re-presented to cover the twelve months ended 31 December 2001. The consolidated financial statements presented by the Company at the Annual General Meeting on 28 May 2002 was for the nine months from 1 April 2001 to 31 December 2001, as a result of a change in the accounting year end from March to December.

(ii) As a result of the SCV Acquisition completed on 2 July 2002, the consolidated financial statements for the year ended 31 December 2001 were restated to restrospectively include SCV as a consolidated subsidiary under the historical cost method of consideration similar to the pooling method.

(iii) Changes were made to the format of the profit and loss account to present the business of the Group more meaningfully, taking account of changes in the business of the Group.

(iv) Reclassifications were made to enable a common presentation format to be applied for all the financial years presented in these financial statements.

(v) Accounting standards that have come into effect since the completion of the statutory financial statements or are now applicable because of the inclusion of these financial statements in the offering document have been applied restrospectively in these financial statements.

The financial statements, which are expressed in Singapore dollars, are prepared on the historical cost basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet 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 are recorded at their existing carrying amounts. The consolidated financial statements include 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 exceeds the par value of the shares held by the related corporations, the difference is recognised as a merger reserve in the Group's financial statements.

Where a subsidiary is acquired from a related corporation in a share swap and relief from the share premium requirements of the Companies Act is applied, the excess of the fair value of the Company's shares issued over their par value for the portion acquired from an unrelated party is recognised as a capital reserve by the Group.

All other acquisitions with unrelated parties are accounted for under the purchase method.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year and accounted for under the purchase method are included from the effective date of acquisition or up to the effective date of disposal.

Goodwill and fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition of foreign subsidiaries are determined and are translated using exchange rates at the date of acquisition.

Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Income, expenses and cash flows are translated at average rates prevailing during the period. Translation differences are recorded as a separate component of shareholders' equity.

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment, in which case they are recognised immediately in the profit and loss account.

On disposal of a subsidiary or a jointly controlled entity, any attributable amount of purchased goodwill not previously amortised through the profit and loss account or which has previously been dealt with as a movement in Group reserves is included in the calculation of the profit or loss on disposal.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes direct labour and an appropriate proportion of overheads.

Subsequent expenditure relating to property, plant and equipment that has already been recognised 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 profit and loss account on the date of retirement or disposal.

Depreciation is provided on the straight-line basis so as to write off the items of property, plant and equipment over their estimated useful lives as follows:

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

No depreciation is provided on freehold property.

Until 31 December 2002, the Group depreciated certain of its network equipment over periods ranging from 5 to 15 years. From 1 January 2003, these network equipment are depreciated over periods ranging from 8 to 15 years.

No depreciation is provided in respect of property, plant and equipment under construction which has not been put to use.

(d) Intangible Assets

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. In respect of jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the jointly controlled entity. Goodwill is amortised in the profit and loss account using the straight-line method over its estimated useful life of not more than 20 years.

Goodwill arising on acquisitions of subsidiaries, associates and jointly controlled entities that occurred prior to 1 January 2001 were written off against reserves and has not been retrospectively capitalised and amortised.

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for acquisitions prior to 1 January 2001, the goodwill written-off against reserves.

Licence costs incurred to operate and provide telecommunication services are amortised over the period of the licence using the straight-line method, commencing from the effective date of the licence. Upon changes in the rules relating to the issue of licences, the carrying amounts of the licences are evaluated against recoverable amounts and write downs are recorded for any portion of carrying amounts which exceed recoverable amounts.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible Assets (continued)

Other intangible assets, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses.

Expenditure on capitalised intangible assets after their acquisition is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is amortised from the date of initial recognition; other intangible assets are amortised from the date the asset is available for use. The estimated useful lives of intangible assets are as follows:

Computer software licences and system	- 2 years to 5 years
Telecommunication licence	- 20 years
Goodwill	- 15 years

Up to 31 December 2002, the Group amortised certain of its software ranging from 1 to 3 years.

(e) Impairment

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the profit and loss account.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

(f) 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 for goods held for resale is determined on the first-in first-out 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 is made for all deteriorated, damaged, obsolete and slow-moving inventories.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade and Other Receivables

Trade and other receivables (including balances with related parties) are stated at their cost less allowance for doubtful receivables.

Allowance for doubtful receivable is provided primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivables. Bad debts are written off when incurred.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(i) Trade and Other Payables

Trade and other payables (including balances with related parties) are stated at cost.

(j) Interest-Bearing Loans and Borrowings

Interest-bearing bank loans and borrowings are stated at cost.

(k) Employee Benefits

Contributions to defined contribution plans are recognised as an expense in the profit and loss account when incurred.

The Group does not record any compensation cost or obligation to reflect the benefit received by employees when options are granted under the Group's employee share option programme. When the options are exercised, equity is increased by the amount of the cash proceeds received from employees.

(l) Finance Leases

Finance leases are those leasing agreements that give rights and obligations approximating to ownership. Assets financed under such leases are treated as if they had been purchased outright at the present value of the minimum lease payments and the corresponding lease commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account over the period of the lease so as to achieve a constant rate of interest on the remaining balance of the liability.

(m) Provisions

A provision is recognised in the balance sheet when the Group has a 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.

A provision for charity fund is recognised in relation to the Group's commitment to donate a portion of its revenue to charity organisations when the underlying revenue is earned.

A provision for loyalty programme is recognised when the services qualifying for rewards points granted to customers have been rendered.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue Recognition

Revenue of the Group comprises fees earned from telecommunication services, broadband access, cable television and 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 profit and loss account as follows:

- Revenue from telecommunications and 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 balance sheet as unearned revenue.
- Revenue from sales of prepaid and phone cards for which services have not been rendered is deferred and presented in the balance sheet as unearned revenue. Upon the expiry of prepaid and phone cards, any unutilised value of the cards will be taken to the profit and loss account.
- Revenue from sales of equipment is recognised upon delivery and acceptance of the equipment sold.
- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.
- Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

(o) Finance Cost

Interest expense and similar charges are expensed in the profit and loss account in the year in which they are incurred, 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.

(p) Government Grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accredited to the profit and loss account 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 profit and loss account over the periods necessary to match the related cost which they are intended to compensate.

(q) Marketing and Promotions

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the profit and loss account when incurred.

(r) Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Deferred Compensation

Compensation received from the Info-communications Development Authority of Singapore for losses to the Group for its withdrawal of its undertakings on the timetable for the issue of additional fixed-line telecommunications licences was recognised as income over the three-year period to 31 March 2003 over which the Group was required to complete its roll out of the fixed-line service network under the terms of the licence held by the Group.

(t) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(u) Income Tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(v) Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared.

(w) Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

The consolidated financial statements presented herein are expressed in Singapore dollars (S$). Solely for the convenience of the reader, the consolidated financial statements as at and for the year ended 31 December 2003 and those as at and for the six months ended 30 June 2004 have been translated into US dollars (US$) at noon buying rate of US$1 = S$1.723 in the City of New York for cable transfers in S$ as certified for customs purposes by the Federal Reserve Bank of New York at 30 June 2004. This translation should not be construed as a representation that the amounts shown could have been, or could be, converted into US dollars at that rate or any other rate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) 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 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 used for hedging purposes are accounted for on an equivalent basis to the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or positions.

(y) Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing products and services which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business segments. The Group operates primarily in Singapore. The business segments are based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses, interest income and interest expenses and related assets and liabilities.

Segment capital expenditure comprises additions to property, plant and equipment and intangible assets.

The Group comprises the following business segments:

- Telecommunication services: Provision of telecommunication services, international call services, retail sales, sales of customer premise equipment and other telecommunication related services.
- Cable TV and Broadband services: Provision of subscription television and broadband access.
- Others: Provision of internet and interactive multi-media services and other miscellaneous services.

4 SUBSIDIARIES

The Company has the following subsidiaries:

Name of subsidiary	Principal activities	Country of incorporation business	Effective equity interest held by the Group		
			2001	2002	2003
			%	%	%
StarHub Cable Vision Ltd. ("SCV")	Provision of subscription television and broadband access	Singapore	73.3	100	100
StarHub Mobile Pte Ltd	Provision of mobile telephone services	Singapore	100	100	100
StarHub Shop Pte Ltd	Sale of telecommunication equipment	Singapore	100	100	100
StarHub Internet Pte Ltd	Provision and operation of internet services	Singapore	100	100	100
e-station Pte Ltd	Operation of e-commerce centre which provides education, entertainment and e-commerce based services	Singapore	70	70	70
StarHub, Inc.	Provision of telecommunication services	United States	100	100	100
StarHub (Hong Kong) Limited	Provision of telecommunication services	Hong Kong	–	100	100

During the financial year ended 31 December 2002, the Company acquired 100% of the equity interest of StarHub Cable Vision Ltd. ("SCV"). The effective date of the acquisition was 2 July 2002, when all conditions relating to the acquisition were met, consideration passed and the Company took control of SCV. The Company issued 2,841,776,768 ordinary shares of par value S$0.10 each to the shareholders of SCV to acquire 100% equity interest in SCV. The fair value of the consideration was determined to be S$1,003,000,000.

