IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (as defined in Regulation S under the Securities Act of 1933 of the United States, as amended (the "**Securities Act**")). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**") nor a U.S. person nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (as amended or modified, the "**SFA**")), a relevant person (as defined in Section 275(2) of the SFA) or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described therein.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of StarHub Ltd (the "**Issuer**"), DBS Bank Ltd. or, any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the subscription or purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE U.S. OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD AND/OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the U.S. or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom ("**UK**") in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to subscribe for or purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STARHUB LTD

(Incorporated with limited liability in the Republic of Singapore on 7 May 1998)
(Company Registration No. 199802208C)

S$2,000,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by StarHub Ltd (the "**Issuer**" or "**StarHub**" and together with its subsidiaries, the "**StarHub Group**") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the quotation of any Securities that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the Official List of the SGX-ST. In addition, at the relevant time of issue of the Securities which are agreed at or prior to the time of issue to be listed on the Official List of the SGX-ST, a separate application will be made to the SGX-ST for permission to deal in, and for the listing and quotation of, such Securities on the Official List of the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for permission to deal in, and for the listing and quotation of, the Securities of any Series (as defined herein) will be approved. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. The approval in-principle from, and admission to the Official List of, the SGX-ST and quotation of any Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme and/or the Securities. Unlisted Securities may also be issued under the Programme. The relevant Pricing Supplement (as defined herein) in respect of any Series will specify whether or not such Securities will be listed, and if so, which exchange(s) the Securities are to be listed on.

Potential investors should pay attention to the risk factors and considerations set out in the section "Risk Factors".

This Information Memorandum is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT (AS DEFINED HEREIN) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE U.S. AND THE SECURITIES MAY INCLUDE BEARER SECURITIES (AS DEFINED HEREIN) THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED, SOLD OR, IN THE CASE OF BEARER SECURITIES, DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. SEE "SUBSCRIPTION, PURCHASE AND DISTRIBUTION".

Arranger

DBS

TABLE OF CONTENTS

NOTICE

DBS Bank Ltd. ("**DBS**" or the "**Arranger**") has been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Securities. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that the information contained herein is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Securities would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect as of the date of this Information Memorandum.

Notes may be issued in Series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described in the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches (as defined herein) on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by a Temporary Global Security (as defined herein) in bearer form, a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear and/or Clearstream, Luxembourg (each as defined herein) (the "**Common Depositary**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s), and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each Series or Tranche of Notes. Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in Series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each Series may be issued in one or more Tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by a Temporary Global Security in bearer form, a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a Common Depositary or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each Series or Tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S$2,000,000,000 (or its equivalent in any other currencies) or such amount increased in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information (or such part thereof) and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or such part thereof) or into whose possession this Information Memorandum or any such other document or information (or such part thereof) comes are required to inform themselves about and to observe any such prohibitions or restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been and will not be registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the U.S. and the Securities may include bearer Securities that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or, in the case of bearer Securities, delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Subscription, Purchase and Distribution".

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial offer by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons to whom offers may be made pursuant to Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, the Dealers and any of their respective directors, officers, employees, representatives or affiliates is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, neither the Arranger nor any of the Dealers makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

To the fullest extent permitted by law, none of the Arranger and the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each of the Arranger and the Dealers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

In connection with the issue of any Tranche or Series of Securities, one or more Dealer(s) named as stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Securities is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Securities and 60 days after the date of the allotment of the relevant Series of Securities. Any stabilisation action will be conducted in accordance with the law.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Securities set out in the section "Subscription, Purchase and Distribution" on pages 181 to 183 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to purchase or subscribe for or otherwise acquire any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

Prospective purchasers of Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of Securities.

Notification under Section 309B of the SFA

Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Securities may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arrangers nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

Some statements in this Information Memorandum may be deemed to be forward-looking statements. All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “anticipates”, “estimates”, “projects”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should”, “could” or other similar expressions. However, these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements include statements concerning the Issuer’s plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. These forward-looking statements are contained in the sections entitled “Risk Factors” and “The Issuer” and other sections of this Information Memorandum. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the StarHub Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the StarHub Group.

If one or more of the risks or uncertainties materialise, or if any of the Issuer’s underlying assumptions prove to be incomplete or inaccurate, the Issuer’s and/or the StarHub Group’s actual results, performance or achievements may vary from those expected, expressed or implied by the forward-looking statements.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the StarHub Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on such forward-looking statements. None of the Issuer, the StarHub Group, the Arranger, the Dealers, the Trustee, the Issuing and Paying Agent, the Agent Bank, the Registrar and the Transfer Agent (each as defined herein) represents or warrants that the actual future results, performance or achievements of the Issuer or the StarHub Group will be as discussed in those statements.

Any forward-looking statements contained in this Information Memorandum speak only as of the date of this Information Memorandum. The Issuer expressly disclaims any obligation or undertaking to disseminate publicly or otherwise after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (together, the "**Incorporated Documents**") published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum:

(a) the most recent annual reports or audited consolidated accounts of the Issuer;

(b) the most recent unaudited consolidated interim results of the Issuer which is made available on SGXNet by the Issuer;

(c) the most recent business performance update of the Issuer which is made available on SGXNet by the Issuer; and

(d) any supplement or amendment to this Information Memorandum issued by the Issuer.

This Information Memorandum is to be read in conjunction with all relevant Incorporated Documents and, with respect to any Series or Tranche of Securities, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in an Incorporated Document shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in a subsequent Incorporated Document modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all Incorporated Documents are available on the SGX-ST's website at http://www.sgx.com.

CORPORATE INFORMATION

Board of Directors	:	Steven Terrell Clontz (Chairman) Paul Ma Kah Woh Nihal Vijaya Devadas Kaviratne CBE Teo Ek Tor Stephen Geoffrey Miller Michelle Lee Guthrie Nayantara Bali Ng Shin Ein Lionel Yeo Hung Tong Lim Ming Seong Nasser Marafih Naoki Wakai
Company Secretaries	:	Veronica Lai Kwai-Yi Kong Pooi Foong
Registered Office	:	67 Ubi Avenue 1 #05-01 StarHub Green Singapore 408942
Auditors to the Issuer	:	KPMG LLP Public Accountants and Chartered Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Share Registrar	:	M & C Services Private Limited 112 Robinson Road #05-01 Singapore 068902
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Solicitors to the Arranger and the Trustee	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Solicitors to the Issuer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Issuing and Paying Agent, Registrar, Transfer Agent and Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Securityholders	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with and is qualified in its entirety by, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement. Unless otherwise defined in this Information Memorandum, capitalised terms used in this summary shall have the same meanings as ascribed to them in the Conditions or, as the case may be, the Trust Deed.

Issuer	:	StarHub Ltd
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Registrar	:	DBS Bank Ltd.
Transfer Agent	:	DBS Bank Ltd.
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd.
Trustee	:	DBS Trustee Limited
Description	:	S$2,000,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$2,000,000,000 (or its equivalent in other currencies) or such higher amount as may be determined between the parties in accordance with the terms of the Programme Agreement.

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled in accordance with the terms and conditions of the Notes (the "**Conditions of the Notes**"), each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period (as defined in the Trust Deed) or Zero-Coupon Note)) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the Floating Rate Period (as defined in the Trust Deed))).
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s) at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero-Coupon Notes	:	Zero-Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
Custody of the Notes	:	Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary.

Status of the Notes	:	The Notes and Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchases	:	If so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.
Negative Pledge	:	So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not itself, and will not permit any Principal Subsidiary (as defined in the Conditions of the Notes) to create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues, whether tangible or intangible, real or personal (including any uncalled capital), to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto providing to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders. "**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.
Financial Covenants	:	The Trust Deed provides that so long as any of the Notes remains outstanding, the Issuer will ensure that as of each Test Date, the ratio of Total Net Debt to EBITDA will not be more than 4 to 1.

For the purposes of the "Financial Covenants" provision:

"**Cash**" means, at any time, cash on hand and demand deposits credited to an account in the name of any member of the StarHub Group with a licensed financial institution and to which that member of the StarHub Group is alone beneficially entitled, which is (a) not subject to a mortgage, charge, pledge, lien or any other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect, and (b) denominated and payable in a readily transferable and readily convertible currency;

"**Cash Equivalent Investments**" means short term highly liquid investments (excluding equity investments) which are readily convertible into cash;

"**EBITDA**" means, in relation to any Test Date, the total consolidated profit of the StarHub Group for the Reference Period relating to that Test Date:

(a) before taking into account for that Reference Period:

  (i) Interest Expense;

  (ii) Taxes;

  (iii) any share of the profit of any associated company or undertaking, excluding dividends received in cash by any member of the StarHub Group; and

  (iv) extraordinary and exceptional items;

(b) after excluding, to the extent included:

  (i) any gains or losses on the revaluation of assets for that Reference Period; and

  (ii) any unrealised gains or losses on any financial instrument for that Reference Period; and

(c) after adding back all amounts provided for depreciation and amortisation for that Reference Period,

as determined from the audited and/or, as the case may be, unaudited consolidated financial statements of the StarHub Group for the 12 months ending on that Test Date delivered under Clause 16(d) of the Trust Deed;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of notes, bonds, debentures, loan stock or any similar instrument (including, without limitation, any outstanding Notes and Senior Perpetual Securities);

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in Singapore, be treated as a finance lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing (which for the avoidance of doubt, excludes any indebtedness for the purchase of goods on normal commercial terms in the ordinary course of business);

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) shares which are expressed to be redeemable;

(i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above, provided that there shall be no double counting of the obligations and liabilities referred to in paragraphs (a) to (i) above where such obligations and liabilities are assumed in respect of the same underlying indebtedness or other obligations or liabilities;

"**Interest Expense**" means, in relation to any Reference Period, the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Financial Indebtedness whether accrued, paid or payable and whether or not capitalised by any member of the StarHub Group accrued in that Reference Period:

(a) including the interest element of leasing and hire purchase payments;

(b) including any amounts paid, payable or accrued by any member of the StarHub Group to counterparties under any interest rate hedging instrument;

(c) deducting any amounts paid, payable or accrued by counterparties to any member of the StarHub Group under any interest rate hedging instrument; and

(d) deducting any interest paid, payable to or accrued to the benefit of any member of the StarHub Group on any deposit or bank account;

"**Reference Period**" means, in relation to any Test Date, the immediately preceding period of 12 months ending on that Test Date;

"**Taxes**" means present and future taxes, duties, assessments, levy or governmental charges of whatever nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

"**Test Date**" means the last day of each financial half-year of the Issuer; and

"**Total Net Debt**" means, in relation to any Test Date, the aggregate amount of all obligations of the StarHub Group for or in respect of Financial Indebtedness of the StarHub Group as of that Test Date, but deducting the aggregate amount of freely available Cash and Cash Equivalent Investments held by the StarHub Group at such time, and so that no amount shall be included or excluded more than once.

Taxation	:	All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section "Singapore Taxation" herein.
Listing	:	Each Series of Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 or its equivalent in foreign currencies.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, please refer to the section "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

PERPETUAL SECURITIES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.

No Fixed Maturity	:	Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the terms and conditions of the Perpetual Securities (the "**<u>Conditions of the Perpetual Securities</u>**").
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at a fixed or floating rate.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion	:	If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five (5) business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the "Reference Period" (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

(a) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Junior Obligations (as defined in the Conditions of the Perpetual Securities) or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations (as defined in the Conditions of the Perpetual Securities); or

(b) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

and/or as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral	:	If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities. Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of Non-Payment : If a Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer shall not and shall procure that none of its subsidiaries shall:

(a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(b) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full, or (C) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, nothing in this paragraph shall restrict the ability of the Issuer's subsidiaries to declare or pay any dividends, distributions or make any other payment to the Issuer.

Form and Denomination of the Perpetual Securities	:	The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.

Custody of the Perpetual Securities	:	Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary.
Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer.
Subordination of the Subordinated Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal, distribution and any other amounts in respect of the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the claims of the Subordinated Perpetual Securities and in priority to (i) the other subordinated obligations of the Issuer that are expressed by their terms to rank junior to the claims of the holders of the Subordinated Perpetual Securities, and (ii) the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

Set-off in relation to the Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under, or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount on trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of: (i) any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement and such obligations cannot be avoided by the Issuer taking reasonable measures available to it; or (ii) the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that: (A) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or (B) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons	:	If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time prior to or after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard. Prior to the publication of any notice of redemption pursuant to Condition 5(d) of the Perpetual Securities, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent: (i) a certificate, signed by a director or a duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard has taken effect or is due to take effect.
Redemption for Tax Deductibility	:	If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if: (i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of: (A) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(B) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(C) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any moneys borrowed" for the purposes of Section 14(1)(a) of the ITA; or

(ii) as a result of the Issuer receiving a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in Condition 5(f) of the Perpetual Securities, the Issuer shall be bound to redeem the Perpetual Securities in accordance with Condition 5(f) of the Perpetual Securities.

Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for winding-up is limited to circumstances where payment of principal, distribution and any other amounts in respect of the Perpetual Securities has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (i) an order is made, an effective resolution is passed or, as the case may be, an application is made by the Issuer or any of its Principal Subsidiaries, for the winding-up of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of more than seven business days, the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Taxation	:	All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section “Singapore Taxation” herein.
Listing	:	Each Series of Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).

Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
Governing Law	:	The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Details of the relevant Series are being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 23 September 2011 made between (1) StarHub Ltd, as issuer (the "**Issuer**", which expression shall include its successors and permitted assigns), and (2) DBS Trustee Limited, as trustee (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as amended and supplemented by the first supplemental trust deed dated 24 May 2016 made between the same parties, and as amended and restated by an amendment and restatement trust deed dated 29 May 2017 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee of the Noteholders (as defined below) (and as may be further amended or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 23 September 2011 relating to the Notes executed by the Issuer, as supplemented by the supplemental deed of covenant dated 29 May 2017 relating to the Securities executed by the Issuer, and as further amended, varied or supplemented from time to time (the "**Deed of Covenant**"). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 23 September 2011 between (1) the Issuer, as issuer, (2) DBS Bank Ltd., as issuing and paying agent (the "**Issuing and Paying Agent**"), (3) DBS Bank Ltd., as agent bank (the "**Agent Bank**"), and (4) the Trustee, as trustee, as amended and restated by an amendment and restatement agency agreement dated 29 May 2017 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) DBS Bank Ltd., as registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**"), (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, and as further amended, varied or supplemented from time to time (the "**Agency Agreement**"). The Noteholders and the holders (the "**Couponholders**") of the interest coupons (the "**Coupons**") appertaining to the Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form (the "**Bearer Notes**") or in registered form (the "**Registered Notes**") in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a note that does not bear interest (a "**Zero-Coupon Note**"), a combination of any of the foregoing or any other type of Note (depending upon the Interest and Redemption/Payment Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and where applicable, a Talon) attached, save in the case of Zero-Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.

(iv) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register (the "**Register**") that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

*For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date.*

*For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking,* S.A. *("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Notes (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of such Notes other than with respect to the payment of principal, interest and any other amounts in respect of such Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.*

(iii) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of the nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or, (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon, or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series, and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest, and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest, and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(iv) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF NOTES AND TRANSFER OF REGISTERED NOTES

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar, at the expense of the Issuer, to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes

In the case of an exercise of an Issuer's or a Noteholder's option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against the surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the duly completed form of transfer or exercise notice and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or exercise notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (ii) after any such Note has been called for redemption, or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. STATUS

The Notes and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Notes and Coupons relating to them shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4. NEGATIVE PLEDGE, FINANCIAL AND OTHER COVENANTS

(a) Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not itself, and will not permit any Principal Subsidiary (as defined below) to, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues, whether tangible or intangible, real or personal (including any uncalled capital), to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto providing to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

(b) Financial Covenant

The Trust Deed provides that so long as any of the Notes remains outstanding, the Issuer will ensure that as of each Test Date (as defined in the Trust Deed), the ratio of Total Net Debt (as defined in the Trust Deed) to EBITDA (as defined in the Trust Deed) will not be more than 4 to 1.

5. RATE OF INTEREST

(I) INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(II)(e)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8(b)).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of such Note.

(II) INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest

Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day, and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day, or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore Dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a).

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and

(C) if on any Interest Determination Date, the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11:00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore Dollars quoted by the Singapore offices of the Reference Banks at or about 11:00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore Dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken in the Agency Agreement that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period.

In addition, the Issuer will cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note.

The rate of interest so calculated shall be subject to Condition 5(V)(a).

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 5(II)(b)(ii) (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Minimum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 5(II)(b) or Condition 5(II)(c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

(e) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Notes denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore;

(ii) (in the case of Notes denominated in euro) a day on which the TARGET System is open for settlement of payment in euro; and

(iii) (in the case of Notes denominated in a currency other than Singapore Dollars and euro), a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 5:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**euro**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Agent Bank;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified in the applicable Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) INTEREST ON HYBRID NOTES

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day, and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day, or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) ZERO-COUPON NOTES

Where a Note the Interest Basis of which is specified to be Zero-Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(h)).

(V) CALCULATIONS IN RESPECT OF FLOATING RATE NOTES, VARIABLE RATE NOTES AND HYBRID NOTES

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period (including the first day, but excluding the last day, of such Interest Period). The amount of interest payable in respect of any such Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero-Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank or Agent Bank (acting through its relevant office) is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

6. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero-Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(b) Redemption at Option of Noteholder

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholder's Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(c) Redemption at Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof, and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(d) Purchase at the Option of the Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(e) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase and all unexchanged Talons, or (in the case of Registered Notes) the Certificate representing such Variable Rate Notes to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation by (in the case of Bearer Notes) surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent, or (in the case of Registered Notes) surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase and all unexchanged Talons, or (in the case of Registered Notes) the Certificate representing such Notes to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation by (in the case of Bearer Notes) surrendering each such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent, or (in the case of Registered Notes) surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early Redemption Amount (as defined in Condition 6(h)) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a director or a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisors of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero-Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of Condition 6(h)(iii), the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 6(h)(ii), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(h)(iii) will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar, and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. PAYMENTS

(a) Principal and Interest in respect of Bearer Notes

Payments of principal (or, as the case may be, Redemption Amounts) and interest in respect of the Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with a bank in the principal financial centre for that currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(iii) In respect of Registered Notes cleared through Euroclear and/or Clearstream, Luxembourg, all payments in respect of Registered Notes represented by Global Securities or, as the case may be, Global Certificates will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment (where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January).

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Agents in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Registrar in relation to Registered Notes, having a specified office in Singapore, (iii) a Transfer Agent in relation to Registered Notes, having a specified office in Singapore, and (iv) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons and unexchanged Talons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within five (5) years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons and unexchanged Talon (if any) relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to 0.5 per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero-Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. TAXATION

(a) Payment after Withholding

All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(i) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (A) a resident in Singapore for tax purposes, or (B) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon;

(ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(iii) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment.

(b) Interpretation

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose, shall not include Talons) shall be prescribed and become void unless made within five (5) years from the appropriate Relevant Date for payment.

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall immediately become due and payable:

(a) the Issuer does not pay the principal of or any interest on any of the Notes when due and such default continues for a period of seven business days after the due date;

(b) the Issuer fails to perform or comply with any one or more of its obligations (other than the payment obligation referred to in Condition 10(a)) under the Notes or the Trust Deed and such default continues for a period of 45 business days after notice of such default shall have been given to the Issuer by the Trustee;

(c) any representation or warranty made by the Issuer in the Trust Deed is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and (except in a case where the Trustee considers such non-compliance to be incapable of remedy) such non-compliance is not remedied for a period of 14 business days following the service by the Trustee on the Issuer of notice requiring the same to be remedied;

(d) (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed money becomes due and payable prior to its stated maturity by reason of any default, event of default or any analogous event (however described), (ii) any such indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed money is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that no Event of Default will occur under this Condition 10(d) unless and until the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(d) have occurred exceeds S$40 million or its equivalent in other currencies;

(e) the Issuer or any of its Principal Subsidiaries (i) ceases or through an official action of its board of directors threatens to cease to carry on all or a material part of its business, operations and undertakings, or (ii) (otherwise than in the ordinary course of its business) disposes or through an official action of its board of directors threatens to dispose of all or a material part of its property or assets (in each case, otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as stated in Condition 10(f), or, in the case of a Principal Subsidiary, whereby the business, operations or undertakings, or property or assets, as the case may be, of that Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's subsidiaries);

(f) an order is made, an effective resolution is passed or, as the case may be, an application or petition is made by the Issuer or any of its Principal Subsidiaries, for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation not involving bankruptcy or insolvency or on terms approved by the Trustee or an Extraordinary Resolution before that event occurs), or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries, or over a material part of the assets of the Issuer or any of its Principal Subsidiaries and such order, application, petition or step shall not have been discharged or stayed within 60 days;

(g) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, stops, suspends payment of all or a material part of its indebtedness, begins negotiations or takes any other proceeding for the deferral, rescheduling or other readjustment of all or a material part of its indebtedness (which, for the avoidance of doubt, shall not include any negotiations or other proceedings taken in respect of a re-financing by the Issuer or any of its Principal Subsidiaries of any of its indebtedness) which it will otherwise be unable to pay when due, proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness;

(h) a distress, attachment or execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the assets of the Issuer or any of its Principal Subsidiaries and is not removed, dismissed, discharged or stayed within 60 days;

(i) any security on or over the whole or any material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable and enforcement is not dismissed, discharged or stayed within 60 days;

(j) the seizure, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries and such event is likely to materially and adversely affect the ability of the Issuer to perform its obligations under the Notes or the Trust Deed;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are valid, legally binding and enforceable, or (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and such default continues for a period of 14 business days after notice of such default shall have been given to the Issuer by the Trustee;

(l) it is or will become unlawful or illegal for the Issuer to perform or comply with any one or more of its obligations under the Notes or the Trust Deed; or

(m) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in Conditions 10(e), (f), (g), (h), (i) or (j).

In these Conditions,

(1) "**Principal Subsidiaries**" means, at any particular time, any subsidiary of the Issuer:

(aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group (as defined in the Trust Deed) have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or (bb) whose total revenue, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 15 per cent. of the total revenue of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of (x) the date of issue of the first audited consolidated accounts of the Group prepared as of a date later than the date of the relevant transfer which show the total assets or (as the case may be) total revenue as shown by the accounts of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets or, as the case may be, 15 per cent. of the total revenue of the Group, as shown by such audited consolidated accounts and (y) the date of a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 10 per cent. of the total assets or, as the case may be, 15 per cent. of the total revenue, of the Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(2) "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

11. ENFORCEMENT

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes outstanding or so directed by an Extraordinary Resolution and, (b) it shall have been indemnified and/or secured by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

12. MEETING OF NOTEHOLDERS AND MODIFICATIONS

(a) The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

(b) The Trustee or the Issuer at any time may, and the Trustee upon the request in writing at the time after any Notes of any Series shall have become repayable due to default by Noteholders holding not less than 10 per cent. in principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (iv) to vary the currency or currencies of payment or denomination of the Notes, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (vii) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the calculation of the Amortised Face Amount, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(c) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held. Any such modification, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(f) For the purpose of ascertaining the right to attend and vote at any meeting of the Noteholders convened for the purpose of and in relation to Conditions 10, 11 and 12 and Clause 9 of and Schedule 11 to the Trust Deed, those Notes (if any) which are beneficially held by, or are held on behalf of the Issuer, and any of its subsidiaries and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

Should any Note, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) (or at the specified office of such other Issuing and Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 16) upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) or otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

15. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also provides that the Trustee will not be liable for, *inter alia*, any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Trustee's gross negligence, wilful default or fraud was the primary cause of any loss to the Noteholders, and that each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in this respect thereof.

16. NOTICES

Notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In addition, notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given two days from the date of despatch to the Noteholders.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspapers the delivery of the relevant notice to (subject to the agreement of CDP) CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Noteholders.

17. GOVERNING LAW

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

No person shall have any right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce or enjoy the benefit of any term or condition of this Note.

ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to "Perpetual Securities" are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme. Details of the relevant Series are being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.

The Perpetual Securities are constituted by a trust deed dated 23 September 2011 made between (1) StarHub Ltd, as issuer (the "**Issuer**", which expression shall include its successors and permitted assigns), and (2) DBS Trustee Limited, as trustee (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as amended and supplemented by the first supplemental trust deed dated 24 May 2016 made between the same parties, and as amended and restated by an amendment and restatement trust deed dated 29 May 2017 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee of the Perpetual Securityholders (as defined below) (and as may be further amended or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 23 September 2011 relating to the Notes executed by the Issuer, as supplemented by the supplemental deed of covenant dated 29 May 2017 relating to the Securities executed by the Issuer, and as further amended, varied or supplemented from time to time (the "**Deed of Covenant**"). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 23 September 2011 between (1) the Issuer, as issuer, (2) DBS Bank Ltd., as issuing and paying agent (the "**Issuing and Paying Agent**"), (3) DBS Bank Ltd., as agent bank (the "**Agent Bank**"), and (4) the Trustee, as trustee, as amended and restated by an amendment and restatement agency agreement dated 29 May 2017 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) DBS Bank Ltd., as registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**"), (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, and as further amended, varied or supplemented from time to time (the "**Agency Agreement**"). The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**") in each case in the Denomination Amount shown hereon.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

(iv) Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register (the "**Register**") that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

*For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, distribution and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the* *expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal and any other amounts in respect of the Perpetual Securities shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date.*

*For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Perpetual Securities (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of such Perpetual Securities other than with respect to the payment of principal, distribution and any other amounts in respect of such Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.*

(iii) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of the nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or, (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

(iv) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF PERPETUAL SECURITIES AND TRANSFER OF REGISTERED PERPETUAL SECURITIES

(a) No Exchange of Perpetual Securities

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar, at the expense of the Issuer, to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against the surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the duly completed form of transfer or exercise notice and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or exercise notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which the Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption, or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. STATUS

(a) Senior Perpetual Securities

This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Senior Perpetual Securities and Coupons relating to them shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Subordinated Perpetual Securities

This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status of Subordinated Perpetual Securities

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer. The Subordinated Perpetual Securities and Coupons relating to them shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, "**Parity Obligation**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) Ranking of claims on winding-up

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal, distribution and any other amounts in respect of the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the claims of the holders of the Subordinated Perpetual Securities and in priority to (i) the other subordinated obligations of the Issuer that are expressed by their terms to rank junior to the claims of the holders of the Subordinated Perpetual Securities and (ii) the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(iii) No set-off

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount on trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

4. DISTRIBUTION AND OTHER CALCULATIONS

(I) DISTRIBUTION ON FIXED RATE PERPETUAL SECURITIES

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 4(II)(c)) from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7(b)).

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

(i) (if no Reset Date is specified in the applicable Pricing Supplement),

(A) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or

(B) if a Step-Up Margin is specified in the applicable Pricing Supplement, (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and

(ii) (if a Reset Date is specified in the applicable Pricing Supplement), (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

"**Reset Distribution Rate**" means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement); and

"**Swap Offer Rate**" means:

(aa) the rate per annum (expressed as a percentage) notified by the Agent Bank to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**");

(bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Agent Bank will determine the swap offer rate for such Reset Period (determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five (5) consecutive business days prior to and ending on the Reset Determination Date);

(cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five (5) consecutive business days, the swap offer rate will be the rate per annum notified by the Agent Bank to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the

Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(c) Calculation of Reset Distribution Rate

The Agent Bank will, on the Reset Determination Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The Agent Bank will cause the applicable Reset Distribution Rate determined by it to be notified to the Issuing and Paying Agent, the Trustee, the Registrar and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank will (in the absence of manifest error) be binding on the Issuer and the Perpetual Securityholders.

(d) Publication of Relevant Reset Distribution Rate

The Agent Bank shall promptly cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth business day thereafter.

(e) Determination or Calculation by Trustee

If the Agent Bank does not at any material time for any reason so determine the applicable Reset Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations in relation to Fixed Rate Perpetual Securities

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount for any Fixed Rate Distribution Period (as defined below) in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the applicable Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

"**Fixed Rate Distribution Period**" means the period beginning on the Distribution Commencement Date and ending on the first Distribution Payment Date and each successive period beginning on a Distribution Payment Date and ending on the next succeeding Distribution Payment Date.

(II) DISTRIBUTION ON FLOATING RATE PERPETUAL SECURITIES

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date ("**Distribution Payment Date**"). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period on the face of the Perpetual Security (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding business day and (B) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or, (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Distribution Commencement Date and ending on the first Distribution Payment Date and each successive period beginning on a Distribution Payment Date and ending on the next succeeding Distribution Payment Date is herein called a "**Distribution Period**".

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Distribution – Floating Rate Perpetual Securities

(i) Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore Dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The "**Spread**" is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a).

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the "**Rate of Distribution**".

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and

(C) if on any Distribution Determination Date, the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11:00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore Dollars quoted by the Singapore offices of the Reference Banks at or about 11:00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore Dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(v) If the applicable Pricing Supplement specifies a Minimum Rate of Distribution for any Distribution Period, then, in the event that the Rate of Distribution in respect of such Distribution Period determined in accordance with Condition 4(II)(b) is less than such Minimum Rate of Distribution, the Rate of Distribution for such Distribution Period shall be such Minimum Rate of Distribution.

(c) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Perpetual Securities denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore;

(ii) (in the case of Perpetual Securities denominated in euro) a day on which the TARGET System is open for settlement of payment in euro; and

(iii) (in the case of Perpetual Securities denominated in a currency other than Singapore Dollars and euro), a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Perpetual Security or if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 4:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

"**Distribution Determination Date**" means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

"**euro**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Agent Bank;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Perpetual Securities are denominated;

"**Relevant Financial Centre**" means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

"**Relevant Time**" means, with respect to any Distribution Determination Date or, as the case may be, Reset Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified in the applicable Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) CALCULATIONS

(a) Determination of Rate of Distribution and Calculation of Distribution Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the "**Distribution Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and (in the case of Floating Rate Perpetual Securities) to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank or Agent Bank (acting through its relevant office) is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

(IV) DISTRIBUTION DISCRETION

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five (5) business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the "Reference Period" (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event, a "**Compulsory Distribution Payment Event**") have occurred:

(i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(ii) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

and/or as otherwise specified in the applicable Pricing Supplement.

In these Conditions, "**Junior Obligation**" means any ordinary shares of the Issuer and any class of the Issuer's share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised signatory of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No obligation to pay

If Optional Payment is set out hereon and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Distribution Stopper

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, nothing in this Condition 4(IV)(d) shall restrict the ability of the Issuer's subsidiaries to declare or pay any dividends, distributions or make any other payment to the Issuer.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

(i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);

(2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(IV)(d) or following the occurrence of a Compulsory Distribution Payment Event; and

(3) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro rata* basis.

(f) No default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. REDEMPTION AND PURCHASE

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(b).

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of:

(i) any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement and such obligations cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:

(A) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(B) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a director or a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisors of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change, amendment or ruling by the Comptroller of Income Tax (or other relevant authority).

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time prior to or after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

(i) a certificate, signed by a director or a duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard has taken effect or is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(A) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(B) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(C) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any moneys borrowed" for the purposes of Section 14(1)(a) of the ITA; or

(ii) as a result of the Issuer receiving a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

(1) a certificate signed by a director or a duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(2) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime has taken effect or is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption in the case of Minimal Outstanding Amount

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(f).

(g) Purchases

The Issuer or any of its subsidiaries may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Principal and Distribution in respect of Registered Perpetual Securities

(i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).

(ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(iii) In respect of Registered Perpetual Securities cleared through Euroclear and/or Clearstream, Luxembourg, all payments in respect of Registered Perpetual Securities represented by Global Securities or, as the case may be, Global Certificates will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment (where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January).

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Agents in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Registrar in relation to Registered Perpetual Securities, having a specified office in Singapore, (iii) a Transfer Agent in relation to Registered Perpetual Securities, having a specified office in Singapore, and (iv) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Perpetual Securityholders in accordance with Condition 14.

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within five (5) years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons and unexchanged Talon (if any) relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. TAXATION

(a) Payment after Withholding

All payments in respect of the Perpetual Securities and Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(i) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (A) a resident in Singapore for tax purposes or (B) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon;

(ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(iii) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Perpetual Security or Coupon is presented for payment.

(b) Interpretation

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which for this purpose, shall not include Talons) shall be prescribed and become void unless made within five (5) years from the appropriate Relevant Date for payment.

9. NON-PAYMENT

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for winding-up is limited to circumstances where payment of principal, distribution and any other amounts in respect of the Perpetual Securities has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) an order is made, an effective resolution is passed or, as the case may be, an application is made by the Issuer or any of its Principal Subsidiaries, for the winding-up of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of more than seven business days (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured by the Perpetual Securityholders to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect is continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

10. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS

(a) The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

(b) The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. in principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (iii) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (iv) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (vii) to vary any method of, or basis for, calculating the Redemption Amount, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(c) The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification (subject to certain exceptions mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Perpetual Securityholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Perpetual Securities may be held. Any such modification, waiver or authorisation shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Perpetual Securityholders as soon as practicable.

(d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Perpetual Securityholders as a class but shall not have regard to any interests arising from circumstances particular to individual Perpetual Securityholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Perpetual Securityholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the

Trustee shall not be entitled to require, nor shall any Perpetual Securityholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Perpetual Securityholders or Couponholders.

(e) These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

(f) For the purpose of ascertaining the right to attend and vote at any meeting of the Perpetual Securityholders convened for the purpose of and in relation to Conditions 9 and 10 and Clause 9 of and Schedule 11 to the Trust Deed, those Perpetual Securities (if any) which are beneficially held by, or are held on behalf of the Issuer, and any of its subsidiaries and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Perpetual Securities shall be disregarded and be null and void.

11. REPLACEMENT OF PERPETUAL SECURITIES, CERTIFICATES, COUPONS AND TALONS

Should any Perpetual Security, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates) (or at the specified office of such other Issuing and Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14) upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) or otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to "**Perpetual Securities**" shall be construed accordingly.

13. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Perpetual Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also provides that the Trustee will not be liable for, *inter alia*, any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Trustee's gross negligence, wilful default or fraud was the primary cause of any loss to the Perpetual Securityholders, and that each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in this respect thereof.

14. NOTICES

Notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In addition, notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given two (2) days from the date of despatch to the Perpetual Securityholders.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

Until such time as any Definitive Perpetual Securities (as defined in the Trust Deed) are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspapers the delivery of the relevant notice to (subject to the agreement of CDP) CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two (2) days from the date of despatch to the Perpetual Securityholders.

15. GOVERNING LAW

The Trust Deed, Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

No person shall have any right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce or enjoy the benefit of any term or condition of this Perpetual Security.

ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors in or existing Securityholders should carefully consider, amongst other things, all of the information set forth in this Information Memorandum including any documents incorporated by reference herein and the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, results of operations, performance or prospects of the Issuer or the StarHub Group or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuer is currently unaware of may also impair the business, assets, financial condition, results of operations, performance and/or prospects of the Issuer and/or the StarHub Group. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance, results of operations and/or prospects of the Issuer and/or the StarHub Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected.

Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Securities but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Securities for their particular circumstances.

The Conditions and the Trust Deed will prevail to the extent of any inconsistency with the information set out in the sub-sections "Risks Relating to the Securities Generally", "Risks Relating to the Notes" and "Risks Relating to the Perpetual Securities".

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor or existing Securityholder may require in investigating the Issuer or the StarHub Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or any part thereof) should subscribe for or purchase or sell any of the Securities. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer or its subsidiaries and associated companies (if any), the Arranger or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or such part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries and associated companies (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

The investment considerations and risk factors discussed below also include forward-looking statements and the actual results of the Issuer and the StarHub Group may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

Risks Relating to the StarHub Group

Changes in domestic, regional and global economic conditions may have a material adverse effect on the financial performance and operations of the StarHub Group

Changes in domestic, regional and global economic conditions may have a material adverse effect on the demand for info-communication and related services and hence, on the financial performance and operations of the StarHub Group.

In particular, the outbreak of a novel strain of coronavirus (i.e. COVID-19), which was declared by the World Health Organisation as a pandemic on 11 March 2020, has spread globally and triggered a global downturn and contraction, causing disruptions in demand and supply chains.

The COVID-19 pandemic is ongoing and the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain. The COVID-19 pandemic could result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism and manufacturing supply chains, imposition of quarantines and prolonged closures of workplaces. In particular, the COVID-19 pandemic had caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. A number of governments (including the government of Singapore ("**Singapore Government**")) revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession, which may have a material adverse effect on the StarHub Group's financial condition and results of operations.

Governments (including the Singapore Government) have introduced and may continue to introduce support and relief measures in response to the COVID-19 pandemic. For example, the Singapore Government has released four budget packages totalling approximately S$92.9 billion as part of its support and relief measures in response to the COVID-19 pandemic. In addition, the COVID-19 (Temporary Measures) Bill was announced by the Singapore Government in April 2020 and introduces certain relief for individuals and businesses in financial distress as a result of the ongoing COVID-19 pandemic. The StarHub Group has availed itself of the relevant support and relief measures under the aforementioned budget packages in the form of support for staff salaries, foreign worker levy rebates and property tax rebates. However, there is no assurance that government support packages will be effective in improving the state of the local and global economy.

Governments around the world have introduced measures designed to slow the spread of the virus, including strict border control and travel restrictions. As a result, there has been a steep decline in global travel, leading to a significant decline of the StarHub Group's inbound and outbound mobile roaming, international direct dial ("**IDD**") and prepaid revenues. Governments have also imposed restrictions on movement, ordering residents to stay at home with a limited range of exceptions. In Singapore, "circuit-breaker" measures were implemented by the Singapore Government from 7 April 2020 to 1 June 2020. While some of the StarHub Group's retail outlets were allowed to continue operating under such “circuit-breaker” measures to provide essential services for its customers, the movement restrictions and reduced operating hours negatively impacted the StarHub Group’s revenue. From 2 June 2020 to 18 June 2020 under “Phase One” post “circuit-breaker”, Singapore gradually re-opened economic activities that do not pose a high risk of transmission and more businesses and workplaces were allowed to resume operations, including the StarHub Group’s retail outlets which resumed normal operating hours. From 19 June 2020 under “Phase Two” post “circuit-breaker”, the vast majority of economic activities have been allowed to resume, subject to certain safe distancing measures.