Under the historical cost accounting method, the Group's 73.3% interest in SCV has been accounted for as acquired by the Group when the interest was first acquired by the Temasek group.

The effect of the acquisition of the 26.7% interest in SCV during the year ended 31 December 2002 which was accounted for under the purchase method is set out below:

	S$'000
Goodwill	267,801
Minority interest	–
	267,801
Discharged by:	
Share capital	75,876
Capital reserves	191,925
	267,801

SCV had a net liability position at the date of the acquisition; the negative minority interest balance was not recorded.

5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Freehold property	Network equipment	Office equipment, computers and furniture and fittings	Motor vehicles	Construction in progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost							
At 1 January 2001	39,764	1,657	1,126,076	58,481	7,642	44,681	1,278,301
Additions	6,484	–	65,363	2,012	654	325,647	400,160
Transfers	2,895	–	242,367	18,306	–	(263,568)	–
Disposals	–	–	(4,996)	(180)	(66)	–	(5,242)
At 31 December 2001	49,143	1,657	1,428,810	78,619	8,230	106,760	1,673,219
Additions	2,106	–	33,404	3,010	375	230,210	269,105
Transfers	1,515	–	229,707	7,419	–	(238,641)	–
Transfers to intangible assets	–	–	–	(3,587)	–	–	(3,587)
Disposals	(3,731)	–	(2,442)	(6,044)	(63)	(647)	(12,927)
At 31 December 2002	49,033	1,657	1,689,479	79,417	8,542	97,682	1,925,810
Additions	721	–	34,539	6,452	183	98,956	140,851
Transfers	3,044	–	108,845	10,958	–	(122,847)	–
Disposals/write-offs	(6,458)	–	(38,069)	(6,920)	(109)	(565)	(52,121)
At 31 December 2003	46,340	1,657	1,794,794	89,907	8,616	73,226	2,014,540
Additions (unaudited)	80	–	19,652	2,209	–	37,289	59,230
Transfers (unaudited)	412	–	30,670	1,539	–	(32,621)	–
Disposals/write-offs (unaudited)	(128)	–	(187)	(1,331)	(52)	(2,742)	(4,440)
At 30 June 2004 (unaudited)	46,704	1,657	1,844,929	92,324	8,564	75,152	2,069,330
Accumulated depreciation and impairment losses							
At 1 January 2001	14,833	–	235,143	19,197	3,899	1,302	274,374
Charge for the year	9,585	–	208,584	13,227	1,313	–	232,709
Impairment loss	–	–	4,491	–	–	7,744	12,235
Transfers	–	–	46	(46)	–	–	–
Disposals	–	–	(4,569)	(114)	(28)	–	(4,711)
At 31 December 2001	24,418	–	443,695	32,264	5,184	9,046	514,607
Charge for the year	11,343	–	259,240	14,790	1,154	–	286,527
Impairment loss	–	–	–	–	–	830	830
Transfers to intangible assets	–	–	–	(675)	–	–	(675)
Disposals	(3,109)	–	(1,801)	(5,431)	(59)	–	(10,400)
At 31 December 2002	32,652	–	701,134	40,948	6,279	9,876	790,889
Charge for the year	9,738	–	261,231	18,283	1,044	148	290,444
Disposals/write-offs	(6,146)	–	(30,818)	(5,625)	(109)	–	(42,698)
At 31 December 2003	36,244	–	931,547	53,606	7,214	10,024	1,038,635
Charge for the period (unaudited)	2,580	–	129,201	7,419	488	–	139,688
Transfers (unaudited)	(85)	–	458	(385)	–	12	–
Disposals/write-offs (unaudited)	(123)	–	(52)	(1,316)	(52)	(2,598)	(4,141)
At 30 June 2004 (unaudited)	38,616	–	1,061,154	59,324	7,650	7,438	1,174,182

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	As at 31 December			As at 30 June
	2001	2002	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Carrying amount				
Leasehold improvements	24,725	16,381	10,096	8,088
Freehold property	1,657	1,657	1,657	1,657
Network equipment	985,115	988,345	863,247	783,775
Office equipment, computers and furniture and fittings	46,355	38,469	36,301	33,000
Motor vehicles	3,046	2,263	1,402	914
Construction in progress	97,714	87,806	63,202	67,714
	1,158,612	1,134,921	975,905	895,148

	Year ended 31 December			Six months ended 30 June
	2001	2002	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Amounts capitalised as property, plant and equipment during the year:				
- Staff costs	17,250	12,431	4,906	2,228
- Operating lease expense	1,328	448	198	16

Until 31 December 2002, the Group depreciated network equipment over periods ranging from 5 to 15 years. With effect from 1 January 2003, the Group revised the estimated useful lives of certain of its network equipment to periods ranging from 8 to 15 years. The change in the useful life estimates resulted in a decrease in depreciation charge of S$26,200,000 for the financial year ended 31 December 2003.

During the financial year ended 31 December 2001, the Group reassessed the recoverable amount from the payphone system and equipment. Based on the assessment, the carrying amount of payphone system and equipment was written down by an impairment loss of S$12,235,000. The amount is included in "Other expenses". The recoverable amount of the payphone system and equipment represents the best estimates of the discounted future cashflow from the payphone system and equipment. The pre-tax discount rate used in calculating the recoverable amount was 10.2%.

6 INTANGIBLE ASSETS

	Telecom-munication licence	Software	Software in development	Goodwill	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Cost					
At 1 January 2001	450	81,772	194	–	82,416
Additions	97,087	26,387	12,286	–	135,760
Transfers	–	9,487	(9,487)	–	–
Disposals/write-offs	(450)	(1)	–	–	(451)
At 31 December 2001	97,087	117,645	2,993	–	217,725
Additions	–	9,218	8,843	267,801	285,862
Transfers	–	3,649	(3,649)	–	–
Transfers from property, plant and equipment	–	3,587	–	–	3,587
Disposals/write-offs	–	(214)	–	–	(214)
At 31 December 2002	97,087	133,885	8,187	267,801	506,960
Additions	–	22,107	1,118	–	23,225
Transfers	–	6,754	(6,754)	–	–
Disposals/write-offs	–	(2,048)	–	–	(2,048)
At 31 December 2003	97,087	160,698	2,551	267,801	528,137
Additions (unaudited)	–	5,288	1,134	–	6,422
Transfers (unaudited)	–	1,513	(1,513)	–	–
Disposals/write-offs (unaudited)	–	(10)	–	–	(10)
At 30 June 2004 (unaudited)	97,087	167,489	2,172	267,801	534,549
Accumulated amortisation					
At 1 January 2001	450	16,396	–	–	16,846
Charge for the year	3,132	27,063	–	–	30,195
Disposals/write-offs	(450)	(1)	–	–	(451)
At 31 December 2001	3,132	43,458	–	–	46,590
Charge for the year	4,698	27,610	–	8,927	41,235
Transfers from property, plant and equipment	–	675	–	–	675
Disposals/write-offs	–	(180)	–	–	(180)
At 31 December 2002	7,830	71,563	–	8,927	88,320
Charge for the year	4,698	31,120	–	17,853	53,671
Disposals/write-offs	–	(2,015)	–	–	(2,015)
At 31 December 2003	12,528	100,668	–	26,780	139,976
Charge for the period (unaudited)	2,348	15,500	–	8,927	26,775
Disposals/write-offs (unaudited)	–	(10)	–	–	(10)
At 30 June 2004 (unaudited)	14,876	116,158	–	35,707	166,741

6 INTANGIBLE ASSETS (continued)

	As at 31 December			As at 30 June
	2001	2002	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Carrying amount				
Telecommunication licence	93,955	89,257	84,559	82,211
Software	74,187	62,322	60,030	51,331
Software in development	2,993	8,187	2,551	2,172
Goodwill	–	258,874	241,021	232,094
	171,135	418,640	388,161	367,808

	Year ended 31 December			Six months ended 30 June
	2001	2002	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Amounts capitalised as intangible assets during the year:				
- Staff costs	4,306	3,796	3,750	1,896
- Operating lease expense	395	325	384	3

With effect from 1 January 2003, the Group revised the estimated useful lives of certain of its software (previously ranging from 1 to 3 years) to periods ranging from 2 to 5 years. The change in useful lives of the software resulted in a decrease in amortisation charge of S$9,560,000, for the financial year ended 31 December 2003.

7 INTEREST IN JOINTLY CONTROLLED ENTITY

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Unquoted shares, at cost	1,178	–	–
Share of post-acquisition losses	(331)	–	–
	847	–	–

Details of the jointly controlled entity are as follows:

Name of jointly controlled entity	Principal activities	Place of incorporation/ business	Effective equity by the Group At 31 December		
			2001	2002	2003
			%	%	%
StarHub Crossing Pte Ltd	Operation and provision of telecommunication and network capacity and services	Singapore	50	–	–

7 INTEREST IN JOINTLY CONTROLLED ENTITY (continued)

The Group's share of the jointly controlled entity's results, assets and liabilities are as follows:

	Year ended 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Results			
Revenue	–	–	–
Expenses	(331)	(434)	–
Loss before taxation	(331)	(434)	–
Taxation	–	–	–
Loss after taxation	(331)	(434)	–

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Assets and liabilities			
Non-current assets	2,307	–	–
Current assets	1,097	–	–
Current liabilities	(2,557)	–	–
Net assets	847	–	–

The Group's share of the capital commitment of the jointly controlled entity as at 31 December 2001 was S$274,000.