However, both the duration of the border control, travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on the StarHub Group’s business remain uncertain. Even after restrictions are lifted, there might be a period of significantly reduced economic activity, potential increased unemployment and reduced consumer spending. There is also no assurance that travel will rebound to pre-outbreak levels.

The COVID-19 pandemic is expected to have a material impact on the StarHub Group’s revenue and profitability, with expectations for revenue declines for most business segments at varying degrees. In addition to the aforementioned impact on the StarHub Group’s mobile business, the StarHub Group’s enterprise business has also experienced project and tender delays, coupled with longer sales cycles.

In addition, uncertainty about the effects of COVID-19 has resulted in significant disruption to capital and securities markets. As at the date of this Information Memorandum, the StarHub Group has secured S$300.0 million of new committed term loan facilities and is in the process of securing a S$137.5 million new committed term loan facility, subject to completion of the term loan documentation. The StarHub Group has since utilised S$270.0 million of committed term loan facilities to refinance its current borrowings of S$250.0 million and will continue to refinance its remaining current borrowings of S$157.5 million due for repayment in the third quarter of 2020. In addition, the StarHub Group now has S$30.0 million of committed term loan facilities available for drawdown by early August and S$300.0 million of committed revolving credit facilities available for drawdown as and when needed. However, if the disruption to capital and securities markets continues or worsens, the StarHub Group’s ability to raise new capital and refinance its existing debt may be adversely affected.

As the COVID-19 pandemic is ongoing, the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain. While the StarHub Group has in response to the COVID-19 pandemic accelerated its transformation efforts to ensure the long-term sustainability of its business – such as through the acquisition of Strateq Sdn. Bhd. (“**Strateq**”) announced in March 2020, which will enhance the StarHub Group’s enterprise business’ delivery capabilities, as well as the multi-year information technology (“**IT**”) transformation project announced in April 2020 that will accelerate the StarHub Group’s digital transformation – the actual extent of the impact of the COVID-19 pandemic on the StarHub Group’s business, financial condition and results of operations will depend on, among other things, the duration and impact of the COVID-19 pandemic and the extent and speed of the post-outbreak economic recovery.

Any other dislocations, liquidity disruptions or market corrections occurring in the global credit and equity markets and other related events may also have a significant impact on the global credit and financial markets and economic growth as a whole, and consequently, consumer and business demand for info-communication and related services.

The StarHub Group's business is subject to extensive laws and regulations and changes in the regulatory regime may have a material effect on the StarHub Group's business

The StarHub Group's operations and investments are subject to extensive government regulations which may impact or limit flexibility to respond to market conditions, competition, new technologies or changes in cost structures. Governments may alter their policies relating to the info-communication, IT and related industries and the regulatory environment (including taxation) in which the StarHub Group operates. Such changes could have a material adverse effect on the StarHub Group's financial performance and operations.

The business and results of operations of the StarHub Group could be materially and adversely affected by changes in law, regulation or government and regulatory policies, including changes in the tax regime in the jurisdictions in which it operates. In particular, decisions by regulators concerning economic or business interests or goals which are inconsistent with the interests or actions of the StarHub Group could materially and adversely affect its financial condition, results of operations and investments.

In Singapore, the Infocomm Media Development Authority (the "**IMDA**") has implemented the Nationwide Broadband Network (the "**NBN**"), allowing the benefits of the NBN to be available to all industry players. The introduction of the NBN has significantly altered the cost model of the industry, and has increased competition in the market. The StarHub Group offers retail fibre services to both residential and corporate customers over the NBN, and is subject to competitive pressure in the market. Nucleus Connect Pte. Ltd. ("**Nucleus Connect**"), a wholly-owned subsidiary of StarHub, offers regulated wholesale active infrastructure to retail service providers as the operating company of the NBN. Such service offerings and prices chargeable by Nucleus Connect are regulated by the IMDA. Accordingly, any changes or imposition of regulations on Nucleus Connect may impact the financial performance and operations of Nucleus Connect and the StarHub Group.

The cross carriage measure (the "**Cross Carriage Measure**") implemented by the IMDA, pursuant to the amended Code of Practice for Market Conduct in the Provision of Media Services (the "**Media Market Conduct Code**") took effect on 1 August 2011. The Cross Carriage Measure imposes an obligation on subscription television ("**TV**") services licensees to make available channels and content which they have acquired on or after 12 March 2010 on an exclusive basis for carriage on other licensees' networks in Singapore.

The IMDA has issued a fourth mobile network operator ("**MNO**") licence to TPG Telecom Pte Ltd ("**TPG**"). TPG launched commercial services on 31 March 2020, and their entry into the mobile market could have a significant impact on market share, churn, average revenue per user ("**ARPU**"), and revenue levels in the mobile market.

Whilst the StarHub Group has, and will continue to strive to, adapt, innovate and transform its business model to meet regulatory and legislative changes, there can be no assurance that the efforts of the StarHub Group will always succeed – and any failure could have a material adverse effect on the StarHub Group's financial performance and results of operations.

Under the Telecommunications Act, Chapter 323 of Singapore (the "**Telecommunications Act**"), the Minister for Communications and Information (the "**Minister**") has certain discretionary powers to direct the StarHub Group to implement changes to its network and services, or undertake and provide certain services and facilities. In the event the Minister exercises such powers, the StarHub Group may incur costs that may not be fully recoverable. There may also be interruption to operations and services and a diversion of telecommunications resources for other purposes as directed. In addition, the Broadcasting Act, Chapter 28 of Singapore (the "**Broadcasting Act**"), imposes similar obligations with regard to the provision of broadcasting services by the StarHub Group.

The business of the StarHub Group depends upon statutory licences issued by governmental authorities. Failure to meet regulatory requirements could result in fines, suspension or other sanctions including, ultimately, revocation of the licences. There is no assurance that the StarHub Group will be able to renew existing licences on terms that are the same or equivalent to those that currently apply, or at all. The StarHub Group may be required to obtain licences where they wish to expand into new areas of business and there can be no assurance that they will be able to obtain these licences.

On 1 June 2016, the IMDA announced the new 4G Quality of Service ("**QOS**") standards for compliance to ensure mobile phone users experience an acceptable level of service quality in Singapore. These standards are imposed on the MNOs who are providing 4G services. Under the new standards, MNOs are required to ensure that their 4G networks cover at least 99% of outdoor areas from July 2017 onwards.

From July 2018, 4G coverage in tunnels must be at least 99%, and from January 2019, coverage inside buildings must be at least 85% of all floors, including basement one in buildings. For each instance of non-compliance, a financial penalty of up to S$50,000 may be imposed for each standard.

Concurrently, MNOs are also subject to 3G QOS standards, to provide 99% outdoor, 99% in-tunnel and 85% in-building coverage.

The Cybersecurity Act 2018, No. 9 of 18 of Singapore (the "**Cybersecurity Act**") imposes additional obligations on owners of critical information infrastructure ("**CII**") to prevent, manage and respond to cybersecurity threats and incidents. The StarHub Group has been designated as a CII owner and is required to comply with the Cybersecurity Act. In addition, the IMDA, as the sector regulator for the telecommunications and broadcasting sectors, has imposed additional cybersecurity-related obligations on the StarHub Group. The cybersecurity-related obligations are subject to regular audit, and any failure by the StarHub Group to comply with these obligations may result in penalties on the StarHub Group, as well as requirements for the StarHub Group to undertake remedial actions and further audits to demonstrate compliance.

Further, the following consultations are in the process of being, or are expected to be, conducted by the relevant regulatory authorities, the outcome of which may have an impact on the StarHub Group's business:

- The IMDA is consulting on the introduction of a Telecommunication and Subscription TV Mediation-Adjudication Scheme (the "**Scheme**"), which would offer a third-party mediation/arbitration centre for customer disputes and complaints relating to telecommunications and broadcasting services. If implemented, the Scheme may have a material cost impact on the StarHub Group as service providers are expected to fund the bulk of the Scheme.

- The Minister has indicated that the Government is intending to review the Broadcasting Act, which governs the StarHub Group's broadcasting services.

- The Government is consulting on changes to the Code of Practice for Competition in the Provision of Telecommunication Services 2012 issued by the IMDA (the "**Telecom Competition Code**") and the Media Market Conduct Code, with a view of combining them into a converged competition code ("**Converged Code**"). The implementation of a Converged Code may impose additional regulatory obligations on the StarHub Group.

Please refer to the section "Regulatory Environment – Recent Developments" below for further details.

The StarHub Group may not be able to access spectrum to support its businesses

The StarHub Group may need to access spectrum to support both generic growth and the development of new services. Access to spectrum is of critical importance to the StarHub Group in order to support its business of providing mobile and broadcasting services. The use of spectrum in Singapore is regulated by governmental authorities and requires licences. There is no guarantee that the StarHub Group will be able to acquire licences for additional spectrum or access such additional spectrum on favourable terms, or at all. The StarHub Group will need to renew its existing spectrum licences when they expire. There can be no assurance that the StarHub Group will be able to renew these licences on terms that are favourable or equivalent to those which apply today, or at all. Failure to acquire access to spectrum could have a material adverse effect on the business, financial performance and growth plans of the StarHub Group.

The StarHub Group faces competitive risks in the Singapore info-communication market in which it operates

The info-communication market in Singapore is highly competitive and characterised by high penetration rates.

The StarHub Group currently competes with other MNOs and Mobile Virtual Network Operators to attract and retain customers for its businesses.

In the home broadband and Pay TV market, competition has increased with the deployment of the NBN and the StarHub Group also faces competition from other operators in its provision of Pay TV services in Singapore, including from the Internet Protocol Television ("**IPTV**") service provided by Singapore Telecommunications Limited ("**Singtel**") and Over The Top ("**OTT**") service providers. In addition, piracy remains a challenge in the Singapore market.

With viewing habits shifting towards OTT and main content providers introducing direct to consumer products, there is an increased pressure on ARPU and revenue. However, the fragmentation of such offerings is an opportunity and provides a path for Pay TV operators such as the StarHub Group to position themselves as OTT application aggregators to facilitate access to a variety of content. In a declining economic environment, households may look to reduce their entertainment spend and turn to illegal streaming boxes and sites as a substitute. The StarHub Group continues to monitor such activities and contributes to illegal site identification and blocking in partnership with content providers, and will avail itself of any upcoming legal enforcement measures to prevent the distribution of illegal streaming boxes in Singapore.

The StarHub Group could also face competition from new Internet service providers in the future using wireless broadband or other technologies.

In providing fixed network services, the StarHub Group competes against a number of other operators in provision of fixed network, international calling and other business services. For example, many competitors have entered the market as service-based operators ("**SBOs**") offering IDD and international calling card services to customers through international simple resale and/or Voice over Internet protocol ("**IP**"). 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. OTT players also serve as competitive alternatives to traditional voice services. In the data communications market, the primary competition is from a number of global players. The StarHub Group also faces competition from competitive bandwidth service providers as well as a number of smaller business Internet service providers ("**ISPs**") and e-commerce infrastructure enablers.

The IMDA may grant licences to additional info-communication operators that may compete with the StarHub Group. These new licensees may introduce additional telecommunications competitors or new Pay TV or broadband ISPs. Furthermore, the NBN reduces the barrier of entries for new players to enter the market and provide fibre-based services. The StarHub Group may also be subject to competition from providers of new info-communication services as a result of technological development, evolving industry standards and the convergence of various info-communication services. Competition may also increase as a result of industry restructuring and the introduction of new operators.

Competitors of the StarHub Group may seek to offer bundled services with their other info-communication services which may compete directly with the StarHub Group's products and services. Such 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 agreements. They may also have significantly greater financial and marketing resources and, if successful, may erode the StarHub Group's market value.

Competitors' pricing policies could also significantly affect the prices the StarHub Group charges for its services in the future, potentially leading to a decline in the prices the StarHub Group charges for its services and its ability to generate sufficient revenue or to increase its churn rates and customer acquisition and retention costs. Competition could also lead to a decrease in the rate at which the StarHub Group attracts new customers and the size of its customer base as existing or potential customers could choose to receive info-communication services from other providers. Any of these occurrences could result in lower revenue or increased costs which would adversely affect the StarHub Group's profitability.

The StarHub Group is exposed to information technology and cybersecurity risks

The StarHub Group's businesses and operations have a heavy dependency on information technology and as such, are exposed to the risks of cybersecurity threats, data privacy breaches as well as other network security risks. Cyber incidents have been on the rise in recent times and are increasing in terms of scale and complexity The StarHub Group is exposed to the risks of cyber attacks which could cause disruptions to its networks and services. The StarHub Group is also exposed to the risk of cyber thefts of sensitive and/or confidential information, which may result in litigation from customers and/or regulatory fines and penalties.

The StarHub Group is dependent on interconnection with its competitors' networks and third party gateways

The StarHub Group is dependent on interconnection with its competitors' networks (including, Singtel, which is classified as a "Dominant Operator" by the IMDA) and associated infrastructure for the successful operation of its business. The StarHub Group has interconnection agreements with Singtel, M1 Limited ("**M1**") as well as other third-party operators. Singtel is currently required by the IMDA to provide interconnection services to the StarHub Group at cost-based prices. 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 the StarHub Group's counter-parties to perform its contractual obligations or for any other reason, one or more of its services may be delayed, interrupted or stopped, the quality of its services may be adversely affected, its customer churn rates may increase or interconnection rates may increase, all of which could materially adversely affect its revenue and profitability.

The StarHub Group is dependent on its customers to generate revenue and may not be able to increase its customer base, revenue and profitability

The StarHub Group generates its revenues from, among others, sales of services to its customers. Certain customers have major or significant contracts with the StarHub Group. For example, the StarHub Group has entered into major contracts for the provision of info-communication services with multinational corporations ("**MNCs**"), telecommunications operators as well as channel providers. There can be no assurance that customers of the StarHub Group will not reduce their demand or transfer their business to competitors of the StarHub Group. The loss of customers or reduction in demand of services from customers could have a material adverse impact on the StarHub Group's revenue and performance.

In addition, the StarHub Group may not be able to increase its customer base in all its businesses as a result of competition and high penetration rates in the mobile market. In order to grow revenue and profitability in all its businesses, the StarHub Group may become reliant on ARPU expansion and growth. However, in order to increase its customer base, it may be necessary for the StarHub Group to lower its rates, which may result in a corresponding decrease in ARPU, or it may be necessary to increase customer acquisition costs, which may increase the StarHub Group's operating costs. The StarHub Group is also reliant on increases in the number of corporate customers in all its businesses and it seeks 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 the revenue and profitability of the StarHub Group.

The StarHub Group is further exposed to the credit risk of its customers, which could result in financial loss to the StarHub Group. Credit risk arising from sales of services to customers may be mitigated through a stringent credit evaluation process and the regular monitoring of parties' creditworthiness. However, adverse changes in the credit quality of the StarHub Group's customers, or adverse changes arising from a general deterioration in local, regional or global economic conditions, could reduce recoverability from customers. There is no assurance that customers will not default on the amounts owing to the StarHub Group.

The StarHub Group faces infrastructure risks

The StarHub Group's services are currently carried through its own networks, the networks of local fixed-line operators (including leased circuits that connect its base stations), third party operations, international submarine cable lines, its own switching systems, the switching systems of international long distance operators, Pay TV platforms and other network-related infrastructure. The provision of the StarHub Group's services depends on the stability, quality, resilience and robustness of this integrated network. The StarHub Group faces risks of malfunction of, loss of, or damage to, network infrastructure from catastrophic events, whether natural or of man-made causes (including piracy or hacking resulting in unauthorised access to content), or other events which are outside the control of the StarHub Group. Any loss and damage caused by risks of this nature may significantly disrupt the StarHub Group's operations and may materially adversely affect its ability to deliver services to customers, notwithstanding that the StarHub Group would have put in place disaster recovery plans and/or may have taken out insurance policies with respect to some or all of these risks.

The StarHub Group relies on third party vendors for the construction and operation of its networks, for its hardware and for its business operations

The StarHub Group relies on third party vendors with respect to many aspects of its business. It has relied and will continue to rely on third parties for the construction and operation of its mobile communications and fixed network, as well as its cable and fibre broadband network, and on third party vendors for the hardware it sells and utilises in its business. The StarHub Group also relies on Singtel, M1, NetLink Trust and other vendors for network and interconnection services. Please see the section "The StarHub Group is dependent on interconnection with its competitors' networks and third party gateways" above for further details.

The StarHub Group relies on third party vendors for the hardware it sells and utilises in its business. It is also dependent on the supply of mobile handsets and devices and on its suppliers developing commercially successful technology and software so that such new technologies can achieve broad commercial acceptance. The StarHub Group also currently relies on Nagravision S.A. ("**NAGRA**"), Harmonic International A.G. and Accedo Pte Ltd as the main suppliers of its Pay TV systems, set-top boxes and applications.

The StarHub Group's Pay TV business is dependent on third party content providers who provide it with Pay TV programmes. Content costs, which constitute a large portion of its Pay TV expenses, have reduced in recent years as it moves towards a more variable cost structure. If content costs increase in the future, the StarHub Group may not be able to pass such cost increases to its customers. Any inability to pass content cost increases to its customers would have a material adverse impact on its gross profit.

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

Rapid, disruptive and significant technological changes may increase competition and affect the StarHub Group's operations

Rapid, disruptive and significant technological changes are typical in the info-communication industry and these changes may materially affect the StarHub Group's capital expenditure and operating costs as well as the demand for the StarHub Group's products and services.

The StarHub Group has invested substantial capital and other resources in the development and modernisation of its networks and systems. Technological changes continue to reduce the costs, and expand the capacities and functions, of new infrastructure capable of delivering competing products and services, resulting in lower prices and more competitive and innovative products and services. With the rapid advancement in technology, the StarHub Group may also be stranded with investments that are technologically obsolete before the end of expected useful life of these investments and the value of these investments may be impaired. These changes may require the StarHub Group to replace and upgrade its network infrastructure and as a result, it may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against these newer products and services. The trend for customers to move towards IP-enabled services and products may have a material adverse effect on the demand for traditional voice, data and video services offered by the StarHub Group, and hence on the financial performance and operations of the StarHub Group.

The StarHub Group faces a continuing risk of market entry by new operators and services providers (including non-info-communication players) who, by using newer or lower cost technologies, may succeed in rapidly attracting customers away from established market participants. The StarHub Group's competitors may be more effective than StarHub at developing, marketing or utilising new technologies, products and services and new competitors may emerge as a result of new technologies. For instance, new technologies may enable players from adjacent industries to enter the info-communication services industry. This may result in a loss of market share and could have an adverse effect on the StarHub Group's financial condition and results of operations.

In connection with the licence provisionally awarded by the IMDA to StarHub Mobile Pte Ltd and M1 in April 2020 to build and operate a 5G standalone network infrastructure using 3.5GHz spectrum, the IMDA will require the roll-out of the standalone infrastructure outdoor coverage. The StarHub Group's 5G services will be deployed via standalone architecture using the 3.5GHz spectrum, as well as non-standalone architecture using the 800 MHz of mmWave spectrum which has separately been provisionally awarded to StarHub Mobile Pte Ltd. While the strategic co-operation between StarHub Mobile Pte Ltd and M1 in respect of the 5G standalone network infrastructure will allow both companies to optimise infrastructure and spectrum costs, the lack of a mature 5G ecosystem consisting of devices and services, coupled with the evolving industry 3G Partnership Project (3GPP) standard over the next three years as well as the slowdown of the global supply chain due to COVID-19 which has resulted in a delay in the formation of strategic business partnerships, may limit the immediate mass adoption of 5G services across the business-to-business (B2B) and business-to-consumer (B2C) markets in the near term. This may delay the projected monetisation of the StarHub Group's investments in 5G and impact its return on invested capital, which could have an adverse effect on the StarHub Group's financial condition and results of operations.

Expected benefits from investments and strategies may not be realised

The StarHub Group faces the risk of unforeseen complications in the deployment of new technologies. New technologies may not be developed or implemented according to anticipated schedules or may not achieve commercial acceptance or be cost effective. Any 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 the StarHub Group's services, increase its operational costs, reduce its actual and potential market share and hinder it from realising its 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 the StarHub Group to adopt new technologies and innovate new products and services. As new technologies are developed, the products and services offered may be rendered obsolete or less competitive.

The info-communication industry is capital intensive in nature. Technological changes continue to expand the capacities and functions of new infrastructure capable of delivering competing products and services. As a result, the StarHub Group may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against these newer products and services. These changes may require the StarHub Group to continually review, replace and upgrade its network infrastructure.

The StarHub Group's international expansion may not be successful

Given the limited size of the Singapore market, the future growth of the StarHub Group depends, to a large extent, on its ability to expand its enterprise business internationally. There are considerable risks associated with overseas expansion.

For example, the success of the StarHub Group's strategic investments depends to a large extent on its relationship with, and the strength of, its partners or associates and joint ventures. The StarHub Group has undertaken, and will continue to undertake, international operations by entering into joint ventures and other arrangements with other parties. Such joint ventures and arrangements may involve risks that the joint venture or investment partner may:

- have economic or business interests or goals that are inconsistent with the StarHub Group's interests;

- take actions contrary to the StarHub Group's interests;

- be unable or unwilling to fulfil its obligations under the joint venture agreement or arrangement; or

- experience financial or other difficulties such as operating in countries undergoing political, economic and/or social turmoil.

The value of the StarHub Group's investments may be adversely affected if the anticipated benefits resulting from such investments do not materialise, and this could result in impairment of such investments. Any impairment of investments could have a material adverse effect on the StarHub Group's financial position, performance and results of operations. There is no assurance that the StarHub Group will be successful in making acquisitions in jurisdictions outside Singapore due to various factors, including the limited availability of opportunities, competition for available opportunities from other potential investors, foreign ownership restrictions, government and regulatory policies, political considerations and the specific preferences of sellers.

In particular, other major telecommunications companies are following similar strategies or attempting to penetrate these same markets, resulting in limited opportunities and potentially higher prices. There can be no assurance that the StarHub Group can fully generate synergies from these businesses to achieve its aims of enhancing the StarHub Group's competitiveness, building a competitive regional footprint and combining its complementary data networks to increase the reach and capacity of the StarHub Group's services. Any delay or failure to achieve these and other objectives may result in the acquisitions becoming a drain on the StarHub Group's management and capital resources and may have an adverse effect on the StarHub Group's financial condition and results of operations.

Political instability in certain countries in which the StarHub Group operate in may have a material adverse effect on the StarHub Group

Some of the countries in which the StarHub Group operates have experienced or continue to experience political instability. The continuation or re-emergence of such political instability in the future could have a material adverse effect on the economic or social conditions in those countries. This could lead to outbreaks of civil unrest in the affected areas, which could have an adverse effect on the results of operations of the StarHub Group, and consequently the financial performance of the StarHub Group.

StarHub Group may not be able to expand its business effectively through acquisitions, investments, alliances and joint ventures

The StarHub Group's business strategy includes selective acquisition of new assets or businesses, entering into new strategic alliances and joint ventures and investing in or entering into new business lines. The StarHub Group's ability to achieve and benefit from such acquisitions, investments, alliances and/or joint ventures will depend upon a number of factors, some of which are beyond its control. These factors include, but are not limited to, the StarHub Group's ability to:

- maintain, expand or develop its customer relationships;

- identify assets or businesses for acquisition, investments, alliances or joint ventures that suit its development strategy;

- execute the acquisitions or complete the investments within the timeframe or budget anticipated or integrate any business it acquires;

- identify additional new markets;

- work with its joint venture partners or other shareholders; and

- train and retain qualified personnel to manage and operate its growing business and any new business lines.

There can be no assurance that all or any of the proposed acquisitions, investments, alliances or joint ventures will be consummated on commercially acceptable terms, if at all. The failure to manage any of these factors effectively may have a material adverse effect on the StarHub Group's business, financial position and results of operations. Further, business growth could place a significant strain on the StarHub Group's managerial, operational and financial resources. Integrating new assets or businesses into the StarHub Group's operational framework and ensuring their proper management may involve unanticipated delays, costs and operational problems, in particular with respect to business lines with which the StarHub Group has not had extensive experience. The StarHub Group may encounter difficulties in realising anticipated synergies. The StarHub Group may also encounter unexpected problems or have disagreements or conflicting interests with its joint venture partners or the other shareholders of its acquisitions. Any such problems may impair the StarHub Group's competitiveness or growth prospect and may have a material adverse effect on the StarHub Group's business, financial condition and results of operations.

Further, with respect to some joint ventures or equity investments in which the StarHub Group only holds a minority stake, the StarHub Group may not have any board representation or veto power. In case of disagreements with the StarHub Group's partners, management may be required to divert attention away from other aspects of its businesses to address these disagreements, which may have a material adverse impact to the StarHub's Group business, financial position and results of operations.

The StarHub Group may be unable to obtain future financing on favourable terms, or at all, to fund the development of its business

The StarHub Group may be required to raise additional funds for its future capital needs or to refinance its current indebtedness.

There can be no assurance that funding, if needed, will be available on terms that the StarHub Group considers favourable, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants. If the StarHub Group is unable to borrow the amounts required on favourable terms, it may be unable to pursue its planned strategy, and there can be no assurance that future conditions in the financial markets, particularly if it and other info-communication companies seek increasingly large amounts of capital financing, will not adversely affect its ability to finance its operations.

Majority of the revenue of the StarHub Group is derived from its activities in Singapore

A majority of the revenue of the StarHub Group is derived from its business operations undertaken in Singapore. Furthermore, a majority of its assets are located, and all of its 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 its 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 pandemics or epidemics, such as COVID-19, Severe Acute Respiratory Syndrome and Avian influenza; and

- other regulatory, political or economic developments in or affecting Singapore.

The StarHub Group is exposed to interest rate and counter-party risks

The StarHub Group has cash balances placed with reputable banks and financial institutions. The StarHub Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

The StarHub Group has incurred indebtedness to finance its operations. Where appropriate, the StarHub Group seeks to minimise its cash flow interest rate risk exposure by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates over the duration of its borrowings. However, its hedging policy may not adequately cover the StarHub Group's exposure to interest rate fluctuations and this may result in a large interest expense and an adverse effect on the StarHub Group's financial condition and results of operations.

The StarHub Group may enter into various transactions which will expose it to the credit of its counter-parties and their ability to satisfy the terms of such contracts. For example, the StarHub Group may enter into swap arrangements, which exposes it to the risk that the counter-party may default on its obligations to perform under the relevant contract and the StarHub Group's surplus funds are invested in interest-bearing deposits with financial institutions. In the event a counter-party, including a financial institution, is declared bankrupt or becomes insolvent, this may result in delays in obtaining funds or having to liquidate the position, potentially leading to losses.

The StarHub Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations

The StarHub Group is subject to environmental laws, regulations and ordinances in certain countries in which the StarHub Group operates. Non-compliance with or changes in these environmental laws, regulations and ordinances could adversely affect the StarHub Group. There can be no assurance that environmental laws, regulations and ordinances will not change in the future in a manner that could materially and adversely affect the StarHub Group. Environmental laws, regulations and ordinances may impose upon the StarHub Group obligations to investigate and remedy or pay for the investigation and remediation of environmental conditions, and to compensate public and private parties for related damages. Any such liability in connection with facilities currently owned or operated by the StarHub Group could materially and adversely affect the StarHub Group. It is also possible that existing environmental laws, regulations and ordinances could become more stringent in the future and consequently have a material adverse effect on the StarHub Group's results of operations.

The StarHub Group may not be able to obtain appropriate insurance coverage on reasonable commercial terms or at all

The StarHub Group takes out insurance policies to insure its properties, projects, assets and liabilities in accordance with industry practices. However, not all risks are insurable. For example, losses resulting from war are generally uninsurable in its context. In other instances, it may not be economical for the StarHub Group to insure the risk in full. Even if insurance is obtained, the StarHub Group may still be required by the insurers to undertake a portion of the risks through the appropriate level of deductibles to a claim.

There can be no assurance that the StarHub Group will be able to obtain appropriate insurance on commercially reasonable terms, if at all. Failure to obtain appropriate or adequate insurance could create financial uncertainty to the StarHub Group and potentially cause it to incur significant financial loss upon the occurrence of a major uninsured event. The StarHub Group's reputation might be adversely affected if the StarHub Group is not able to meet the liabilities that arise from a major uninsured event. Failure to obtain appropriate or adequate insurance also reduces the StarHub Group's ability to obtain bank loans or other financing for future construction projects and other commercial activities. The inability of the StarHub Group to obtain or renew insurance coverage at a reasonable cost, or at all, may cause the StarHub Group's operating costs to increase and this may have an adverse effect on the financial condition of the StarHub Group.

The StarHub Group depends on key management for the growth and successful implementation of its strategy

The StarHub Group believes that the growth it has achieved to date, as well as its position as one of Asia's leading info-communication providers, is to a large extent, attributable to a strong and experienced management team. The StarHub Group believes that its continued growth and the successful implementation of its business strategy depend upon the retention of its key management executives and upon its ability to attract and retain other highly capable individuals. The loss of some or all of the StarHub Group's senior executives, or the inability to attract or retain other key individuals, could materially and adversely affect the StarHub Group's business.

StarHub is majority-owned by a single shareholder

As at 31 March 2020, Asia Mobile Holdings Pte. Ltd. ("**AMH**"), a subsidiary of Singapore Technologies Telemedia Pte Ltd ("**ST Telemedia**"), holds approximately 55.81 per cent. of the shares of StarHub. ST Telemedia is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Temasek has no direct interest in StarHub, but is deemed interested in an aggregate of 56.32 per cent. of the shares of StarHub, arising through ST Telemedia and DBS Group Holdings Ltd, which are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their decisions in shares.

There can be no assurance that the majority shareholder of StarHub will remain the same, or that there will not be a change of ownership of the StarHub Group or the entry of another major shareholder with the ability to exert significant influence on the direction or operations of the StarHub Group, nor that the StarHub Group's business, financial condition and results of operations would not be adversely affected by such a change in ownership or influence.

Conflicts of interest

Certain of the principal shareholders of StarHub also have affiliates which have interests in other info-communication companies in Singapore and elsewhere. In addition, a number of the directors of StarHub (the "**Directors**") are also directors or key executives of companies who are or have interests in licensed or active info-communication companies in Singapore or the StarHub Group's suppliers. As a result, the interests of such shareholders and Directors may not be the same as StarHub's or those of StarHub's other shareholders. Although bound by fiduciary duties, there remains the possibility that these Directors may face conflicts of interests arising from holding these positions.

The StarHub Group is exposed to perceived risks associated with electromagnetic energy

Concerns have been expressed relating to possible adverse health consequences associated with the operation of mobile communications devices due to potential exposure to electromagnetic energy. With the advent of 5G technologies, such concerns have increased.

While the StarHub Group is not aware of any substantiated evidence of public health effects from exposure to the levels of electromagnetic energy typically emitted from mobile communications devices, there is a risk that an actual or perceived health risk associated with mobile communications devices could result in:

- litigation against the StarHub Group;

- reduced demand for mobile communications services; and

- restrictions on the ability of the StarHub Group to deploy its mobile communications networks as a result of government environmental controls which exist or may be introduced to address these perceived risks, which in turn could have a material adverse effect on the StarHub Group's financial performance and results of operations.

The StarHub Group is exposed to potential risks relating to privacy breaches

The StarHub Group seeks to protect the privacy of voice and information transmissions over its networks. The StarHub Group employs security mechanisms including the use of firewalls and the global system for mobile communications encryption algorithm, designed to minimise the risk of privacy breaches. Significant failure of encryption and security measures resulting in consumer confidence being undermined and/or the imposition of regulatory measures to ensure the security of services may have a material adverse effect on the StarHub Group's business, financial condition and results of operations.

In addition, the StarHub Group may be subject to claims for defamation, copyright, trademark infringement or other legal claims relating to the information published or disseminated through its networks as well as customers' personal data collected, used or otherwise dealt with, in connection with the provision of its mobile, broadband and Pay TV services. These could include claims under the censorship and data privacy laws of Singapore. Any material liability arising from such claims may have an adverse effect on the StarHub Group's brand equity and business.

Risks Relating to the Securities Generally

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal, interest or distribution payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets;

- understand thoroughly the nature of all these risks before making a decision to invest in the Securities; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for them, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

The StarHub Group may not fully hedge the currency risks associated with Securities denominated in foreign currencies

The majority of the StarHub Group's revenue is generally denominated in Singapore dollars and the majority of the StarHub Group's operating expenses are generally incurred in Singapore dollars and US dollars. As Securities issued under the Programme can be denominated in currencies other than Singapore dollars, the StarHub Group may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the StarHub Group may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Provisions in the Trust Deed and the terms and conditions of the Securities may be modified

The Conditions of the Securities, which are governed by Singapore law, contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Conditions of the Securities also provide that the Trustee may agree, without the consent of the Securityholders or Couponholders, to any modification (subject to certain exceptions mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held. Any such modification, waiver or authorisation shall be binding on the Securityholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Securityholders as soon as practicable.

The value of the Securities could be adversely affected by a change in Singapore law or administrative practice

The Conditions of the Securities are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities, which could adversely affect the value of any Securities affected by such judicial decision or change.

Where the Global Securities or Global Certificates are held by or on behalf of Euroclear, Clearstream, Luxembourg and/or CDP, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Securities issued under the Programme may be represented by one or more Global Securities (as defined herein) or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP and/or such other clearing system, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities (as defined herein). The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to or to the order of the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the respective Global Securities or Global Certificates to take enforcement action against the Issuer in the event of a default under the relevant Securities but will have to rely upon their rights under the Trust Deed.

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities.

The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, it may not be very liquid or the Securities may trade at a discount to their issue price. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

Illiquidity may have an adverse effect on the market value of the Securities. In addition, although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Although an application will be made for the listing and quotation of any Securities to be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. In addition, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

Fluctuation of market value of the Securities issued under the Programme

Trading prices of the Securities are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) generally. Adverse economic developments in Singapore as well as countries in which the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries, its associated companies (if any) and its joint venture companies (if any).

Further, recent global financial turmoil and geopolitical risks have resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Securities.

Interest rate risk relating to the Securities

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Securities, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Securities may rise. The Securityholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk relating to the Securities

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

There is no assurance that the Issuer will have sufficient cash flow to meet payment obligations under the Securities

The ability of the Issuer to make scheduled principal, distribution or interest payments on its indebtedness, including the Securities, and to fund its growth aspirations, will depend on the Group's future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this section "Risk Factors", many of which are beyond the control of the Issuer.

There is no assurance that the Issuer will have sufficient cash flow to meet payment obligations under the Notes as and when they fall due, in the event the Issuer suffers a material deterioration in its financial condition. In such event, the ability of the Issuer to comply with its payment obligations under the Trust Deed and the Securities may be adversely affected.

The Securities are not secured

The Securities and the Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Issuer and rank *pari passu*, without any preference or priority among themselves. On a winding-up or dissolution of the Issuer, the Securityholders will not have recourse to any specific assets of the Issuer and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Securities linked to or referencing such "benchmarks"

The Programme allows for the issuance of Securities that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including SIBOR and S$ Swap Rate, which uses LIBOR, another benchmark, in its determination.

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Security linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. As the S$ Swap Rate methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of the S$ Swap Rate. On 30 August 2019, the MAS announced that, it has established a steering committee to oversee an industry-wide interest rate benchmark transition from the S$ Swap Rate to the Singapore Overnight Rate Average. Similarly, The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark".

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR or S$ Swap Rate benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could result in adverse consequences to holders of any Securities linked to such benchmark. Furthermore, even before the implementation of any changes, uncertainty as to the nature of alternative rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Securities, the return on the relevant Securities and the trading market for securities based on the same benchmark.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Securities linked to or referencing a benchmark.

Commencement of proceedings under applicable Singapore insolvency law or related laws may result in a material adverse effect on the Securityholders

There can be no assurance that the Issuer will not become bankrupt or insolvent, or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. If the Issuer or any creditor were to commence such proceedings under any applicable Singapore insolvency or related laws, this could result in a material and adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material and adverse effect on the Securityholders. Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer.

It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, either with court permission or if so permitted by the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement if the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments to the Companies Act in 2017 have introduced cram-down provisions for where there is a dissenting class of creditors.

The court may, notwithstanding a single class of dissenting creditors, approve a scheme, provided (i) an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it, (ii) the scheme does not unfairly discriminate and is fair and equitable to each dissenting class of creditors and (iii) the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented. Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the "**IRD Bill**" or as passed, the "**IRD Act**") was passed in Parliament on 1 October 2018, but is not yet in force. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. The extent to which the provisions in the IRD Act will impact the Programme and transactions contemplated under the Programme (if at all) will depend on the extent to which such transactions will be exempted from the application of such provisions. While the relevant authorities have indicated that bonds will generally be exempted from the prohibition described above, and have recently had a public consultation on proposed exemptions, the relevant exemptions have not been finalised and there is no certainty as to whether or the extent to which the transactions contemplated under the Programme will fall within such exemptions.

The Securities may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem Securities, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem any or all of the Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of Securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest or principal than expected

The Issuer will pay principal and interest or, as the case may be, distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated (the "**Specified Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Securities and (iii) the Investor's Currency-equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or, as the case may be, distribution or principal than expected, or no interest or, as the case may be, distribution or principal.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Changes in market interest rates may adversely affect the value of fixed rate Securities

Investment in fixed rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Securities.

Performance of contractual obligations by the Issuer may be dependent on other parties

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the transaction documents of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent, a Transfer Agent, the Registrar and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and/or the Couponholders.

Risk of structural subordination of the Securities

The Securities are structurally subordinated to the indebtedness of the Issuer's subsidiaries (other than the Issuer). Generally, claims of creditors, including trade creditors, and other claims of preferred shareholders, if any, of such subsidiaries will have priority with respect to the assets and earnings of such subsidiaries over the claims of the Issuer and its creditors.

Securityholders should be aware that Definitive Securities and Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade

In relation to any issue of Securities which have a denomination consisting of a minimum Denomination Amount (as defined in the Conditions of the Notes and the Conditions of the Perpetual Securities) plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Denomination Amount that are not integral multiples of such minimum Denomination Amount. In such a case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security or Certificate in respect of such holding (should Definitive Securities or Certificates be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts. If Definitive Securities or Certificates are issued, holders should be aware that Definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote or attend meetings of Securityholders) in respect of such Securities.

The Trustee may request that the Securityholders provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 10 of the Notes and the taking of enforcement steps pursuant to Condition 11 of the Notes or, as the case may be, Condition 9(c) of the Perpetual Securities), the Trustee may request the Securityholders to provide an indemnity and/or security to its satisfaction before it takes actions on behalf of Securityholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured to its satisfaction. Negotiating and agreeing to any indemnity and/or security can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity and/or security to it in breach of the terms of the Trust Deed constituting the Securities and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such actions directly.

Enforcement of remedies

Enforcement of available remedies under the Trust Deed, the Securities, the Coupons and the Talons, could result in delays in recovery of amounts owed to the Securityholders by the Issuer. There is no assurance that the Trustee would recover all amounts secured upon such enforcement, and funds received may not be sufficient to make all required payments to the Securityholders.

Risks Relating to the Notes

Noteholders are exposed to financial risk

Interest payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Issuer. The Issuer may be unable to make interest payments, where applicable, or principal repayments, under a Series of Notes should they suffer serious decline in net operating cash flows.

Singapore tax risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purpose of the ITA subject to the fulfilment of certain conditions more particularly described in the “Singapore Taxation” section of this Information Memorandum.

However, there is no assurance that the conditions for “qualifying debt securities” will be met or that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time or should the required conditions cease to be fulfilled.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Risks Relating to the Perpetual Securities

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, Perpetual Securityholders should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects to not to pay all or a part of a distribution under the Conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Conditions of the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution, whether in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the StarHub Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to (but excluding) the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the Perpetual Securityholders. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment of principal, distribution and any other amounts in respect of the Perpetual Securities has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholders for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by Perpetual Securityholders on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of Perpetual Securityholders to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular Tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as "debt securities" by IRAS for the purposes of the ITA, or whether distribution payments made under the Relevant Tranche of the Perpetual Securities will be regarded by IRAS as interest payable on indebtedness for the purposes of the ITA or whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "Singapore Taxation") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or the distribution payments made under the Relevant Tranche of the Perpetual Securities are not regarded by IRAS as interest payable on indebtedness for the purposes of the ITA or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

THE ISSUER

(A) HISTORY AND BACKGROUND

StarHub was incorporated with limited liability in the Republic of Singapore ("**Singapore**") on 7 May 1998 and has been listed on the SGX-ST since 13 October 2004. As at 31 March 2020, StarHub's market capitalisation (excluding treasury shares) was approximately S$2.3 billion.

The StarHub Group is a homegrown fully-integrated info-communication, entertainment and digital solutions provider, which offers a wide range of information, communication and entertainment services to both the consumer and enterprise markets in Singapore. It also develops and delivers customised integrated solutions for government and enterprise customers, incorporating artificial intelligence, cybersecurity, data analytics and Internet of Things ("**IoT**"). The StarHub Group has an entrenched culture of innovation and over the last two decades, the StarHub Group has led the industry in several first-in-market offerings, such as the Hubbing concept where it delivers bundled, integrated and convergent info-communication and entertainment services to its customers, as well as giga!, Singapore's first all-digital mobile brand which provides a seamless end-to-end digital experience, including an electronic-Know Your Customer ("**eKYC**") process where the customer's identity is verified and the SIM card is then delivered straight to the customer's doorstep.

The StarHub Group operates a Long Term Evolution ("**LTE**") advanced ("**4G LTE-Advanced**") mobile network. The StarHub Group was ranked in 2019 by the IMDA as Singapore's fastest telco in terms of 4G peak and median throughput for the periods from January to June 2019 and from July to December 2019. Its high-quality network recorded data speeds between 40% and 60% faster than other networks in Singapore. As at 31 December 2019, the StarHub Group served 2.2 million mobile, 329,000 Pay TV and 501,000 broadband subscribers. As at 31 December 2019, it also operates seven data centre facilities island-wide and an extensive 11,500 kilometres of fibre-optic fixed network that connects approximately 1,975 commercial buildings in Singapore to provide a wide range of data, voice and wholesale services to corporate businesses and enterprises.

Some of the StarHub Group's key milestones are summarised below.

In May 1998, the StarHub Group was awarded licences by the Telecommunication Authority of Singapore (the predecessor of the IMDA) to provide public basic telecommunication services ("**PBTS**") and public cellular mobile telephone services ("**PCMTS**"). At that time, the StarHub Group was the second PBTS and third PCMTS licence holder in Singapore. The StarHub Group officially launched its mobile and fixed network services in April 2000.

In 1999 and 2002, the StarHub Group acquired CyberWay Pte Ltd (subsequently known as StarHub Internet Pte Ltd) and StarHub Cable Vision Ltd. (formerly known as Singapore Cable Vision Limited) ("**SCV**") respectively. These strategic acquisitions enabled the StarHub Group to add internet, cable broadband and Pay TV services to its mobile and fixed telecommunication services, making it the first "quadruple-play" (the service offering of mobile, Pay TV, broadband and fixed services) in the Singapore telecommunication and media space. Since StarHub Internet Pte Ltd ceased operations in 2016, the StarHub Group has continued to provide broadband services through its subsidiaries StarHub Online Pte. Ltd. and Nucleus Connect Pte. Ltd. StarHub Internet Pte Ltd has since been struck off in 2019.

In 2002, the StarHub Group launched its residential fixed voice service with the brand name "Digital Voice" and its HFC network was the first in the world to provide non-proprietary open access service.

In 2005, the StarHub Group achieved its first profitable year and became the second largest mobile operator in Singapore. That same year, StarHub was included as one of the reference companies in the FTSE Straits Times Index.

In 2006, the StarHub Group became the first operator in the world to commercially launch a nationwide 100 megabits per second ("**Mbps**") residential cable broadband service. The launch of this service was well ahead of the launch of the NBN, demonstrating foresight on part of the StarHub Group. It also showcased its innovation in products and services and the superiority of its Data Over Cable Service Interface Specifications (DOCSIS) 3.0 platform on its HFC network.

In 2007, the StarHub Group launched its two-way high-speed packet access service nationwide.

In 2008, the StarHub Group launched its "Home Zone" initiative, the world's first commercial 3G femtocell service on its mobile and fixed network. It also added "Demand TV" functions (comprising both "On-Demand Channels" and "Video On-Demand" services), allowing its customers instant access to entertainment content at advanced broadcast windows, prior to their availability on linear channels.

In 2009, the StarHub Group was included as one of the reference companies in the MSCI Singapore Free Index. In that year, Nucleus Connect, a wholly-owned subsidiary of StarHub, was appointed by the Infocomm Development Authority (the predecessor of the IMDA) to design, build and operate the active infrastructure of the NBN. Please refer to the sections "Infrastructure and Networks – NBN" and "Infrastructure and Networks – Nucleus Connect" below for further details.

In 2010, in conjunction with Nucleus Connect's commercial launch of operations, the StarHub Group concurrently introduced a comprehensive range of residential and business broadband plans along with a host of advanced media-rich value-added info-communication services over the NBN.

In 2011, the StarHub Group and Vodafone Sales and Services Limited ("**Vodafone**") announced that they have agreed to form a strategic partnership that will bring world-class mobile services to enterprise customers in Singapore, with unique Vodafone Global Enterprise services and an extensive global mobile footprint. Since 1 January 2012, the StarHub Group is the exclusive partner of Vodafone in Singapore.

In 2012, the StarHub Group launched its 4G services and introduced new smartphone plans, providing customers with fast and consistent data connectivity for music and video streaming, social networking and cloud services on-the-go. SmartHub, the StarHub Group's data analytics platform, was launched in November 2012 to help the StarHub Group have a better understanding of its customers and develop enhanced and more personalised products and services, with a view to improving brand loyalty.

In March 2013, the StarHub Group offered its IPTV service to commercial customers. Known as "StarHub TV on Fibre", it offers businesses access to crystal clear HD content.

In 2014, the StarHub Group offered a market first – an integrated broadband plan combining two high-speed broadband technologies, namely cable and fibre, in a single plan. This plan allowed customers wide and reliable in-home wireless broadband coverage.

In 2015, the StarHub Group launched an IPTV service for residential customers known as "Fibre TV" and a personal online video streaming service called "StarHub Go". It also partnered ST Telemedia to develop the STT MediaHub. Hubtricity, housed within the STT MediaHub, is the StarHub Group's convergence hub for its fixed, mobile and Pay TV networks and innovation centre. Hubtricity is intended to be a state-of-the-art TV headend which will incorporate virtualised play-out and a fully IP-enabled delivery backbone.

In 2016, the StarHub Group acquired a stake in mm2 Asia Ltd., a leading producer of films, TV programmes and online content in Asia, and further increased its stake in 2017. The StarHub Group launched its Cyber Security Centre of Excellence, a hub for the cybersecurity ecosystem, bringing together the best of brains and expertise to tackle cyber threats. It also formed strategic partnerships with China Mobile International to, amongst other things, enhance mobile business through global roaming cooperation and information sharing as well as Singapore Press Holdings to collaborate in areas of advertising sales, creation and carriage of content, data analytics and marketing.

In 2017, the StarHub Group acquired stakes in Ensign InfoSecurity (Systems) Pte. Ltd. (formerly known as Accel Systems & Technologies Pte. Ltd.) ("**EIS**"), a cybersecurity systems integrator specialising in the provision of security solutions, consulting and managed security services, following which EIS became a subsidiary of the StarHub Group. The acquisition strengthened the StarHub Group's cybersecurity portfolio, giving it the in-house capabilities to be an end-to-end provider of cybersecurity solutions and services.

In 2018, the StarHub Group acquired a stake in D'Crypt Pte Ltd ("**D'Crypt**"), which carries on the business of the development and delivery of advanced electronics, software, computational, cryptographic and security technology and products, following which D'Crypt became a subsidiary of the StarHub Group. The acquisition enhanced the StarHub Group's capabilities in the enterprise solution space in areas such as cryptographic and digital security, secure info-communication technologies and IoT, which are areas vital to Singapore's vision of a robust and secure Smart Nation platform.

The StarHub Group also announced a joint venture with Leone Investments Pte. Ltd. (now known as Ensign Technologies Pte. Ltd.) ("**Leone**"), an indirect wholly-owned subsidiary of Temasek in 2018. The joint venture entity, Ensign InfoSecurity Pte. Ltd. ("**Ensign**"), which is regarded as a subsidiary of the StarHub Group, purchased the StarHub Group's Cyber Security Centre of Excellence, its subsidiary EIS and Leone-owned Quann World Pte. Ltd. (now known as Ensign InfoSecurity (Cybersecurity) Pte. Ltd.), to form one of the largest cybersecurity companies in Asia and the only Singapore-based pure-play cybersecurity company with end-to-end capabilities comprising professional services, systems integration and managed security services.

In partnership with Nokia, the StarHub Group also completed the first outdoor end-to-end pilot of 5G New Radio on 3.5GHz frequency band in Singapore in 2018, which showcased the capabilities of a 5G non-standalone network architecture to deliver the speeds, capacity and latency required to support enhanced mobile broadband service.

In 2018, the StarHub Group outlined the three-year DARE transformation programme that aims to allow its businesses to compete more effectively in a rapidly changing and increasingly competitive operating environment. The transformation plans are based on four key strategic pillars: (i) **D**eliver market-leading customer experiences, (ii) **A**ccelerate value creation from its core business, (iii) **R**ealise growth from new opportunities and (iv) **E**nhance efforts to transform digitally. While the focus is on business transformation, the DARE transformation programme is expected to deliver over S$210 million in gross savings over three years.

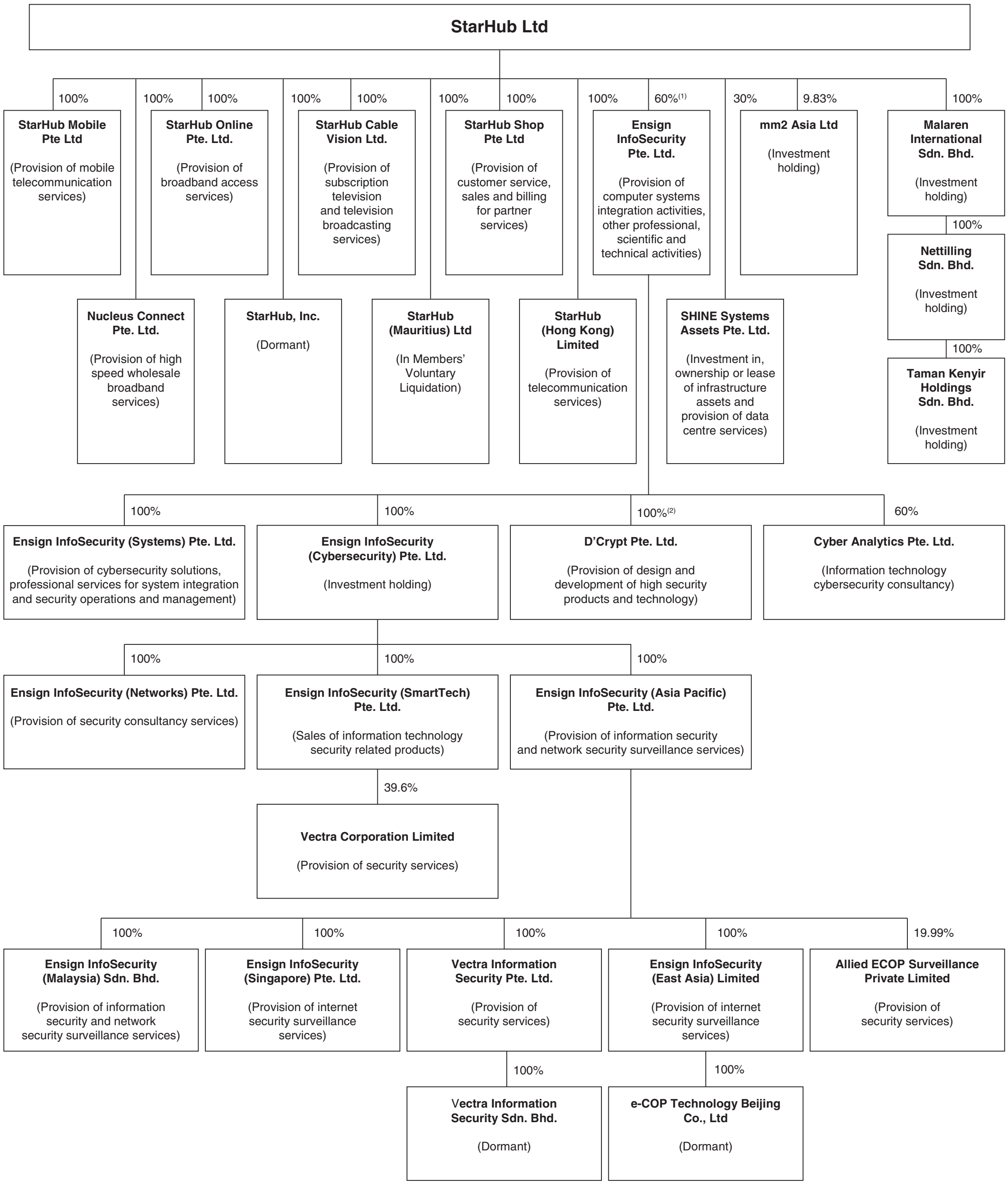
In 2019, the StarHub Group sold its stake in D'Crypt to Keele Investments Pte. Ltd. ("**Keele**"), an indirect wholly-owned subsidiary of Temasek. As part of the transaction, Ensign subscribed for preference shares in the capital of Keele, fully entitling it to the economic rights of D'Crypt, and accordingly D'Crypt became regarded as an indirect subsidiary of Ensign. The transaction aligned the complementary capabilities of D'Crypt and Ensign to further enhance the cybersecurity platform and solutions available under Ensign, and allows D'Crypt to effectively leverage on Ensign's regional outreach to further regionalise. The StarHub Group also completed the cable to fibre migration ("**cable-to-fibre migration**") in 2019.

In 2020, StarHub Mobile Pte Ltd and M1 had jointly bid for, and were provisionally awarded in April 2020, a licence to build and operate a 5G standalone network infrastructure using 3.5GHz spectrum, pursuant to the Call for Proposal for the Provision of Fifth-Generation (5G) Mobile Networks and Services in Singapore issued by the IMDA on 17 October 2019. This strategic co-operation will allow both companies to optimise infrastructure and spectrum costs. The StarHub Group's 5G services will be deployed via standalone architecture using the 3.5GHz spectrum, as well as non-standalone architecture using the 800 MHz of mmWave spectrum which has separately been provisionally awarded to StarHub Mobile Pte Ltd, enabling customers to enjoy faster network speeds and new digital services, such as augmented reality for entertainment, education and healthcare, and also provide an opportunity to deliver IoT for a smarter society.

The StarHub Group entered into a conditional share sale agreement on 11 March 2020 to acquire a stake in Strateq, an end-to-end data-driven IT solutions company headquartered in Malaysia with in-house research and development capabilities. Subject to the fulfilment of various conditions precedent, upon completion, which is expected to place by the second half of FY2020, Strateq will became a subsidiary of the StarHub Group. With the addition of Strateq, the StarHub Group will strengthen and diversify its existing information and communication technology managed services and cybersecurity capabilities in Singapore and Asia Pacific.

The StarHub Group entered into a strategic technology partnership with PCCW Solutions on 17 April 2020 that seeks to optimise its IT operations, lower costs and deliver agile, new IT capability to enable simplification of processes and operations, which will result in enhanced customer experience and quicker time to market. This is in line with the DARE transformation programme unveiled in 2018, and underscores the StarHub Group's commitment for digital transformation across the organisation.

Corporate Legal Structure (as at 31 March 2020)



Notes:

(1) Inclusive of rights, benefits and interests in 20 per cent. of the total issued share capital of Ensign assigned by Leone to the Issuer.

(2) Based on the rights accorded to Ensign through the preference shares in the capital of Keele, D'Crypt is regarded as an indirect subsidiary of Ensign as a result of Keele's 100 per cent. shareholding in D'Crypt.

Shareholders

As at 31 March 2020, the immediate holding company of StarHub is AMH, which holds approximately 55.81 per cent. of StarHub's issued share capital. Asia Mobile Holding Company Pte. Ltd. ("**AMHC**") and OIH Investment LLC hold approximately 75 per cent. and 25 per cent. of the total issued share capital of AMH respectively. AMHC is a wholly-owned subsidiary of STT Communications Ltd, which in turn is a wholly-owned subsidiary of ST Telemedia. ST Telemedia is a wholly-owned subsidiary of Temasek. OIH Investment LLC is a wholly-owned subsidiary of Ooredoo Q.P.S.C. (formerly known as Ooredoo Q.S.C) ("**Ooredoo**"). NTT Communications Corporation, a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation, holds approximately 9.91 per cent. of StarHub's issued share capital.

As at 31 March 2020, Temasek has no direct interest in StarHub, but is deemed interested in an aggregate of 56.32 per cent. of the shares of StarHub, arising through ST Telemedia and DBS Group Holdings Ltd, which are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their decisions in shares.

(B) PRINCIPAL BUSINESS GROUPS AND ACTIVITIES

Operationally, the StarHub Group's business activities are organised into two divisions: the Enterprise Business Group and Consumer Business Group.

(1) Enterprise Business Group

The Enterprise Business Group ("**EBG**") comes under the purview of the Chief, EBG. The Chief, EBG is responsible for driving the next growth phase of the business and deepening the engagement with the enterprise community.

Enterprise Business Group

EBG serves wholesale and enterprise customers, including small and medium businesses ("**SMBs**") in Singapore. The StarHub Group has established a reputation for being creative and customer-focused, offering cost-effective solutions and reliable, high-quality connectivity in the info-communication market to help enterprise customers build a hyperconnected workplace with an empowered workforce. The StarHub Group also promotes diversity of suppliers for telecommunication services and provides a viable alternative for business customers desiring high-quality info-communication products and services in Singapore.

The EBG strategy is built upon digitalising enterprises and business networks for its clients, through its current range of core products under Enterprise Business services and an enlarging spectrum of IT services and solutions including IT managed services, artificial intelligence, cybersecurity, data analytics and IoT.

Enterprise Business services consist of four main product groups: (i) "Domestic Data", (ii) "Domestic Voice", (iii) "Enterprise Mobility", (iv) "Managed Services, Cloud, Analytics and Cybersecurity", and (v) "International Connectivity and Voice Services".

(i) Domestic Data

The Core Data Products Group provides a range of domestic core services. These include Ethernet Leased Line, Low Latency Ethernet Leased Line, high bandwidth Super Direct Service (100G), MPLS Switch Ethernet, Enterprise Internet, IP Transit (SiX), Business Broadband as well as Software Defined Wide-Area Network service. In addition, the StarHub Group has a range of tier 3+ facilities management services which allow customers to co-locate their network equipment on its premises. A variety of disaster recovery and business continuity options are also available to provide further value to the StarHub Group's customers.

(ii) *Domestic Voice*

The StarHub Group provides a wide range of voice communication offerings, from high-quality IDD to wholesale transit delivery of international voice traffic, SIP and Unified Communication and Collaboration services. These include business fixed lines, hosted telephony, 1800 toll free and Compliance Mobile Recording services.

(iii) *Enterprise Mobility*

The Enterprise Mobility team provides a range of options for its enterprise customers, ranging from bespoke roaming plans to data pooling and managed mobility solutions. It serves enterprises ranging from multi-national corporations to small office/home office start-ups.

(iv) *Managed Services, Cloud, Analytics and Cybersecurity*

Managed Services and Cloud Solutions: The StarHub Group partnered with various technology partners to provide cloud computing services. This includes Infrastructure-as-a-Service, Productivity Suites and Software-as-a-Service. Managed services also include network infrastructure, on-premise unified communication, systems and vertical hospitality solutions. Concurrently, the StarHub Group is pursuing growing opportunities to integrate emerging technologies into its customised solutions for enterprises, such as data analytics, artificial intelligence and IoT that enables enterprises to enhance efficiency and productivity. As part of its transformation and diversification efforts, the StarHub Group had in March 2020 announced the acquisition of Strateq, an end-to-end data-driven IT solutions company headquartered in Malaysia with in-house research and development capabilities. Strateq's complementary digital solutions bolsters the StarHub Group's competitiveness and delivery capabilities, while Strateq's growing international presence and broad customer base offer the StarHub Group growth and diversification opportunities. With over three decades of proven track record, Strateq delivers fully-integrated digital capabilities in high-growth markets including (i) proprietary software for the healthcare industry, (ii) petrol retail solutions where it enjoys market leadership and longstanding partnerships with international oil majors, (iii) data centre and business continuity solutions where it was a market pioneer in Malaysia, (iv) enterprise system where it has an established track record in large-scale IT infrastructure projects including government tenders, (v) enterprise business comprising IoT and customised data analytics and (vi) sentry security utilising state-of-the-art surveillance equipment and artificial intelligence. Subject to the fulfilment of various conditions precedent, upon completion, which is expected to place by the second half of FY2020, Strateq will became a subsidiary of the StarHub Group.

Analytics Services: The StarHub Group offers data analytics and artificial intelligence solutions through its enterprise solution, SmartHub. This platform gives its SmartHub customers almost real-time and a deeper understanding of the psychographic profiles of various consumer segments ranging from locations to online interests, allowing businesses utilising SmartHub to anticipate customer needs and interaction preferences, thus enabling the making of more targeted business decisions and allows for insights to be integrated into their operational processes for business value realisation.

Cybersecurity: Recognising the increasing need for sophisticated cybersecurity solutions, the StarHub Group has over the years inorganically grown its cybersecurity business and offerings. StarHub's subsidiary, Ensign, is one of the largest cybersecurity companies in Asia and the only Singapore-based pure-play cybersecurity company with end-to-end capabilities comprising professional services, systems integration and managed security services. With a growing presence in Asia, Ensign is the result of the integration of several entities with complementary capabilities – Quann World Pte. Ltd. (now known as Ensign InfoSecurity (Cybersecurity) Pte. Ltd.), the cybersecurity arm of Certis; EIS, a cybersecurity systems integrator specialising in the provision of security solutions, consulting and managed security services; and D'Crypt, which carries on the business of the development and delivery of advanced electronics, software, computational, cryptographic and security technology and products. Ensign is well-positioned to provide sophisticated end-to-end cybersecurity solutions to enterprises, industries and governments.

(v) *International Connectivity and Voice Services*

The StarHub Group provides wholesale customers with backhaul connections to many of the undersea cable systems that have a landing in Singapore and provides domestic delivery to their network equipment locations within Singapore. It also provides its own global VPN service focusing on key cities within the Asia Pacific region with Network-to-Network Interface partnership with strategic partners.

Enterprise Business services are currently the StarHub Group's second largest revenue contributor, making up 24.7 per cent. of the StarHub Group's total operating revenue in the financial year ended 31 December 2019 ("**FY2019**"). Operating revenue from its Enterprise Business services increased by 12.6 per cent. to S$575.2 million in FY2019 from S$510.8 million in the financial year ended 31 December 2018 ("**FY2018**"). Total revenue from "Data and Internet" services, which made up 47.8 per cent. of the StarHub Group's Enterprise Business services revenue, decreased by 3.2 per cent. to S$274.9 million in FY2019 from S$284.0 million in FY2018. Total revenue from "Voice" services decreased by 7.0 per cent. to S$43.4 million in FY2019 from S$46.7 million in FY2018. Total revenue from "Managed Services" increased by 12.6% to S$111.2 million in FY2019 from S$98.8 million in FY2018. Total revenue from "Cybersecurity" services increased by 79.1% to S$145.7 million in FY2019 from S$81.3 million in FY2018.

Business Division

The Business division services MNCs, large corporations, government enterprises and SMBs within and outside Singapore with its fixed network services (Data and Internet), mobile communications, IDD, voice, IPTV and advertising services. This commercial sector represents an important opportunity for revenue growth for the StarHub Group.

The StarHub Group focuses on customers in selected market segments and tailors its telecommunication solutions to meet the needs of those customers. Specifically, it concentrates on the following industries: government, education, financial services, hospitality, IT and media, manufacturing, transport and logistics. The StarHub Group also focuses on SMBs as a distinct sector under its commercial sales unit.

It has a comprehensive suite of business solutions (covering domestic and international connectivity and network solutions, hybrid cloud solutions, cybersecurity, enterprise mobility, Machine-to-Machine ("**M2M**") and managed services) and industry-specific offerings such as hospitality, in-room automation, compliance-based voice recording, push-to-talk and fleet or workforce management solutions. It also offers professional services such as project management, integration and maintenance services.

Wholesale Division

The Wholesale division seeks to maximise the return on investment and increase operating leverage by marketing and selling spare capacity on the StarHub Group's core fixed network. For example, it sells spare capacity in its international network to voice operators, thereby increasing its IDD traffic volume and lowering its effective cost of offering retail IDD services.

The Wholesale division is responsible for the StarHub Group's relationship with FBOs and SBOs within the info-communication market in Singapore. Currently, the Wholesale division provides products and services to FBO and SBO customers, including major international telecommunication companies, regional telecommunication operators, local fixed network and mobile virtual network operators, ISPs and a variety of value-added service providers.

The primary source of revenue for the Wholesale division is from the sale of the StarHub Group's range of core fixed network products and services to FBOs and SBOs. Its wholesale products are focused on bandwidth and non-voice services, IP transit and international transit. It also has specific customer offerings including domestic leased circuits, "Ethernet" leased lines, "International Private Leased Circuits", "Internet Exchange" and "Backhaul and Facilities Management".

The Wholesale division's sales strategy is to become the preferred supplier of core fixed network products and services in Singapore and to provide the best alternative to the incumbent FBOs and SBOs.

(2) Consumer Business Group

The Consumer Business Group ("**CBG**") provides residential consumers with mobile, Pay TV and home broadband services.

The CBG falls under the purview of the Chief, CBG. The Chief, CBG is responsible for the development, marketing and delivery of consumer-market mobile and fixed products and services including Pay TV. In addition, he charts StarHub's brand evolution.

Mobility (Mobile Services)

The StarHub Group is currently the second largest mobile operator in Singapore. As at 31 December 2019, the StarHub Group's mobile customer base included over 2.2 million customers, representing a market share of approximately 24.7 per cent. Its mobile business contributed 32.8 per cent. of the StarHub Group's revenue in FY2019.

The StarHub Group provides a full suite of mobile services to its customers in Singapore using its state-of-the-art 4G network with network aggregation, delivering fast speeds and low latency. The StarHub Group has received multiple accolades for its network quality and speed. In 2019, the StarHub Group was ranked by the IMDA as Singapore's fastest telco in terms of 4G peak and median throughput for the periods from January to June 2019 and from July to December 2019.

Mobile services are provided either on a postpaid basis with customers receiving a monthly billing or on a prepaid basis where customers top up their mobile service credits before use. As at 31 December 2019, the StarHub Group's mobile services customer base consisted of a total of approximately 2,229,000 customers, of which approximately 1,451,000 were postpaid customers and approximately 778,000 were prepaid customers. In comparison, as at 31 December 2018, the StarHub Group's mobile services customer base consisted of a total of approximately 2,191,000 customers, of which approximately 1,402,000 were postpaid customers and approximately 788,000 were prepaid customers.

Operating revenue with respect to the mobile business for FY2019 was S$765.5 million, a decrease of 7.2 per cent. as compared to FY2018. FY2019 postpaid ARPU was S$40 while prepaid ARPU was S$13. Despite intense competition within the Singapore mobile industry, churn rate for the StarHub Group's mobile business has been kept low at 1.2 per cent. and 1.0 per cent. in FY2019 and FY2018 respectively.

To provide its mobile customers with high levels of quality service in Singapore, the StarHub Group has undertaken various initiatives to upgrade its infrastructure and mobile service plans. StarHub's 4G LTE-Advanced mobile broadband network offers peak data speeds of 1 gigabit per second ("**Gbps**"). It enables StarHub to manage large volumes of data traffic and support the growing demand for mobile broadband access.

In 2015, StarHub worked with Huawei and Nokia Networks to bring the most advanced mobile network to the Singapore market. In its Heterogeneous Networks ("**HetNet**") deployment, Huawei and the StarHub Group were awarded the "Best Innovation in Heterogeneous Networks" award at LTE Asia 2015. Separately, StarHub Group's network was ranked the world's fastest 4G network by an independent study done by OpenSignal. In 2016 and 2018, it attained similar network performance awards.

In 2017, StarHub tripled its 4G upload speeds to 150 Mbps, up from the 50 Mbps speeds that most 4G networks offer today. This network upgrade is essential, as mobile users today require good upload performance to share videos and photos of ever-increasing quality.

In 2018, StarHub switched on Singapore's first commercially-ready 1 Gbps network for its mobile customers as the industry looked towards 5G. As part of its ongoing network modernisation, StarHub boosted peak 4G speeds from 400 Mbps to 1 Gbps. By switching to a 1 Gbps-capable phone, customers on its mobile postpaid plans could automatically surf at speeds up to twice as fast and enjoy a smoother data experience even during peak hours.

In 2019, StarHub further advanced its 5G commercialisation plans. Together with the National University of Singapore, it jointly advanced innovations in virtual reality and artificial intelligence solutions over StarHub's 5G network. It also partnered U Mobile of Malaysia to conduct the world's first standalone (5G SA) roaming trials. In December 2019, it unveiled a pop-up 5G showcase experiential event entirely connected via Singapore's first 5G Cellular-on-Wheels ("**COW**"), which enabled the public to have a first-hand experience of the benefits of 5G. In January 2020, it broadened its scope of collaboration with Nanyang Polytechnic to accelerate 5G co-innovation as well as to create a new cadre of 5G talent.

The StarHub Group also offers a range of service plans targeted at different segments of the Singapore market. To cater to increasing customer demand for mobile data usage, as well as a shift in consumer behaviour which favours flexibility and simplicity, the StarHub Group launched the Hello Change mobile plans in the fourth quarter of 2018. These simplified and transparent mobile plans offered extra-large data bundles and free caller number display, doing away with hidden fees by including a free SIM card, as well as removing all one-time administrative, registration and re-contracting fees.

For customers who choose not to acquire a subsidised mobile phone plan, the StarHub Group offers a SIM Only plan which offers greater flexibility. In 2019, the StarHub Group launched its own digital mobile brand, giga!, which allows it the agility to compete effectively in the SIM Only market. giga! was the first all-digital mobile brand in the market to offer data roll-over. Its seamless end-to-end digital customer journey also provided greater convenience to customers – its unique eKYC process was the first of its kind in the Singapore postpaid market; followed by next day delivery of the SIM card, supplemented by 24/7 online customer support.

DataTravel roaming offers mobile postpaid customers 1GB to 3GB plans for use within a single country or across selected multiple destinations, with the option to extend its validity for up to 30 days. Consumers can activate a plan instantly or schedule it up to 30 days in advance. For a fuss-free experience, customers can also purchase optional insurance coverage from the StarHub Group's insurance partner.

Prepaid customers are also able to surf at Singapore data rates with coverage spanning over 17 countries. Prepaid customers can top up and check their data usage via the StarHub Prepaid App and utilise any unused data when they return to Singapore.

The StarHub Group also offers device protection plans for postpaid and SIM Only plan customers. For a monthly subscription fee, customers can replace or repair their damaged or faulty mobile devices at attractive rates with one-click access to technical support.

Pay TV

As at 31 December 2019, the StarHub Group had a Pay TV customer base of approximately 329,000 households, making StarHub the leading Pay TV operator in Singapore in terms of revenue market share. Operating revenue from its Pay TV business contributed 10.6 per cent. of the StarHub Group's revenue in FY2019.

The StarHub Group provides a wide range of Pay TV services, offering a full suite of international TV channels of news, movies, entertainment, sports, music and education, and six local "free-to-air" complimentary TV channels. In 2019, it offered over 160 channels, ranging from popular self-packaged Chinese language TV channels such as Hub VV Drama and Hub E City to foreign language TV channels.

In 2019, the StarHub Group completed the cable-to-fibre migration to provide customers with greater speeds and a seamless entertainment experience. The migration was the right opportunity for the StarHub Group to transform the Pay TV business model amidst disruption in the industry by OTT players. As part of the Pay TV transformation roadmap, the StarHub Group converted most of its content agreements from a fixed model to a variable cost per subscriber model, which will enhance the margins for this segment. Flexible entertainment passes, which offer customers greater simplicity, transparency and flexibility to toggle between passes within 24 hours, were also launched in line with the Hello Change brand promise. The StarHub Group also introduced greater OTT offerings, such as the Go Max package available on the StarHub Go app, a full OTT offering which allows even non-StarHub Pay TV customers to enjoy entertainment on-the-go for a monthly fee with no contract.

With smartphones now capable of streaming content over the StarHub Group's advanced high-speed mobile broadband network, the StarHub Group has expanded its catalogue of content spanning across genres on StarHub Go. Customers can access their subscribed channels on StarHub Go at S$2 per month with no data access charges on the StarHub Group's mobile network, while non-customers can purchase monthly and season passes to access exclusive content on the service. Subscribers have access to the latest titles ranging from movies, drama series to variety programmes from Asia, US and Europe, as well as "live" sports coverage.

As at 31 December 2019, the StarHub Group's Pay TV ARPU was S$44. The Pay TV revenue for FY2019 was 20.3% lower at S$248.0 million compared to S$311.3 million in FY2018. The FY2019 Pay TV segment performance was impacted by the cable-to-fibre migration, which was completed in October 2019, due to promotional activities to encourage fibre adoption.

As the StarHub Group continues to convert more content agreements to a variable cost per subscriber model and transform its content delivery model, it has seen results from its transformation efforts – in FY2019, Net Promoter Score that measures customer satisfaction improved 70% year-on-year, while StarHub's OTT subscriber base rose 23% compared to FY2018.

Besides providing Pay TV services to consumers, the StarHub Group also offers multichannel Pay TV services to business customers using the IPTV platform. The StarHub Group's subscription rates for businesses are charged according to the number of rooms (for hotels) or number of TV sets (for other business customers). Certain hotels can also request permission to install TV Receive Only satellite dishes from the Singapore Government. In such cases, the StarHub Group also receives a monthly subscription fee for the TV channels over which it holds broadcasting rights.

Broadband Services

The StarHub Group is currently the second largest ISP in Singapore. As at 31 December 2019, the StarHub Group's residential fibre broadband customer base totalled approximately 501,000 households. Its broadband business contributed 7.6 per cent. of the StarHub Group's revenue in FY2019.

The StarHub Group offers high-speed home networking of up to 2 Gbps through its fibre broadband plans delivered over the NBN, which enables the StarHub Group to offer smart home telecommunication solutions to its customers. In addition, by leveraging the internet exchange and multiple undersea cables within its fixed network infrastructure, the StarHub Group is equipped to deliver high-quality international connectivity to broadband customers in Singapore.

Operating revenue from its broadband business was 5.1 per cent. lower at S$176.4 million as at 31 December 2019 as compared to S$185.8 million as at 31 December 2018. Overall broadband ARPU for FY2019 was S$29 as compared to S$32 for FY2018, mainly due to promotional activities relating to the cable-to-fibre migration.

Sales of Equipment

An ancillary service to the StarHub Group's mobile business is the sale of handsets, devices and accessories which are usually bundled and sold together with its mobile, broadband and Pay TV subscription packages. The sales of these mobile handsets, devices, accessories and other equipment such as StarHub Go streaming boxes and broadband devices are reflected as operating revenue from the sales of equipment. In FY2019, operating revenue from the sales of equipment contributed 24.3 per cent. of the StarHub Group's total revenue. Operating revenue from its sales of equipment for FY2019 increased by 6.8 per cent. to S$565.5 million as compared to S$529.6 million in FY2018 primarily due to higher volume of handsets sold.