During the financial year ended 31 December 2002, the Group disposed of its interest in StarHub Crossing Pte Ltd and recorded a gain of S$3,400,000 from the disposal.

8 DEFERRED TAX ASSETS

Recognised deferred tax assets are attributable to the following:

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Property, plant and equipment and intangible assets	69,742	109,828	146,694
Allowance for doubtful debts	19,817	5,011	5,030
Inventories	268	355	436
Provisions	126	152	124
Deferred grant	38	16	–
Tax losses carry forward	45,919	41,400	12,013
Tax assets	135,910	156,762	164,297

In relation to a deferred tax benefit of S$917,000, S$823,000 and S$823,000 as at 31 December 2001, 2002 and 2003 respectively, recognised by the Group on a tax loss of S$3,740,000, S$3,740,000, and S$3,740,000 as at 31 December 2001, 2002 and 2003 respectively, utilisation is subject to the determination by the Comptroller of Income Tax that there has been no substantial change in the ultimate shareholders of the Company for the purpose of section 37 of the Income Tax Act.

The Group recognised a deferred tax asset in relation to their respective tax losses relating to the telecommunication and internet services businesses, after considering the projections of income which they expect to earn in future years, based on business plans approved by the Board of Directors, and the licensing environment expected to prevail in that period.

The utilisation of all deferred tax assets, recognised and unrecognised, is subject to the requirements of sections 23 and 37 of the Income Tax Act.

8 DEFERRED TAX ASSETS (continued)

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Temporary differences (relating mainly to property, plant and equipment and intangible assets)	126,878	193,100	322,360
Unutilised capital allowances	100,229	119,645	45,700
Tax losses	230,947	264,918	208,899
	458,054	577,663	576,959
Deferred tax assets	112,223	127,086	126,931

The Group has tax losses prior to the commercial commencement of telecommunication services by the Company. The utilisation of these unrecognised tax losses is subject to the agreement with the Comptroller of Income Tax on the date of the commencement of operations by the Company.

The Group has not recognised its other deferred tax assets, comprising principally the temporary differences and unutilised tax losses relating to a subsidiary, as the Group does not expect to recover these potential deferred tax assets in the near future. The Group reassesses the recovery of these potential deferred tax assets annually.

Deferred tax assets of S$28.5 million and S$14.2 million as at 31 December 2002 and 2003 respectively, of SCV arising from tax losses carried forward is subject to the determination by the Comptroller of Income Tax that there has been no substantial change in the ultimate shareholders of the Company arising from the acquisition of SCV by the Company in 2002.

During the financial year ended 31 December 2003, SCV obtained approval from the relevant authority on its application to withdraw its pioneer status. This revocation of the pioneer status has retrospective *ab initio* effect.

9 TRADE RECEIVABLES

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Trade receivables	282,126	277,648	178,967
Less:			
Allowance for doubtful receivables			
Balance at 1 January	20,853	161,761	178,244
Allowance made	142,254	35,503	25,914
Allowance utilised	(1,346)	(19,020)	(113,632)
Balance at 31 December	161,761	178,244	90,526
	120,365	99,404	88,441
Receivable:			
Within 12 months	117,777	97,531	87,120
After 12 months	2,588	1,873	1,321
	120,365	99,404	88,441

10 INVENTORIES

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Inventories, at cost	6,567	5,761	7,194
Less:			
Allowance for obsolescence			
Balance at 1 January	–	1,092	1,370
Allowance made	2,192	532	173
Allowance utilised	(1,100)	(254)	(333)
Balance at 31 December	1,092	1,370	1,210
	5,475	4,391	5,984

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Accrued revenue	26,225	32,099	39,463
Deposits	8,524	8,723	4,909
Grants receivables	7,459	–	–
Prepayments	27,533	24,009	25,027
Other receivables	1,061	301	2,024
	70,802	65,132	71,423

12 BALANCES WITH RELATED PARTIES

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Amounts due from (trade):					
- Immediate holding company	13	267	518	371	345
- Related corporations	9,197	18,495	17,581	15,598	22,721
	9,210	18,762	18,099	15,969	23,066
Amounts due to (trade):					
- Immediate holding company	10	1	–	–	16
- Related corporations	39,499	49,134	82,269	57,803	67,451
	39,509	49,135	82,269	57,803	67,467

The immediate holding company is STT Communications Ltd. The ultimate holding company is Temasek Holdings (Private) Limited. These companies are incorporated in the Republic of Singapore.

13 CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Fixed deposits	221,533	55,804	70,508	15,821	89,911
Cash at bank and in hand	35,515	11,132	3,310	21,644	27,117
	257,048	66,936	73,818	37,465	117,028

14 OTHER PAYABLES

		As at 31 December		
	Note	2001	2002	2003
		S$'000	S$'000	S$'000
Current portion of deferred income	17	375,015	101,820	4,631
Property, plant and equipment vendors		150,435	123,005	65,770
Deposits from customers		6,263	7,398	7,006
Unearned revenue		25,536	64,030	70,003
		557,249	296,253	147,410

15 INTEREST-BEARING BORROWINGS

		As at 31 December			As at 30 June	
	Notes	2001	2002	2003	2003	2004
		S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Finance leases	(a)	1,957	1,564	494	1,298	230
Short-term bank loans	(b)	3,000	16,000	–	–	–
Floating rate loans	(c)	335,000	350,000	350,000	350,000	363,000
Revolving credit loans	(d)	90,000	46,000	36,000	58,000	23,000
		429,957	413,564	386,494	409,298	386,230

15 INTEREST-BEARING BORROWINGS (continued)

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Current portion					
- Finance leases	504	529	466	529	216
- Short-term bank loans	3,000	16,000	–	–	–
- Floating rate loans	–	–	30,500	–	43,500
	3,504	16,529	30,966	529	43,716
Non-current portion					
- Finance leases	1,453	1,035	28	769	14
- Floating rate loans	335,000	350,000	319,500	350,000	319,500
- Revolving credit loans	90,000	46,000	36,000	58,000	23,000
	426,453	397,035	355,528	408,769	342,514
Total interest-bearing borrowings	429,957	413,564	386,494	409,298	386,230
Repayable:					
Within 1 year	3,504	16,529	30,966	529	43,716
After 1 year but within 5 years	426,453	291,035	325,528	378,769	332,514
After 5 years	–	106,000	30,000	30,000	10,000
	429,957	413,564	386,494	409,298	386,230

(a) The Group had obligations under finance leases that are repayable as follows:

	As at 31 December 2001			As at 31 December 2002			As at 31 December 2003		
	Payments	Interest	Principal	Payments	Interest	Principal	Payments	Interest	Principal
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Repayable:									
Within 1 year	644	140	504	674	145	529	596	130	466
After 1 year but within 5 years	1,715	262	1,453	1,173	138	1,035	30	2	28
	2,359	402	1,957	1,847	283	1,564	626	132	494

	As at 30 June 2003			As at 30 June 2004		
	Payments	Interest	Principal	Payments	Interest	Principal
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Repayable:						
Within 1 year	674	145	529	274	58	216
After 1 year but within 5 years	832	64	769	15	1	14
	1,506	209	1,298	289	59	230

(b) There are no short-term loans outstanding as at 31 December 2003. The short-term bank loans outstanding during the year bore interest at rates ranging from 1.00% to 3.67%, 1.49% to 2.69%, and 1.17% to 1.81% per annum for the financial years ended 31 December 2001, 2002 and 2003 respectively and were for short-term tenures ranging from 1 to 6 months.

(c) These floating rate loans bore interest at rates ranging from 1.74% to 3.76%, 1.57% to 3.28%, and 1.46% to 1.84% per annum for the financial years ended 31 December 2001, 2002 and 2003 respectively and are repayable in installments by 2010.

(d) The revolving credit loans bore interest at rates ranging from 1.74% to 3.75%, 1.47% to 3.22%, and 1.38% to 1.92% per annum for the financial years ended 31 December 2001, 2002 and 2003 respectively and are repayable in full in 2008.

16 PROVISIONS

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Charity Fund			
Balance at 1 January	–	519	687
Provision made	765	459	516
Provision utilised	(246)	(291)	(641)
Balance at 31 December	519	687	562
Loyalty Programme			
Balance at 1 January	1,142	1,649	2,809
Provision made	600	2,063	7,056
Provision utilised	(93)	(903)	(4,329)
Balance at 31 December	1,649	2,809	5,536
Total	2,168	3,496	6,098

The provision for the charity fund relates to the Group's commitment to donate a portion of its revenue to charity organisations when the underlying revenue is earned.

The provision for the loyalty programme relates to reward points granted to customers and is recognised when the services qualifying for rewards points granted to customers have been rendered.