Operating Revenue

A summary of the operating revenue, which covers both the consumer and business markets, for each of the StarHub Group's lines of business for FY2017, FY2018, FY2019, 1Q2019 and 1Q2020 are set out as follows:

Operating Revenue

	FY2017 (audited) S$' million	FY2018 (audited) S$' million	FY2019 (audited) S$' million	1Q2019 (unaudited) S$' million	1Q2020 (unaudited) S$' million
Mobile revenue	897.6	824.5	765.5	192.3	163.5
Pay TV revenue	353.5	311.3	248.0	70.7	46.8
Broadband revenue	186.8	185.8	176.4	47.1	41.7
Enterprise Business revenue	440.5	510.8	575.2	134.1	152.8
Total Service Revenue	1,878.4	1,832.4	1,765.1	444.3	404.9
Sales of equipment	532.2	529.6	565.5	152.5	101.3
Total	2,410.7	2,362.0	2,330.6	596.8	506.2

(3) Sales and Distribution

The StarHub Group has an extensive range of sales distribution channels through which it seeks to cost-efficiently maximise its market coverage. This includes:

Consumer Sales and Distribution

StarHub Shops. The StarHub Group has retail outlets in key business areas and shopping districts in Singapore. These retail outlets offer the full-range of StarHub services and products.

Exclusive Partners. The StarHub Group also has exclusive partners, each of whom has an exclusive relationship with the StarHub Group and is authorised to sell the StarHub Group's full suite of products in Singapore. These retail outlets are branded like the StarHub retail outlets and provide the same offers and promotions as the StarHub retail outlets. This allows the StarHub Group to extend retail visibility without incurring the associated fixed costs as these exclusive partners are compensated on a commission basis.

Inbound and Outbound Telemarketing. A significant percentage of the Pay TV and broadband services are distributed through inbound and outbound telemarketing channels. The inbound telemarketing group capitalises on the volume of general enquiries flowing into the call centre. The outbound telemarketing group focuses on leads generated by various marketing and promotional activities.

Digital. The StarHub Group's digital channels have become important distribution and service channels. Many fibre broadband and mobile customer activities such as promotional sign-ups, re-contract and upgrade activities are conducted through the StarHub Group's Online Store and My StarHub App.

Enterprise Business Sales and Distribution

The sales and support teams for the StarHub Group's enterprise business group are divided into two segments – Large Enterprises and SMBs. To better address the industry-specific needs of its customers, the StarHub Group's Large Enterprise team has account managers assigned by industry segments namely, government, education, financial services, hospitality, meetings, incentive travel, conferencing and exhibitions, IT and media, manufacturing, services sector, healthcare, wholesale, media sales and professional services.

To service the SMB market, the StarHub Group has a dedicated team of account managers to service a group of mid-market customers. The StarHub Group also appoints a group of channel partners and specialised resellers to effectively reach out and service the larger group of smaller enterprises. Other points of contact include the SMB Business Hotline and "My Business Account", a round-the-clock online service portal with self-service functions and an online store to enable the StarHub Group's customers to check, modify, access new mobile services or re-contract their existing services with the StarHub Group at their convenience. SMB customers may also sign up for business services at StarHub Shops.

(C) INFRASTRUCTURE AND NETWORKS

The StarHub Group provides its services over its fixed, mobile, broadband and IP platforms. It operates an extensive, high capacity nation-wide fibre-optic network that delivers fixed connectivity, multi-channel Pay TV services, voice services, internet access services and global managed services.

Through Nucleus Connect, the StarHub Group operates the active infrastructure of the NBN. Using the extensive fibre reach of the NBN, the StarHub Group provides broadband services to both residential and non-residential subscribers. Its mobile network has been fully upgraded to 4G LTE-Advanced, which is capable of delivering 1 Gbps mobile broadband service. In 2020, StarHub Mobile Pte Ltd and M1 had jointly bid for, and were provisionally awarded in April 2020 by the IMDA, a licence to build and operate a 5G standalone network infrastructure using 3.5GHz spectrum. This strategic co-operation will allow both companies to optimise infrastructure and spectrum costs. The StarHub Group's 5G services will be deployed via standalone architecture using the 3.5GHz spectrum, as well as non-standalone architecture using the 800 MHz of mmWave spectrum which has separately been provisionally awarded to StarHub Mobile Pte Ltd, enabling customers to enjoy faster network speeds and new digital services such as augmented reality for entertainment, education and healthcare, and also provide an opportunity to deliver IoT for a smarter society.

NBN

Nucleus Connect, a wholly-owned subsidiary of StarHub, was appointed by the IMDA to design, build and operate the active infrastructure (comprising switches and transmission equipment) of the NBN, a pervasive, ultra-high speed, all-fibre broadband network which is expected to link all homes, schools, government buildings, businesses and hospitals in Singapore. The NBN enables Singapore consumers and businesses to subscribe to and access high broadband speeds from 100 Mbps to 1 Gbps and beyond.

Through the NBN, the StarHub Group is actively involved in leveraging the network to both the corporate and consumer markets in Singapore, with a focus on driving the take-up of services through the NBN and expanding its portfolio of info-communication and value-added services for its customers. The StarHub Group also intends to remain focused on offering quality info-communication content across all available platforms, so that its customers can further experience the benefits and value of Hubbing through convergent and innovative services. The NBN allows the StarHub Group to service businesses outside of the approximately 1,975 commercial buildings currently linked to its existing fibre-optic network, providing growth opportunities in business solutions, especially with the rapidly growing SMB market.

Nucleus Connect

Nucleus Connect, a wholly-owned subsidiary of StarHub, was selected by the IMDA as the operating company to operate and manage the active network of the NBN on 3 April 2009, pursuant to an open request-for-proposal process. It is currently the only operating company offering wholesale bandwidth services over the NBN on an open access basis.

In May 2010, Nucleus Connect launched its two Central Offices which housed highly advanced optical network equipment that empowers the NBN based on Gigabit Passive Optical Network and Optical Ethernet access technologies. These offices are also intended to become the site of the world's first Open Access Platform that offers retail service providers ("**RSPs**") non-discriminatory access to the network of the NBN, as well as transparent prices and terms and conditions. In 2011, Nucleus Connect was accorded the "Most Innovative Telecom Project" award at the Telecom Asia Awards.

Nucleus Connect's network performance consistently exceeds service-level agreements in terms of network availability, mean time to repair and quality of service. The Network Operations Centre monitors the entire network's performance and health from one central point with a state-of-the-art monitoring system, while the Technical Helpdesk provides RSPs a single point-of-contact for prompt responses and round-the-clock service support.

Currently, Nucleus Connect works with over 15 RSPs on several large-scale projects that involve network connectivity, connectivity for IPTV, mobile base stations and surveillance cameras, as well as on the deployment of services to various government sites including ministries and statutory boards.

Mobile Network

The StarHub Group's mobile customers enjoy wide coverage throughout Singapore. The StarHub Group delivers mobile voice and data services through its 3G and 4G LTE-Advanced networks. The 2G network has ceased operations from April 2017.

The StarHub Group also makes regular mobile network improvements, for instance by upgrading its 4G radio network to be more energy efficient, beefing up capacity where higher data usage is detected and deploying COW, which are mobile vehicles mounted with Cellular Base Stations, during special events like the National Day Parade to boost network capacity. The StarHub Group enhanced its base transceiver stations ("**BTS**") with the Nokia Solution, which uses single radio access networks technologies.

Between January and December 2019, the StarHub Group's 4G mobile network and 3G mobile network achieved as high as 99.97 per cent. and 99.83 per cent. respectively in the IMDA's tests that measure street level coverage, and 99.99 per cent. in the IMDA's tests that measure 3G call success rate, with as low as 0.13 per cent. of dropped calls recorded. The IMDA's tests also gave the StarHub Group's mobile network a pass grade of greater than 99 per cent. for in-tunnel and in-building coverage.

In September 2015, an independent study using crowd sourcing technology by OpenSignal ranked the StarHub Group's 4G network as the fastest 4G network in the world. In 2019, the StarHub Group was ranked by the IMDA as Singapore's fastest telco in terms of 4G peak and median throughput for the periods from January to June 2019 and from July to December 2019. This was made possible by the deployment of carrier aggregation and small cell technologies in both indoor and outdoor environments and through the continual tuning of the mobile network to enhance the experience for the StarHub Group's mobile customers.

Huawei and the StarHub Group were awarded the "Best Innovation in Heterogeneous Network" in the LTE Asia 2015 event. The StarHub Group has previously implemented HetNet at Marina Bay in late-2015 in conjunction with events such as the National Day Parade, Formula 1 Singapore Grand Prix and the New Year Countdown Party.

In 2019, the StarHub Group unveiled a pop-up 5G showcase experiential event entirely connected via the StarHub Group's 5G COW, which enabled the public to have a first-hand experience of the benefits of 5G. The showcase offered four interactive zones for visitors, where they experienced the significant improvements that 5G can bring in virtually-lag-free game streaming, ultra-fast wireless home networking, uninterrupted multi-party video conferencing and augmented-reality security. StarHub and U Mobile of Malaysia also announced the world's first 5G standalone (5G SA) roaming trials in preparation for the eventual commercial roll-out of 5G services.

Solar Powered BTS

In support of the "Green" environmentally friendly initiative, the StarHub Group launched Singapore's first solar-powered BTS in 2009 at its corporate office at Ubi Avenue 1. In 2010, it followed up with the launch of Singapore's second solar-power BTS on the IKEA Building at Alexandra Road.

International Roaming

As at 31 December 2019, the StarHub Group's international roaming coverage spans more than 400 networks in more than 240 destinations. This includes 4G roaming coverage in more than 100 destinations.

Fixed Network

The StarHub Group also offers a wide range of data and voice fixed network services which it packages to address its customers' specific needs. Please refer to the section "Principal Business Groups and Activities – Fixed Network Services" above for further details. These services are provided over the StarHub Group's fixed network.

The StarHub Group's fixed network is a fibre-optic network based on Synchronous Digital Hierarchy (SDH) and Packet-Centric Transport Network (PCTN) technologies. This network delivers high-quality circuits with ring protection to corporate customers who require good quality of service and stringent service level agreements. The fibre-optic fixed network, built over the past 20 years, now extends to more than 11,500 kilometres of fibre and directly connects approximately 1,975 commercial buildings in Singapore as at 31 December 2019. The fibre network, along with digital microwave links, provides high capacity backhaul to the StarHub Group's 4G and 3G BTS. It also connects the StarHub Group's domestic core network with its extensive international network. Additionally, the StarHub Group owns the backhaul fibre and co-locate network terminating equipment used in most submarine cable landing stations in Singapore.

International Networks

The StarHub Group's international network provides international connections with overseas carriers to support both its voice and non-voice services. It is directly connected to more than 65 carriers in 20 countries including the U.S., Australia, Japan, China, Hong Kong, Taiwan, Korea, India, Bangladesh and the United Kingdom. This set-up will provide connections from Singapore to the rest of the world.

With fixed data coverage in Asia Pacific and the rest of the world, the StarHub Group has more than 5.5 terabits per second ("**Tbps**") of international capacity and it also holds a Section 214 Authorisation in the U.S. and a Services-based Operator licence and a Unified Carrier licence in Hong Kong.

Submarine Cables

The StarHub Group's international connectivity networks rides on a multitude of submarine cables. Some of these submarine cables are cable systems which the StarHub Group owns or have invested in as a consortium operator (the Asia Pacific Cable Network 2 (the "**APCN2**"), the Japan U.S. Cable Network, the Asia-America Gateway (the "**AAG**"), the Asia Submarine Express (the "**ASE**") and the Asia-Pacific Gateway (the "**APG**")) while others, used for diversity, are largely capacities on cable networks which the StarHub Group have purchased which includes the indefeasible rights to use (including the South East Asia Middle East Western Europe 3 and 4, East Asia Crossing, Pacific Crossing – 1, Unity and TGN cable systems).

The StarHub Group invests in selected international submarine cable systems to provide it with an efficient cost structure to support the growing demands in international capacity resulting from the growth of data traffic. These investments include the APCN2, the AAG, the ASE and the APG.

APCN2

The APCN2 is a 19,000-kilometre ring cable system linking China, Hong Kong, Japan, Korea, Malaysia, the Philippines, Singapore and Taiwan in a ring configuration. As APCN2 is the main high capacity submarine cable interconnecting these countries, the cable consortium members have deployed 100G technologies in this cable system, which is essential to cater to the increasing bandwidth demand from fixed and mobile broadband services.

AAG

The AAG is a 20,000-kilometre high-bandwidth fibre-optic submarine cable system linking the Southeast Asian region directly to the U.S. The StarHub Group was appointed as its landing party in Singapore and the AAG was landed at StarHub's first landing station in Changi in May 2008. The landing of the AAG allowed the StarHub Group to meet the demands of broadband reliant enterprises that require high-quality, resilient connectivity throughout Asia and the U.S. It enhanced the StarHub Group's international connectivity through collaborations with members of the AAG consortium and placed it firmly on the map as a credible provider of international connectivity and services between the Southeast Asian region and the U.S.

The AAG is the only cable system in Singapore that links directly to the U.S. Built by a 19-member consortium at an overall cost of US$500.0 million, the AAG also connects Brunei, Hong Kong, the Philippines, Thailand and Vietnam. Designed to provide multi-terabits per second bandwidth, the AAG also utilises Dense Wavelength Division Multiplexing technology, which enables it to provide upgradeable future-proof and scalable transmission facilities that support Internet and e-commerce traffic.

Besides providing additional bandwidth capacity, the AAG also provides an alternative and more secure link for data traffic from the Southeast Asian region to the U.S. This route was designed to avoid the volatile and hazardous Pacific Ring of Fire, thus mitigating the effects of natural disasters which have previously damaged submarine cable systems, resulting in major disruptions to international Internet links.

ASE

In 2011, the StarHub Group invested in the ASE, an undersea cable system. The ASE was constructed to provide a direct, high-speed data link between Singapore and Japan. Designed to avoid disaster-prone areas such as the Bashi Channel located south of Taiwan, the 7,200-kilometre undersea cable network also connects to Hong Kong, Japan and the Philippines. This collaborative project is with regional telecommunication companies such as Japan-based NTT Communications Corporation and Philippines-based The Philippine Long Distance Telephone Company.

The ASE incorporates the latest 100G optical networking technologies and can carry more than 15.0 Tbps of data. The ASE will take the shortest possible route to link Singapore to Japan to minimise network latency, which is crucial for servicing many businesses with time-critical transactions needs.

APG

In 2009, the StarHub Group joined a consortium comprising major Asian telecommunications companies that agreed to jointly plan and develop a proposal to build an international submarine cable system in the Asia Pacific region.

The cable system, known as the Asia-Pacific Gateway, was launched in 2016. It is a 10,900-kilometre submarine cable network system that links nine countries and regions in Asia-Pacific with a capacity exceeding 54 Tbps, the highest of any network in Asia. APG has connection points in China, Hong Kong, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand and Vietnam.

(D) COMPETITIVE STRENGTHS OF THE STARHUB GROUP

The StarHub Group believes that it possesses a number of competitive strengths that position it well to execute its business plan and strategies. The StarHub Group's vision is to be Singapore's preferred customer experience-driven brand, providing innovative information, communications and entertainment services, as well as integrated solutions for enterprise customers.

Fully-Integrated Service Provider

The StarHub Group's operations provide a comprehensive range of info-communication and entertainment services, including mobile, Pay TV, broadband and fixed network services. As at 31 December 2019, it provided at least one postpaid info-communication and entertainment service to approximately 52 per cent. of households in Singapore. The StarHub Group is the first info-communication and entertainment service provider in Singapore and has been providing a complete suite of end-to-end mobile, Pay TV, broadband and fixed network services in Singapore over its advanced integrated network platforms since 2002. Together with its wide range of Pay TV premium branded content broadcast in SD and HD over a high-quality network, the StarHub Group provides businesses and individual consumers with a comprehensive suite of info-communication and entertainment services and solutions.

In addition, the StarHub Group has for many years been providing a complementary range of value-added content services.

Hubbing

The StarHub Group is a fully-integrated info-communication and entertainment service provider based in Singapore which provides a wide range of information, communications and entertainment services across its complementary mobile, Pay TV, broadband and fixed network business lines. In the highly competitive Singapore info-communication and entertainment market, the StarHub Group differentiates itself from its competitors via its Hubbing strategy.

Hubbing is the term adopted by the StarHub Group to describe the bundling, integration and convergence of multiple products and services into packages, with one integrated loyalty programme. It is the overarching strategy of the StarHub Group. The Hubbing strategy was established in July 2002 following the StarHub Group's acquisition of SCV. The aim of Hubbing is to be a "one-stop" shop for both the StarHub Group's consumer and business customers. In addition, the Hubbing strategy reinforces the mission statement of the StarHub Group, which is to be a leading, innovative provider of communications, information and entertainment services, enabling consumers and enterprises in Singapore to benefit from digital transformation. The Hubbing strategy is the key driver of the StarHub Group's customer and revenue growth. Through Hubbing, it can realise multiple revenue streams from single customer accounts and provide a suite of service offerings.

The Hubbing strategy has resulted in a wide range of benefits to the StarHub Group, including increased customer loyalty and value, improved cost efficiencies, increased cross-selling between its products and services and strengthened brand equity. The StarHub Group's ability to execute the Hubbing strategy is a significant advantage over its competitors in Singapore.

The complementary nature of different services offered by the StarHub Group creates opportunities for cross-selling and upselling. To effectively cross-sell and up-sell its products and services, the StarHub Group introduced a range of Hubbing initiatives to enhance its understanding of its customer base and to maximise the value of each service contract with its customers. Such Hubbing initiatives include:

- *Hub Club Privileges and Subscription Discounts.* Customers who subscribe to all three StarHub services (postpaid mobile, Pay TV and broadband) under the same subscriber name, NRIC/FIN and service address can enjoy special privileges as well as monthly subscription discounts as benefits of being a Hub Club member.

- *Hubbing Bundles.* The StarHub Group offers different hubbing bundles to cater to the different needs of its customers. For example, "HomeHub Plus with Netflix" allows its customers to enjoy integrated services (broadband, Pay TV and Netflix) at a single monthly subscription fee.

- *"One-Stop" Service Provider.* The StarHub Group's retail outlets and exclusive partners' retail outlets offer the entire suite of StarHub telecommunication products and services, making it a "one-stop" shopping experience for its customers.

Differentiated Products and Services

A key driver of the StarHub Group's growth has been its ability to consistently differentiate itself from its competitors through products and services innovation. The StarHub Group was the first to introduce several innovative products and services throughout its operating history. In the last five years, the StarHub Group's innovations include:

- *"JuniorProtect Plus".* In March 2017, the StarHub Group launched a service which provides parents peace of mind by allowing parents to define, track and monitor the mobile usage of their children. This includes blocking sites, limiting data usage, time-based curfews for usage and location trails.

- *"Data Analytics".* The StarHub Group's SmartHub data analytics unit develops unique situationally representative models and various solutions for use in tourism and hospitality, public safety and security, out-of-home advertising, assets management, municipal and infrastructure planning, retail targeting and building analytics, and can be tailored for specific purposes with high confidence levels.

- *"Hello Change for mobile plans".* In December 2018, the StarHub Group introduced a set of new mobile plans which were developed based on customers' preferences and addressed their annoyance with traditional mobile plans. First in the market, these plans have no hidden charges, removing all one-time administrative, activation and SIM card fees. Previously chargeable add-on services such as Caller Number Display and International Roaming have also been made free-of-charge for its customers. In February 2019, the StarHub Group introduced a new mobile add-on service called "50GB with worry-free data", offering its customers the largest data bundle in the market at the time of 50GB for a flat fee of S$20 per month, which helps to alleviate uncertainty caused by extra monthly data usage charges. In December 2019, the StarHub Group announced the launch of SmartSupport Lite, the market's simplest mobile phone after-sales care service for its SIM Only customers.

- *"Free Sunday Data".* In April 2019, the StarHub Group launched Free Sunday Data Plans for its mobile prepaid customers on 4-week data plans at S$18 or S$25, which allows them to surf for free on Sundays up to a limit of 40GB.

- *"Entertainment Pass".* In April 2019, the StarHub Group launched an innovative pricing scheme for its Pay TV packages, drastically simplifying the Pay TV content packaging and giving its customers the flexibility to change their entertainment passes and access different content genres at any time. The entertainment passes also provided customers with greater value by bundling in the TV set-top box as well as the ability to consume Pay TV content outside their homes through the StarHub Go streaming app without any additional charge.

- *"Go Max".* In August 2019, the StarHub Group created an all-inclusive and no-contract product, Go Max, to strengthen its OTT portfolio and address the needs of certain customer segments who do not want to commit to service contracts. Through Go Max, its customers are able to access over 80 live channels and on-demand content without any contractual commitment.

- *"Turbo Gamer 2Gbps plan".* In August 2019, the StarHub Group launched an affordable Turbo Gamer 2Gbps broadband plan. Priced below most competing 2 Gbps plans, it features a high-end gaming router from ASUS Republic Of Gamers with ultra-low latency mode.

- *"StarHub Rewards".* In October 2019, the StarHub Group launched StarHub Rewards, its digital loyalty programme which aims to appreciate and delight its customers with daily surprises. Through the enhanced My StarHub App, its customers can play a simple game for a chance to win prizes and browse and redeem a wide selection of merchant deals. During its launch, 'Snapping Saturdays' was introduced, which featured weekly S$1 treats from popular brands.

Regional Connectivity

The StarHub Group has over the last few years built its international broadband capacity and invested in relatively major submarine cable systems such as the APCN2, the AAG, the ASE and the APG. The AAG in particular is an important strategic asset of the StarHub Group and its launch placed the StarHub Group firmly on the map as a credible provider of international connectivity and services between the Southeast Asian region and the U.S. The StarHub Group is now able to deliver seamless direct links to many countries across Asia and to the U.S more reliably and efficiently, while at the same time supporting the expected growth in demand in broadband capacity both domestically and internationally. Please refer to the section "Infrastructure and Networks – Submarine Cables" above for further details.

The StarHub Group believes that the strategic investments in the selected international submarine cable systems provides it with an efficient cost structure to support the growing demands in international capacity as data traffic grows due to the growth of mobile smart devices (such as smartphones and tablets) in Singapore and fixed broadband access with the commercial availability of the NBN. These submarine cable systems are also efficient and of higher capacity using advanced 100G optical networking technology. With these new cables, the StarHub Group can incorporate designs using traffic engineering to route data traffic on different cables to achieve efficiency and diversity and meet the demands of broadband-heavy enterprises that require high-quality, resilient connectivity throughout Asia and the U.S. These submarine cables also provide a direct link from Singapore to the respective countries via efficient routes, being the shortest possible routes and/or routes which avoid disaster-prone areas, which minimise network latency and enhance network reliability, factors which are crucial for servicing many businesses with time-critical transactions needs and reliability requirements.

Strategic Partnerships

The StarHub Group believes in forging strategic partnerships to drive an efficient business model.

In July 2011, the StarHub Group partnered with Microsoft to launch Office 365 in Singapore, giving local businesses access to the StarHub Group's next-generation cloud productivity services. Office 365 brings together Microsoft Office, Microsoft SharePoint Online, Microsoft Exchange Online and Microsoft Lync Online in an always-up-to-date service, at a fixed monthly subscription. The StarHub Group has since expanded to be Microsoft's Cloud Service Provider. With the StarHub Group's investment in data analytics, it now offers smart solutions, providing valuable insights and intelligence to enterprises. This capability has also allowed it to launch its cybersecurity solution through Ensign by using machine learning to detect cyber threats.

In September 2011, the StarHub Group and Vodafone agreed to form a strategic partnership with a view to bringing world-class and innovative mobile services to the StarHub Group's business and consumer customers. The StarHub Group has been the exclusive partner of Vodafone in Singapore since 1 January 2012 and the partnership has enhanced the StarHub Group's ability to cater to the growing demand among businesses in Singapore for sophisticated voice and data communications solutions as well as roaming services, in particular data roaming services on smartphones and mobile broadband. As a result of the partnership, the StarHub Group's and Vodafone's MNC customers have the benefit of global enterprise services such as communications expenditure tracking, procurement services and single account management services. The StarHub Group's business and consumer customers also have the benefit of Vodafone's extensive global mobile network for a seamless and quality roaming experience when travelling outside Singapore. In November 2019, the StarHub Group and Vodafone renewed the strategic partnership for a further three years. The StarHub Group's mobile customers are to benefit from advanced mobile voice and data roaming propositions through this strategic partnership.

In 2014, the StarHub Group formed a strategic go-to-market partnership with a leading software-defined data centre provider, IO, to offer a tier-3 data centre service powered by IO to the enterprise customers who require highly secure and reliable data centre services. Since then, the StarHub Group has also built its own data centre in the west working with ST Telemedia. This complements the IO data centre in the east. On a global basis, it works with partners such as NTT, BT, Vodafone and its Conexus partners in the region to provide connectivity solutions. It also supports global telecom operators with its domestic services.

In March 2016, the StarHub Group signed a Memorandum of Understanding ("**MOU**") with Singapore Press Holdings Limited ("**SPH**"). In January 2020, the partnership was extended for a further two years. Under this MOU, the two companies collaborate in areas of advertising sales, creation and carriage of content, data analytics and marketing. The StarHub Group brings into this partnership its product offerings and experience in running the TV business, while SPH contributes its expertise in news and content production. Through this strategic partnership, customers benefit from more localised content, across platforms. The co-operation on the media sales front also gives businesses more integrated advertising solutions to reach out to their target audiences more effectively.

In March 2016, StarHub Mobile Pte Ltd, a subsidiary of StarHub, signed a MOU with China Mobile International Limited ("**CMI**"), to accelerate strategic cooperation in five major scopes – device collaboration; data business services; mobile business through global roaming cooperation and information sharing; network resources to maximise efficiency; and co-developing new business opportunities in relation to innovation and IoT. In this strategic partnership, CMI acted as the principal party being supported by China Mobile Communications Corporation to collaborate with StarHub Mobile Pte Ltd.

In December 2016, StarHub Mobile was invited to join CMI for its "Hand-in-Hand Program", a multilateral roaming quality enhancement project with 14 leading MNOs to jointly optimise network performance for improving customer roaming experience.

In January 2017, M1 and StarHub Mobile Pte Ltd signed a MOU to study potential further collaboration in mobile infrastructure sharing, with a focus on sharing radio access network, backhaul and access assets.

In January 2020, StarHub Mobile Pte Ltd signed an exclusive agreement with M1 to submit a joint bid for a 5G licence in Singapore, pursuant to which both companies were provisionally awarded in April 2020 a licence to build and operate a 5G standalone network infrastructure using 3.5GHz spectrum. This strategic co-operation will allow both companies to optimise infrastructure and spectrum costs for their respective roll-out of 5G services.

In June 2020, the StarHub Group entered into a partnership with global Software-defined Wide Area Network provider Silver Peak to deliver to enterprises an innovative digital network management solution, designed to simplify and automate processes through a single cloud-based dashboard. A first among Singapore's telcos and as a Gold partner of Silver Peak, the StarHub Group is now a one-stop service provider to help enterprises gain full visibility and centralised control over their entire network operations. Its enterprise customers can gain direct benefits, including enhanced network performance and reliability, quick and consistent deployment of enterprise-wide security policies, lowered human error risk through automation, and reduced IT costs. In a highly integrated approach, the StarHub Group's enterprise customers enjoy end-to-end sales and after-sales support, with one-stop access to extensive telco-grade global connectivity and advanced integrated security services, as well as the ability to mix-and-match different broadband connectivity solutions in line with their cost and quality requirements.

The StarHub Group also separately maintains direct relationships with certain major handset and equipment vendors such as Apple South Asia Pte Ltd and Samsung.

On the Pay TV front, the StarHub Group's technology partners include NAGRA, MVI and Samsung. NAGRA, a partner for over 10 years, provides the conditional access systems for the StarHub Group's digital Pay TV system. Samsung and Technicolor provide the StarHub Group with the high-quality HD interactive boxes. The StarHub Group's content strategic partners include TVB International, BBC, HBO and Fox Networks Group.

In addition, the StarHub Group has partnered several industry leaders to offer a range of business solutions, both on-premise and cloud-based. These solutions are available on the StarHub Group's own fibre network, the NBN and mobile network. They include connectivity, converged collaboration/communication, security, productivity, data analytics, M2M and retail solutions. Partners include Huawei, VMware, Cisco, Fortinet, HP, Avaya and Microsoft.

Customer Experience

The StarHub Group's customer experience team aims to offer its customers quality post-sales service while maintaining operational efficiency and cost effectiveness. Its customer care and services are integrated across all its lines of business.

Since 2001, the StarHub Group's retail and customer service staff have been consistently recognised for their excellent service and awarded SPRING Singapore's Excellent Service Awards, a national award by the Singapore Retailers' Association that recognises individuals from all industries in Singapore who have delivered quality service. Additionally, its customer service staff have won various accolades, including Best Customer Service at the Customer Contact Week Asia Excellence Award 2020 and Contact Centre of the Year (Over 100 Seats) – All Other Industries at the 14th Annual Stevie® Awards for Sales & Customer Service.

The StarHub Group has established and consistently achieved high performance targets for its customer service representatives to ensure that its customers experience quality service at every point of contact with them. The StarHub Group has been recognised in the Customer Satisfaction Index of Singapore ("**CSISG**"), which is based on surveys conducted independently by the Institute of Service Excellence at the Singapore Management University. In 2019, the StarHub Group's CSISG results saw a marked improvement – the joint-highest score for Broadband, the highest score for Pay TV services for the sixth consecutive year and the second-highest score for Mobile services. The attributes measured include product, pricing, value-added services and loyalty programmes.

Since 2013, the StarHub Group has been using the Net Promoter Score ("**NPS**") framework, with increasing NPS and Agent Satisfaction results to drive customer loyalty. Through a series of weekly feedback sessions, customer voices are collated and analysed for improvements to be made and the results are shared with members of the senior management team. This allows an avenue for its frontliners to be in a more credible position to be its customers' advocates. In 2019, the StarHub Group invested in a tool to measure NPS in real-time and expanded the coverage of NPS measurement to all of its channels, products and touchpoints using a structured methodology. NPS targets are set using a specific methodology and are used as a basis for calculating sales commissions and payouts, as well as constituting a significant portion of its corporate scorecard.

The StarHub Group introduced several metrics in 2019, including the measurement of its efficiency in meeting customers' requests for its call centre and Hub Troopers – a dedicated team of technical experts in home networking and home entertainment solutions. The StarHub Group can now quantitatively track how quickly it can resolve customers' issues, which is closely correlated with customer satisfaction. The introduction of the metrics contributed to a year-on-year improvement in NPS of 130%, which exceeded industry benchmarks.

In 2019, the StarHub Group also streamlined its digital customer journey by halving the time customers need to complete a transaction online via its simplified sales process. Its online capacity has been tripled to handle a higher volume of transactions, which includes product offerings that are data-driven and personalised to drive greater value to its customers. By leveraging proprietary data analytics that monitors customer sentiments through a new real-time and robust detractor analysis system, the StarHub Group is able to obtain an accurate sense of customer sentiments on specific products, services and/or touchpoints, thereby enabling prompt and accurate business decisions.

As a result of its efforts, the StarHub Group has seen a significant reduction in call centre volumes due to its focus on addressing pain points and customers' willingness to use its enhanced digital touchpoints, while NPS for its sales service channels reached an all-time high in 2019.

New consumer touchpoints to provide differentiated service experience

The StarHub Group has made significant investments in manpower, skills enablement and building new customer service touch points to enhance the overall customer experience.

A Platinum hotline was launched in May 2011 for the StarHub Group's preferred customers based in Singapore. The consultants manning the Platinum hotline are cross-trained to provide effective "one-stop" assistance for the StarHub Group's Platinum customers. The StarHub Group's Hub Troopers have been offering solutions specially designed to serve the unique needs of customers and their family members in home networking and management, home security, home entertainment and home office needs so that customers can always enjoy the digital lifestyle. Hub Troopers are also co-located within the major StarHub Shops to provide face to face consultations and address technical queries.

For Mid-Market customers (Top SMB Account), a team of qualified account managers services premier clients directly. The StarHub Group created "My Business Account", an online service portal with self-service functions, to enable its customers to check and modify their existing services with the StarHub Group at the customer's convenience.

Retail and Service Transformation

The StarHub Group began its retail and service transformation journey in 2013, integrating the customer service and sales support platform at redesigned StarHub Shops and revamping 'StarHub.com' portal with customised landing pages for customers. This has increased traffic and improved online sales. Additionally, the creation of a mobile application, My StarHub, was successful in driving customer self-service.

The StarHub Group launched "StarHub Community" (now known as "**GreenR Community**"), an online community platform where customers can engage with each other and with its staff on StarHub products or service-related matters. Here, they are able to access a wealth of user-generated trouble-shooting tips, solutions, general information and more. The GreenR Community has grown from strength to strength and saw its millionth unique visitor in January 2014. It has won industry recognitions including Gold for Best Use of Brand Advocacy in the Loyalty & Engagement Awards 2013. In 2014, the GreenR Community won the Silver award for Best Use of Social and Bronze for the same category in 2015. The GreenR Community has fostered relationships with its members and built a small and tight-knit group of StarHub brand advocates (superusers) over the years – these are long-term and loyal customers who recommend StarHub products and services to their family and friends, share their knowledge with other community members, provide their feedback about StarHub products and services directly through the relationship manager, and where appropriate, stand up for StarHub on social media platforms. In 2019, the renaming of "StarHub Community" to "GreenR Community" was based on ideas gathered from these superusers.

In 2015, the StarHub Group began the next transformational phase to meet changes in the industry and customers' lifestyles. Its vision is to deliver "Simplicity of Choice" for both customers and the StarHub Group's team of frontliners. The goal is to improve the StarHub Group's service, customer loyalty, and thereby, profitability.

In 2018, it continued to simplify processes at all touch points for both sales and service transactions. it introduced e-appointments for existing and new customers at retail stores, created Hub Trooper kiosks at some StarHub retail stores for personalised solution sales, and offered seamless customer experiences through the launch of "click and collect" for mobile e-commerce sales. Further enhancements were also made to My Account manager to meet customers' needs for more self-service options.

At the contact centre, the StarHub Group introduced guided workflows via an e-Butler tool to facilitate its staff's interactions with customers over the phone. This tool also retrieved relevant information from various sources to enable its staff to resolve customers' concerns promptly during the call interaction. Additionally, it sharpened the image and professionalism of its Hub Troopers when they visit customers' home for installations or service calls. They are equipped with tablets which removed manual work orders during fulfilments. Post visits, work orders were closed in real-time so that staff at other touchpoints were kept informed.

Widely Recognised Brand

The StarHub Group is a locally established brand that has successfully developed strong brand recognition in Singapore over the past 20 years. Research conducted regularly by market research firms that generate insights to help companies drive competitive brand, product and customer experience strategies, has shown that the StarHub brand has grown from strength to strength. The StarHub brand is well known in the info-communication industry to be innovative, and for providing value-for-money products and services and excellent customer service. As a testament to the brand's commitment to excellence, the StarHub Group has won various awards through the years.

From 2011 to 2018, the StarHub Group was conferred many top-tier awards at the Institute of Advertising Singapore Hall of Fame Awards, including the most prestigious "Brand of the Year" award. In 2014, it also secured Gold for "Marketing Campaign of the Year" at the International Business Awards and "Best Partnership in a Loyalty Programme" at the Loyalty & Engagement Awards. In the Marketing Excellence Awards 2015, it won several accolades including "Excellence in Corporate Social Responsibility: Gold", "Excellence in Viral Marketing: Gold" and "Excellence in Loyalty Marketing: Silver".

In 2018, a 24% year-on-year growth in brand value saw the StarHub Group achieving ninth placing in The Brand Finance Top 100 Singapore Brands Report. In the same year, it also secured a Grand Prix and five Golds in the Singapore Creative Circle Awards as well as multiple Golds at the Loyalty & Engagement Awards, New York Festivals and PromaxBDA Awards.

With its increased focus on customer experience, the StarHub Group clinched a series of customer service excellence awards in 2019 and 2020. These include Golds at the Customer Contact Week Asia Excellence Award and Stevie Awards for Sales & Customer Service. In addition, over 100 staff received recognition at the Singapore Retailers Association Excellent Service Award for delivering exceptional service and creating memorable experiences for customers.

The StarHub Group places continual focus on network quality, as it influences customer satisfaction levels. In 2019 and 2020, it secured best-in-class wins across multiple mobile performance test reports by the IMDA as well as independent crowdsourced data companies. The StarHub Group was ranked in 2019 by the IMDA as Singapore's fastest telco in terms of 4G peak and median throughput for the periods from January to June 2019 and from July to December 2019. Its high-quality network recorded data speeds between 40% and 60% faster than other networks in Singapore.

Please refer to the section "Key Awards" below for further details.

The StarHub Group's branding strategy continues to be one of its key strengths in the highly competitive info-communication industry. The StarHub Group will continue to build upon its strong brand equity to differentiate itself from its competitors and to continue to expand its reach to both consumers and business partners.

Converged Operations Service Assurance Centre

The StarHub Converged Operations Service Assurance Centre ("**COSAC**") houses the various network operations of the StarHub Group involving Transmission, Mobile, IP, Voice as well as TV, providing round-the-clock network surveillance, fault diagnostics and restoration as well as network maintenance. It serves as a Point of Escalation for its Customer Service team and the various Network Operations Centres, providing operational support for complex situations and for incidents which impact customer experience or network health, as well as a single point of contact for other licensed operators, overseas carriers, open access customers, service providers and government agencies such as the IMDA and the Ministry of Home Affairs. For incident and problem management, COSAC provides cross-domain expertise in fault management and troubleshooting, interfacing with appropriate members of cross-functional teams to escalate customer and network troubles and provide recommendations for resolution. In terms of outage management, COSAC communicates fault notifications and their impact to management and internal units within the StarHub Group during any network outage. From a change management perspective, COSAC manages and administers all network maintenance pertaining to internal or external initiations, ensuring all details are made available before getting customer approval via the Customer Service team, through to the implementation stage and completion.

Experienced Management Team and Talent Development

The StarHub Group believes that its experienced management team and employees are the bedrock of its current and future successes. Many of its executives have extensive experience in the info-communication and media industries and the StarHub Group believes that it has the management strength and leadership to expand its operations and implement its business strategies. Please refer to the section "Directors and Management – The Management of StarHub" below for further details.

The StarHub Group's talent management strategy involves strengthening its executive pool of leadership by creating a pipeline of future executives and leaders through identification and development of talent at various levels of the organisation. The StarHub Group's talent development focus is to be targeted and accelerated. Key talent will go through psychometric assessments to help them with self-discovery of their areas of strength and development opportunities. Each of them will have a customised development plan. Their six to 12-month long leadership acceleration journey will include a leadership programme, as well as targeted development opportunities that might include stretch assignments, rotations, being a squad member in a business mission and having a mentor or a coach. Continuous support from their line manager and senior leadership team will ensure their application and ultimately, change in behaviour that results in business impact.

Sustainability at StarHub

As an info-communication company, the StarHub Group is in a position to leverage technology to drive positive change and foster a society in which everyone can benefit from digitalisation. Considering sustainability as an integral part of its long-term strategic direction, the StarHub Group has five defined ambitions based on the material environmental, social and governance factors. With measurable outcomes, these ambitions guide the StarHub Group's approach to embedding sustainable practices in every part of the business, and to drive continual improvements, from taking the lead on environmental stewardship to investing in local communities and conducting business ethically.

The StarHub Group is committed to reducing its environmental impact, by tackling e-waste, reducing energy and water consumption, and promoting actions to combat climate change. As of 31 December 2019, the StarHub Group's flagship RENEW (REcycling the Nation's Electronic Waste) programme has collected over 500 tonnes of e-waste for recycling since its launch in 2012. There are plans in place to increase renewable energy use, improve energy efficiency using technology, and continue with its efforts on public outreach and employee engagement.

From a social perspective, the StarHub Group continues to work with various organisations that support disadvantaged youths and families in the areas of digital inclusion and employability. As part of its StarHub Cares commitment, additional financial and connectivity support measures amounting to over S$1 million have been initiated to help the more vulnerable community groups tide over the hardships resulting from COVID-19.

In terms of governance, maintaining high standards of integrity is paramount to the StarHub Group in building trust and confidence with its stakeholders. The StarHub Group is a signatory member of United Nations Global Compact and Singapore's Tripartite Alliance for Fair Employment Practices, operating in ways that fulfil its responsibilities in the areas of human rights, labour, environment and anti-corruption, as well as prohibiting any kind of discrimination in its employment practices or transactions. As a testament to its efforts, the StarHub Group has been ranked in the top 20 companies on the Singapore Governance and Transparency Index since 2013.

(E) KEY AWARDS

The StarHub Group has received several awards and certifications, including:

- Awarded the Data Protection Trustmark certification by the IMDA in 2020.
- Winner of "Best Pay TV Service Provider (Singapore)" at the HWM+HardwareZone.com Tech Awards 2020 – the StarHub Group was conferred the same title between 2010 and 2018.
- Gold in "Best Customer Service" at the Customer Contact Week Asia Excellence Award 2020.

- Gold in "Contact Centre of the Year (Over 100 Seats) – All Other Industries" at the 2020 Stevie Awards for Sales & Customer Service.

- Highest percentage of Excellent Consistent Quality in Tutela's Singapore – State of Mobile Networks (February 2020) Report.

- Fastest 4G and 3G networks (peak and median throughput) in the IMDA's IMconnected reports for January to June 2019 and July to December 2019.

- Second consecutive win at the Community Chest Awards 2019 for "Charity Platinum Award".

- Second consecutive win at the People's Association Community Spirit Awards 2019 for "Excellence Award for Community Partnership".

- Winner of "Most Transparent Company Award (Communications category)" at the Securities Investors Association Singapore 20th Investors' Choice Awards 2019 – the StarHub Group was conferred this same title between 2014 and 2016.

- Ninth in the list of Singapore's most valuable brand in The Brand Finance Top 100 Singapore Brands Report 2018.

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

- First in Asia Pacific and fifth globally in Equileap's 2018 Gender Equality Global Report and Ranking.

- Sustainable Business winner at the Singapore Apex Corporate Sustainability Awards 2018. The StarHub Group was conferred the same title in 2016.

- Ranked fastest 4G and 3G networks in OpenSignal's State of Mobile Networks: Singapore (May 2018).

- Fourth consecutive win at the NetworkWorld Asia Readers' Choice Product Excellence Awards 2018 for "IP Services Infrastructure".

- 69th in the list of the world's most sustainable company in the 2017 Corporate Knights' Global 100. The StarHub Group was listed on this ranking for five consecutive years.

- Third consecutive "Brand of the Year" win at the Institute of Advertising Singapore Hall of Fame Awards 2016.

- Second consecutive win at the Asia Communication Awards 2015 for "The Green Award", in recognition of the StarHub Group's RENEW e-waste recycling programme.

(F) INSURANCE

The StarHub Group has procured general classes of insurance such as industrial all risks, comprehensive general liability, crime, terrorism (property damage), marine open cover, errors and omissions, cybersecurity, directors and officers liability and motor vehicles. Separate cover, for example, Contractor's All Risks insurance are taken up for special projects. It also has employee benefits insurances such as work injury compensation, term life, personal accident and business travel. The StarHub Group believes that its insurable risks are covered with adequate insurances provided by reputable insurance companies, with commercially reasonable deductible amounts and coverage terms.

(G) EMPLOYEES

The StarHub Group employed 2016 employees as at 31 December 2019. The StarHub Group also employs temporary employees from time to time.

The StarHub Group believes that its people play a key role in driving business growth. The StarHub Group adopts a people-focused approach in promoting merit-based hiring and remuneration, teamwork, creativity, excellence, safe and healthy working conditions, reward and recognition for performance, people development, career growth and work-life balance. The StarHub Group promotes workplace diversity and offers equal opportunity based on merit irrespective of gender, age, racial, ethnic or cultural background.

The StarHub Group's Learning & Development Framework aims to build and maintain an engaged and motivated workforce, build leadership pipeline for the future, and identify and equip employees with critical technical skills to meet current and future business challenges. The StarHub Group's employees have access to a range of on-demand digital, in-house and external learning opportunities to help them upgrade their competencies and equip them with critical skills in order to stay competitive. These opportunities include functional skills training, certification courses, executive management programmes, coaching and mentoring, and sponsorship opportunities for conferences, seminars and industry networking events. The organisation also adopts several government initiatives programmes on skills upgrading and re-skilling to ensure that its employees' skills are aligned and kept relevant with the changing technologies.

The StarHub Group has an amicable and collaborative relationship with the Singapore Industrial & Services Employees' Union ("**SISEU**"). The StarHub Group presently has no collective agreement arrangement with SISEU. There are no anticipated or foreseen issues, conflicts or disruptions to the StarHub Group's business operations given its healthy relationship with its workforce.

(H) INTELLECTUAL PROPERTY

The StarHub Group relies on a combination of patent, trademark, service mark and domain name registrations, copyright protection and contractual restrictions to protect its technologies, brand name and logos, marketing designs and Internet domain names.

StarHub is the registered owner in Singapore of various trademarks including but not limited to "StarHub", "StarHub IDD 008", "Smart TV", "Hubstation", "MaxMobile", "HUBBING", "Hub Club", "MaxInfinity", "Hubalicious", "Crowdtivate", "HubTreats", "iHub StarHub", the Chinese Name of StarHub – "星和", "SmarTAM", "VV DRAMA", "HUB SPORTS", "HUB SPORTS CRICKET", "HUB SPORTS PPV" as well as the "StarHub", "HUB", "HUB 娱家", "HUB 都会", "HUB sensasi" and "HUB Varnam VOD" logos.

StarHub has various trademark applications pending in Singapore, such as "giga!", "Hub Trooper" and "Hub Troopers".

StarHub has registered, amongst others, the Internet domain name "starhub.com".

SCV owns various registered trademarks, amongst others, "StarHub Cable TV", "StarHub Online" and "MaxOnline". StarHub Mobile Pte Ltd also owns various registered trademarks, amongst others, "Conexus" as well as the "Conexus Mobile Alliance".

(I) LITIGATION

From time to time, the StarHub Group may face various legal issues or be involved in proceedings. Described below are those material issues and proceedings involving the StarHub Group during the 12 months preceding the date of this Information Memorandum:

- ***Claim by Enfinitas Solutions Pte Ltd ("Enfinitas") against SCV and SCV's counter-claim against Enfinitas***

  Enfinitas has commenced an action against SCV for the recovery of an alleged sum of S$1,450,199.85 in relation to Ethernet over Coaxial Converters (EOCCs) delivered by Enfinitas to SCV in 2018 and 2019. SCV is counter-claiming that the goods were delivered late and/or defective, and is seeking recovery of damages and loss arising from the same. As of the date of this Information Memorandum, Enfinitas has obtained summary judgment for its claim, without prejudice to SCV's counter-claim proceeding. Execution of the judgment has been stayed by the court. Enfinitas will not be able to enforce its judgment, until after SCV's counterclaim has been determined and damages assessed by the court.

- ***Claim by StarHub Mobile Pte Ltd against VivoHub Mobile Pte Ltd ("VivoHub")***

  On 7 May 2020, StarHub Mobile Pte Ltd had issued a letter of demand to VivoHub to claim the sum of S$2,665,813.59, for unpaid invoices issued from September 2019 to April 2020 in relation to mobile virtual network operator services provided up to March 2020. As at the date of this Information Memorandum, the parties' negotiation for a settlement are ongoing, and the parties are also reviewing the date for terminating the services provided to VivoHub, in consultation with the IMDA.

- ***Claim by StarHub Mobile Pte Ltd against Unni Telecom Pte Ltd ("Unnitel")***

  StarHub Mobile Pte Ltd had brought a claim against Unnitel for S$546,954.45 in relation to early termination charges and outstanding subscription and usage charges. StarHub Mobile Pte Ltd had commenced litigation and obtained default judgment against Unnitel. The services provided to Unnitel have been terminated in 2019.

(J) MATERIAL LICENCES

The StarHub Group holds a number of licences, including:

Entity	Type of Licence	Authority
StarHub Ltd	FBO licence	IMDA
StarHub Ltd	SBO (class) licence	IMDA
StarHub Mobile Pte Ltd	FBO licence	IMDA
StarHub Mobile Pte Ltd	FBO licence (3G)	IMDA
StarHub Cable Vision Ltd.	Subscription nationwide TV service licence	IMDA
StarHub Cable Vision Ltd.	Broadcasting (Class Licence Notification)	IMDA
StarHub Cable Vision Ltd.	SBO (class) licence	IMDA
StarHub Online Pte. Ltd.	SBO (individual) licence	IMDA
Nucleus Connect Pte. Ltd.	FBO licence	IMDA

StarHub is currently designated as Public Telecommunication Licensees under Section 6 of the Telecommunications Act. It is required to comply with the conditions of its licence, the Telecommunications Act, the Telecom Competition Code and directions of the IMDA. As a Public Telecommunication Licensee, StarHub is entitled to certain privileges, such as having the power (subject to the giving of prior notice and payment of compensation should any damage or disturbance be caused) to enter private or State land for purposes of erecting telecommunication installations or plants in the manner set out in the Telecommunications Act.

(K) PRIVACY AND PERSONAL DATA PROTECTION

The StarHub Group takes customers' privacy and protection of customer data very seriously. In line with its privacy policy, the StarHub Group does not send promotional and marketing messages via phone calls, text messages and faxes to customers who have registered their phone numbers with the Do Not Call (DNC) Registry except for those who had given their specific consent to the StarHub Group to receive such messages. Further, the StarHub Group's customer web portal allows customers to provide or easily withdraw their consent for various communication platforms (e.g. call or SMS) from the StarHub Group and its partners. As a testament to the data protection practices that the StarHub Group has put in place, it was awarded the Data Protection Trustmark certification by the IMDA in 2020, which is a voluntary enterprise-wide certification for organisations to demonstrate accountable data protection practices.

(L) COVID-19 IMPACT

As at the date of this Information Memorandum, the COVID-19 pandemic, which has resulted in travel restrictions globally and circuit breaker measures in Singapore, is expected to have a material impact on the StarHub Group's revenue and profitability for FY2020. Please refer to the section "Risk Factors – Risks Relating to the StarHub Group – Changes in domestic, regional and global economic conditions may have a material adverse effect on the financial performance and operations of the StarHub Group" for further details.

In these very challenging times, the StarHub Group's priority is to maintain adequate financial liquidity, the health and welfare of its employees, customers, and business partners. The StarHub Group has rolled out initiatives intended to enable customers and vulnerable community groups to tide them over this period.

The StarHub Group expects revenue declines in most lines of business, to varying degrees, as a result of the COVID-19 crisis and will continue to manage operating expenses, capital expenditure and cash flow to mitigate the impacts of the revenue decline. To this end, the various budgetary measures provided by the Singapore Government have supported the maintenance of jobs, cash flow and the ability to mitigate some of the revenue impacts.

The StarHub Group has successfully negotiated the refinancing of bank loans due for repayment this year and upon conclusion of these arrangements, there will be no further refinancing required until 2022. As at the date of this Information Memorandum. it also has adequate additional credit facilities to manage its working capital and other funding requirements. The StarHub Group still expects to generate positive operating cash flow for FY2020.

The StarHub Group remains fully committed to and has the resources to continue with its strategic initiatives, such as the closing of the Strateq acquisition, the commencement of the 5G project, the IT transformation programme, greater commitment to the enterprise business division and other long-term transformation initiatives.

REGULATORY ENVIRONMENT

The following is a general summary of the Singapore laws and regulations relating to provision of telecommunications and broadcasting services, as well as the statutory duties of CII owners, in Singapore. It is for general information only, and does not purport to be an exhaustive or comprehensive description of those laws and regulations.

(a) Overview of telecommunications and broadcasting services in Singapore

The provision of telecommunications services in Singapore is regulated primarily under the Telecommunications Act and the provision of broadcasting services in Singapore is regulated primarily under the Broadcasting Act.

The IMDA is the regulatory authority principally responsible for administering the Telecommunications Act and the Broadcasting Act, as well as regulating and promoting the info-communication and broadcasting industry in Singapore. The IMDA is a statutory board that was established under the Info-communications Media Development Authority Act (No. 22 of 2016) of Singapore (the "**IMDA Act**").

(b) Telecommunications Licensing Framework

Upon full liberalisation of the telecommunications market on 1 April 2000, the IMDA released guidelines with respect to the licensing framework under the Telecommunications Act to facilitate the entry of new players and the expansion of the scope of operations by existing licensees. There is no pre-determined number of licences to be awarded.

The IMDA issues the following two broad categories of licences:

(i) FBO licence; and

(ii) SBO licence.

Further authorisation may be required from other government agencies for the deployment or provision of certain types of systems or services. FBOs are individually licensed while SBOs may be individually licensed or class-licensed. A class licence is a licensing scheme where the terms and conditions are published by the IMDA. Anyone who provides the services within the scope of the class licence is required to comply with the terms and conditions of the class licence and register with the IMDA.

There are no foreign equity limits imposed on any telecommunications licensee. Under the terms of their licences, FBOs must obtain prior approval from the IMDA for any change in their management and board of directors whilst SBOs are required to notify the IMDA. Details on approvals required for changes in shareholdings of telecommunications licensees are set out in the section entitled "– Telecom Competition Code – Changes in Ownership and Consolidations involving Designated Telecommunication Licensees" below.

(c) Broadcasting Licensing Framework

The licensable broadcasting services include free-to-air TV and radio services, subscription TV and radio services, specialised interest TV and radio services and Video On-Demand services.

ISPs and Internet Content Providers are subject to a class licence and are required to comply with the Broadcasting (Class Licence) Notification.

The Broadcasting Act imposes specific obligations on broadcasting licensees in terms of management control and shareholding control. Under the Broadcasting Act, the CEO of a broadcasting company (which includes a holding company of a broadcasting company) and at least half of its directors shall be citizens of Singapore, unless otherwise approved by the IMDA. No person or party is allowed to be a substantial shareholder of a broadcasting company without first obtaining the approval of the Minister.

In addition, no person or party is allowed to become a 12.0 per cent. controller or an indirect controller of a broadcasting company without first obtaining the approval of the Minister. In addition, no person shall, without the prior consent of the IMDA, 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.

(d) Telecom Competition Code

The Telecom Competition Code sets out the IMDA's regulatory principles and contains provisions relating to duties of licensees to their end-users, required co-operation amongst licensees to promote competition, interconnection, infrastructure sharing, sector-specific competition rules and enforcement mechanisms. The IMDA has the authority to review and amend the Telecom Competition Code and to grant exemptions from or suspend the Telecom Competition Code.

Classification of FBOs

The Telecom Competition Code distinguishes between licensees that are subject to competitive market forces (non-dominant licensees) and those whose conduct is not constrained adequately by competitive market forces (dominant licensees). The IMDA will classify a licensee as either a dominant licensee or non-dominant licensee.

A licensee would be classified as dominant if:

(i) it is licensed to operate facilities used for the provision of telecommunication services in Singapore that 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 into the telecommunication market in Singapore by an efficient competitor; or

(ii) it has the ability to exercise significant market power in any market in which it provides telecommunication services pursuant to its licence.

A dominant licensee must comply with special requirements set out in the Telecom Competition Code although there are procedures by which a dominant licensee can seek reclassification or an exemption from these special requirements.

Duties to End-Users under the Telecom Competition Code

Licensees must include in their service agreements with their business and residential end-users certain provisions such as compliance with minimum quality of service standards, accurate and timely billing, fair dispute resolution procedures and protection of end-user service information.

Interconnection Obligations under the Telecom Competition Code

- Minimum Interconnection Duties

  In order to ensure seamless any-to-any communication throughout Singapore, FBOs and SBOs that use switching or routing equipment to provide telecommunication services to the public are required to satisfy the minimum interconnection duties set out in the Telecom Competition Code ("**Minimum Interconnection Duties**"). The IMDA will allow non-dominant licensees to interconnect, without the IMDA's prior approval, on any terms agreed between the non-dominant licensees, so long as they satisfy the Minimum Interconnection Duties. The Telecom Competition Code also specifies additional obligations that licensees must fulfil even in the absence of an interconnection agreement, such as publicly disclosing its network interfaces (necessary to allow the deployment of telecommunication services and equipment that can interconnect and inter-operate with its network), complying with mandatory technical standards, facilitating number portability and rejecting certain discriminatory preferences.

- Interconnection with dominant licensees

  The Telecom Competition Code also sets out the interconnection obligations of dominant licensees. A licensee that seeks to interconnect with a dominant licensee ("**Requesting Licensee**") can choose any of three options in order to enter into an interconnection agreement. First, the Requesting Licensee can accept the provisions specified in the dominant licensee's Reference Interconnection Offer ("**RIO**") which is developed by the dominant licensee and has been approved by the IMDA. Second, the Requesting Licensee can "opt-in" to an existing interconnection agreement between the dominant licensee and any similarly situated licensee. Third, the Requesting Licensee can seek to negotiate an individualised interconnection agreement with the dominant licensee.

  The Telecom Competition Code contains detailed requirements regarding the terms that a dominant licensee must include in its RIO and also detailed procedures. It also contains detailed requirements regarding the negotiation process for an individualised interconnection agreement; to the extent an issue in dispute arising from the negotiation for an individualised interconnection agreement is not addressed by the RIO, the IMDA will have full discretion to impose whatever solution it deems appropriate (even if neither licensee advocates that solution).

  Once an interconnection agreement between two licensees becomes effective, the IMDA will not involve itself in the implementation of the interconnection agreement. When there is a dispute arising out of implementation of their interconnection agreement with a dominant licensee, licensees are required to apply the dispute resolution provisions that are commonly provided for in their interconnection agreement. If the licensees are unable to resolve the dispute, they may (i) agree to a binding arbitration, mediation or seek relief from a court of competent jurisdiction or (ii) refer the dispute to the IMDA and the IMDA, at its discretion, may impose a binding resolution on the licensees.

Infrastructure Sharing under the Telecom Competition Code

The Telecom Competition Code permits an FBO licensee to request the right to share infrastructure controlled by another FBO licensee. The FBO licensees must first attempt to negotiate a voluntary sharing agreement. If they are unable to do so, the requesting FBO licensee may ask the IMDA to make a determination as to whether the infrastructure must be shared – either because it constitutes Critical Support Infrastructure (as defined in the Telecom Competition Code) or because the IMDA concludes that sharing it would serve the public interest. The Telecom Competition Code designates certain infrastructure that FBO licensees must share at cost-based prices – such as masts, poles, towers and tunnel infrastructure.

Competition Rules under the Telecom Competition Code

The Telecom Competition Code sets out rules that preclude licensees from engaging in anticompetitive conduct. A dominant licensee must not abuse its market position in a manner that unreasonably restricts competition. The Telecom Competition Code prohibits licensees from entering into agreements that unreasonably restrict competition and sets out a framework under which the IMDA 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. The permissibility of a licensee entering into other agreements, such as joint purchasing or production ventures, will be assessed based on each agreement's likely or actual impact on competition. In addition, licensees are subject to a prohibition on engaging in unfair methods of competition such as false advertising or unnecessarily degrading the quality of a competitor's service.

Changes in Ownership and Consolidations involving Designated Telecommunication Licensees

Each FBO licensee and certain designated SBO licensees (the "**Designated Telecommunication Licensees**") must notify the IMDA for changes in ownership or shareholding of at least 5.0 per cent. but less than 12.0 per cent. and obtain the IMDA's prior approval for change in ownership or shareholding of more than 12.0 per cent. The Telecom Competition Code provides that the IMDA will not approve an application by a Designated Telecommunication Licensee for either (i) assigning, transferring, subletting or otherwise disposing its rights, duties and privileges under its licence to any other entity or (ii) implementing a change in its ownership or shareholding in connection with a proposed merger, acquisition or similar transaction, where the IMDA determines that the proposed merger or consolidation is likely to unreasonably restrict competition in any telecommunications market within Singapore.

Enforcement

The IMDA 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 after the date on which the alleged contravention occurred. In enforcing the provisions of the Telecom Competition Code, the IMDA may, among others, issue warnings, directions or orders to cease and desist. The IMDA may also impose financial penalties and suspend or terminate a licensee's licence. While reserving the right to impose financial penalties (up to the higher of 10 per cent. of an operator's annual turnover or S$1 million), the IMDA will consider all relevant aggravating or mitigating factors in order to ensure that any financial penalty imposed is proportionate to the contravention.

Quality of Service Standards

The IMDA regulates the performance of service operators by setting quality of service standards. Service operators must submit quarterly reports regarding their service quality to the IMDA, and report outages that occur on their networks. The IMDA also conducts surveys to monitor customer satisfaction and to obtain consumer feedback on how services may be further improved. The findings are used to fine-tune the IMDA's performance quality standards. Non-compliance with quality of service standards can be punished by monetary fines.

(e) Media Market Conduct Code

The Media Market Conduct Code sets out the IMDA's regulatory principles and contains provisions relating to duties of licensees to their end-users, required co-operation amongst licensees to promote competition, sector-specific competition rules and enforcement mechanisms. The IMDA has the authority to review and amend the Media Market Conduct Code and to grant exemptions from or suspend the Media Market Conduct Code.

Regulated Persons

The Media Market Conduct Code distinguishes between Regulated Persons (being persons specified by the Minister under Section 2 of the IMDA Act) that are able to act without significant competitive restraint from their competitors (dominant licensees) and others (non-dominant licensees).

In considering whether a Regulated Person is in a dominant position, the IMDA shall have regard to whether that Regulated Person has significant market power in any relevant media market.

A dominant licensee must comply with special requirements set out in the Media Market Conduct Code although there are procedures by which a dominant licensee can seek reclassification or an exemption from these special requirements. The IMDA has designated licensees within the MediaCorp group, licensees within the SPH group and SCV as dominant licensees under the Media Market Conduct Code.

Public Interest Obligation of Regulated Persons and Certain Affiliates

Free-to-Air TV broadcasters and radio broadcasters must broadcast specified events of national significance. Designated Video Archive Operators and Designated Newspaper Archive Operators (each as defined in the Media Market Conduct Code) must take reasonable and effective action to make available to providers of media services or Ancillary Media Services the contents of its archives on reasonable prices, terms and conditions. The IMDA has also taken measures to enhance the ability of the public to access certain programmes from Free-to-Air Television Licensees with its Anti-Siphoning guidelines outlined in the Media Market Conduct Code. Pursuant to a revision to the Media Market Conduct Code on 1 August 2011, subscription TV licensees are required to make their exclusive content (acquired on or after 12 March 2010) available for cross carriage by nationwide subscription TV licensees.

Regulated Persons' Duties to their Customers

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 obligations include certain provisions such as compliance with minimum quality of service standards, accurate and timely billing, procedures to dispute charges and protection of end-user service information.

In addition, dominant licensees are required to provide mass media services upon reasonable request, provide fair access to programme lists and provide access to advertising capacity.

Competition Rules under the Media Market Conduct Code

A Regulated Person must not engage in unfair methods of competition. Specific practices that are prohibited include the use of media services to disseminate false and misleading claims, degrading the availability or quality of the service of another Regulated Person, or raising the other Regulated Person's costs, providing false and misleading information regarding its media services to another Regulated Person and engaging in predatory price cutting. Regulated Persons are also 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 purchasing or production ventures, will be assessed based on each agreement's likely or actual impact on competition.

Enforcement

The IMDA may enforce the provisions of the Media Market Conduct 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 after the date on which the alleged contravention occurred. In enforcing the provisions of the Media Market Conduct Code, the IMDA may, among others, issue warnings, directions or orders to cease and desist. The IMDA may also impose financial penalties and suspend or terminate a licensee's licence. While reserving the right to impose financial penalties, the IMDA will consider all relevant aggravating or mitigating factors in order to ensure that any financial penalty imposed is proportionate to the contravention.

(f) Discretionary powers of the Minister under the Telecommunications Act

Under the Telecommunications Act, the Minister has certain discretionary powers, for example, the Minister may direct a public telecommunication licensee to undertake and provide such telecommunication services and facilities as may be necessary for aeronautical, maritime, meteorological, governmental, defence or other purposes or on the occurrence of any public emergency, in the public interest or in the interests of public security, national defence, or relations with the government of another country. The Minister may issue directions to the IMDA or any telecommunications licensee which may include provisions for the prohibition or regulation of such use of telecommunications in all cases or of such cases as may be considered necessary; provisions for the taking of, the control of or the usage for official purposes of, all or any such telecommunication system and equipment; and provisions for the stopping, delaying and censoring of messages and the carrying out of any other purposes which the Minister thinks necessary.

(g) Cybersecurity Requirements

On 31 August 2018, the Cybersecurity Act partially came into force. The Cybersecurity Act establishes a framework for the protection of CII against cybersecurity threats, the taking of measures to prevent, manage and respond to cybersecurity threats and incidents in Singapore, and the regulation of providers of licensable cybersecurity services. The provisions which are not yet in force relate to the licensing framework for cybersecurity service providers.

Under the Cybersecurity Act, owners of CII have various statutory duties which include notifying change in ownership, conducting audits and cybersecurity risk assessment. An "owner", in relation to a CII, means the legal owner of the CII and, where the CII is jointly owned by more than one person, includes every joint owner. The StarHub Group has been designated as a CII owner and is required to comply with the Cybersecurity Act.

In addition, the IMDA, as the sector regulator for the telecommunications and broadcasting sectors, has imposed additional cybersecurity-related obligations on the StarHub Group. Pursuant to these obligations, the StarHub Group is required to implement security incident management requirements as well as measures to prevent, protect, detect and respond to cybersecurity threats. The StarHub Group is also required to carry out periodic audits on its compliance with the IMDA's requirements.

(h) Recent Developments

Converged Code

In the first half of 2019, the IMDA conducted a public consultation on the proposed Converged Code for the telecommunication and media markets. Currently, the IMDA regulates competition and market related matters through the Telecom Competition Code and the Media Market Conduct Code.

As the Telecom Competition Code and the Media Market Conduct Code are similar in various aspects (for example, competition rules, acquisition and consolidation framework, and consumer protection), the IMDA is seeking to harmonise the provisions that are substantively similar in effect and align the drafting of these provisions in the Converged Code.

The Converged Code will streamline requirements to promote competition, encourage market innovation, better protect consumers' interest and keep pace with the fast-changing digital landscape. The objective is to ensure that a consistent regulatory framework is applied across both the telecommunications and media markets to the extent possible.

The IMDA is expected to conduct a second public consultation to seek comments on the drafting of the proposed Converged Code.

Radio Spectrum

In December 2016, the IMDA carried out its New Entrant Spectrum Auction. In this auction, TPG made the winning bid of S$105 million, and was allocated 60 MHz of spectrum (comprising 20 MHz in the 900 MHz spectrum band and 40 MHz in the 2.3 GHz spectrum band) to provide International Mobile Telecommunications (IMT) and IMT-Advanced services (e.g. 4G services).

In March to May 2017, the IMDA carried out its spectrum auction and the StarHub Group was awarded 60 MHz of spectrum paying at a total price of S$351.3 million. Details are as follows:

Spectrum	**Spectrum acquired by StarHub**
700 MHz	30 MHz
900 MHz	10 MHz
2.5 GHz	20 GHz

In 2020, StarHub Mobile Pte Ltd and M1 had jointly bid for, and were provisionally awarded, a licence to build and operate a 5G standalone network infrastructure using 3.5GHz spectrum, pursuant to the Call for Proposal for the Provision of Fifth-Generation (5G) Mobile Networks and Services in Singapore issued by the IMDA on 17 October 2019. The consortium has been provisionally awarded a nationwide package of 5G spectrum (in the 3.5 GHz band), and StarHub Mobile Pte Ltd and M1 were each provisionally awarded localised packages (in the mmWave spectrum band).

Media Market Conduct Code

The IMDA has implemented changes to the Media Market Conduct Code, to establish additional measures to protect customers. As part of this regime, the IMDA has specified that should there be an increase in the retail charges they pay or removal of a material channel from an operator's line-up, certain in-contract customers can terminate services without paying early termination charges.

Telecommunications Act

Amendments were introduced to the Telecommunications Act on 1 February 2017. These changes (*inter alia*):

- Grant the IMDA additional powers to mandate from building owners the provision of space and facilities needed by infocom providers. The IMDA is currently consulting on the implementation of these measures; and

- The ability to establish a form of Dispute Resolution for customers. The form of this Dispute Resolution process is currently under consultation.

SELECTED FINANCIAL INFORMATION

The following tables present the selected consolidated financial information for the StarHub Group as at and for FY2017, FY2018, FY2019, 1Q2019 and 1Q2020.

Where relevant, the financial information below has been derived from, and should be read in conjunction with, the StarHub Group's audited consolidated financial statements for FY2018 and FY2019, the business performance update of the StarHub Group for 1Q2020 and the notes thereto.

As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, the financial statements for FY2019 have not been adjusted to reflect the impact of COVID-19. The impact of COVID-19 is reflected in the business performance update of the StarHub Group for 1Q2020 disclosed in Appendix IV.

Consolidated Income Statements

	FY2017	**FY2018**	**FY2019**	**1Q2019**	**1Q2020**
	S$' million	**S$' million**	**S$' million**	**S$' million**	**S$' million**
Operating Revenue	2,410.7	2,362.0	2,330.6	596.8	506.2
Operating Expenses	-2,052.7	-2,089.7	-2,085.8	-524.7	-448.4
Other Income	4.4	1.2	11.0	0.1	1.5
Profit from Operations	**362.4**	**273.4**	**255.9**	**72.1**	**59.3**
Net Finance Costs	-26.2	-27.1	-36.7	-9.4	-8.7
	336.3	**246.3**	**219.1**	**62.7**	**50.6**
Non-operating loss	-0.7	0.0	0.0	0.0	0.0
Share of (loss)/gain of associate, net of tax	-2.2	-1.0	-0.5	0.4	-0.0
Profit before Taxation	**333.4**	**245.3**	**218.6**	**63.1**	**50.5**
Taxation	-59.8	-44.9	-40.0	-13.8	-8.4
Profit for the period	**273.6**	**200.5**	**178.6**	**49.3**	**42.1**
Profit attributable to:					
Owners of the Company	273.0	201.5	186.3	54.0	40.2
Non-controlling interests	0.6	-1.1	-7.8	-4.7	1.9
Profit for the year	**273.6**	**200.5**	**178.6**	**49.3**	**42.1**
EBITDA	**642.7**	**567.1**	**617.1**	**161.9**	**136.2**
Service EBITDA	**586.1**	**520.8**	**558.7**	**149.7**	**125.7**
Service Revenue	**1,878.4**	**1,832.4**	**1,765.1**	**444.3**	**404.9**
Service EBITDA as per cent. of Service Revenue	**31.2%**	**28.4%**	**31.7%**	**33.7%**	**31.1%**
Earnings per Share – Diluted (in cents)	**15.5**	**11.2**	**10.3**	**3.0**	**2.2**

1Q2020 vs 1Q2019

The StarHub Group's 1Q2020 total revenue of S$506.2 million was S$90.6 million or 15.2% lower YoY (year-on-year). The lower revenues were mainly due to lower revenues from Mobile, Pay TV, Broadband and Sales of equipment, partially offset by higher revenues from Enterprise Business.

Against 1Q2019, Mobile service revenues in 1Q2020 was lower YoY by 15.0% due to lower postpaid and prepaid Mobile revenues. The decrease in postpaid Mobile revenues was mainly due to lower IDD, excess data usage, lower roaming due to a significant drop in global travel caused by the COVID-19 outbreak, lower plan subscriptions and VAS (value-added services) revenues, partially offset by the increase in voice usage. The decrease in prepaid Mobile revenues was mainly due to lower inbound and outbound tourists due to the impact from COVID-19 measures, lower data subscriptions, prepaid expired credit and IDD.

Pay TV service revenue in 1Q2020 was 33.8% lower YoY, mainly due to a lower subscriber base and lower ARPUs due to promotional activities in respect of the cable to fibre migration from the previous year.

Broadband service revenue decreased YoY by 11.4% in 1Q2020, mainly due to lower ARPUs as a result of promotional activities in respect of cable of fibre migration from the previous year.

Enterprise Business revenue increased YoY by 13.9% in 1Q2020, mainly due to higher revenues from cybersecurity services, partially offset by lower revenues from voice services, internet services and domestic leased circuits as well as managed services.

Revenue from sales of equipment decreased YoY by 33.6% in 1Q2020, mainly due to lower volume of premium handsets sold as a result of COVID-19 and disruption to handset supply chains, resulting in a stock-out situation for certain handset models.

The StarHub Group's total operating expenses for 1Q2020 was lower by S$76.3 million or 14.5% YoY, mainly due to lower cost of sales and other operating expenses, partially offset by the increase in operating expenses for cybersecurity services.

As a percentage of revenue, total operating expenses for 1Q2020 was at 88.6%, when compared to 87.9% in 1Q2019.

Other income increased mainly due to income grant received and recovery of tunnel fees from TPG in 1Q2020.

Profit from operations of S$59.3 million in 1Q2020 was S$12.8 million lower YoY. Profit from operations for Cybersecurity services was S$5.0 million in 1Q2020 compared to losses of S$11.4 million in 1Q2019. Excluding Cybersecurity services, profit from operations would have been S$54.3 million, which is S$29.2 million lower YoY due to lower revenues from Mobile, Pay TV, Broadband and Network Solutions and lower margin from Sales of equipment, partially offset by higher other income and lower operating expenses.

Service EBITDA margin for 1Q2020 at 31.1% was 2.6% points lower YoY, mainly due to the lower service revenues.

Finance income was stable YoY in 1Q2020 whilst finance expenses was lower in 1Q2020.

Share of results of associate was a loss in 1Q2020 compared to a gain in 1Q2019.

Profit before taxation of S$50.5 million in 1Q2020 was lower by S$12.6 million YoY as a result of lower profit from operations. Taxation expense for 1Q2020 was lower at S$8.4 million due to lower profits. As Ensign started turning in a profit this quarter, the previously un-recognised deferred tax asset relating to prior period tax losses was recognised to reduce taxation expense on profit in this quarter. This resulted in an overall lower taxation expense and a lower effective tax rate, as compared to 1Q2019.

Net profit for 1Q2020 was S$42.1 million.

As at 31 March 2020, the StarHub Group's total outstanding capital expenditure commitments amounted to S$432.3 million, including the outstanding commitments for 4G spectrum rights of S$282.0 million.

FY2019 vs FY2018

The StarHub Group's total revenue in FY2019 of S$2,330.6 million was S$31.4 million or 1.3% lower YoY. The lower revenue was mainly due to lower revenues from Mobile, Pay TV and Broadband, partially mitigated by higher revenues from Enterprise Business and Sales of equipment.

Against FY2018, Mobile service revenues in FY2019 were lower by 7.2%, mainly due to lower IDD, excess data usage, roaming, data subscriptions and VAS (value-added services) revenues, partially offset by the increase in plan subscriptions, enterprise SMS revenues and reversal of loyalty reward accrual following the change in customer loyalty programme.

Pay TV service revenue decreased YoY by 20.3% in FY2019, mainly due to a lower subscriber base and lower ARPUs due to promotional activities in respect of the cable to fibre migration.

Broadband service revenue decreased YoY by 5.1% in FY2019, mainly due to lower ARPUs as a result of promotional activities in respect of the cable to fibre migration.

Enterprise Business revenue increased YoY by 12.6% in FY2019, mainly due to higher revenues from Cybersecurity services and managed services, partially offset by lower revenues from voice services, internet services and domestic leased circuits.

Revenue from sales of equipment increased YoY by 6.8% in FY2019 mainly due to higher volume of handsets sold.

The StarHub Group's total operating expenses in FY2019 were lower by S$3.9 million YoY, due to lower cost of sales and other operating expenses, partially mitigated by the increase in operating expenses for Cybersecurity services.