17 DEFERRED INCOME

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Deferred grants			
Balance at 1 January	62,742	60,287	46,119
Amount received and receivable	14,520	180	367
Amount accreted to the profit and loss account	(16,975)	(14,348)	(11,949)
Balance at 31 December	60,287	46,119	34,537
Deferred compensation	1,082,000	1,082,000	1,082,000
Less:			
Amount accreted to the profit and loss account			
- retained earnings	(270,500)	(631,167)	(991,834)
- current year	(360,667)	(360,667)	(90,166)
	450,833	90,166	–
Total	511,120	136,285	34,537

Deferred compensation relates to the unaccreted portion of compensation received from the Info-communications Development Authority of Singapore ("IDA") upon the acceleration of the issue of additional fixed-line telecommunications licences by IDA. See Note 3(s).

17 DEFERRED INCOME (continued)

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
To be accreted:			
Current	375,015	101,820	4,631
Non-current			
- after 1 year but within 5 years	114,311	16,500	15,792
- after 5 years	21,794	17,965	14,114
	136,105	34,465	29,906
Total	511,120	136,285	34,537

18 SHARE CAPITAL

	Year ended 31 December					
	2001		2002		2003	
	No. of shares '000	S$'000	No. of shares '000	S$'000	No. of shares '000	S$'000
Authorised:						
Ordinary shares of S$0.10 each	20,000,000	2,000,000	20,000,000	2,000,000	20,000,000	2,000,000
Issued and fully paid:						
Ordinary shares of S$0.10 each						
At 1 January	5,506,232	550,623	5,515,920	551,592	8,366,588	836,659
Issue of ordinary shares of S$0.10 to acquire a subsidiary	–	–	2,841,777	284,178	–	–
Issue of ordinary shares of S$0.10 for cash pursuant to the exercise of options under the StarHub Pte Ltd Share Option Plan (note 20)	9,688	969	8,891	889	13,844	1,384
At 31 December	5,515,920	551,592	8,366,588	836,659	8,380,432	838,043

	Six months ended 30 June			
	2003		2004	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully paid:				
Ordinary shares of S$0.10 each				
At 1 January	8,366,588	836,659	8,380,432	838,043
Issue of ordinary shares of S$0.10 for cash pursuant to the exercise of options under the StarHub Pte Ltd Share Option Plan (unaudited)	5,524	552	76,324	7,633
At 30 June (unaudited)	8,372,112	837,211	8,456,756	845,676

19 RESERVES

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Merger reserve	421,811	213,509	213,509	213,509	213,509
Capital reserve	–	191,925	191,925	191,925	191,925
Share premium	157	596	1,654	1,009	8,308
Goodwill written off	(276,290)	(276,290)	(276,290)	(276,290)	(276,290)
Accumulated losses	(132,232)	(29,526)	(75,453)	(12,887)	(120,986)
	13,446	100,214	55,345	117,266	16,466

The merger reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd ("SCV") on 2 July 2002. The total historical cost of investment of 73.3% equity interest in SCV of S$421,811,000 was recorded as Merger Reserve until the issue of StarHub shares in the SCV Acquisition, at which time, the reserve balance was capitalised to the extent of the par value of S$208,302,000 of the shares issued. The excess of the par value of SCV shares held by the related corporations over the par value of StarHub shares issued remains in the Merger Reserve.

In accordance with the merger relief provisions of Section 69(B) of the Companies Act, the capital reserve comprises reserve arising from the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over their par value for the portion acquired from an unrelated company.

The share premium is not available for distribution as dividends.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the share of the fair value of net assets acquired.

20 EQUITY COMPENSATION BENEFITS

The StarHub Pte Ltd Share Option Plan (the "Plan") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 1 April 2000.

The Plan is administered by a Committee comprising directors and such other persons as may be nominated by the Board of Directors, duly authorised and appointed by the Board of Directors to administer the Plan.

Other statutory information regarding the Plan is set out below:

(i) The exercise price of the options is determined by the Committee, in its absolute discretion, on the date of grant, to be either:

  (a) in relation to a Pre-IPO Option, a price to be determined by the Committee in its absolute discretion; or

  (b) in relation to a Market Price Option:

    (1) a price equal to the market price; or

    (2) a price which is set at a discount to the market price, the quantum of which shall not exceed twenty percent of the market price in respect of that option; or

    (3) a price at a premium to the market price, the quantum of which is to be determined by the Committee in its absolute discretion.

(ii) The options vest over a period to be determined by the Committee.

20 EQUITY COMPENSATION BENEFITS (continued)

(iii) Unless the options are cancelled or have lapsed, the exercise period of the options is generally as follows:

(a) in the case of an option granted to a group executive, the year of the exercise of an option commences after the first anniversary of the date of grant and expires on the tenth anniversary of such date of grant; or

(b) in the case of an option granted to a non-executive director, the exercise year commences after the first anniversary of the date of grant and expires on the fifth anniversary of such date of grant, or on such later date as the Committee may specify on the date of the grant; or

(c) in the case of a Market Price Option granted at a discount to market price, the exercise period shall commence only after the second anniversary of the date of grant.

All option grants are subject to any other conditions as may be determined by the Committee.

20 EQUITY COMPENSATION BENEFITS (continued)

Movements of share options outstanding are as follows:

		Year ended 31 December 2001										
Date of grant of options	Exercise price	Number of options outstanding at 1 January	Options granted	Options exercised	Options cancelled/ lapsed	Number of options outstanding at 31 December	Proceeds on options exercised		Fair value of shares at exercise date of option	Options exercisable 1 January	Options exercisable 31 December	Exercise period
							Credited to share capital	Credited to share premium				
	S$						S$'000	S$'000	S$			
16/06/2000	0.10 – 0.12	3,666,667	–	3,666,667	–	–	367	37	0.22	–	–	01/01/2001 to 16/06/2010
16/06/2000	0.12	33,024,000	–	5,878,888	4,973,347	22,171,765	588	117	0.22	–	7,409,650	17/06/2001 to 16/06/2010
16/06/2000	0.10 – 0.14	5,500,000	–	–	–	5,500,000	–	–	–	–	–	01/01/2002 to 16/06/2010
16/06/2000	0.12 – 0.17	5,500,000	–	–	–	5,500,000	–	–	–	–	–	01/01/2003 to 16/06/2010
16/06/2000	0.14 – 0.21	5,500,000	–	–	–	5,500,000	–	–	–	–	–	01/01/2004 to 16/06/2010
16/06/2000	0.17 – 0.21	3,666,667	–	–	–	3,666,667	–	–	–	–	–	01/01/2005 to 16/06/2010
16/06/2000	0.21	1,833,333	–	–	–	1,833,333	–	–	–	–	–	01/01/2006 to 16/06/2010
02/10/2000	0.12	4,184,000	–	142,000	774,000	3,268,000	14	3	0.22	–	1,002,720	03/10/2001 to 02/10/2010
27/04/2001	0.22	–	19,927,000	–	529,500	19,397,500	–	–	–	–	–	28/04/2002 to 27/04/2011
26/10/2001	0.22	–	15,220,500	–	25,500	15,195,000	–	–	–	–	–	27/10/2002 to 26/10/2011
		62,874,667	35,147,500	9,687,555	6,302,347	82,032,265	969	157		–	8,412,370	

20 EQUITY COMPENSATION BENEFITS (continued)

		Year ended 31 December 2002										
Date of grant of options	Exercise price	Number of options outstanding at 1 January	Options granted	Options exercised	Options cancelled/ lapsed	Number of options outstanding at 31 December	Proceeds on options exercised: Credited to share capital	Proceeds on options exercised: Credited to share premium	Fair value of shares at exercise date of option	Options exercisable 1 January	Options exercisable 31 December	Exercise period
	S$						S$'000	S$'000	S$			
16/06/2000	0.12	22,171,765	–	5,834,309	761,472	15,575,984	583	117	0.23	7,409,650	10,084,322	17/06/2001 to 16/06/2010
16/06/2000	0.10-0.14	5,500,000	–	–	–	5,500,000	–	–	–	–	5,500,000	01/01/2002 to 16/06/2010
16/06/2000	0.12-0.17	5,500,000	–	–	–	5,500,000	–	–	–	–	–	01/01/2003 to 16/06/2010
16/06/2000	0.14-0.21	5,500,000	–	–	–	5,500,000	–	–	–	–	–	01/01/2004 to 16/06/2010
16/06/2000	0.17-0.21	3,666,667	–	–	–	3,666,667	–	–	–	–	–	01/01/2005 to 16/06/2010
16/06/2000	0.21	1,833,333	–	–	–	1,833,333	–	–	–	–	–	01/01/2006 to 16/06/2010
02/10/2000	0.12	3,268,000	–	428,000	370,000	2,470,000	43	8	0.23	1,002,720	1,464,000	03/10/2001 to 02/10/2010
27/04/2001	0.22	19,397,500	–	2,274,095	682,028	16,441,377	227	273	0.23	–	4,074,040	28/04/2002 to 27/04/2011
26/10/2001	0.22	15,195,000	–	318,500	941,000	13,935,500	32	38	0.23	–	4,352,667	27/10/2002 to 26/10/2011
26/04/2002	0.22	–	13,969,500	–	619,500	13,350,000	–	–	–	–	–	27/04/2003 to 26/04/2012
29/11/2002	0.17	–	57,008,000	36,500	8,000	56,963,500	4	3	0.23	–	28,467,500	29/11/2002 to 29/11/2012
29/11/2002	0.22	–	1,500,000	–	–	1,500,000	–	–	–	–	–	30/11/2003 to 29/11/2007
29/11/2002	0.22	–	71,807,500	–	69,000	71,738,500	–	–	–	–	–	30/11/2003 to 29/11/2012
		82,032,265	144,285,000	8,891,404	3,451,000	213,974,861	889	439		8,412,370	53,942,529	