As a percentage of revenue, total operating expenses in FY2019 were at 89.5%, compared to 88.5% in FY2018.

Cost of Sales (excluding Cybersecurity services)

Cost of sales in FY2019 decreased YoY by S$39.0 million, mainly due to lower cost of services and traffic expenses, partially offset by higher cost of equipment sold.

The increase of 4.9% YoY for cost of equipment sold in FY2019 was primarily due to higher volume of handsets sold.

The decrease of 8.7% YoY for cost of services in FY2019 was due to lower TV content costs, postpaid and prepaid Mobile costs, partially offset by higher costs for cable migration, Broadband and Network Solutions business. Total one-off cost of services incurred for the cable migration amounted to approximately S$10.6 million in FY2019.

The decrease of 22.2% YoY for traffic expenses in FY2019 was mainly due to lower domestic and international traffic volumes and lower roaming cost in line with lower roaming revenue.

Cost of Sales (Cybersecurity services)

The increase for cost of sales was in line with higher Cybersecurity services revenue generated.

The StarHub Group's other operating expenses in FY2019 was lower by S$2.7 million YoY. As a percentage of total revenue, other operating expenses were 43.4% in FY2019, compared to 43.0% in FY2018.

Other operating expenses (excluding Cybersecurity services)

Analysis of major variances in other operating expenses (excluding Cybersecurity services) is provided below:

Staff costs was 11.0% lower YoY in FY2019, mainly due to lower headcounts and reversal of prior year provision for certain staff benefits no longer required in 2019, partially offset by a one-off restructuring provision relating to IT transformation activities. Excluding the above reversal and provision, staff costs would have been lower by 13.4% YoY in FY2019.

Operating leases in FY2019 were lower by 69.2% YoY, due to adoption of *SFRS(I) 16 Leases* that became effective on 1 January 2019 where certain operating leases are capitalised as right-of-use ("**ROU**") assets and depreciated over the useful life of the ROU assets. Excluding the effect of *SFRS(I) 16*, operating leases would have been lower YoY by S$16.3 million or 14.0% in FY2019 due to the reversal of cable duct lease rental provision.

Marketing and promotions expenses were lower by 3.5% YoY in FY2019, as a result of efforts to carry out more targeted promotional activities.

Loss allowance for trade receivables was higher by 27.9% YoY in FY2019, mainly driven by higher bad debt written off and an increase in general provision as a result of an increase in aged trade receivables.

Repairs and maintenance expenses were higher by 12.6% YoY in FY2019, mainly due to a one-off S$10.9 million provision for contracted maintenance costs for submarine cables that are no longer in use.

Other expenses in FY2019 were lower by S$20.9 million YoY, due to lower licence fees, lower foreign exchange loss, lower billing and collection costs, lower impairment loss on PPE for voice equipment and lower impairment of contract assets, partially offset by higher professional services fees, higher customer service outsourcing costs for cable migration and lower miscellaneous income.

Depreciation and amortisation expenses were higher in FY2019, mainly due to higher depreciation of ROU assets and accelerated depreciation for certain IS systems.

Other operating expenses (Cybersecurity services)

The increase for other operating expenses YoY in FY2019 was primarily due to the increase in staff costs, depreciation and amortisation and other expenses from Cybersecurity services.

Other income increased mainly due to income grant received and recovery of tunnel fees from TPG in FY2019, as compared to FY2018.

Profit from operations of S$255.9 million in FY2019 was S$17.5 million lower YoY. Losses from Cybersecurity services were S$21.8 million in FY2019 compared to a profit of S$0.2 million in FY2018. Excluding Cybersecurity services, profit from operations would have been S$277.7 million, which is S$4.5 million higher YoY due to lower operating expenses as well as higher other income from the TPG tunnel fees cost recovery, partially mitigated by lower revenues from Mobile, Pay TV, Broadband and higher cable migration cost.

Service EBITDA margin in FY2019 of 31.7% was 3.3% points higher YoY, mainly due to the impact from *SFRS(I) 16 Leases,* where operating leases are capitalised as ROU assets and depreciated over the asset life. Excluding the impact of *SFRS(I) 16*, service EBITDA margin in FY2019 would have been 27.8%, 0.7% points lower YoY compared to FY2018.

Finance income was lower YoY in FY2019, while finance expenses were higher in FY2019 mainly due to the adoption of *SFRS(I) 16 Leases*, which resulted in higher interest expense due to higher lease liabilities, coupled with higher loan interest due to higher borrowings.

Share of loss of associate was lower YoY in FY2019 compared to FY2018.

Profit before taxation of S$218.6 million in FY2019 was lower by S$26.8 million YoY as a result of lower profit from operations. Taxation expenses were lower at S$40.0 million.

Profit for the period in FY2019 was S$178.6 million.

As at 31 December 2019, the StarHub Group's total outstanding capital expenditure commitments amounted to S$452.6 million, including the outstanding commitments for 4G spectrum rights of S$282.0 million.

FY2018 vs FY2017

The StarHub Group's total revenue in FY2018 of S$2,362.0 million was S$48.7 million or 2.0% lower YoY. The lower revenue was mainly due to lower revenue from Mobile, Pay TV, Broadband and Sales of equipment, partially offset by higher revenue from Enterprise Business services.

Compared with FY2017, Mobile service revenue in FY2018 was lower by S$73.1 million or 8.1%. The decrease was attributed to lower IDD, voice and data usage revenue, lower subscription revenue due to higher phone subsidies given to customers, and a higher mix of SIM-Only plans. This was partially mitigated by higher revenue from roaming and mobile value-added services (VAS). 4Q2018 also included higher provisions for customer loyalty programmes as the redemption rates are expected to increase and a catch-up adjustment for contract asset provision as a result of the higher subsidies given. Excluding the one-time provisions and catch-up adjustment, Mobile service revenue would have decreased by S$55.1 million or 6.2% YoY in FY2018.

Pay TV service revenue decreased YoY by S$42.2 million or 11.9% in FY2018, mainly due to a lower subscriber base.

Broadband service revenue of S$185.8 million in FY2018 remained stable compared to FY2017.

Enterprise Business service revenue in FY2018 grew by S$70.3 million or 16.0% YoY, mainly due to the consolidation of Ensign and D'Crypt.

Revenue from sales of equipment decreased YoY by 0.5% in FY2018, primarily due to lower handset revenue, partially offset by the increase in sales of smart home equipment.

The StarHub Group's operating expenses in FY2018 were higher by S$37.0 million or 1.8% YoY, due to higher cost of sales and other operating expenses.

As a percentage of revenue, total operating expenses in FY2018 were 88.5%, compared to 85.1% in FY2017.

Cost of sales in FY2018 increased by S$34.1 million or 3.3%, mainly due to higher cost of equipment sold, cost of services and traffic expenses.

Compared with FY2017, the increase of S$7.6 million or 1.6% in FY2018 for cost of equipment sold was primarily due to higher sales of smart home equipment.

In FY2018, cost of services was higher by S$17.8 million or 3.8% YoY due to higher Managed services cost, postpaid cost, Ensign and D'Crypt cost, partially offset by lower TV content cost.

The increase of 8.5% for traffic expenses YoY in FY2018 was mainly due to higher roaming costs in line with higher roaming revenue, partially offset by lower domestic and international traffic volume.

The StarHub Group's other operating expenses was higher by S$3.0 million YoY in FY2018. As a percentage of total revenue, other operating expenses were 43.0% in FY2018, compared to 42.0% in FY2017.

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

Staff costs expense was 2.3% lower YoY in FY2018. Staff costs expense for FY2017 was higher due to provisions for certain staff benefits in order to rationalise and retain talent in recognition of the business challenges and operating conditions. Excluding this one-time provision and reversal of prior year accruals which were no longer required in FY2017, staff costs expense would have been higher by 4.7% YoY in FY2018, mainly due to consolidation of Ensign and D'Crypt staff costs, partially offset by lower staff costs from existing telco operations.

Operating leases in FY2018 were lower by 9.4% YoY due to lower duct lease rental.

Marketing and promotions expenses were higher by S$6.3 million YoY in FY2018, mainly attributable to higher promotional activities in line with new product launches.

Loss allowance for trade receivables was lower by S$3.4 million YoY in FY2018, mainly driven by improved collections.

Repair and maintenance expense was 2.1% higher YoY in FY2018, mainly due to provision for cable faults and higher IT maintenance cost.

In FY2018, other expenses were higher by S$3.4 million YoY primarily due to foreign exchange loss of S$7.6 million compared to a foreign exchange gain of S$0.1 million in FY2017, coupled with higher accrual for licence fees, partially offset by lower professional fees and inventories written down.

Depreciation and amortisation expense was higher by S$10.8 million in FY2018, mainly due to the addition of 4G spectrum rights in 2Q2017 and the higher additions of intangible assets in FY2018.

Other income decreased in FY2018 due to lower grant income in FY2018.

Profit from operations of S$273.4 million in FY2018 was S$89.0 million lower YoY mainly due to lower revenue from Mobile, Pay TV, Broadband and Sales of equipment coupled with increase in operating expenses (mainly due to higher cost of sales and depreciation).

In FY2018, service EBITDA of S$520.8 million was 11.1% lower YoY. Service EBITDA margin of 28.4% was 2.8% points lower YoY.

Finance income and finance expenses were relatively stable in FY2018.

Share of loss from associate decreased in FY2018 when compared to FY2017.

As a result of lower profit from operations, profit before taxation of S$245.3 million in FY2018 was lower by S$88.1 million YoY. Correspondingly, taxation expenses in FY2018 were lower at S$44.9 million.

As at 31 December 2018, the Group's total outstanding capital expenditure commitments amounted to S$527.1 million, including the outstanding commitments for 4G spectrum rights of S$282.0 million.

Consolidated Balance Sheets

	As at 31 December 2017	**As at 31 December 2018**	**As at 31 December 2019**	**As at 31 March 2020**
	S$' million	**S$' million**	**S$' million**	**S$' million**
Cash and Bank Balances	345.2	166.0	117.6	219.0
Other Current Assets	689.0	764.8	824.2	748.9
Non-Current Assets	1,601.8	1,722.7	1,792.1	1,727.2
Total Assets	**2,636.0**	**2,653.5**	**2,733.9**	**2,695.1**
Short-term Interest-bearing Borrowings	120.0	50.1	407.6	407.6
Long-term Interest-bearing Borrowings	857.5	978.4	640.8	640.8
Other Current Liabilities	893.9	842.0	768.7	721.1
Other Non-current Liabilities	158.7	195.0	336.7	322.4
Total Liabilities	**2,030.1**	**2,065.5**	**2,153.8**	**2,091.9**
Net Assets	**605.9**	**588.0**	**580.1**	**603.2**
Share Capital	299.7	299.7	299.7	299.7
Reserves and Retained Profits	101.9	8.4	18.5	37.8
Perpetual Capital Securities	199.9	199.9	199.9	201.9
Equity attributable to owners and perpetual capital securities holders	601.5	508.0	518.1	539.4
Non-controlling interests	4.4	80.0	62.0	63.9
Total Equity	**605.9**	**588.0**	**580.1**	**603.2**

CAPITALISATION AND INDEBTEDNESS

The table sets forth the capitalisation and indebtedness of the StarHub Group and StarHub as at 31 December 2019 and 31 March 2020.

	StarHub Group As at 31 December 2019 S$' million	StarHub Group As at 31 March 2020 S$' million	StarHub As at 31 December 2019 S$' million	StarHub As at 31 March 2020 S$' million
Short-term Borrowings (repayable within one year)				
Unsecured Bank Loans	407.6	407.6	407.5	407.5
Long-term Borrowings (repayable after one year)				
Unsecured Bank Loans	120.8	120.8	120.0	120.0
Unsecured Medium term note	520.0	520.0	520.0	520.0
Total Borrowings	**1,048.4**	**1,048.4**	**1,047.5**	**1,047.5**
Shareholders' Equity				
Share Capital	299.7	299.7	299.7	299.7
Reserves	-257.3	-276.2	0.4	-22.3
Retained Profits	275.8	314.0	2,044.4	2,089.3
Perpetual Capital Securities	199.9	201.9	199.9	201.9
Equity attributable to owners and perpetual capital securities holders	**518.1**	**539.4**	**2,544.4**	**2,568.5**
Non-controlling interests	62.0	63.9	0.0	0.0
Total Capitalisation	**580.1**	**603.2**	**2,544.4**	**2,568.5**
Total Capitalisation and Borrowings	**1,628.5**	**1,651.6**	**3,591.9**	**3,616.0**

The StarHub Group has secured S$300.0 million of new committed term loan facilities and is in the process of securing a S$137.5 million new committed term loan facility, subject to completion of the term loan documentation. The StarHub Group has since utilised S$270.0 million of committed term loan facilities to refinance its current borrowings of S$250.0 million and will continue to refinance its remaining current borrowings of S$157.5 million due for repayment in the third quarter of 2020. In addition, the StarHub Group now has S$30.0 million of committed term loan facilities available for drawdown by early August and S$300.0 million of committed revolving credit facilities available for drawdown as and when needed.

The StarHub Group shareholders' equity is lower than that at StarHub's level partially due to the adoption of merger accounting in July 2002 when the shares of SCV were acquired and consolidated into the StarHub Group. The accounting effect was to effectively write off the goodwill/pre-acquisition losses of SCV against the StarHub Group's cumulative reserves. The investment in SCV was stated at cost at StarHub's level.

DIRECTORS AND MANAGEMENT

Board of Directors

The Board of Directors (the "**Board**") of StarHub comprises:

Name	Position
Mr Steven Terrell Clontz	Non-Executive Chairman, Chairman of Strategy Committee
Mr Paul Ma Kah Woh	Independent Director, Chairman of Audit Committee
Mr Nihal Vijaya Devadas Kaviratne CBE	Lead Independent Director, Chairman of Nominating and Governance Committee
Mr Teo Ek Tor	Independent Director, Chairman of Executive Resource and Compensation Committee
Mr Stephen Geoffrey Miller	Non-Executive Director, Chairman of Risk Committee
Ms Michelle Lee Guthrie	Independent Director
Ms Nayantara Bali	Independent Director
Ms Ng Shin Ein	Independent Director
Mr Lionel Yeo Hung Tong	Independent Director
Mr Lim Ming Seong	Non-Executive Director
Dr Nasser Marafih	Non-Executive Director
Mr Naoki Wakai	Non-Executive Director

Steven Terrell Clontz
Non-Executive Chairman,
Chairman of Strategy Committee

Terry is Senior Executive Vice-President, International, at Singapore Technologies Telemedia Pte Ltd. He is also a Director of PSA International Pte Ltd, Cloud9 Technologies, LLC, STT GDC Pte. Ltd., Armor Defense Inc., Commerce Parent, Inc, Commerce Topco, LLC and CenturyLink, Inc. He served as the CEO of StarHub for 11 years before retiring on 1 January 2010. Terry is a well-regarded veteran in the telecommunications and media industry with over 45 years of extensive experience. He brings with him invaluable knowledge of the telecoms and media industry and extensive management expertise. During his 11 years at the helm of StarHub, Terry led StarHub in a number of major milestones including the transformation of StarHub from being Singapore's third mobile player in 2000 to a fully-integrated "quad-play" service provider; merging StarHub with the then Singapore Cable Vision in 2002; bringing StarHub public in 2004 on the Main Board of the Singapore Exchange; and advancing StarHub's market position to become Singapore's second largest mobile operator in 2005. Terry began his career in the USA. From 1996 to 1998, he served as the President and CEO of IPC Information Systems Inc., based in New York. Prior to that, Terry held senior executive positions at BellSouth International, Inc. He was the President of BellSouth International (Asia-Pacific), Inc. between 1991 and 1994. Terry holds a Bachelor of Science (Physics Major) from the University of North Carolina, USA.

Paul Ma Kah Woh
Independent Director,
Chairman of Audit Committee

Paul is the non-executive Chairman of Mapletree North Asia Commercial Trust Management Ltd and a Director of Mapletree Investments Pte Ltd. He is a member of the Advisory Board of The Asian Civilisations Museum. Paul was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice and Risk Management function until his retirement in September 2003. Paul is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Singapore Chartered Accountants.

Mr Nihal Vijaya Devadas Kaviratne CBE
Lead Independent Director,
Chairman of Nominating and Governance Committee

Nihal serves on the boards of Olam International Limited in Singapore and GlaxoSmithKline Pharmaceuticals Limited in India. He is the Chairman of Caraway Pte. Ltd., a subsidiary of Olam International Limited. He was appointed to the Advisory Board of Bain & Company for SEA/Indonesia from August 2013, and was appointed a member of the Global Corporate Resilience Advisory Council of McKinsey & Company, Inc. effective January 2018. Nihal held various senior level management positions in the Unilever group across Asia, Europe and Latin America over forty years. Nihal was cited in the Queen's 2004 New Year Honours List in the UK and was awarded the CBE (Commander of the Order of British Empire) for services to UK business interests in Indonesia. He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the "25 leaders at the forefront of change". Nihal holds a Bachelor of Arts (Honours) with a major in Economics from Bombay University, India and has attended various management development programmes in India, Australia, the UK and the USA, including the Advanced Executive Programme conducted by Kellogg School of Management, Northwestern University and the Advanced Management Program at the Harvard Business School, USA.

Mr Teo Ek Tor
Independent Director,
Chairman of Executive Resource and Compensation Committee

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

Mr Stephen Geoffrey Miller
Non-Executive Director,
Chairman of Risk Committee

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

Ms Michelle Lee Guthrie
Independent Director

Michelle is a director of Catapult Group International Limited, an Australian company listed on the Australian Securities Exchange and Hoppr Ltd, an unlisted public company in Australia. She has extensive experience and expertise in media management, content development, and a detailed knowledge of both traditional broadcasting and the new digital media landscape. Over the last 26 years, Michelle has worked for a range of broadcasting and media organisations in Australia, Europe and Asia, including the Australian Broadcasting Corporation, BSkyB, Star TV and Google. She is ideally placed to guide StarHub's strategic development, with her extensive knowledge of the Asian media market, digital technology and digital disruption. Michelle holds a Bachelor of Arts and Law (Honours) from Sydney University.

Ms Nayantara Bali
Independent Director

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

Ms Ng Shin Ein
Independent Director

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

Mr Lionel Yeo Hung Tong
Independent Director

Lionel is the Chief Executive Officer and Director of SportsHub Pte. Ltd., a company that manages the Singapore Sports Hub. He was CEO Advisor at Grab from September 2018 to 31 December 2019, and the Chief Executive of the Singapore Tourism Board from June 2012 to May 2018. Prior to that, he was the Dean & CEO of the Singapore Civil Service College and Deputy Secretary (Development) in the Public Service Division of the Prime Minister's Office. His work for the Singapore Government also included securing FTAs and market access for Singapore companies (Ministry of Trade & Industry), designing tax reforms for economic competitiveness and fiscal sustainability (Ministry of Finance), and promoting culture and the arts (Ministry of Information and The Arts). He holds a Bachelor of Science (BSc) in Economics from the London School of Economics and Political Science and a Master of Business Administration (MBA) from the Massachusetts Institute of Technology – Sloan School of Management.

Mr Lim Ming Seong
Non-Executive Director

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

Dr Nasser Marafih
Non-Executive Director

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

Mr Naoki Wakai
Non-Executive Director

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

The Management of StarHub

Set out below is the management of StarHub:

Name	Position
Mr Peter Kaliaropoulos	Chief Executive Officer
Mr Dennis Chia	Chief Financial Officer
Mr Charlie Chan	Chief, Enterprise Business Group
Mr Johan Buse	Chief, Consumer Business Group
Ms Veronica Lai	Chief Corporate Officer
Mr Chong Siew Loong	Chief Technology Officer
Mr Kee Yaw Yee	Chief Information Officer
Mr Chris Lipman	Chief Customer Officer
Ms Catherine Chia	Chief Human Resource Officer
Mr Tim Goodchild	Senior Vice President, Government & Strategic Affairs and International Business
Mr Adam Stewart	Chief Digital Officer

Mr Peter Kaliaropoulos
Chief Executive Officer

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

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

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

Mr Dennis Chia
Chief Financial Officer

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

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

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

Mr Charlie Chan
Chief, Enterprise Business Group

Charlie leads the Enterprise Business Group, which provides services and solutions to help enterprise customers build a hyperconnected workplace with an empowered workforce.

Charlie brings along more than 28 years of experience in the IT, professional services, systems integration and communications solution businesses, with comprehensive understanding of Singapore's enterprise market and deep corporate relationships. He was most recently with IBM as the Industry & Enterprise Lead of Global Technology Services (Asia Pacific). He was also with the BT Group, and last held the position of General Manager of Trading Systems & Head of Sales and Global Finance Services (Southeast Asia).

Charlie has a Bachelor of Science in Physics from the National University of Singapore. He has completed the Asian International Executive Program at INSEAD.

Mr Johan Buse
Chief, Consumer Business Group

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

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

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

Ms Veronica Lai
Chief Corporate Officer

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

With over two decades of experience in the info-communication industry, Veronica was the Group's General Counsel and Company Secretary prior to her current role. Before joining StarHub, she practised law at Rajah and Tann Singapore LLP.

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

Mr Chong Siew Loong
Chief Technology Officer

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

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

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

Mr Kee Yaw Yee
Chief Information Officer

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

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

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

Mr Chris Lipman
Chief Customer Officer

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

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

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

Ms Catherine Chia
Chief Human Resource Officer

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

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

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

Mr Tim Goodchild
Senior Vice President, Government & Strategic Affairs and International Business

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

Prior to joining StarHub, Tim's career has given him exposure to regulatory regimes throughout the Asia-Pacific region. This has included time with Telecom New Zealand, the Telecommunications Authority of Singapore (now the Infocomm Media Development Authority of Singapore), Millicom International Cellular, and Equant Singapore.

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

Mr Adam Stewart
Chief Digital Officer

Adam is responsible for developing and driving StarHub's overarching digital vision in line with the company's strategy, integrating digital efforts into all aspects of the business. He also oversees the implementation of innovative solutions through digital channels, services and new business models to build a strong digital presence in the market to enable the business to grow and improve customer experience.

Adam brings with him a wealth of experience from various multinational companies across multiple industries, including banking, telecommunications, consumer health, e-commerce and technology. Before joining StarHub, Adam was Chief Digital Officer of The Commonwealth Bank of Australia and United Kingdom-based Reckitt Benckiser. He has also held senior executive positions with responsibilities in digital transformation and digital marketing with the Vodafone Group, Rakuten and the Royal Bank of Scotland.

Adam has a Bachelor of Business in Management and Marketing, from Monash University, Australia.

USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for financing the general corporate funding requirements or investments of the Issuer and/or the StarHub Group (including financing new acquisitions and investments, refinancing of existing borrowings, working capital, capital expenditure and other general funding requirements), unless otherwise specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

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.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors ("**Depository Agents**"). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and e-tax guides issued by MAS and IRAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines, or e-tax guides, or the interpretation of those laws, guidelines, or e-tax guides, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and e-tax guides are also subject to various interpretations or conclusions set out below and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a holder of the Securities. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements made herein should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the Comptroller of Income Tax in Singapore regards each tranche of Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each tranche of Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or any distribution payment made under any tranche of Perpetual Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of Perpetual Securities.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd., which is a Financial Sector Incentive (Capital Market) Company or a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Securities issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Specified Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Specified Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and

(B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

  (i) any related party of the Issuer; or

  (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

  shall not be eligible for the tax exemption or concessionary rate of tax as described above.

  The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

  Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore.

  Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

2. Taxation relating to Payments on Perpetual Securities

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, IRAS has published the e-tax guide: Income Tax Treatment of Hybrid Instruments (Second Edition) on 21 October 2019 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, IRAS has stated in the Hybrid Instruments e-Tax Guide that:

(a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;

(b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

    These factors include (but are not limited to):

    (i) nature of interest acquired;

    (ii) investor's right to participate in issuer's business;

    (iii) voting rights conferred by the instrument;

    (iv) obligation to repay the principal amount;

    (v) payout;

    (vi) investor's right to enforce payment;

    (vii) classification by other regulatory authority; and

    (viii) ranking for repayment in the event of liquidation or dissolution;

(c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest; and

(d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or distributions.

3. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from a sale of the Securities will depend on the individual facts and circumstances of the holder and relating to the sale of the Securities.

Holders of the Securities who apply or who are required to apply Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes".

4. Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. IRAS has also issued an e-Tax Guide entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. IRAS has also issued an e-Tax Guide entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

5. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its subsidiaries and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries and/or its affiliates in the ordinary course of the Issuer's or its subsidiaries' or its affiliates' business. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

In connection with the issue of any Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Issuer that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arranger, the Dealers or any of their respective affiliates may purchase Securities for its own account or enter into secondary market transactions or derivative transactions relating to the Securities, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Securities. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Securities). As a result of such transactions, the Arranger, the Dealers or any of their respective affiliates may hold long or short positions relating to the Securities.

The Arranger, the Dealer(s) and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer and/or its subsidiaries from time to time. In the ordinary course of their various business activities, the Dealer(s) and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

While the Arranger, the Dealers and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Arranger, the Dealers or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Securities. The Arranger, the Dealers or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Securities.

United States

The Securities have not been and will not be registered under the Securities Act and the Securities may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. 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 under the Securities Act ("**Regulation S**").

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager) of all Securities of the Tranche of which such Securities are a part, within the U.S. or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the U.S. or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Securities, an offer or sale of Securities within the U.S. by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities *or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

GLOSSARY

"**1Q2019**"	:	The first quarter ended 31 March 2019
"**1Q2020**"	:	The first quarter ended 31 March 2020
"**AAG**"	:	Asia-America Gateway cable system
"**Agency Agreement**"	:	The Agency Agreement dated 23 September 2011 made between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, as amended and restated by the amendment and restatement agency agreement dated 29 May 2017 made between (1) the Issuer, as issuer, (2) DBS Bank Ltd., as issuing and paying agent, (3) DBS Bank Ltd., as registrar and transfer agent, (4) DBS Bank Ltd., as agent bank, and (5) the Trustee, as trustee as further amended, varied or supplemented from time to time
"**Agent Bank**"	:	DBS Bank Ltd.
"**AMH**"	:	Asia Mobile Holdings Pte. Ltd.
"**Ancillary Media Services**"	:	The provision of infrastructure, systems, services, information or other resources that are used or intended to be used in connection with the provision or delivery of any media service. Examples of such Ancillary Media Services include video programmes production and newspaper distribution
"**Anti-Siphoning guidelines**"	:	The relevant provisions in the Media Market Conduct Code on the restrictions on acquisition of certain programme rights by subscription TV licensees
"**APCN2**"	:	Asia Pacific Cable Network 2
"**ARPU**"	:	Average revenue per user
"**Arranger**"	:	DBS Bank Ltd.
"**ASE**"	:	Asia Submarine Express cable
"**APG**"	:	Asia-Pacific Gateway cable
"**Bearer Securities**"	:	Securities in bearer form, and includes any replacement Bearer Security issued pursuant to the relevant Conditions and any Temporary Global Security or Permanent Global Security
"**Board**"	:	The Board of Directors

"**Broadcasting Act**"	:	The Broadcasting Act, Chapter 28 of Singapore, as amended or modified from time to time
"**BTS**"	:	Base transceiver station
"**cable-to-fibre migration**"	:	The cable to fibre migration completed by the StarHub Group in 2019
"**CEO**"	:	Chief Executive Officer
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series
"**CII**"	:	Critical information infrastructure
"**CMI**"	:	China Mobile International Limited
"**Clearstream, Luxembourg**"	:	Clearstream Banking, S.A.
"**Common Depositary**"	:	In relation to a Series of the Securities, a depositary common to Euroclear and/or Clearstream, Luxembourg
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**Conditions**"	:	(i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or Global Certificate, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed with reference to the equivalent or similar condition of any other Series of Notes; and

(ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or Global Certificate, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed with reference to the equivalent or similar condition of any other Series of Perpetual Securities.

"**COSAC**" : The StarHub Converged Operations Service Assurance Centre

"**Couponholders**" : The holders of the Coupons

"**Coupons**" : The bearer coupons appertaining to an interest or distribution bearing Definitive Security

"**COW**" : Cellular-on-Wheels

"**Cross Carriage Measure**" : The cross carriage measure implemented by the IMDA, pursuant to the amended Media Market Conduct Code which took effect on 1 August 2011

"**CSISG**" : Customer Satisfaction Index of Singapore

"**Cybersecurity Act**" : Cybersecurity Act 2018, No. 9 of 18 of Singapore, as amended or modified from time to time

"**D'Crypt**" : D'Crypt Pte Ltd

"**DBS**" : DBS Bank Ltd.

"**Dealers**" : Persons appointed as dealers under the Programme

"**Definitive Security**" : A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue

"**Directors**" : The directors of the Issuer as at the date of this Information Memorandum

"**EBITDA**"	:	Earnings before interest, tax, depreciation and amortisation
"**Ensign**"	:	Ensign InfoSecurity Pte. Ltd.
"**EIS**"	:	Ensign InfoSecurity (Systems) Pte. Ltd. (formerly known as Accel Systems & Technologies Pte. Ltd.)
"**eKYC**"	:	Electronic-Know Your Customer
"**Euroclear**"	:	Euroclear Bank SA/NV
"**FBOs**"	:	Facilities-based operators to whom the IMDA has granted a licence to provide facilities-based operations under Section 5 of the Telecommunications Act
"**Free-to-Air Television Licensees**"	:	Persons licensed under the Broadcasting Act to provide a Free-to-Air Television Service
"**Free-to-Air Television Service**"	:	Any free-to-air television service or special interest television service which is made available to the audience for whom it is intended without payment of a subscription fee
"**FY**"	:	Financial year ended 31 December
"**GB**"	:	Gigabytes
"**Gbps**"	:	Gigabits per second
"**GHz**"	:	Gigahertz
"**Global Certificate**"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depositary, (ii) CDP and/or (iii) any other clearing system
"**Global Security**"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon
"**GSM**"	:	Global Systems for Mobile Communications
"**HD**"	:	High definition
"**HetNet**"	:	Heterogonous Networks
"**HFC**"	:	Hybrid fibre co-axial
"**Huawei**"	:	Huawei Technologies Co. Ltd

"**Huawei Solution**"	:	Huawei Smart Signalling Solution
"**IDD**"	:	International direct dial
"**IMDA**"	:	Infocomm Media Development Authority
"**IMDA Act**"	:	The Info-communications Media Development Authority Act (No. 22 of 2016) of Singapore, as amended or modified from time to time
"**indirect controller**"	:	Any person, whether acting alone or together with any other person and whether with or without holding shares or controlling voting power in a broadcasting company – (a) in accordance with whose directions, instructions or wishes the directors of the broadcasting company are accustomed or under an obligation, whether formal or informal, to act; or (b) who is in a position to determine the policy of the broadcasting company; but does not include any person – (i) who is a director or other officer of the broadcasting company whose appointment has been approved by the IMDA; or (ii) in accordance with whose directions, instructions or wishes the directors of the broadcasting company are accustomed to act by reason only that they act on advice given by the person in his professional capacity
"**Investor's Currency**"	:	The currency or currency unit in which an investor's financial activities are principally denominated
"**IP**"	:	Internet protocol
"**IPTV**"	:	Internet protocol television which covers the transmission of television programming, either full scheduled channels and/or video on-demand content to consumers via a broadband connection using IP
"**IoT**"	:	Internet of Things
"**IRAS**"	:	Inland Revenue Authority of Singapore
"**ISPs**"	:	Internet service providers
"**Issuer**" or "**StarHub**"	:	StarHub Ltd
"**Issuing and Paying Agent**"	:	DBS Bank Ltd.
"**IT**"	:	Information technology
"**ITA**"	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time

"**Keele**"	:	Keele Investments Pte. Ltd
"**landing party**"	:	The telecommunications operator that operates the relevant submarine cable landing station
"**Leone**"	:	Leone Investments Pte. Ltd. (now known as Ensign Technologies Pte. Ltd.)
"**LIBOR**"	:	London Interbank Offered Rate
"**linear channel**"	:	A TV channel in respect of which the viewer is only able to watch a particular TV programme at the particular time and on the particular channel that it is offered
"**LTE**"	:	Long Term Evolution
"**M1**"	:	M1 Limited
"**M2M**"	:	Machine-to-Machine
"**MAS**"	:	The Monetary Authority of Singapore
"**Mbps**"	:	Megabits per second
"**Media Market Conduct Code**"	:	Code of Practice for Market Conduct in the Provision of Media Services issued by the IMDA
"**MHz**"	:	Megahertz
"**Microsoft**"	:	Microsoft Singapore Pte. Ltd.
"**Minimum Interconnection Duties**"	:	The minimum interconnection duties set out in the Telecom Competition Code
"**Minister**"	:	The Minister for Communications and Information of Singapore
"**Ministry**"	:	The Ministry of Communications and Information of Singapore
"**MNCs**"	:	Multinational corporations
"**MNO**"	:	Mobile network operator
"**NAGRA**"	:	Nagravision S.A.
"**NBN**"	:	Singapore's Nationwide Broadband Network
"**network latency**"	:	Lags in communication
"**Noteholders**"	:	The holders of the Notes

"**Notes**"	:	The notes to be issued by the Issuer under the Programme
"**NPS**"	:	Net Promoter Score
"**Nucleus Connect**"	:	Nucleus Connect Pte. Ltd.
"**NTT**"	:	Nippon Telegraph and Telephone Corporation (formerly known as Nippon Telegraph and Telephone Public Corporation)
"**OTT**"	:	Over The Top
"**Parity Obligations**"	:	Any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof
"**Pay TV**"	:	Subscription-based pay television services
"**PBTS**"	:	Public basic telecommunication services
"**PCMTS**"	:	Public cellular mobile telephone services
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security
"**Perpetual Securities**"	:	The perpetual securities issued or to be issued by the Issuer under the Programme
"**Perpetual Securityholders**"	:	The holders of the Perpetual Securities
"**Pricing Supplement**"	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series
"**Programme**"	:	The S$2,000,000,000 Multicurrency Debt Issuance Programme of the Issuer

"**Programme Agreement**"	:	The Programme Agreement dated 23 September 2011 made between (1) the Issuer, as issuer, and (2) Australia and New Zealand Banking Group Limited and DBS, as arrangers and dealers, as amended and restated by the amendment and programme restatement agreement dated 29 May 2017 between (1) the Issuer, as issuer, and (2) DBS, as sole arranger and dealer, and as further amended, varied or supplemented from time to time
"**QDS**"	:	Qualifying debt securities
"**QOS**"	:	Quality of Service
"**Ooredoo**"	:	Ooredoo Q.P.S.C. (formerly known as Ooredoo Q.S.C)
"**Registrar**"	:	DBS Bank Ltd.
"**Registered Securities**"	:	Securities in registered form
"**Requesting Licensee**"	:	A licensee that seeks to interconnect with a dominant licensee
"**RIO**"	:	Reference Interconnection Offer that a dominant licensee (as classified by the IMDA) is required to make under the Telecom Competition Code
"**RSPs**"	:	Retail service providers
"**SBOs**"	:	Service-based operators to whom the IMDA has granted a licence to provide services-based operations under Section 5 of the Telecommunications Act
"**SCV**"	:	StarHub Cable Vision Ltd. (formerly known as Singapore Cable Vision Limited)
"**SD**"	:	Standard definition
"**Section 214 Authorisation**"	:	The global authority granted pursuant to Section 214 of the Communications Act of 1934 (as amended) and Section 63.18 of the Federal Communications Commission's Rules and Regulations of the U.S. to (i) operate as a facilities-based international carrier between the U.S. and Singapore, (ii) re-sell international services between the U.S. and Singapore and (iii) provide international simple re-sale between the U.S. and all international simple resale-approved countries, including Singapore
"**Securities**"	:	The Notes and the Perpetual Securities
"**Securities Act**"	:	United States Securities Act of 1933, as amended or modified from time to time

"**Securityholders**"	:	The Noteholders and the Perpetual Securityholders
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer
"**Series**"	:	(1) (in relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single Series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shares**"	:	Ordinary shares in the capital of the Issuer
"**SIBOR**"	:	Singapore Interbank Offered Rates
"**Singapore**"	:	Republic of Singapore
"**Singapore dollars**"	:	The lawful currency of Singapore
"**Singapore Government**"	:	The government of Singapore
"**Singtel**"	:	Singapore Telecommunications Limited
"**SISEU**"	:	Singapore Industrial & Services Employees' Union
"**SMBs**"	:	Small and medium businesses
"**SMS**"	:	Short Message Service
"**SPH**"	:	Singapore Press Holdings Limited
"**ST Telemedia**"	:	Singapore Technologies Telemedia Pte Ltd
"**Subordinated Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer
"**S$ Swap Rate**"	:	Singapore Dollar Swap Offer Rate
"**Talons**"	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the relevant Conditions

"**TARGET System**"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto
"**Tbps**"	:	Terabits per second
"**Telecom Competition Code**"	:	Code of Practice for Competition in the Provision of Telecommunication Services 2012 issued by the IMDA
"**Telecommunications Act**"	:	The Telecommunications Act, Chapter 323 of Singapore, as amended or modified from time to time
"**Temasek**"	:	Temasek Holdings (Private) Limited
"**Temporary Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue
"**TPG**"	:	TPG Telecom Pte Ltd
"**Tranche**"	:	Securities which are identical in all respects (including listing)
"**Transfer Agent**"	:	DBS Bank Ltd.
"**Trust Deed**"	:	The Trust Deed dated 23 September 2011 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and supplemented by the first supplemental trust deed dated 24 May 2016, as amended and restated by the amendment and restatement trust deed dated 29 May 2017 made between (1) the Issuer, as issuer and (2) the Trustee, as trustee, and as further amended, varied or supplemented from time to time
"**Trustee**"	:	DBS Trustee Limited
"**TV**"	:	Television
"**U.S.**"	:	United States of America
"**Vodafone**"	:	Vodafone Sales and Services Limited
"**12.0 per cent. controller**"	:	A person who alone or together with his associates (a) holds not less than 12.0 per cent. of the shares in the broadcasting company; or (b) is in a position to control voting power of not less than 12.0 per cent. in the broadcasting company
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**US$**"	:	United States dollars

"**YoY**" : Year on Year

"**%**" or "**per cent.**" : Per centum or percentage

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act, or as the case may be, the SFA.