20 EQUITY COMPENSATION BENEFITS (continued)

		Year ended 31 December 2003										
Date of grant of options	Exercise price	Number of options outstanding at 1 January	Options granted	Options exercised	Options cancelled/ lapsed	Number of options outstanding at 31 December	Proceeds on options exercised		Fair value of shares at exercise date of option	Options exercisable 1 January	Options exercisable 31 December	Exercise period
							Credited to share capital	Credited to share premium				
	S$						S$'000	S$'000	S$			
16/06/2000	0.12	15,575,984	–	4,523,499	347,484	10,705,001	452	91	0.22	10,084,322	12,318,673	17/06/2001 to 16/06/2010
16/06/2000	0.10-0.14	5,500,000	–	–	–	5,500,000	–	–	–	5,500,000	5,500,000	01/01/2002 to 16/06/2010
16/06/2000	0.12-0.17	5,500,000	–	–	–	5,500,000	–	–	–	–	5,500,000	01/01/2003 to 16/06/2010
16/06/2000	0.14-0.21	5,500,000	–	–	–	5,500,000	–	–	–	–	–	01/01/2004 to 16/06/2010
16/06/2000	0.17-0.21	3,666,667	–	–	–	3,666,667	–	–	–	–	–	01/01/2005 to 16/06/2010
16/06/2000	0.21	1,833,333	–	–	–	1,833,333	–	–	–	–	–	01/01/2006 to 16/06/2010
02/10/2000	0.12	2,470,000	–	720,000	126,000	1,624,000	72	14	0.22	1,464,000	2,007,334	03/10/2001 to 02/10/2010
27/04/2001	0.22	16,441,377	–	2,665,609	607,000	13,168,768	267	320	0.22	4,074,040	7,818,434	28/04/2002 to 27/04/2011
26/10/2001	0.22	13,935,500	–	1,536,750	620,500	11,778,250	154	184	0.22	4,352,667	7,527,417	27/10/2002 to 26/10/2011
26/04/2002	0.22	13,350,000	–	1,066,000	835,000	11,449,000	106	128	0.22	–	3,379,000	27/04/2003 to 26/04/2012
29/11/2002	0.17	56,963,500	–	1,579,500	1,929,500	53,454,500	158	111	0.22	28,467,500	39,849,750	29/11/2002 to 29/11/2012
29/11/2002	0.22	1,500,000	–	–	150,000	1,350,000	–	–	–	–	450,000	30/11/2003 to 29/11/2007
29/11/2002	0.22	71,738,500	–	1,752,500	5,382,000	64,604,000	175	210	0.22	–	20,394,332	30/11/2003 to 29/11/2012
30/05/2003	0.22	–	38,857,750	–	1,199,550	37,658,200	–	–	–	–	–	31/05/2004 to 30/05/2013
30/05/2003	0.22	–	375,000	–	–	375,000	–	–	–	–	–	31/05/2004 to 30/05/2008
28/11/2003	0.22	–	38,995,500	–	4,500	38,991,000	–	–	–	–	–	29/11/2004 to 28/11/2013
28/11/2003	0.22	–	450,000	–	–	450,000	–	–	–	–	–	29/11/2004 to 28/11/2008
		213,974,861	78,678,250	13,843,858	11,201,534	267,607,719	1,384	1,058		53,942,529	104,744,940	

21 OPERATING REVENUE

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Mobile revenue	356,135	406,007	559,495	265,029	339,707
Cable television revenue	168,719	198,189	211,411	104,536	107,341
Cable broadband	51,602	69,850	91,688	44,172	56,589
Fixed line services	169,031	203,442	212,516	102,676	116,944
Sale of equipment	32,177	34,363	43,083	19,124	33,931
	777,664	911,851	1,118,193	535,537	654,512

22 OPERATING EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Cost of equipment sold	47,480	77,051	106,948	47,444	82,606
Cost of services	105,146	117,227	119,082	57,847	67,356
Traffic expenses	92,140	108,869	121,944	62,151	83,317
Depreciation and amortisation	247,104	313,602	332,986	167,281	164,016
Marketing and promotion	109,001	75,993	106,932	42,859	57,866
Staff costs	171,810	180,746	188,114	98,030	93,300
Allowance for doubtful receivables	142,254	35,503	25,914	17,169	13,960
Repair and maintenance	44,692	58,987	53,722	27,299	24,860
Operating lease	134,432	145,260	123,214	63,668	61,127
Other expenses	72,992	66,691	70,191	27,200	27,461
	1,167,051	1,179,929	1,249,047	610,948	675,869

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
				(unaudited)	(unaudited)
Number of employees	2,651	2,680	2,755	2,638	2,692

Depreciation and amortisation expense comprises the following:

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Depreciation of property, plant and equipment	232,709	286,527	290,444	147,262	139,688
Less:					
Accretion of assets grants to the profit and loss account	(15,800)	(14,160)	(11,129)	(6,514)	(2,447)
	216,909	272,367	279,315	140,748	137,241
Amortisation of intangible assets	30,195	41,235	53,671	26,533	26,775
Total	247,104	313,602	332,986	167,281	164,016

22 OPERATING EXPENSES (continued)

Included in the staff costs are contributions made to defined contribution plans of S$15.3 million, S$18.9 million, and S$17.8 million for the years ended 31 December 2001, 2002 and 2003 respectively, and S$10.3 million and S$8.3 million for the six months ended 30 June 2003 and 2004, respectively.

Directors' remuneration is recognised in the following line items in the profit and loss accounts:

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Directors' fees included in staff costs					
- Current year	197	177	208	104	178
- Overprovision in respect of prior year	16	(41)	–	–	–
Other remuneration included in staff costs	2,378	1,653	2,008	1,036	1,082
	2,591	1,789	2,216	1,140	1,260

Included in other expenses are the following:

Auditors' remuneration	264	239	243	120	120
Exchange (gain)/loss	436	1,104	(1,173)	(588)	(255)
Impairment loss on property, plant and equipment	12,235	830	–	–	–
(Gain)/Loss on disposal of property, plant and equipment	427	941	499	(496)	10
Property, plant and equipment and intangible assets written off	–	1,454	6,728	217	165

23 INTEREST INCOME

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Interest income					
- bank deposits	9,364	1,234	153	66	103
- others	127	35	–	–	–
	9,491	1,269	153	66	103

24 INTEREST ON BORROWINGS

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Interest expense					
- banks	16,475	15,607	13,813	7,004	7,049
- finance lease creditors	17	136	156	74	74
- related corporations	–	–	8	–	–
	16,492	15,743	13,977	7,078	7,123

25 TAXATION

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Current tax					
- results of current year	–	1,679	45,199	18,868	26,958
- tax savings arising from utilisation of tax assets recognised	–	(1,679)	(45,199)	(18,868)	(26,958)
- overprovision in prior year	(44)	–	(50)	–	–
	(44)	–	(50)	–	–
Deferred tax expense					
- Origination and reversal of temporary differences	(65,981)	(39,239)	(36,796)	(24,332)	(6,070)
- Over/(under) recognition of tax assets in prior year	–	2,840	(2,781)	(2,781)	(48)
- Change in tax rate	2,630	13,868	–	–	14,936
- Benefit of tax losses utilised/(recognised)	(5,488)	1,679	32,042	18,200	9,257
	(68,839)	(20,852)	(7,535)	(8,913)	18,075
Total income tax (credit)/charge in profit and loss account	(68,883)	(20,852)	(7,585)	(8,913)	18,075
Reconciliation of effective tax rate					
Profit/(Loss) before taxation	(28,165)	81,637	(53,495)	7,743	(27,458)
Income tax using domestic corporation tax rate	(6,900)	17,960	(11,768)	1,703	(5,492)
Adjustments for:					
Non-deductible expenses	4,116	1,882	5,884	3,064	2,590
Tax losses not recognised as deferred tax asset	4,402	6,306	636	–	–
Other deductible temporary differences not recognised as deferred tax asset	20,793	21,162	22,565	10,291	6,482
Over/(under) recognition of tax assets in prior year	–	2,840	(2,781)	(2,781)	(48)
Overprovision of current taxation in prior year	(44)	–	(50)	–	–
Deferred compensation and other income not taxable	(93,880)	(84,870)	(22,071)	(21,190)	(393)
Change in tax rate	2,630	13,868	–	–	14,936
Total income tax (credit)/charge in profit and loss account	(68,883)	(20,852)	(7,585)	(8,913)	18,705

Unaudited: During the six months ended 30 June 2003, the deferred compensation from IDA amounting to S$90,166,000 was accreted to the profit and loss account. This amount was not taxable.

Unaudited: During the six months ended 30 June 2004, the statutory tax rate was changed from 22% to 20%. The effect of the change in tax rate on deferred tax assets that have been recognised as at 31 December 2003 amounted to S$14,936,000. This amount was fully recognised in the profit and loss account for the six months ended 30 June 2004.

26 EARNINGS/(LOSS) PER SHARE

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Basic earnings/(loss) per share is based on:					
Net earnings/(loss) for the year/period	53,560	102,706	(45,927)	16,639	(45,533)
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
	'000	'000	'000	'000	'000
Weighted average number of shares (after consolidation of four S$0.10 shares into one S$0.40 share):					
- Outstanding during the year/period	1,376,558	1,378,980	2,091,647	2,091,647	2,095,108
- Issued in SCV Acquisition					
- 73.3% common control acquisition	520,756	520,756	–	–	–
- 26.7% purchase	–	95,104	–	–	–
- Issued under Share Option Scheme	1,478	1,146	1,494	703	8,166
	1,898,792	1,995,986	2,093,141	2,092,350	2,103,274

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year/period.

In calculating earnings per share, the number of shares in issue includes the shares issued by the Company for the common-control acquisition of 73.3% of SCV in the SCV Acquisition on 2 July 2002 applied retrospectively to the period from 1 January 2001 to 1 July 2002. The effect of the consolidation of four S$0.10 shares into one S$0.40 share on 16 August 2004 has been applied retrospectively in presenting earnings per share information for all periods presented.

In calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted for the effect of all dilutive potential ordinary shares:

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	'000	'000	'000	'000 (unaudited)	'000 (unaudited)
Weighted average number of shares issued, used in calculation of basic earnings per share	1,898,792	1,995,986	2,093,141	2,092,350	2,103,274
Dilutive effect of share options	5,085	5,497	–	6,604	–
Weighted average number of ordinary shares (diluted)	1,903,877	2,001,483	2,093,141	2,098,954	2,103,274

For diluted earnings per share, the weighted average number of ordinary shares in issue has been adjusted to assume conversion of all dilutive potential ordinary shares from the share options granted to employees.

In determining the diluted earnings per share, a calculation is performed to determine the number of shares that could have been acquired at the fair value based on the exercise price of the outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. For this purpose, the fair value of the Company's shares was estimated to average S$0.88, S$0.92 and S$0.88 per S$0.40 share in 2001, 2002 and 2003 respectively, and S$0.88 and S$1.18 per S$0.40 share for the six months ended 30 June 2003 and 2004 respectively.

27 Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") (Unaudited)

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not covered by FRS. Where other companies use a similar term, it may be measured differently from how the Group measures it. The Group defines EBITDA as follows:

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000	S$'000
Profit/(Loss) before tax	(28,165)	81,637	(53,495)	7,743	(27,458)
Adjustments for:					
Compensation from IDA	(360,667)	(360,667)	(90,166)	(90,166)	–
Depreciation and amortisation	247,104	313,602	332,986	167,281	164,016
Gain on disposal of jointly controlled entity	–	(3,400)	–	–	–
Interest income	(9,491)	(1,269)	(153)	(66)	(103)
Interest on borrowings	16,492	15,743	13,977	7,078	7,123
Share of losses of jointly controlled entity	331	434	–	–	–
EBITDA	(134,396)	46,080	203,149	91,870	143,578

28 Significant Related Party Transactions

The Group uses staff seconded by its shareholders and related corporations and reimburses its shareholders and related corporations at rates approximating actual employment costs.

The Group has given a related corporation a right of first refusal to provide ducting facilities to the Group for 17 years from 1 April 1999.

The Group 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 telecommunications 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 with related parties during the financial year were as follows:

	Year ended 31 December			Six months ended 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Related Corporations					
Sales	66,699	75,974	88,448	45,934	54,222
Purchase of property, plant and equipment	29,770	14,017	8,721	3,549	6,490
Rental expenses	81,279	94,132	105,001	54,526	46,111
Service expenses	51,369	61,119	75,761	38,798	40,899
Purchases of inventories	38,272	66,567	86,637	41,527	68,947

29 SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The Group operates primarily in Singapore.

The Group comprises the following business segments:

- Telecommunication – Provision of telecommunication services, international call services, retail sales, sales of customer premise equipment and other telecommunication related services.
- Cable TV and Broadband – Provision of subscription television and broadband access.
- Others – Provision of internet and interactive multi-media services and other miscellaneous services.

	Telecom-munication	Cable TV and Broadband	Others	Elimination	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2001					
Revenue and expenses					
External revenue	532,581	220,322	24,761	–	777,664
Inter-segment revenue	8,526	–	15,705	(24,231)	–
Total operating revenue	541,107	220,322	40,466	(24,231)	777,664
Segment results	(308,360)	(67,877)	(5,284)	21	(381,500)
Deferred compensation					360,667
Share of loss of jointly controlled entity					(331)
Interest income					9,491
Interest on borrowings					(16,492)
Loss before taxation					(28,165)
Taxation					68,883
Minority interests					12,842
Net profit for the year					53,560
Assets and liabilities					
Segment assets	1,235,203	545,391	24,990	(12,938)	1,792,646
Investment in jointly controlled entity					848
Unallocated assets					135,910
Total assets					1,929,404
Segment liabilities	329,129	152,740	13,821	(12,938)	482,752
Interest bearing borrowings	–	429,957	–	–	429,957
Deferred compensation	450,833	–	–	–	450,833
Total liabilities					1,363,542
Other segment information					
Capital expenditure	443,400	88,200	4,320	–	535,920
Depreciation	145,767	81,827	5,115	–	232,709
Impairment loss	11,928	307	–	–	12,235
Amortisation (excluding goodwill)	26,713	3,040	442	–	30,195
Provisions	765	570	30	–	1,365

29 SEGMENT REPORTING (continued)

	Telecom-munication	Cable TV and Broadband	Others	Elimination	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2002					
Revenue and expenses					
Revenue	621,417	268,038	22,396	–	911,851
Inter-segment revenue	15,952	15	19,775	(35,742)	–
Total revenue	637,369	268,053	42,171	(35,742)	911,851
Segment results	(185,630)	(76,235)	3,291	(21)	(258,595)
Amortisation of goodwill					(8,927)
Deferred compensation					360,667
Gain on disposal of jointly controlled entity					3,400
Share of loss of jointly controlled entity					(434)
Interest income					1,269
Interest on borrowings					(15,743)
Profit before taxation					81,637
Taxation					20,852
Minority interests					217
Net profit for the year					102,706
Assets and liabilities					
Segment assets	1,061,690	482,979	26,276	(21,633)	1,549,312
Loan receivable	38,000	–	–	(38,000)	–
Allocated assets					1,549,312
Unallocated assets					415,636
Total assets					1,964,948
Segment liabilities	373,943	159,651	11,777	(21,633)	523,738
Interest bearing borrowings	–	451,564	–	(38,000)	413,564
Deferred compensation	90,166	–	–	–	90,166
Total liabilities					1,027,468
Other segment information					
Capital expenditure	244,268	41,735	1,163	–	287,166
Depreciation	190,154	92,588	3,785	–	286,527
Impairment loss	287	543	–	–	830
Amortisation (excluding goodwill)	28,471	3,605	232	–	32,308
Provisions	459	2,426	(363)	–	2,522

29 SEGMENT REPORTING (continued)

	Telecom-munication	Cable TV and Broadband	Others	Elimination	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2003					
Revenue and expenses					
Revenue	795,448	303,099	19,646	–	1,118,193
Inter-segment revenue	27,095	165	17,038	(44,298)	–
Total revenue	822,543	303,264	36,684	(44,298)	1,118,193
Segment results	(38,730)	(83,432)	10,178	–	(111,984)
Amortisation of goodwill					(17,853)
Deferred compensation					90,166
Interest income					153
Interest on borrowings					(13,977)
Loss before taxation					(53,495)
Taxation					7,585
Minority interests					(17)
Net loss for the year					(45,927)
Assets and liabilities					
Segment assets	947,390	481,446	30,944	(78,970)	1,380,810
Loan receivable	67,000	–	–	(67,000)	–
Allocated assets					1,380,810
Unallocated assets					405,318
Total assets					1,786,128
Segment liabilities	324,468	253,899	6,225	(78,970)	505,622
Interest bearing borrowings	–	453,494	–	(67,000)	386,494
Total liabilities					892,116
Other segment information					
Capital expenditure	99,009	66,444	231	(1,608)	164,076
Depreciation	198,689	89,278	2,477	–	290,444
Amortisation (excluding goodwill)	33,096	2,714	8	–	35,818
Provisions	1,523	6,176	(127)	–	7,572