In this Information Memorandum, certain amounts (including percentage amounts) have been rounded for convenience, and as a result, the aggregate of certain figures may not sum to total amounts or equal quotients.

APPENDIX I

GENERAL AND OTHER INFORMATION

SHARE CAPITAL

1. As at 31 March 2020, the Issuer only has one class of shares, being ordinary shares. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.

2. The issued share capital of the Issuer as at 31 March 2020 was as follows:

Share Designation	Issued Share Capital (Number)	Issued Share Capital (S$)
Ordinary Shares	1,731,651,443 (inclusive of 1,134,616 treasury shares)	299,658,101.854

BORROWINGS

3. Save as disclosed in Appendix IV to this Information Memorandum, the StarHub Group had, as at 31 March 2020, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or material contingent liabilities.

WORKING CAPITAL

4. The Directors are of the opinion that, after taking into account the present banking facilities, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

5. There have been no significant changes in the accounting policies of the Issuer since its audited financial accounts for the year ended 31 December 2019.

LITIGATION

6. Save as disclosed in the section "The Issuer – Litigation" of this Information Memorandum, there are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer or any of its subsidiaries the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the StarHub Group.

MATERIAL ADVERSE CHANGE

7. Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer or the StarHub Group since 31 March 2020.

AUDITOR'S CONSENT

8. KPMG LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its names and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

STATEMENT BY DIRECTORS

9. This Information Memorandum has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Information Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading in any material respect, and that this Information Memorandum constitutes full and true disclosure of all material facts about the issue of Securities and the StarHub Group.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

10. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

APPENDIX II

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF STARHUB LTD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The information in this Appendix II has been extracted and reproduced from the audited financial statements of StarHub Ltd and its subsidiaries for the financial year ended 31 December 2018 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2018.

FINANCIAL STATEMENTS 2018

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

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

In our opinion:

(a) the financial statements set out on pages 157 to 260 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance and the cash flows of the Group, and changes in equity of the Group and of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Steven Terrell Clontz	(Chairman)
Ma Kah Woh	
Nihal Vijaya Devadas Kaviratne CBE	
Teo Ek Tor	
Stephen Geoffrey Miller	
Michelle Lee Guthrie	
Nayantara Bali	(Appointed on 6 August 2018)
Ng Shin Ein	(Appointed on 17 September 2018)
Lionel Yeo Hung Tong	(Appointed on 10 January 2019)
Lim Ming Seong	
Nasser Marafih	
Naoki Wakai	

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants, share options and share awards in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
Ordinary shares		
Steven Terrell Clontz	107,700	143,600

Directors' Interests (continued)

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
Ordinary shares		
Ma Kah Woh	96,580	117,680
Nihal Vijaya Devadas Kaviratne CBE	23,000	114,400
Teo Ek Tor	186,438	206,038
Stephen Geoffrey Miller	–	22,700
Michelle Lee Guthrie	–	4,900
Lim Ming Seong	255,436	277,736
Nasser Marafih	77,930	94,930
Related Corporations		
Olam International Limited		
Euro Medium Term Note Programme		
Nihal Vijaya Devadas Kaviratne CBE	US$200,000[(1)]	US$200,000[(1)]
Singapore Technologies Engineering Ltd		
Ordinary Shares		
Lim Ming Seong	8,336	8,336
Singapore Telecommunications Limited		
Ordinary Shares		
Ma Kah Woh	380	380
TeleChoice International Limited		
Ordinary Shares		
Stephen Geoffrey Miller	–	79,000
Lim Ming Seong	60,000	60,000

(1) *US$200,000 of the US$300,000,000 in principal amount of 4.5% fixed rate notes due 2020 under Olam International Limited's Euro Medium Term Note Programme.*

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share awards of the Company, or of its related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed under the "Share-based Payments" section of this statement, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

(Cont'd)

Share-based Payments

The Company has in place the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, "StarHub Share Plans 2014", and each, "StarHub PSP 2014" and "StarHub RSP 2014" respectively).

The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting ("EGM") of the Company held on 14 April 2014, in replacement of the then existing StarHub Performance Share Plan and the StarHub Restricted Stock Plan which were adopted by the Company on 16 August 2004 (collectively, "StarHub Share Plans 2004", and each, "StarHub PSP 2004" and "StarHub RSP 2004" respectively).

The StarHub Share Plans 2004 together with the StarHub Share Option Plan 2004 were terminated at the EGM of the Company held on 14 April 2014. The Company had also in 2000 adopted the StarHub Pte Ltd Share Option Plan ("StarHub Share Option Plan 2000") and terminated the same in 2004. Since 31 May 2015, there were no outstanding or unexercised options under the StarHub Share Option Plans.

The StarHub Share Plans 2014, the StarHub Share Plans 2004, the StarHub Share Option Plan 2004 and the StarHub Share Option Plan 2000 (collectively, "Plans") are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising five directors, namely Teo Ek Tor, Stephen Geoffrey Miller, Michelle Lee Guthrie, Lionel Yeo Hung Tong and Lim Ming Seong.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company ("Parent Company") for purposes of the Plans.

StarHub Share Plans 2014 and StarHub Share Plans 2004 (collectively, the "StarHub Share Plans")

(i) The StarHub Share Plans were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.

(ii) The termination of the StarHub Share Plans 2004 was without prejudice to the rights of holders of awards accepted and outstanding under the StarHub Share Plans 2004 as at the date of termination. The outstanding awards under the StarHub Share Plans 2004 were vested according to the terms of the StarHub Share Plans 2004 and the respective grants.

(iii) The following persons were/shall be eligible to participate in the StarHub Share Plans, respectively at the absolute discretion of the ERCC:

   (1) employees (including executive directors) and non-executive directors of the Group;

   (2) employees (including executive directors) and non-executive directors of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as an employee of the Group for the purposes of the StarHub Share Plans; and

   (3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

(iv) Under the StarHub PSP 2004 and the StarHub PSP 2014, awards of shares are granted on an annual basis, conditional on targets set for a performance period, currently prescribed to be a three-year period. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives.

   Awards are released once the ERCC is satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period.

Share-based Payments (continued)

Since the commencement of the StarHub PSP 2004 to the financial year ended 31 December 2018, conditional awards aggregating 9,050,250 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2013, no shares will be delivered if the threshold performance targets are not achieved, while up to twice the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. For share awards granted during and after the financial year ended 31 December 2014, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Since the commencement of the StarHub PSP 2014 to the financial year ended 31 December 2018, conditional awards aggregating 2,904,500 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2016, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's TSR measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark. For share awards granted during and after the financial year ended 31 December 2017, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) Returns on Invested Capital ("ROIC"), and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Details of share awards granted under the StarHub PSP 2004 and StarHub PSP 2014 (collectively, the "StarHub PSP Share Plans") are as follows:

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

DIRECTORS' STATEMENT

(Cont'd)

Share-based Payments (continued)

(v) Under the StarHub RSP 2004 and the StarHub RSP 2014, awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related, after a further period of service beyond the performance period (performance-based restricted awards).

No minimum vesting periods are prescribed under the StarHub RSP 2004 and the StarHub RSP 2014 and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the StarHub PSP 2004 and the StarHub PSP 2014 in that an extended vesting period is imposed beyond the performance period.

The performance-based restricted awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets. The actual number of shares to be released depends on the level of attainment of the performance targets over the performance period.

For performance-based restricted awards granted prior to and during the financial year ended 31 December 2007, (a) the first performance target benchmarks the performance of the Company's TSR measured against the Straits Times Index ("STI") over the performance period; and (b) the second performance target used is measured against Free Cash Flow ("FCF").

For performance-based restricted awards granted during and from financial year ended 31 December 2008 to financial year ended 31 December 2013, the performance targets used were measured against the ROIC and the FCF respectively.

For performance-based restricted awards granted during and from financial year ended 31 December 2014 to financial year ended 31 December 2016, the performance targets used were measured against the ROIC and the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA").

For performance-based restricted awards granted during and from financial year ended 31 December 2016 onwards, the performance targets used are aligned to the overall strategic financial and operational goals of the Group.

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

(1) performance-based restricted awards aggregating 17,413,000 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times or as the case may be 1.5 times the number of shares that are the subject of the award, will be delivered if the stretch performance targets are met or exceeded;

(2) a time-based restricted award of 100,000 shares has been granted on 15 January 2009. The shares under this award were vested in three equal tranches over a 3-year period from 1 January 2009 to 31 December 2011 according to a specified vesting schedule;

(3) a time-based restricted award of 213,000 shares has been granted on 17 May 2010. The shares under this award were vested in May 2011 upon the participants' continued tenure as non-executive directors of the Company for a full one-year period from the date of grant;

(4) a restricted award of 155,900 shares has been granted on 7 June 2012. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2011 and were vested immediately without any further vesting period;

Share-based Payments (continued)

(5) a restricted award of 99,400 shares has been granted on 10 May 2013. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2012 and were vested immediately without any further vesting period; and

(6) a time-based restricted award of 30,000 shares has been granted on 10 March 2014. The shares under this award were vested in two equal tranches over a 2-year period from 1 January 2015 to 31 December 2016 according to a specified vesting schedule.

Since the commencement of the StarHub RSP 2014 to the financial year ended 31 December 2018:

(1) performance-based restricted awards aggregating 9,125,500 shares have been granted under the aforesaid Plan. For share awards granted prior to and during the financial year ended 31 December 2016, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times, the number of shares that are the subject of the award, will be delivered if the stretch performance targets are met or exceeded. For share awards granted during and after the financial year ended 31 December 2017, no shares will be delivered if the threshold performance target are not achieved, while up to the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded;

(2) restricted awards aggregating 748,600 shares have been vested to non-executive directors of the Company as part of their directors' remuneration, and were vested immediately upon grant;

(3) a time-based restricted award of 32,500 shares has been granted on 8 July 2015. The shares under this award were vested in two equal tranches over a 2-year period from 8 July 2015 to 7 July 2017 according to a specified vesting schedule;

(4) a time-based restricted award of 240,000 shares has been granted on 20 May 2016. The shares under this award were vested in two equal tranches over a period from 20 May 2016 to 7 July 2017 according to a specified vesting schedule;

(5) a time-based restricted award of 592,590 shares has been granted on 15 March 2017. The shares under this award were vested in two equal tranches over a period from 15 March 2017 to 15 January 2018;

(6) a time-based restricted award of 400,000 shares has been granted on 6 April 2017. The shares under this award will vest in three tranches over a 3-year period from 13 April 2018 to 15 April 2020; and

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

DIRECTORS' STATEMENT

(Cont'd)

Share-based Payments (continued)

Details of share awards granted under the StarHub RSP 2004 and the StarHub RSP 2014 (collectively, the "StarHub RSP Plans") are as follows:

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

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

Share-based Payments (continued)

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

As at 31 December 2018, no participant has been granted and/or received shares pursuant to the release of awards granted under the StarHub Share Plans, which, in aggregate, represents 5% or more of the aggregate of:

(a) the total number of new shares available under the StarHub Share Option Plans and the StarHub Share Plans collectively; and

(b) the total number of existing shares delivered pursuant to options exercised under the StarHub Share Option Plans and awards released under the StarHub Share Plans collectively.

Audit Committee

The members of the Audit Committee as at the date of this statement are as follows:

Ma Kah Woh, independent non-executive director (Chairman)
Nihal Vijaya Devadas Kaviratne CBE, lead independent non-executive director
Ng Shin Ein, independent non-executive director
Lim Ming Seong, non-executive director

The Audit Committee has held four meetings since the last directors' statement. In performing its functions in accordance with Section 201B of the Singapore Companies Act, Chapter 50, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee has also reviewed the following:

(1) assistance provided by the Company's officers to the internal and external auditors;

(2) financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

(3) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and its subsidiaries and the Company's compliance with the review procedures of such transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied that the independence, objectivity and effectiveness of the external auditors are not compromised as a result thereof and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

(Cont'd)

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Steven Terrell Clontz
Director

Ma Kah Woh
Director

Singapore
8 March 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
StarHub Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of StarHub Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 157 to 260.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Members of the Company
StarHub Ltd

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

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

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

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

Members of the Company
StarHub Ltd

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

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

Findings

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

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

We found the disclosures of the acquisition to be appropriate.

Impairment assessment of goodwill ($315.5 million) *(Refer to note 3.7 (ii) 'Significant accounting policies' and note 5 'Intangible assets')*	
The key audit matter	*How the matter was addressed in our audit*
Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. At 31 December 2018, the Group's balance sheet includes goodwill amounting to $315.5 million, predominately allocated to three cash-generating units ("CGUs") – Telco CGU, DPL CGU and the Ensign CGU (see Note 5). The Group performed an impairment assessment for each of the CGUs by estimating its recoverable amounts. The recoverable amounts of each CGU has been derived using its discounted cash flow forecast. The recoverable amount for each of the CGUs is determined to be in excess of the carrying amounts of the CGU and no impairment loss is determined to be required. A CGU is the smallest unit of assets that generate cash inflows that are largely independent of the cash inflow from other group of assets. The identification of a CGU involves judgement. Forecasting future cash flow is a highly judgemental process which involves making assumptions on revenue growth rates, margins, operating expense and discount rates.	We evaluated the appropriateness of CGU identified by management based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group. We assessed management's process of setting budgets on which the cash flow forecasts are based. We assessed key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports. We independently derived applicable discount rates from comparable companies and compared these with those used by management. We performed sensitivity analyses, focusing on plausible changes in the key assumptions or discount rates, and analysed the impact to the carrying amount. We considered the appropriateness of the disclosures in the financial statements.
Findings We found the identification of CGUs to be based on reasonable basis. We found that the assumptions and resulting estimates used in the determining recoverable amounts to be within acceptable range. We found the Group's disclosure in notes to the financial statements to be compliant with financial reporting standards.	

INDEPENDENT AUDITORS' REPORT (Cont'd)

Members of the Company
StarHub Ltd

Valuation of investment in subsidiaries at 1 January 2017 ($3,304.4 million) *(Refer to note 6 'Subsidiaries' and note 38 'Explanation of transition to SFRS(I) and adoption of new standards')*	
The key audit matter	*How the matter was addressed in our audit*
The Company elected the optional exemption in SFRS(I) 1 to measure the cost of investments in certain subsidiaries using their fair value as at 1 January 2017 in its SFRS(I) financial statements. As a result of the fair value exercise, the cost of investment in subsidiaries increased by $604.3 million as at 1 January 2017 and 31 December 2017. The retained earnings of the Company also increased by the same corresponding amount at the respective dates. The fair value of the selected subsidiaries was determined using the income approach by an external independent valuer. This involves forecasting future cash flows of the respective subsidiaries. Forecasting future cash flows is a highly judgemental process which involves making assumptions related to revenue growth, profit margins and discount rates.	We considered the objectivity, independence and competency of the external valuer, and the scope of their engagement. We discussed with management and the external valuer on the methodology applied to value the subsidiaries. We assessed the Group's process of setting budgets and forecasts on which the cash flow forecasts are based. We assessed the key assumptions, including revenue growth and profit margins by comparing them to historical performance, market data and industry forecasts. This includes making enquiries with management about their future business strategies and plans. We engaged our valuation specialists to independently verify the long term growth rate data and pre-tax discount rate used by management by reference to comparable companies' weighted average cost of capital. We performed sensitivity analyses, focusing on reasonably possible changes in the key assumptions or discount rates, and analysing the impact to the valuation amount. We assessed the appropriateness of the disclosures in the financial statements.
Findings We found that the valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. We found the assumptions used and the fair value derived to be within a reasonable range. We found the disclosures in the notes to the financial statements to be appropriate.	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Report other than the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we have obtained prior to the date of this auditors' report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Members of the Company
StarHub Ltd

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
8 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	31 December 2018 $m	31 December 2017 $m	1 January 2017 $m	31 December 2018 $m	31 December 2017 $m	1 January 2017 $m
Non-current assets							
Property, plant and equipment	4	**893.2**	870.1	918.0	**465.1**	425.2	431.0
Intangible assets	5	**670.0**	557.6	463.8	**102.1**	92.3	78.3
Subsidiaries	6	**-**	–	–	**3,304.4**	3,112.1	3,077.1
Associate	7	**22.7**	23.7	25.9	**27.8**	27.8	27.8
Other investments	8	**36.0**	60.0	40.0	**36.0**	60.0	40.0
Amounts due from related parties	9	**8.2**	7.9	7.6	**8.2**	7.9	7.6
Contract assets	10	**67.4**	76.7	68.2	**0.1**	1.0	–
Contract costs	10	**5.7**	5.8	6.2	**0.5**	0.4	0.8
Deferred tax assets	18	**1.5**	–	–	**-**	–	–
		1,704.7	1,601.8	1,529.7	**3,944.2**	3,726.7	3,662.6
Current assets							
Inventories	11	**75.2**	71.9	49.6	**0.6**	0.7	0.7
Contract assets	10	**277.0**	285.0	279.1	**18.7**	18.4	12.0
Contract costs	10	**17.3**	18.3	17.7	**1.4**	1.6	2.1
Trade receivables	12	**282.8**	201.5	172.2	**183.1**	167.7	141.7
Other receivables, deposits and prepayments	13	**94.2**	87.4	96.8	**33.9**	30.8	35.6
Amounts due from related parties	9	**18.3**	24.9	17.9	**14.2**	21.6	19.2
Cash and cash equivalents	14	**166.0**	345.2	285.2	**117.6**	321.1	236.0
		930.8	1,034.2	918.5	**369.5**	561.9	447.3
Current liabilities							
Contract liabilities	10	**(70.2)**	(78.6)	(94.9)	**(23.4)**	(21.0)	(21.1)
Trade and other payables	15	**(574.5)**	(625.0)	(577.0)	**(270.5)**	(313.1)	(288.1)
Amounts due to related parties	9	**(57.5)**	(64.8)	(67.1)	**(235.8)**	(334.3)	(360.5)
Borrowings	16	**(50.1)**	(120.0)	(10.0)	**(50.0)**	(120.0)	(10.0)
Provision for taxation		**(119.5)**	(125.5)	(118.7)	**(23.7)**	(21.0)	(16.0)
		(871.8)	(1,013.9)	(867.7)	**(603.4)**	(809.4)	(695.7)
Net current assets/(liabilities)		**59.0**	20.3	50.8	**(233.9)**	(247.5)	(248.4)
Non-current liabilities							
Contract liabilities	10	**(32.5)**	(22.4)	(21.6)	**(32.5)**	(22.5)	(21.6)
Trade and other payables	15	**(33.3)**	(0.9)	(1.4)	**(7.3)**	(0.9)	(1.4)
Borrowings	16	**(978.4)**	(857.5)	(977.5)	**(977.5)**	(857.5)	(977.5)
Deferred tax liabilities	18	**(131.5)**	(135.4)	(148.0)	**(75.6)**	(73.9)	(73.5)
		(1,175.7)	(1,016.2)	(1,148.5)	**(1,092.9)**	(954.8)	(1,074.0)
Net assets		**588.0**	605.9	432.0	**2,617.4**	2,524.4	2,340.2
Equity							
Share capital	19	**299.7**	299.7	299.7	**299.7**	299.7	299.7
Perpetual capital securities	20	**199.9**	199.9	–	**199.9**	199.9	–
Reserves	21	**28.5**	101.9	132.3	**2,117.8**	2,024.8	2,040.5
Equity attributable to owners of the Company		**528.1**	601.5	432.0	**2,617.4**	2,524.4	2,340.2
Non-controlling interests		**59.9**	4.4	–	**-**	–	–
Total equity		**588.0**	605.9	432.0	**2,617.4**	2,524.4	2,340.2

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2018

	Note	Group 2018 $m	Group 2017 $m
Revenue	22	**2,362.0**	2,410.7
Operating expenses	23	**(2,089.7)**	(2,052.7)
Other income	24	**1.2**	4.4
Profit from operations		**273.5**	362.4
Finance income	25	**3.2**	3.7
Finance expense	25	**(30.2)**	(29.9)
Net finance costs		**(27.0)**	(26.2)
Non-operating loss	26	**-**	(0.7)
Share of loss of associate, net of tax	7	**(1.0)**	(2.2)
Profit before taxation		**245.5**	333.3
Taxation	27	**(44.9)**	(59.8)
Profit for the year		**200.6**	273.5
Profit attributable to:			
Owners of the Company		**201.7**	272.9
Non-controlling interests		**(1.1)**	0.6
Profit for the year		**200.6**	273.5
Earnings per share (in cents)			
- Basic	28	**11.2**	15.5
- Diluted	28	**11.2**	15.5
EBITDA	29	**567.3**	642.8

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Group	
	2018 **$m**	**2017** **$m**
Profit for the year	**200.6**	273.5
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity investments at fair value through other comprehensive income ("FVOCI"), net of taxation	**(24.0)**	–
	(24.0)	–
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of available-for-sale financial assets, net of taxation	**–**	5.6
Foreign currency translation differences	**(0.1)**	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	**9.9**	(14.5)
	9.8	(8.8)
Other comprehensive loss for the year, net of taxation	**(14.2)**	(8.8)
Total comprehensive income for the year	**186.4**	264.7
Total comprehensive income attributable to:		
Owners of the Company	**187.5**	264.1
Non-controlling interests	**(1.1)**	0.6
Total comprehensive income for the year	**186.4**	264.7

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2018

Group	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Capital reserve $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Non-controlling interests $m	Total equity $m
At 1 January 2018	**299.7**	**199.9**	**(8.2)**	**-**	**(276.3)**	**13.0**	**18.1**	**(10.1)**	**1.4**	**364.0**	**101.9**	**4.4**	**605.9**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	**201.7**	**201.7**	**(1.1)**	**200.6**
Other comprehensive (loss)/income													
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	-	-	**(24.0)**	-	-	-	**(24.0)**	-	**(24.0)**
Foreign currency translation differences	-	-	-	-	-	-	-	-	**(0.1)**	-	**(0.1)**	-	**(0.1)**
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	-	-	**9.9**	-	-	**9.9**	-	**9.9**
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	**(24.0)**	**9.9**	**(0.1)**	**201.7**	**187.5**	**(1.1)**	**186.4**
Transactions with equity holders of the Company, recognised directly in equity													
Contributions by and distributions to equity holders of the Company													
Accrued perpetual capital securities distribution	-	**7.9**	-	-	-	-	-	-	-	**(7.9)**	**(7.9)**	-	-
Perpetual capital securities distribution paid	-	**(7.9)**	-	-	-	-	-	-	-	**1.3**	**1.3**	-	**(6.6)**
Issue of shares pursuant to share plans	-	-	**5.2**	-	-	**(5.1)**	-	-	-	-	**0.1**	-	**0.1**
Share-based payment expenses	-	-	-	-	-	**1.0**	-	-	-	-	**1.0**	-	**1.0**
Tax impact on transfer of treasury shares	-	-	-	-	-	**(0.2)**	-	-	-	-	**(0.2)**	-	**(0.2)**
Dividends paid (Note 31)	-	-	-	-	-	-	-	-	-	**(276.9)**	**(276.9)**	-	**(276.9)**
Total contributions by and distributions to equity holders of the Company	-	-	**5.2**	-	-	**(4.3)**	-	-	-	**(283.5)**	**(282.6)**	-	**(282.6)**

The accompanying notes form an integral part of these financial statements.

OVERVIEW
STRATEGY
PERFORMANCE
GOVERNANCE
SUSTAINABILITY
FINANCIALS

Group	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Capital reserve $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Non-controlling interests $m	Total equity $m
Changes in ownership interests in subsidiaries													
Net effect from business combinations	–	–	–	**54.7**	–	–	–	–	–	–	**54.7**	**56.6**	**111.3**
Put liability to acquire non-controlling interests	–	–	–	**(42.7)**	–	–	–	–	–	–	**(42.7)**	–	**(42.7)**
Net changes in fair value of put liability to acquire non-controlling interests	–	–	–	**9.7**	–	–	–	–	–	–	**9.7**	–	**9.7**
Total changes in ownership interests in subsidiaries	–	–	–	**21.7**	–	–	–	–	–	–	**21.7**	**56.6**	**78.3**
Total transactions with equity holders of the Company	–	–	**5.2**	**21.7**	–	**(4.3)**	–	–	–	**(283.5)**	**(260.9)**	**56.6**	**(204.3)**
At 31 December 2018	**299.7**	**199.9**	**(3.0)**	**21.7**	**(276.3)**	**8.7**	**(5.9)**	**(0.2)**	**1.3**	**282.2**	**28.5**	**59.9**	**588.0**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Year ended 31 December 2018

Group	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Non-controlling interests $m	Total equity $m
At 1 January 2017	299.7	–	(12.3)	(276.3)	14.1	12.5	4.4	1.3	388.6	132.3	–	432.0
Total comprehensive income for the year												
Profit for the year	–	–	–	–	–	–	–	–	272.9	272.9	0.6	273.5
Other comprehensive income/ (loss)												
Net change in fair value of available-for-sale financial assets, net of taxation	–	–	–	–	–	5.6	–	–	–	5.6	–	5.6
Foreign currency translation differences	–	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	–	(14.5)	–	–	(14.5)	–	(14.5)
Total comprehensive income/ (loss) for the year	–	–	–	–	–	5.6	(14.5)	0.1	272.9	264.1	0.6	264.7
Transactions with equity holders of the Company, recognised directly in equity												
Contributions by and distributions to equity holders of the Company												
Issue of perpetual capital securities	–	199.6	–	–	–	–	–	–	–	–	–	199.6
Accrued perpetual capital securities distribution	–	4.3	–	–	–	–	–	–	(4.3)	(4.3)	–	–
Perpetual capital securities distribution paid	–	(4.0)	–	–	–	–	–	–	0.7	0.7	–	(3.3)
Issue of shares pursuant to share plans	–	–	4.1	–	(4.1)	–	–	–	–	–	–	–
Share-based payment expenses	–	–	–	–	3.4	–	–	–	–	3.4	–	3.4
Tax impact on transfer of treasury shares	–	–	–	–	(0.4)	–	–	–	–	(0.4)	–	(0.4)
Dividends paid (Note 31)	–	–	–	–	–	–	–	–	(293.9)	(293.9)	–	(293.9)
Total contributions by and distributions to equity holders of the Company	–	199.9	4.1	–	(1.1)	–	–	–	(297.5)	(294.5)	–	(94.6)

The accompanying notes form an integral part of these financial statements.

Group	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Non-controlling interests $m	Total equity $m
Changes in ownership interests in subsidiaries												
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	–	–	3.8	3.8
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	3.8	3.8
Total transactions with equity holders of the Company	–	199.9	4.1	–	(1.1)	–	–	–	(297.5)	(294.5)	3.8	(90.8)
At 31 December 2017	299.7	199.9	(8.2)	(276.3)	13.0	18.1	(10.1)	1.4	364.0	101.9	4.4	605.9

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Year ended 31 December 2018

Company	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Share-based payments reserve $m	Fair value reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1 January 2018	**299.7**	**199.9**	**(8.2)**	**13.0**	**18.1**	**2,001.9**	**2,024.8**	**2,524.4**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	**399.6**	**399.6**	**399.6**
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	-	-	-	-	**(24.0)**	-	**(24.0)**	**(24.0)**
Total comprehensive income for the year	-	-	-	-	**(24.0)**	**399.6**	**375.6**	**375.6**
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Accrued perpetual securities distribution	-	**7.9**	-	-	-	**(7.9)**	**(7.9)**	-
Perpetual securities distribution paid	-	**(7.9)**	-	-	-	**1.3**	**1.3**	**(6.6)**
Issue of shares pursuant to share plans	-	-	**5.2**	**(5.1)**	-	-	**0.1**	**0.1**
Share-based payment expenses	-	-	-	**1.0**	-	-	**1.0**	**1.0**
Tax impact on transfer of treasury shares	-	-	-	**(0.2)**	-	-	**(0.2)**	**(0.2)**
Dividends paid (Note 31)	-	-	-	-	-	**(276.9)**	**(276.9)**	**(276.9)**
Total transactions with equity holders of the Company	-	-	**5.2**	**(4.3)**	-	**(283.5)**	**(282.6)**	**(282.6)**
At 31 December 2018	**299.7**	**199.9**	**(3.0)**	**8.7**	**(5.9)**	**2,118.0**	**2,117.8**	**2,617.4**

The accompanying notes form an integral part of these financial statements.

Company	Share capital $m	Perpetual capital securities $m	Treasury shares $m	Share-based payments reserve $m	Fair value reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1 January 2017	299.7	–	(12.3)	14.1	12.5	2,026.2	2,040.5	2,340.2
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	273.2	273.2	273.2
Other comprehensive income								
Net change in fair value of available-for-sale financial assets, net of taxation	–	–	–	–	5.6	–	5.6	5.6
Total comprehensive income for the year	–	–	–	–	5.6	273.2	278.8	278.8
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of perpetual capital securities	–	199.6	–	–	–	–	–	199.6
Accrued perpetual securities distribution	–	4.3	–	–	–	(4.3)	(4.3)	–
Perpetual securities distribution paid	–	(4.0)	–	–	–	0.7	0.7	(3.3)
Issue of shares pursuant to share plans	–	–	4.1	(4.1)	–	–	–	–
Share-based payment expenses	–	–	–	3.4	–	–	3.4	3.4
Tax impact on transfer of treasury shares	–	–	–	(0.4)	–	–	(0.4)	(0.4)
Dividends paid (Note 31)	–	–	–	–	–	(293.9)	(293.9)	(293.9)
Total transactions with equity holders of the Company	–	199.9	4.1	(1.1)	–	(297.5)	(294.5)	(94.6)
At 31 December 2017	299.7	199.9	(8.2)	13.0	18.1	2,001.9	2,024.8	2,524.4

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2018

	2018 $m	2017 $m
Cash flow from operating activities		
Profit before taxation	**245.5**	333.3
Adjustments for:		
Depreciation and amortisation	**291.2**	280.4
Income related grants	**(1.1)**	(4.4)
Share-based payments	**1.0**	3.4
Net finance costs	**27.0**	26.2
Non-operating loss	**-**	0.7
Share of loss of associate, net of tax	**1.0**	2.2
Others	**3.7**	1.9
	568.3	643.7
Changes in:		
Inventories	**(2.0)**	(22.3)
Contract assets	**32.2**	(14.4)
Contract costs	**1.2**	(0.2)
Trade receivables	**(67.3)**	(24.7)
Other receivables, deposits and prepayments	**1.8**	3.0
Contract liabilities	**1.4**	(15.4)
Trade and other payables	**(68.2)**	27.8
Amounts due from related parties	**31.7**	(8.0)
Amounts due to related parties	**(12.2)**	(7.0)
Cash generated from operations	**486.9**	582.5
Income tax paid	**(68.6)**	(65.3)
Net cash from operating activities	**418.3**	517.2
Cash flow from investing activities		
Interest received	**3.1**	3.4
Proceeds from disposal of property, plant and equipment and intangible assets	**0.4**	1.9
Purchase of property, plant and equipment and intangible assets	**(272.8)**	(295.9)
Purchase of equity investments	**-**	(15.0)
Acquisition of subsidiary, net of cash acquired (Note 33)	**(65.4)**	(22.6)
Repayment of loan from an associate	**-**	1.1
Net cash used in investing activities	**(334.7)**	(327.1)
Cash flow from financing activities		
Net proceeds from issue of perpetual capital securities	**-**	199.6
Grants received	**2.0**	8.2
Proceeds/(Repayment) of bank loans	**50.0**	(10.0)
Dividend paid to owners of the Company	**(276.9)**	(293.9)
Perpetual capital securities distribution paid	**(7.9)**	(4.0)
Interest paid	**(30.6)**	(30.0)
Net cash used in financing activities	**(263.4)**	(130.1)
Net change in cash and cash equivalents	**(179.8)**	60.0
Cash and cash equivalents at beginning of year	**345.2**	285.2
Cash and cash equivalents at end of year (Note 14)	**165.4**	345.2

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of StarHub Ltd on 8 March 2019 .

1 Domicile and Activities

StarHub Ltd ("StarHub" or the "Company") is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together the "Group" and individually as "Group entities"), and the Group's interest in its equity-accounted investee.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Company's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 38.

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis, except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

2 Basis of Preparation (continued)

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements in the application of accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported income and expenses during the financial year. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the application of the Group's accounting policies, which are described in Note 3, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Measurement of recoverable amounts relating to goodwill impairment

  The carrying value of the Group's goodwill is assessed for impairment annually or more frequently if there are indications that the goodwill might be impaired. The impairment assessment requires an estimation of the value-in-use of the cash generating unit ("CGU") to which the goodwill is allocated.

  Assessing the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and applying an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations (see Note 5).

- Measurement of impairment losses on investments in subsidiaries

  The carrying values of investments in subsidiaries are reviewed for impairment whenever there is any indication that the investment is impaired. This determination requires significant judgement. The Group's fixed, mobile, cable and broadband operations are integrated and considered as one CGU. The impairment assessment is performed on the same CGU determined for purposes of assessing impairment of goodwill (see Note 5). D'Crypt Pte Ltd ("DPL") and Ensign InfoSecurity Pte. Ltd. ("Ensign"), which are the newly acquired subsidiaries are separate CGUs on their own respectively.

2 **Basis of Preparation** (continued)

2.4 **Significant accounting estimates and judgements** (continued)

- Measurement of expected credit loss ("ECL") allowance for trade and other receivables and contract assets

  The Group evaluates whether there is any objective evidence that trade receivables, amounts due from related parties and contract assets are impaired and determines the amount of loss allowances as a result of the inability of the debtors to make the required payments. The Group bases the estimates by applying a provision matrix incorporating both historical and forward-looking statements. The Group has a policy to provide allowance for receivable balances on specific individual balances and on its receivables portfolio collectively. If financial conditions of the debtors were to deteriorate, actual write-offs would be higher than that estimated.

- Revenue recognition – Determining the transaction price, stand-alone selling price ("SSP") and the amounts allocated to performance obligations

  Determining the transaction price requires the Group to make judgments and estimates on variable considerations in the contract. Management estimates the amount of variable consideration based on historical, current and forecasted information using most likely or expected value method. Determination of the variable consideration is subjective as the Group has a practice of offering a broad range of price concessions and the fact that variable consideration is highly susceptible to factors outside the Group's influence. Changes in customer's expectation and Group's intent, as well as the method used in quantifying the amount of variable consideration may affect the amount of revenue recognised in the Group's income statements in the future.

  Transaction price is allocated in proportion to the estimated SSP for each performance obligation at the inception of the contract. Therefore, management estimates the SSP of each performance obligation, especially those goods or services that are not regularly offered separately to customers. The Group establishes SSP using observable price or in case observable price is not available, the estimated cost plus a reasonable margin for each identified performance obligation. If both observable price or cost plus method is not available, SSP is determined based on residual method. Change or absence of SSP of a performance obligation affects the amount of consideration allocated to each performance obligation. Variable considerations are allocated solely to the service component of the contract since they relate specifically to the effort to satisfy the service performance obligation.

  The Group operates loyalty programmes that provide various discounts on future goods or services. A portion of revenue is allocated to these discounts and deferred until they are redeemed or expire. The deferment of revenue is estimated based on historical redemption rates and values, adjusted for any anticipated changes in future periods. As actual redemption rates may differ, the estimates are reviewed and adjusted where necessary in each reporting period when determining the amount of revenue to be deferred.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

2 Basis of Preparation (continued)

2.4 Significant accounting estimates and judgements (continued)

- Adequacy of accruals

  Assessing the adequacy of accruals made at the reporting date requires the Group to make judgements in determining the level of accruals needed for costs that span the year end where settlement has not been fully and finally made. Due to the complexities in the telecommunication industry, agreement on amounts payable to suppliers may take a significant amount of time. The Group determines the sufficiency of these accruals based on historical trend of observable claims and actual costs. Actual payments may differ from these estimates when the final settlements are reached between the parties.

- Acquisition of subsidiaries (see Note 33)

  - determination of fair value of consideration transferred (including contingent consideration, if any) and fair value of the assets acquired and liabilities assumed; and

  - determination of the fair value of put options granted to non-controlling interests.

  Management has engaged external firms of specialists to perform the purchase price allocation, including valuation of the identified assets and liabilities. There is judgement and inherent uncertainty involved in the identification and valuation of these assets and liabilities.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position as at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the date of acquisition, which is the date when control is transferred to the Group.

Acquisitions from 1 January 2017

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

3 Significant Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

Acquisitions from 1 January 2017 *(continued)*
Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date at fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Acquisitions before 1 January 2017
As part of the transition to SFRS(I), the Group has elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisition before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

(ii) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(iii) Acquisition from entities under common control

Acquisitions from 1 January 2017

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the date of acquisition.

Acquisitions before 1 January 2017

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek, are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities were recorded at their existing carrying amounts. The consolidated financial statements included the results of operations, and the assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of the shares issued in consideration for these transactions exceeded the par value of the shares held by the related corporations, the difference was recognised as a merger reserve in the Group's financial statements.

As part of the transition to SFRS(I), the Group elected not to restate those acquisitions from entities under common control that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Common control transactions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value on the date that control is lost.

(v) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associates is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income statement and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

3 Significant Accounting Policies (continued)

3.1 Basis of consolidation (continued)

(v) Investment in associates (continued)

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less impairment losses. The cost of the Company's investment in certain subsidiaries at 1 January 2017, the Group's date of transition to SFRS(I), was determined with reference to their respective fair values at that date.

(viii) Put and call options with non-controlling interest

When an entity within the Group writes a put option with the non-controlling shareholders as part of the acquisition of a subsidiary for settlement in cash or in another financial asset, a put liability is recognised for the present value of the exercise price of the option. This creates an obligation or potential obligation for the entity to purchase its subsidiary's equity instruments (constitutes the Group's own equity in the consolidated financial statements) for cash or another financial asset.