29 SEGMENT REPORTING (continued)

	Telecom-munication	Cable TV and Broadband	Others	Elimination	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
30 June 2003 (unaudited)					
Revenue and expenses					
Revenue	378,327	148,708	8,502	–	535,537
Inter-segment revenue	14,233	29	8,686	(22,948)	–
Total revenue	392,560	148,737	17,188	(22,948)	535,537
Segment results	(38,041)	(31,800)	3,357	–	(66,484)
Amortisation of goodwill					(8,927)
Deferred compensation					90,166
Interest income					66
Interest on borrowings					(7,078)
Profit before taxation					7,743
Taxation					8,913
Minority interests					(17)
Net profit for the period					16,639
Assets and liabilities					
Segment assets	984,582	499,633	31,318	(68,459)	1,447,074
Loan receivable	49,000	–	3,000	(52,000)	–
Allocated assets					1,447,074
Unallocated assets					415,621
Total assets					1,862,695
Segment liabilities	344,668	205,629	16,458	(68,459)	498,296
Interest bearing borrowings	–	461,298	–	(52,000)	409,298
Total liabilities					907,594
Other segment information					
Capital expenditure	28,628	28,261	59	(1,593)	55,355
Depreciation	98,625	47,364	1,273	–	147,262
Amortisation (excluding goodwill)	16,747	857	3	–	17,607
Provisions	233	1,815	(75)	–	1,973

29 SEGMENT REPORTING (continued)

	Telecom-munication	Cable TV and Broadband	Others	Elimination	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
30 June 2004 (unaudited)					
Revenue and expenses					
Revenue	485,426	163,930	5,156	–	654,512
Inter-segment revenue	21,066	370	968	(22,404)	–
Total revenue	506,492	164,300	6,124	(22,404)	654,512
Segment results	8,740	(23,491)	3,240	–	(11,511)
Amortisation of goodwill					(8,927)
Interest income					103
Interest on borrowings					(7,123)
Loss before taxation					(27,458)
Taxation					(18,075)
Net loss for the period					(45,533)
Assets and liabilities					
Segment assets	937,409	473,307	22,238	(82,198)	1,350,756
Loan receivable	106,000	–	12,000	(118,000)	–
Allocated assets					1,350,756
Unallocated assets					378,316
Total assets					1,729,072
Segment liabilities	317,584	238,475	6,215	(82,198)	480,076
Interest bearing borrowings	13,000	491,230	–	(118,000)	386,230
Total liabilities					866,306
Other segment information					
Capital expenditure	38,233	28,999	659	(2,240)	65,651
Depreciation	103,590	35,394	704	–	139,688
Amortisation (excluding goodwill)	16,615	1,227	6	–	17,848
Provisions	2,855	2,702	–	(634)	4,923

30 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

Exposure to credit, interest rate and 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 3(x).

(b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on corporate customers requiring credit over a certain amount. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) 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. The swaps mature over the next six years and have fixed interest rates ranging from 1.67% to 4.96% per annum.

(d) Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than Singapore dollars. The currency giving rise to this risk is primarily the US dollar.

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.

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.

(e) Sensitivity analysis

The Group believes that short-term fluctuations in interest rates and currency exchange rates do not significantly affect the Group's earnings.

30 FINANCIAL INSTRUMENTS (continued)

(f) Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Effective Interest rate	Total carrying value	Repricing periods		
			Within 1 year	1 to 5 years	After 5 years
	%	S$'000	S$'000	S$'000	S$'000
2001					
Financial Assets					
Short-term deposits	0.90	221,533	221,533	–	–
Financial Liabilities					
Unsecured bank loans					
- Short-term bank loans	1.75	3,000	3,000	–	–
- Floating rate loans (i)	4.31	225,000	225,000	–	–
- Floating rate loans	2.32	110,000	110,000	–	–
- Revolving credit loans	2.22	90,000	90,000	–	–
Finance lease liabilities	2.47	1,957	–	–	–
Total		429,957	428,000	–	–
Interest rate swaps (ii)		(225,000)	–	(195,000)	(30,000)
2002					
Financial Assets					
Short-term deposits	0.6 to 0.78	55,804	55,804	–	–
Financial Liabilities					
Unsecured bank loans					
- Short-term bank loans	1.81	16,000	16,000	–	–
- Floating rate loans (i)	4.31	225,000	225,000	–	–
- Floating rate loans	1.73	125,000	125,000	–	–
- Revolving credit loans	1.63	46,000	46,000	–	–
Finance lease liabilities	2.47	1,564	–	–	–
Total		413,564	412,000	–	–
Interest rate swaps (ii)		(225,000)	(100,000)	(95,000)	(30,000)
2003					
Financial Assets					
Short-term deposits	0.3 to 0.4	70,508	70,508	–	–
Financial Liabilities					
Unsecured bank loans					
- Floating rate loans (i)	3.63	325,000	325,000	–	–
- Floating rate loans	1.56	25,000	25,000	–	–
- Revolving credit loans	1.58	36,000	36,000	–	–
Finance lease liabilities	2.47	494	–	–	–
Total		386,494	386,000	–	–
Interest rate swaps (ii)		(325,000)	–	(295,000)	(30,000)

(i) The effective interest rate has been adjusted for the effect of interest rate swaps
(ii) Notional principal amounts

30 FINANCIAL INSTRUMENTS (continued)

(g) Fair values

Recognised financial instruments

The fair values of financial assets and liabilities of the Group approximate their carrying values.

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects amounts which the Group expect to pay or receive to terminate the contracts or replace the contracts at their current market rates at the balance sheet date.

The notional amount and net fair value, being the difference between the contracted rate and the market rate at the balance sheet date, applied to the notional amount, of financial instruments not recognised in the balance sheet are:

	As at 31 December		
	2001	2002	2003
	S$'000	S$'000	S$'000
Forward foreign exchange contracts			
- Notional amount	34,034	47,798	14,425
- Net fair value	306	(274)	(137)
Interest rate swaps			
- Notional amount	225,000	225,000	325,000
- Net fair value	(9,789)	(15,252)	(4,304)

31 COMMITMENTS

(a) Capital expenditure

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Contracted but not provided for in the financial statements	377,774	153,063	193,770	203,583	264,603

The Group has, included above, a commitment to acquire rights with respect to telecommunication capacity. As at 31 December 2001, 2002 and 2003, the committed sum is S$109 million (US$60 million), S$24 million (US$14 million) and S$24 million (US$14 million) respectively, of which S$38 million (US$21 million), S$2.1 million (US$1.25 million) and S$2.1 million (US$1.25 million) as at 31 December 2001, 2002 and 2003 respectively, has been sold to the immediate holding company and S$12.8 million (US$7.5 million) and S$12.8 million (US$7.5 million) has been sold to a subsidiary as at 31 December 2002 and 2003 respectively.

31 COMMITMENTS (continued)

(b) Operating leases

Future minimum lease payments under non-cancellable operating leases with terms of more than one year are as follows:

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Payable					
- within 1 year	65,368	81,094	66,861	73,621	75,711
- within 2 to 5 years	162,158	236,247	233,560	230,382	251,861
- after 5 years	325,181	512,404	451,649	531,977	428,505
	552,707	829,745	752,070	835,980	756,077

(c) Commitment to roll out network

The Group is required to complete its nationwide rollout of systems and services by 31 December 2004 under the Group's Third Generation licence.

(d) Foreign exchange contracts

At balance sheet date, the Group has outstanding forward foreign exchange contracts which are entered into to hedge forecasted purchases denominated in foreign currencies:

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Forward foreign exchange contracts	34,034	47,798	14,425	–	–

(e) Interest rate swap contracts

At balance sheet date, the Group has outstanding interest rate swap contracts which have been entered into to hedge floating rate interest obligations by swapping them for fixed rate interest obligations:

	As at 31 December			As at 30 June	
	2001	2002	2003	2003	2004
	S$'000	S$'000	S$'000	S$'000 (unaudited)	S$'000 (unaudited)
Interest rate swap contracts	225,000	225,000	325,000	325,000	325,000

32 Contingencies

The Group has counter-indemnified banks which have issued performance guarantees amounting to S$7,518,000, S$18,272,000 and S$40,516,000 as at 31 December 2001, 2002 and 2003 respectively and S$22,055,000 and S$38,291,000 as at 30 June 2003 and 2004 respectively, to third parties in respect of certain telecommunication services.

In an action commenced in the Singapore courts during the financial year ended 31 December 2003, Singapore Telecommunications Ltd ("SingTel"), a related corporation of the Group, is seeking damages from StarHub Cable Vision Ltd. ("SCV") for alleged breach of a network lease agreement the terms of which SingTel claims include a prohibition of SCV transmitting cable services to certain buildings. SingTel has not quantified the amount of its claim. While the Group believes, based on legal advice received, that it has reasonable defences, there is no basis to make a reliable estimate of the outcome of this claim.

33 Subsequent Events

At an extraordinary general meeting held on 16 August 2004, the shareholders of the Company approved, *inter alia*, the following:

(i) the conversion of the Company into a public company and the consequential change of the Company's name from StarHub Pte Ltd to StarHub Ltd;

(ii) the adoption of a new set of Articles of Association;

(iii) the bonus issue of 598 ordinary shares of par value S$0.10 each fully paid in the capital of the Company by way of capitalising the share premium account of the Company (the "Bonus Issue");

(iv) the consolidation of four existing ordinary shares of par value S$0.10 each in the issued and fully paid share capital of the Company (following the Bonus Issue) into one ordinary share of par value S$0.40 each;

(v) the termination of the StarHub Pte Ltd Share Option Plan, without prejudice to the rights of holders of options accepted and outstanding under the aforesaid plan as at the date of termination;

(vi) the StarHub Share Option Plan 2004 (including the grant of authority to the Committee to grant options under the aforesaid plan at a subscription price which may be subject to a discount of up to 20% of the relevant market price, and that up to 20% of the total number of ordinary shares of par value S$0.40 each available under the aforesaid plan may be offered by way of grant of options to employees (including executive directors) and non-executive directors of ST Telemedia Pte Ltd and its subsidiaries as designated by the Committee for the purpose of the aforesaid plan);

(vii) the StarHub Performance Share Plan;

(viii) the StarHub Restricted Stock Plan;

(ix) the grant of authority to the Directors to issue shares in the capital of the Company (whether by way of rights, bonus or otherwise) and/or make or grant offers, agreements or options 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, provided that the aggregate number of shares issued does not exceed 50 per cent of the Company's issued share capital for the time being, of which the aggregate number of such shares to be issued other than on a pro-rata basis to the Company's existing shareholders does not exceed 20 per cent of the Company's issued share capital for the time being, and, unless revoked or varied by the Company in general meeting, that such authority 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 earlier; and

(x) the General Mandate for interested person transactions of the Company and that such approval 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 earlier.

REPORT OF INDEPENDENT ACCOUNTANTS ON THE UNAUDITED PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS

16 August 2004

The Board of Directors
StarHub Ltd

Dear Sirs

We report on the unaudited pro forma consolidated profit and loss accounts of StarHub Ltd (the "Company") and its subsidiaries (collectively the "Group") set out on pages F-52 and F-53 of the offering document to be issued in connection with the initial public offering of the shares of StarHub, which have been prepared for illustrative purposes only and based on certain assumptions set out on page F-53 after making certain adjustments to show what the financial results of the Group for the years ended 31 December 2001 and 2002 would have been if the acquisition of StarHub Cable Vision Ltd had taken place on 1 January 2001.

The unaudited pro forma consolidated profit and loss accounts, because of their nature, do not give a true picture of the Group's actual financial results. The unaudited pro forma consolidated profit and loss accounts should be read in conjunction with the audited consolidated financial statements of the Group as at and for the years ended 31 December 2001, 2002 and 2003 set out on pages F-4 to F-49.

The unaudited pro forma consolidated profit and loss accounts are the responsibility of the directors of StarHub. Our responsibility is to express an opinion on the unaudited pro forma consolidated profit and loss accounts based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice SAP 24: *Auditors and Public Offering Documents (January 2003)*. Our work, which involved no independent examination of the underlying financial information, consisted primarily of comparing such financial information to the audited consolidated financial statements of the Group, considering the evidence supporting the adjustments and discussing the unaudited pro forma consolidated profit and loss accounts with the directors of StarHub.

In our opinion:

(a) the unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002 have been properly prepared from the audited consolidated financial statements set out on pages F-4 to F-49 which were prepared in accordance with Singapore Accounting Standards or Singapore Financial Reporting Standards;

(b) the unaudited pro forma consolidated profit and loss accounts have been properly prepared in a manner consistent with both the format of the audited consolidated financial statements of the Group and the accounting policies of StarHub (except that the pro forma consolidated balance sheet, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and notes are not presented);

(c) each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated profit and loss account is appropriate for the purposes of preparing such pro forma consolidated profit and loss accounts; and

(d) the unaudited pro forma consolidated profit and loss accounts have been properly prepared on the basis of the assumptions set out on page F-53 after making the adjustments described on page F-53.

This report has been prepared for inclusion in the offering document to be issued in connection with the initial public offering of the shares of StarHub on the Singapore Exchange Securities Trading Limited.

Yours faithfully

KPMG
Certified Public Accountants
Singapore

Tham Sai Choy
Partner-in-charge

STARHUB LTD AND ITS SUBSIDIARIES

INTRODUCTION TO THE UNAUDITED PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS

The unaudited pro forma consolidated profit and loss accounts set out on pages F-52 and F-53 of the offering document have been prepared for illustrative purposes only to illustrate the effect on the historical audited consolidated profit and loss accounts of StarHub Ltd ("StarHub") of its acquisition on 2 July 2002 of 100% of the equity of StarHub Cable Vision Ltd, ("SCV") based on the assumptions and adjustments described.

73.3% of the equity of SCV was acquired from related companies of StarHub which were under common control as StarHub. The acquisition of this 73.3% of the equity of SCV was accounted for under the historical cost method in a manner similar to the pooling method, with the effect that the acquisition of this 73.3% is given retrospective effect in the historical audited consolidated financial statements of StarHub for the period up to 1 July 2002.

The remaining 26.7% of SCV was acquired from unrelated parties. Accordingly, this was accounted for under the purchase method in the historical audited consolidated financial statements of StarHub. This has the effect of SCV being accounted for as a 73.3%-held subsidiary (with 26.7% minority interest) up to 1 July 2002, and a wholly-held subsidiary thereafter.

These unaudited pro forma consolidated profit and loss accounts have been prepared to illustrate the effect of the acquisition of SCV as if such transaction had occurred on 1 January 2001. Pro forma adjustments have been applied to the audited consolidated profit and loss accounts for the years ended 31 December 2001 and 2002. As SCV was fully consolidated in the audited consolidated financial statements of StarHub for the year ended 31 December 2003, no pro forma adjustments were applicable for the historical audited consolidated profit and loss account for that year. For the same reason, no separate pro forma consolidated balance sheet as at 31 December 2003 and pro forma consolidated cash flow statement for the year then ended have been presented.

The unaudited pro forma consolidated profit and loss accounts do not purport to represent what the results of operations of the Group would actually have been if the acquisition of SCV had in fact occurred on 1 January 2001, or to project the results of operations of the Group for any future period. The unaudited pro forma consolidated profit and loss accounts should be read in conjunction with the audited consolidated financial statements of the Group as at and for the years ended 31 December 2001, 2002 and 2003 set out on pages F-4 to F-49.

The unaudited pro forma consolidated profit and loss accounts, because of their nature, do not give a true picture of the Group's actual financial results.

The unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002 were prepared based on the audited consolidated financial statements of the Group and of SCV for the years ended 31 December 2001 and 2002 which were prepared in accordance with Singapore Accounting Standards or Singapore Financial Reporting Standards, taking into consideration certain exemptions obtained from the Monetary Authority of Singapore in relation to the presentation and content of the pro forma consolidated financial statements.

The unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002 were authorised for issue by the Board of Directors on 16 August 2004.

STARHUB LTD AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Year ended 31 December					
	2001			2002		
	The Group	Pro Forma Adjustments	Pro Forma	The Group	Pro Forma Adjustments	Pro Forma
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Operating Revenue	777,664	–	777,664	911,851	–	911,851
Operating expenses	(1,167,051)	–	(1,167,051)	(1,179,929)	–	(1,179,929)
Other operating income – government grants	7,887	–	7,887	556	–	556
Loss on operating activities	(381,500)	–	(381,500)	(267,522)	–	(267,522)
Compensation from IDA	360,667	–	360,667	360,667	–	360,667
Gain on disposal of jointly controlled entity	–	–	–	3,400	–	3,400
Share of losses of jointly controlled entity	(331)	–	(331)	(434)	–	(434)
Profit/(Loss) before interest and taxation	(21,164)	–	(21,164)	96,111	–	96,111
Interest income	9,491	–	9,491	1,269	–	1,269
Interest on borrowings	(16,492)	–	(16,492)	(15,743)	–	(15,743)
Profit/(Loss) before taxation	(28,165)	–	(28,165)	81,637	–	81,637
Taxation	68,883	–	68,883	20,852	–	20,852
Profit after taxation	40,718	–	40,718	102,489	–	102,489
Minority interest	12,842	(12,699)[(a)]	143	217	–[(b)]	217
Net profit for the year	53,560	(12,699)	40,861	102,706	–	102,706

See accompanying notes to the unaudited pro forma consolidated profit and loss accounts.

STARHUB LTD AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS

1 Pro Forma Adjustments and Assumptions

The pro forma adjustments to the historical audited consolidated profit and loss accounts for the financial years ended 31 December 2001 and 2002 to reflect the acquisition of SCV as at 1 January 2001 are as follows:

(a) Adjustment to eliminate the minority interest portion of SCV's loss for the year ended 31 December 2001. This minority interest portion of SCV's loss amounted to S$22.4 million. However, because SCV had negative shareholders' equity as at 31 December 2001, the Group in preparing its historical audited consolidated financial statements restricted the amount of SCV's loss charged against minority interests to S$12.7 million, being the maximum amount of loss that could be charged without resulting in a negative minority interest balance.

(b) Because SCV had negative shareholders' equity through all of 2002, the Group in preparing its historical audited consolidated financial statements did not charge any of the loss of SCV against minority interests.

2 Basis of Presentation

The unaudited pro forma consolidated profit and loss accounts were prepared based on audited consolidated financial statements of the Group and of SCV for the years ended 31 December 2001 and 2002 audited by KPMG.

The unaudited pro forma consolidated profit and loss accounts for the years ended 31 December 2001 and 2002 were prepared from audited financial statements prepared in accordance with Singapore Accounting Standards or Singapore Financial Reporting Standards, taking into consideration certain exemptions obtained from the Monetary Authority of Singapore in relation to the presentation and content of the pro forma consolidated financial statements.

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