When the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests, the Group has chosen an accounting policy in which the non-controlling shareholders continue to be recognised. Therefore, the present value of the option is recognised in equity. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recognised within equity.

If the put option expires unexercised, then the charge to equity will be reversed and the financial liability will be derecognised. If the put option is exercised, then the charge to equity will be reversed and the financial liability will be derecognised and acquisition accounting will be applied.

At the Company level, the put and call options are accounted for as embedded derivatives.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.2 Foreign currencies

(i) Foreign currencies transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the income statement, except for the differences arising on the translation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the dates of the transactions.

Foreign currency translation differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign subsidiary is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign subsidiary is transferred to the income statement as an adjustment to profit or loss arising on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.3 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, and when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the assets and restoring the site on which they are located, and capitalised borrowing costs.

3 Significant Accounting Policies (continued)

3.3 Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate item (major components) of property, plant and equipment.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

(ii) Subsequent costs

Subsequent expenditure relating to existing property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately.

Depreciation is recognised as an expense in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment as follows:

Leasehold buildings	- 30 years to 57 years
Leasehold improvements	- Shorter of lease term or 5 years
Network equipment and infrastructure	- 2 years to 15 years
Office equipment, computers and furniture and fittings	- 2 years to 5 years
Motor vehicles	- 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting date.

No depreciation is provided on freehold property or in respect of property, plant and equipment under construction.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.4 Intangible assets

(i) *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Acquisitions before 1 January 2017

Goodwill and negative goodwill arising from business acquisitions have been accounted for as follows:

- Prior to 1 January 2001, both goodwill and negative goodwill were taken directly to retained profits.
- Between 1 January 2001 to 31 December 2004, goodwill was stated at cost less amortisation. Negative goodwill was taken directly to retained profits.
- After 31 December 2004, goodwill was stated at cost less impairment while negative goodwill was taken to the income statement.

Acquisitions after 1 January 2017

Goodwill at the acquisition date represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in Note 3.7(ii).

Goodwill that has previously been taken to the reserves is not taken to the income statement when the business is disposed of or the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to the income statement when the business is disposed.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

As part of the transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from previous FRS framework as at the date of transition.

3 Significant Accounting Policies (continued)

3.4 Intangible assets (continued)

(ii) *Telecommunications and spectrum licences*
Telecommunications and spectrum licences costs incurred are measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over the period of the licence, being 10 years to 21 years, commencing from the effective date of the licence.

(iii) *Computer software*
Computer software comprises software purchased from third parties, and also the cost of internally developed software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 2 years to 5 years.

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

(iv) *Deferred development costs*
Deferred development activities involve a plan or design for the production of new or substantially improved products and processes. Deferred development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the income statement as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over 7 to 20 years.

(v) *Customer contracts and relationships*
Customer contracts and relationships are acquired in business combinations and carried at fair value at the date of acquisition, and amortised to the income statement using either the straight-line method over the estimated useful lives of 3 to 15.5 years, or when there is a high correlation with the revenue and margin to be generated, based on units of production method.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.5 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Gross amounts due for contract work

Gross amounts due for contract work represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities.

Gross amounts due for contract work are presented as part of assets in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, the difference is presented as part of trade and other payables in the statement of financial position.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3.6 Financial instruments

Non-derivative financial instruments

(i) Recognition and initial measurement

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables (including amounts due from related parties), cash and bank balances, trade and other payables (including amounts due to related parties), and borrowings.

Cash and cash equivalents comprise cash balances, deposits with financial institutions with maturities of three months or less, and bank overdrafts. For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(i) *Recognition and initial measurement (continued)*
A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. On disposal of a financial asset, the difference between the sale proceeds and the carrying amount is recognised in the income statement. Any amount in the fair value reserve relating to that asset is reclassified to the income statement. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets – Policy applicable from 1 January 2018
On initial recognition, a financial asset is classified as subsequently measured at amortised cost, equity investments at FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets – Policy applicable from 1 January 2018 *(continued)*

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The determination of classification at initial recognition and subsequent measurement into each of the measurement categories are as described below.

(a) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by loss allowances. Interest income, foreign exchange gains and losses and loss allowances are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

(b) Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the income statement. On de-recognition, cumulative gains and losses recognised in other comprehensive income are transferred to retained profits.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets – Policy applicable from 1 January 2018 *(continued)*

(c) Financial assets at FVTPL
All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, to be measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the income statement.

Non-derivative financial assets – Policy applicable before 1 January 2018
The Group classified non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

The determination of classification at initial recognition into each of the measurement categories and subsequent measurement were as described below.

(a) Loans and receivables
Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables (excluding prepayments), and amounts due from related parties.

(b) Available-for-sale financial assets
Available-for-sale financial assets were non-derivative financial assets that were designated as available for sale or were not classified in any other categories of financial assets. Available-for-sale financial assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment was derecognised, the gain or loss accumulated in equity was reclassified to the income statement.

Available-for-sale financial assets comprised equity investments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial liabilities

(a) *Trade and other payables*
Trade and other payables (including amounts due to related parties, excluding deferred income, marked-to-market financial instruments, put liability to acquire non-controlling interests, put and call options, net GST payable and employee benefits) are carried at amortised cost using the effective interest method.

(b) *Borrowings*
Borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transactions costs) and the settlement or redemption of borrowings is recognised in the income statement over the period of the borrowings.

(iii) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement, when the derivative is designated as a cashflow hedge.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(iii) Derivative financial instruments and hedge accounting (continued)

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018 (continued)

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the income statement in the same period or periods as the hedged expected future cash flows affect the income statement.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the income statement.

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under SFRS(I) 9. Furthermore, for all cash flow hedges, the amounts accumulated in the cash flow hedge reserve are reclassified to the income statement in the same period or periods during which the hedged expected future cash flows affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments (continued)

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Perpetual Capital Securities

The Group's perpetual securities do not have a maturity date, and the Company is able to elect to defer making a distribution subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual capital securities issue. The perpetual securities are presented within equity. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders. Costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.7 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECL on financial assets measured at amortised cost, and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets and contract assets (continued)

Policy applicable from 1 January 2018 (continued)

Simplified approach
The Group applies the simplified approach to provide for ECLs for all financial assets and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Measurement of ECLs
ECLs are probability-weighted estimates or credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets and contract assets (continued)

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and contract assets

The Group considers evidence of impairment for loans and receivables and contract assets at both a specific asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in the income statement and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through income statement.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to the income statement. An impairment loss in respect of the cumulative loss that was reclassified from equity to the income statement was the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the income statement. Any subsequent recovery in the fair value of an impaired available-for-sale equity security was recognised in other comprehensive income and presented in the fair value reserve in equity.

Associates

An impairment loss in respect of an associate was measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7(ii). An impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or its CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level within the Group at which goodwill is monitored for internal reporting purposes.

Impairment losses recognised in the income statement in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of units) and then, to reduce the carrying amount of other assets in the CGU (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the income statement.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.8 Employee benefits

(i) Share-based payment

Performance Share Plans and Restricted Stock Plans
The Performance Share Plans and the Restricted Stock Plans are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity.

(ii) Defined contribution plans
Contributions to defined contribution plans are recognised as an expense in the income statement in the periods during which related service are rendered by employees.

(iii) Other short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iv) Other long-term benefits
Long-term employee benefit obligations are measured on performance conditions over a period of three years.

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added ("EVA") for its management personnel executives. An EVA bank is used to hold incentive compensation credited in any year. Typically, one-third of the accumulated EVA-based bonus, comprising the EVA declared in the financial year and the balance of such bonus brought forward from preceding years is paid out in cash each year, with the balance being carried forward to the following year. The balances of the EVA bank in future will be adjusted by the yearly EVA performance of the Group and the payouts made from the EVA bank.

3.9 Customer loyalty programmes
For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as contract liability until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

3.10 Provisions
Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3 Significant Accounting Policies (continued)

3.11 Revenue recognition

Revenue comprises fees earned from telecommunications services, managed services, system integration and solution projects, broadband access, Pay TV, related advertising space and sales of equipment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

Revenue is recognised in the income statement as follows:

- Revenue from bundled products and services is recognised either at a point in time or over time based on the SSP allocated to the individual elements of the bundled products at contract inception. Invoices are issued on a monthly basis and are payable within 14 days.

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised over time when such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as contract liability. Invoices for telecommunications, broadband and cable television services are issued on a monthly basis and are payable within 14 days. Invoices for advertising space are issued when services have been performed and are payable within 30 days.

- Revenue from managed services, system integration and solution projects are recognised based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, multiplied by the total estimated contract revenue. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment which is due within 14 to 30 days. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than one year.

- Revenue from sales of pre-paid phone cards for which services have not been rendered is deferred and presented in the statement of financial position as contract liability. Revenue is recognised over time upon usage of the pre-paid phone cards and upon expiry, any unutilised value of the cards is taken to the income statement. Payment is due when the cards are delivered to customers.

- Revenue from sales of equipment is recognised at a point in time when control of the equipment has been transferred, being at the point of delivery and acceptance of the equipment sold. Delivery occurs when the goods have been shipped to the customer's specified location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer. Payment is due when the equipment is delivered to customers.

3 Significant Accounting Policies (continued)

3.11 Revenue recognition (continued)

Any difference between the revenue recognised in relation to the satisfied performance obligation and the amount of consideration received or receivable is presented either as contract asset or contract liability. Contract asset represents the Group's right to consideration, excluding any amount presented as trade receivable, in exchange for the goods or services transferred to customers. Contract liability, on the other hand represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer.

Variable consideration

Certain contracts with customers include variable considerations like right of return, trade discounts or rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and certain rebates. Under SFRS(I) 15, such provisions will be estimated at contract inception and at every reporting period, adjusted against revenue.

Material right

Under SFRS(I) 15, options to acquire additional goods or services represent separate performance obligations if they provide the customer a material right that the customer would not otherwise receive. In these cases, revenue from the contract is deferred and recognised when future goods and services are transferred or when the option expires. The transaction price is allocated to performance obligations (including the option) based on relative SSP.

Contract modification

Changes in scope or price (or both) of a contract that is approved by parties to the contract are contract modifications. SFRS(I) 15 prescribes the treatments of contract modifications depending on the attributes of the modification and the remaining goods and/or services.

Contract cost

SFRS(I) 15 requires the incremental costs of obtaining a contract to be recognised as an asset if the entity expects to recover those costs. Those incremental costs are limited to the costs that the entity would not have incurred if the contract had not been successfully obtained. The Group has applied the practical expedient, where the incremental costs of obtaining a contract is expensed if the associated amortisation period is 12 months or less.

3.12 Finance income and costs

Finance income comprises interest income on bank deposits and amount due from associate. Interest income is recognised using the effective interest method.

Finance costs comprise interest expense and similar charges. They are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3 Significant Accounting Policies (continued)

3.13 Government grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the income statement on a straight-line basis over the estimated useful lives of the related assets, so as to match the related depreciation expense.

Government grants received, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the periods necessary to match the related cost which they are intended to compensate.

Other government grants are recognised in the income statement when there is reasonable assurance that the Company has complied with the attached conditions and the amount will be received.

3.14 Marketing and promotions

Advertising and promotion expenses are recognised in the income statement when incurred.

3.15 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

3.16 Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS (I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.16 Income taxes (continued)

Deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences relating to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 Dividends

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividends to the Company's shareholders are recognised in the financial year in which the dividends are approved by the shareholders.

3.18 Segment reporting

Segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The Group operates primarily in Singapore and delivers its Mobile, Pay TV, Broadband, Enterprise Fixed revenue and equipment sales on an operationally integrated network and is also involved in the provision of high security customer products, and cyber security services. Based on the financial information regularly reviewed by the CODM, the Group has three operating and two reporting segments.

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 39.

4 Property, Plant and Equipment

Group	Freehold property $m	Leasehold buildings $m	Leasehold improvements $m	Network equipment & infrastructure $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost								
At 1 January 2017	1.7	9.2	46.3	3,470.9	176.6	6.9	56.4	3,768.0
Acquisition through business combination	–	–	0.1	–	1.7	–	–	1.8
Additions	–	–	–	1.7	15.9	1.3	165.3	184.2
Transfers	–	1.1	7.7	173.0	–	–	(181.8)	–
Disposals/Write-offs	–	–	(7.2)	(302.8)	(4.0)	(0.3)	–	(314.3)
At 31 December 2017	1.7	10.3	46.9	3,342.8	190.2	7.9	39.9	3,639.7
At 1 January 2018	**1.7**	**10.3**	**46.9**	**3,342.8**	**190.2**	**7.9**	**39.9**	**3,639.7**
Acquisitions through business combination	**-**	**4.2**	**2.0**	**0.1**	**9.7**	**-**	**2.0**	**18.0**
Additions	**-**	**30.8**	**0.7**	**1.2**	**11.3**	**0.9**	**215.6**	**260.5**
Transfers	**-**	**-**	**0.7**	**176.5**	**1.5**	**-**	**(178.7)**	**-**
Disposals/Write-offs	**-**	**-**	**(1.8)**	**(132.8)**	**(1.4)**	**(0.7)**	**-**	**(136.7)**
At 31 December 2018	**1.7**	**45.3**	**48.5**	**3,387.8**	**211.3**	**8.1**	**78.8**	**3,781.5**
Accumulated depreciation and impairment losses								
At 1 January 2017	–	2.3	43.9	2,654.3	143.8	5.7	–	2,850.0
Charge for the year	–	0.3	2.4	214.2	13.6	0.5	–	231.0
Disposals/Write-offs	–	–	(7.0)	(300.1)	(4.0)	(0.3)	–	(311.4)
At 31 December 2017	–	2.6	39.3	2,568.4	153.4	5.9	–	2,769.6
At 1 January 2018	**-**	**2.6**	**39.3**	**2,568.4**	**153.4**	**5.9**	**-**	**2,769.6**
Charge for the year	**-**	**1.1**	**2.9**	**207.7**	**16.1**	**0.6**	**-**	**228.4**
Impairment loss	**-**	**-**	**-**	**2.6**	**-**	**-**	**-**	**2.6**
Disposals/Write-offs	**-**	**-**	**(1.8)**	**(108.4)**	**(1.4)**	**(0.7)**	**-**	**(112.3)**
At 31 December 2018	**-**	**3.7**	**40.4**	**2,670.3**	**168.1**	**5.8**	**-**	**2,888.3**
Carrying amount								
At 1 January 2017	1.7	6.9	2.4	816.6	32.8	1.2	56.4	918.0
At 31 December 2017	1.7	7.7	7.6	774.4	36.8	2.0	39.9	870.1
At 31 December 2018	**1.7**	**41.6**	**8.1**	**717.5**	**43.2**	**2.3**	**78.8**	**893.2**

Staff costs capitalised in construction in progress for the Group during the year amounted to $3.5 million (2017: $3.3 million).

During the year, the Group assessed that certain network equipment was impaired based on value-in-use method due to changes in the operating environment and recorded an impairment loss of $2.6 million.

Non-cash transaction

During the year, the Group entered into an asset swap arrangement with a vendor to exchange certain of its network equipment. Assets obtained were recorded at their fair value of $24.4 million which approximated the carrying amounts of the assets that were swapped out.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

4 Property, Plant and Equipment (continued)

Company	Leasehold buildings $m	Leasehold improve-ments $m	Network equipment & infrastruc-ture $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost							
At 1 January 2017	9.2	37.9	1,419.4	126.8	2.0	22.3	1,617.6
Additions	–	–	–	10.3	0.2	79.4	89.9
Transfers	1.0	7.0	79.2	–	–	(87.2)	–
Disposals/Write-offs	–	(3.8)	(87.0)	(2.5)	–	–	(93.3)
At 31 December 2017	10.2	41.1	1,411.6	134.6	2.2	14.5	1,614.2
At 1 January 2018	**10.2**	**41.1**	**1,411.6**	**134.6**	**2.2**	**14.5**	**1,614.2**
Additions	**30.8**	**0.7**	**-**	**4.5**	**0.3**	**96.4**	**132.7**
Transfers	**-**	**0.9**	**75.1**	**-**	**-**	**(76.0)**	**-**
Disposals/Write-offs	**-**	**(0.1)**	**(15.8)**	**(2.5)**	**(0.1)**	**(1.0)**	**(19.5)**
At 31 December 2018	**41.0**	**42.6**	**1,470.9**	**136.6**	**2.4**	**33.9**	**1,727.4**
Accumulated depreciation and impairment losses							
At 1 January 2017	2.3	35.8	1,040.4	106.3	1.8	–	1,186.6
Charge for the year	0.3	2.1	83.1	8.9	0.1	–	94.5
Disposals/Write-offs	–	(3.4)	(86.3)	(2.4)	–	–	(92.1)
At 31 December 2017	2.6	34.5	1,037.2	112.8	1.9	–	1,189.0
At 1 January 2018	**2.6**	**34.5**	**1,037.2**	**112.8**	**1.9**	**-**	**1,189.0**
Charge for the year	**1.0**	**2.6**	**75.2**	**8.6**	**0.1**	**-**	**87.5**
Impairment loss	**-**	**-**	**2.6**	**-**	**-**	**-**	**2.6**
Disposals/Write-offs	**-**	**-**	**(15.4)**	**(1.3)**	**(0.1)**	**-**	**(16.8)**
At 31 December 2018	**3.6**	**37.1**	**1,099.6**	**120.1**	**1.9**	**-**	**1,262.3**
Carrying amount							
At 1 January 2017	6.9	2.1	379.0	20.5	0.2	22.3	431.0
At 31 December 2017	7.6	6.6	374.4	21.8	0.3	14.5	425.2
At 31 December 2018	**37.4**	**5.5**	**371.3**	**16.5**	**0.5**	**33.9**	**465.1**

5 Intangible Assets

Group	Telecommunications and spectrum licences $m	Computer software and deferred development $m	Software in development $m	Goodwill $m	Customer contracts and relationships $m	Total $m
Cost						
At 1 January 2017	236.1	549.7	16.9	220.3	–	1,023.0
Acquisition through business combination	–	–	–	19.2	10.0	29.2
Additions	69.3	0.3	45.5	–	–	115.1
Transfers	–	37.7	(37.7)	–	–	–
Disposals/Write-offs	–	(3.1)	–	–	–	(3.1)
At 31 December 2017	305.4	584.6	24.7	239.5	10.0	1,164.2
At 1 January 2018	**305.4**	**584.6**	**24.7**	**239.5**	**10.0**	**1,164.2**
Acquisitions through business combination	**-**	**5.4**	**-**	**76.0**	**48.7**	**130.1**
Additions	**-**	**-**	**46.5**	**-**	**-**	**46.5**
Transfers	**-**	**43.5**	**(43.5)**	**-**	**-**	**-**
Disposals/Write-offs	**-**	**(2.0)**	**(0.4)**	**-**	**-**	**(2.4)**
At 31 December 2018	**305.4**	**631.5**	**27.3**	**315.5**	**58.7**	**1,338.4**
Accumulated amortisation						
At 1 January 2017	87.9	471.3	–	–	–	559.2
Charge for the year	15.8	33.8	–	–	0.9	50.5
Disposals/Write-offs	–	(3.1)	–	–	–	(3.1)
At 31 December 2017	103.7	502.0	–	–	0.9	606.6
At 1 January 2018	**103.7**	**502.0**	**-**	**-**	**0.9**	**606.6**
Charge for the year	**19.5**	**36.7**	**-**	**-**	**7.6**	**63.8**
Disposals/Write-offs	**-**	**(2.0)**	**-**	**-**	**-**	**(2.0)**
At 31 December 2018	**123.2**	**536.7**	**-**	**-**	**8.5**	**668.4**
Carrying amount						
At 1 January 2017	148.2	78.4	16.9	220.3	–	463.8
At 31 December 2017	201.7	82.6	24.7	239.5	9.1	557.6
At 31 December 2018	**182.2**	**94.8**	**27.3**	**315.5**	**50.2**	**670.0**

Impairment testing for CGUs containing goodwill

The following represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.

- The Group, through its "Hubbing" strategy, operates and delivers its Mobile, Pay TV, Broadband and Enterprise Fixed services on an operationally integrated network, customer service, sales, marketing and administration support. Accordingly, the Group's integrated fixed, mobile, cable and broadband operations is considered one CGU ("Telco CGU").

- In January 2018, the acquisition of D'Crypt Pte Ltd ("DPL") was completed. The entity generates independent cash inflows and is a CGU on its own.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

5 Intangible Assets (continued)

Impairment testing for CGUs containing goodwill *(continued)*

- In September 2018, the Company entered into an agreement with Leone Investments Pte. Ltd. ("Leone") to incorporate Ensign InfoSecurity Pte. Ltd. ("Ensign") for purposes of undertaking a cyber-security business with end-to-end capabilities (see Note 33(ii) for details of the transaction). The Group's cyber security segment (the "Ensign Group") is assessed to be a separate CGU.

The carrying amount of the Group's goodwill as at 31 December 2018 were assessed for impairment during the financial year and attributed to the respective CGUs.

Group	2018 $m	2017 $m
Carrying amount of goodwill from acquisition of:		
- StarHub Cable Vision Ltd ("SCV") - Telco CGU	**220.3**	220.3
- Ensign InfoSecurity (System) Pte. Ltd. ("EIS") (formerly known as Accel Systems & Technologies Pte. Ltd.)	**–**	19.2
- DPL	**25.8**	–
- Ensign Group	**69.4***	–
	315.5	239.5

* *Includes goodwill arising from acquisition of controlling interests in EIS in prior year.*

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management. The Group has used cash flow projections of five years. Cash flows beyond the fifth year are extrapolated using the forecast long-term growth rates.

Key assumptions used in the estimation of value-in-use were as follows:

- The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") calculated using the Capital Asset Pricing Model ("CAPM").

	Pre-tax discount rate	
	2018	2017
Carrying amount of goodwill from acquisition of:		
- Telco CGU	**6.9%**	6.3%
- EIS	**NA**	6.3%
- DPL	**11.7%**	NA
- Ensign Group	**10.3%**	NA

NA: not applicable

- The terminal growth rates used is nil%.

- Growth rates and EBITDA margins take into consideration competitive pressures in the industry.

As at 31 December 2017 and 2018, no impairment charge was required for the carrying amount of goodwill as the recoverable values were in excess of their carrying amount. A reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying amount.

5 Intangible Assets (continued)

Company	Telecommunications licences $m	Computer software $m	Software in development $m	Total $m
Cost				
At 1 January 2017	0.3	473.0	14.8	488.1
Additions	–	–	41.3	41.3
Transfers	–	34.4	(34.4)	–
Disposals/Write-offs	–	(0.1)	(0.2)	(0.3)
At 31 December 2017	0.3	507.3	21.5	529.1
At 1 January 2018	**0.3**	**507.3**	**21.5**	**529.1**
Additions	**–**	**–**	**41.1**	**41.1**
Transfers	**–**	**39.8**	**(39.8)**	**–**
Disposals/Write-offs	**–**	**(0.6)**	**(0.4)**	**(1.0)**
At 31 December 2018	**0.3**	**546.5**	**22.4**	**569.2**
Accumulated amortisation				
At 1 January 2017	0.1	409.7	–	409.8
Charge for the year	–	27.1	–	27.1
Disposals/Write-offs	–	(0.1)	–	(0.1)
At 31 December 2017	0.1	436.7	–	436.8
At 1 January 2018	**0.1**	**436.7**	**–**	**436.8**
Charge for the year	**–**	**30.7**	**–**	**30.7**
Disposals/Write-offs	**–**	**(0.4)**	**–**	**(0.4)**
At 31 December 2018	**0.1**	**467.0**	**–**	**467.1**
Carrying amount				
At 1 January 2017	0.2	63.3	14.8	78.3
At 31 December 2017	0.2	70.6	21.5	92.3
At 31 December 2018	**0.2**	**79.5**	**22.4**	**102.1**

Staff costs capitalised in software in development for the Group and Company during the year amounted to $1.3 million (2017: $2.5 million).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

6 Subsidiaries

	Company		
			1 January
	2018	2017	2017
	$m	$m	$m
Investments in subsidiaries, at cost or deemed cost	**3,333.3**	3,141.0	3,106.0
Allowance for impairment losses	**(28.9)**	(28.9)	(28.9)
	3,304.4	3,112.1	3,077.1

During the financial year, the Company made two acquisitions:

(i) Acquired 65% equity interest in DPL for cash consideration of $57.5 million.

(ii) Acquired an effective interest of 60% in Ensign Group.

See Note 33 for details of the transactions.

Determination of fair value of cost of investments in subsidiaries

On adoption of SFRS(I) 1, the Company measured the cost of investments in certain subsidiaries at 1 January 2017 at fair value and used that fair value as its deemed cost. See Note 38 for more details.

Forecasting future cash flows is a highly judgemental process which involves making assumptions related to revenue growth, profit margins and the discount rates.

The fair values of the selected subsidiaries were determined using the income approach based on value-in-use calculations for each subsidiary by an external independent valuer. The value-in-use calculations applied a discounted cash flow model using cash flow projections based on financial budgets and forecasts of the Group at 1 January 2017 approved by management, with certain assumptions and adjustments made to allocate intercompany revenue and costs between subsidiaries. The Group used cash flow projections of six years. Cash flows beyond the terminal year were extrapolated using the forecast long-term growth rates.

Key assumptions used in the estimation of value-in-use for certain subsidiaries were as follows:

- Pre-tax discount rate of 8.9% applied to the cash flow projections were based on WACC calculated using the CAPM.
- The terminal growth rate of 1% used was based on industry reports, and did not exceed the long-term average growth rates of the respective industry and country in which the respective subsidiary operates; and
- Growth rates and EBITDA margins took into consideration business strategies and plans, and competitive pressures in the industry.

As a result of the fair value exercise, the cost of investment in subsidiaries and retained earnings of the Company increased by $604.3 million as at 1 January 2017 and 31 December 2017.

As at 31 December 2017 and 2018, no impairment charge was required for the carrying amount of the Company's cost of investment in subsidiaries as the recoverable values were in excess of their carrying values. A reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying values.

6 Subsidiaries (continued)

Details of subsidiaries

The subsidiaries directly held by the Company are as follows:

Name of company	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group		
			2018 %	**2017 %**	**1 January 2017 %**
StarHub Cable Vision Ltd. [1]	Provision of subscription television and television broadcasting services	Singapore	**100**	100	100
StarHub Mobile Pte Ltd [1]	Provision of mobile telecommunications services	Singapore	**100**	100	100
StarHub Internet Pte Ltd [4]	Dormant	Singapore	**100**	100	100
StarHub Online Pte Ltd [1]	Provision of broadband access services	Singapore	**100**	100	100
Nucleus Connect Pte. Ltd. [1]	Provision of high speed wholesale broadband services	Singapore	**100**	100	100
StarHub (Mauritius) Ltd [2]	Dormant	Mauritius	**100**	100	100
StarHub (Hong Kong) Limited [3]	Provision of telecommunication services	Hong Kong	**100**	100	100
StarHub Shop Pte Ltd [1]	Provision of customer service, sales and billing for partner services	Singapore	**100**	100	100
StarHub, Inc. [4]	Dormant	United States	**100**	100	100
Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") [3] (formerly known as Accel Systems & Technologies Pte. Ltd.)	Provision of cyber security solutions, professional services for system integration and security operations and management	Singapore	**–[a]**	80.4	–
D'Crypt Pte Ltd ("DPL") [1]	Provision of design and development of high security products and technology	Singapore	**65**	–	–
Ensign InfoSecurity Pte. Ltd. ("Ensign") [3]	Provision of computer systems integration activities, other professional, scientific and technical activities	Singapore	**60[a]**	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

6 Subsidiaries (continued)

Details of subsidiaries (continued)

Subsidiaries held by Ensign are as follows:

Name of company	Principal activities	Country of incorporation/ Principal place business	Effective equity interest held by the Group		
			2018 %	2017 %	1 January 2017 %
Ensign InfoSecurity (Cybersecurity) Pte. Ltd. ("EIC") (formerly known as Quann World Pte. Ltd.) (3)	Investment holding	Singapore	**60**	–	–
Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") (formerly known as Accel Systems & Technologies Pte. Ltd.) (3)	Provision of cyber security solutions, professional services for system integration and security operations and management	Singapore	**60**	–	–
Ensign InfoSecurity (Asia Pacific) Pte. Ltd. (formerly known as Quann Singapore Pte. Ltd.) (3)	Provision of network and protection services	Singapore	**60**	–	–
Ensign InfoSecurity (SmartTech) Pte. Ltd. (formerly known as Certis CISCO Smart Solutions Pte. Ltd.) (3)	Provision of recovery planning services and sales of IT security products	Singapore	**60**	–	–
Ensign InfoSecurity (Networks) Pte. Ltd. (formerly known as Quann Network Security Services Pte. Ltd.) (3)	Provision of network and protection services	Singapore	**60**	–	–
Ensign Infosecurity (Malaysia) Sdn Bhd (formerly known as Quann Malaysia Sdn. Bhd.) (3)	Provision of electronic and internet security services and trading and installation of electronic devices	Malaysia	**60**	–	–
Ensign InfoSecurity (East Asia) Limited (formerly known as Quann East Asia Limited) (3)	Provision of internet security surveillance services	People's Republic of China	**60**	–	–
Ensign InfoSecurity (Singapore) Pte. Ltd. (formerly known as Quann Asia Pacific Pte. Ltd.) (3)	Provision of internet security surveillance services	Singapore	**60**	–	–

6 Subsidiaries (continued)

Details of subsidiaries (continued)

Name of company	Principal activities	Country of incorporation/ Principal place business	Effective equity interest held by the Group		
			2018 %	2017 %	1 January 2017 %
Vectra Information Security Pte. Ltd. [(3)]	Provision of services for development and implementation of computer systems	Singapore	**60**	–	–
Vectra Information Security Sdn Bhd [(3)]	Provision of professional consultancy and advisory services on information security	Malaysia	**60**	–	–
e-Cop Technology Beijing Co., Ltd [(4)]	Dormant	People's Republic of China	**60**	–	–

[(1)] *Audited by KPMG LLP Singapore*
[(2)] *Audited by KPMG Mauritius, a member firm of KPMG International*
[(3)] *Audited by another firm*
[(4)] *Not required to be audited by laws of the country of incorporation*
[(a)] *See Note 33 for details of the acquisition transaction.*

7 Associate

	Group 2018 $m	Group 2017 $m	Company 2018 $m	Company 2017 $m
Unquoted equity investments	**27.8**	27.8	**27.8**	27.8
Share of post-acquisition reserves	**(5.1)**	(4.1)	**–**	–
	22.7	23.7	**27.8**	27.8

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

7 Associate (continued)

The Group's material associate which is equity accounted for is as follows:

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2018 %	2017 %
SHINE Systems Assets Pte. Ltd. [1]	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	**30**	30

(1) Audited by KPMG LLP Singapore

The following summarises the financial information of the associate, based on its financial statements prepared in accordance with SFRS(I), amended for fair value adjustments on acquisition:

	2018 $m	2017 $m
Summarised Statement of Financial Position		
Non-current assets	**247.1**	233.4
Current assets	**20.9**	17.4
Current liabilities	**(26.4)**	(13.6)
Non-current liabilities	**(165.9)**	(158.2)
Net assets	**75.7**	79.0
Reconciliation to carrying amount:		
Opening net assets	**79.0**	86.3
Loss for the year	**(3.3)**	(7.3)
Closing net assets	**75.7**	79.0
Summarised Statement of Comprehensive Income		
Total revenue	**27.3**	13.3
Loss for the year, representing total comprehensive loss for the year	**(3.3)**	(7.3)
Group's share in %	**30%**	30%
Group's share of loss of associate (net of tax) for the year	**(1.0)**	(2.2)
Carrying amount of interest in associate at end of the year	**22.7**	23.7

8 Other Investments

	Group and Company		
			1 January
	2018	2017	2017
	$m	$m	$m
Equity investments – at FVOCI	**36.0**	–	–
Available-for-sale financial assets	**–**	60.0	40.0
	36.0	60.0	40.0

In 2017, the Company and the Group acquired additional interest in the equity security which resulted in the recognition of a day one fair value loss arising on initial acquisition of $0.7 million (see Note 26).

Equity investments designed as at FVOCI

At 1 January 2018, the Group designated the investments shown above as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold long-term for strategic purposes. In 2017, these investments were classified as available-for-sale.

No strategic investments was disposed during 2018, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

9 Balances with Related Parties

The immediate and ultimate holding companies are Asia Mobile Holdings Pte. Ltd. and Temasek Holdings (Private) Limited respectively. These companies are incorporated in the Republic of Singapore.

9.1 Amounts due from related parties

	Group			Company		
			1 January			1 January
	2018	2017	2017	2018	2017	2017
	$m	$m	$m	$m	$m	$m
Current						
Amounts due from (trade):						
- Ultimate holding company	**–**	0.2	–	**–**	0.2	–
- Subsidiaries	**–**	–	–	**177.7**	4.3	2.1
- Related corporations	**18.3**	24.7	16.8	**10.9**	17.1	16.0
Loans to associate	**–**	–	1.1	**–**	–	1.1
	18.3	24.9	17.9	**188.6**	21.6	19.2
Less: Loss allowance	**–**	–	–	**(174.4)**	–	–
	18.3	24.9	17.9	**14.2**	21.6	19.2
Non-current						
Loan to associate	**8.2**	7.9	7.6	**8.2**	7.9	7.6

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

9 Balances with Related Parties (continued)

9.1 Amounts due from related parties (continued)

Current

Included in current amounts due from subsidiaries are amounts of $64.6 million (2017: $nil, 1 January 2017: $nil) from certain subsidiaries which are unsecured, bear interest of 7.75% (2017: nil%, 1 January 2017: nil%) per annum and are repayable on demand.

In 2017, current loans to an associate were unsecured and bore interest rates between 2.86% to 2.96% per annum. These loans were repaid in 2017.

All other amounts are unsecured, interest-free and repayable on demand.

They are classified as current and measured at amortised cost.

During the year, the Company impaired balances owing by certain subsidiaries amounting to $174.4 million (2017: $216.7 million was impaired and forgiven). Other than above, there is no allowance for doubtful debts arising from these outstanding balances with ultimate holding company, subsidiaries and related corporations as the ECL is not material.

Non-current

The non-current loan to associate is unsecured, bears interest rate of 3.53% (2017: 3.53%) per annum and is repayable in June 2021. There is no allowance for doubtful debts arising from this outstanding balance as the ECL is not material.

9.2 Amounts due to related parties

	Group			Company		
			1 January			1 January
	2018	**2017**	**2017**	**2018**	**2017**	**2017**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Current						
Amounts due to (trade):						
- Subsidiaries	**-**	–	–	**210.9**	304.6	342.5
- Associates	**1.6**	1.0	–	**1.6**	1.0	–
- Related corporations	**55.9**	59.1	67.1	**23.3**	24.0	18.0
Amounts due to (non-trade):						
- Non-controlling interests	**-**	4.7	–	**-**	4.7	–
	57.5	64.8	67.1	**235.8**	334.3	360.5

Included in current amounts due to subsidiaries are:

(i) Amounts of $153.6 million (2017: $77.2 million, 1 January 2017: $163.8 million) which are unsecured, interest-free and repayable on demand.

(ii) Amounts of $57.3 million (2017: $87.4 million, 1 January 2017: $nil) placed by certain subsidiaries with the Company under a cash pooling arrangement.

9 Balances with Related Parties (continued)

9.2 Amounts due to related parties (continued)

(iii) At 31 December 2017, $140.0 million (1 January 2017: $178.7 million) was unsecured and bore interest ranging from 1.13% to 1.30% (1 January 2017: 0.95% to 1.73%) per annum and were repayable on demand.

Amounts due to related corporations and associates are unsecured, interest-free and repayable on demand.

In 2017, the amount due to non-controlling interest was unsecured, interest-free and was repaid in 2018 based on the terms in the sale and purchase agreement to acquire EIS.

9.3 The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements. The amounts, after impairment, before netting are as follows:

Company	Gross amounts $m	Gross amounts offset $m	Net amounts $m
2018			
Current			
Amounts due from subsidiaries	**453.2**	**(449.9)**	**3.3**
Amounts due to subsidiaries	**660.8**	**(449.9)**	**210.9**
2017			
Current			
Amounts due from subsidiaries	897.5	(893.2)	4.3
Amounts due to subsidiaries	1,197.8	(893.2)	304.6
1 January 2017			
Current			
Amounts due from subsidiaries	454.5	(452.4)	2.1
Amounts due to subsidiaries	794.9	(452.4)	342.5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

10 Contract Balances

The following section provides information about contract assets, contract liabilities and contract cost from contracts with customers.

Contract assets

	Group			Company		
			1 January			1 January
	2018	2017	2017	2018	2017	2017
	$m	$m	$m	$m	$m	$m
Contract assets	**351.1**	368.9	353.5	**18.8**	19.4	12.0
Loss allowance	**(6.7)**	(7.2)	(6.2)	**–**	–	–
	344.4	361.7	347.3	**18.8**	19.4	12.0
Analysed as:						
Third parties	**338.6**	355.5	343.0	**18.6**	16.1	8.0
Related parties	**5.8**	6.2	4.3	**0.2**	3.3	4.0
	344.4	361.7	347.3	**18.8**	19.4	12.0
Current	**277.0**	285.0	279.1	**18.7**	18.4	12.0
Non-current	**67.4**	76.7	68.2	**0.1**	1.0	–
	344.4	361.7	347.3	**18.8**	19.4	12.0

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

Movements in the contract asset balances during the year are as follows:

	Group		Company	
	2018	2017	2018	2017
	$m	$m	$m	$m
At beginning of year	**368.9**	353.5	**19.4**	12.0
Prior year contract assets reclassified to trade receivables	**(315.3)**	(282.1)	**(18.5)**	(9.9)
Contract assets recognised, net of reclassification to trade receivables	**295.2**	315.8	**17.9**	17.3
Additions through business combinations	**14.2**	1.2	**–**	–
Contract asset written off	**(11.9)**	(19.5)	**–**	–
	351.1	368.9	**18.8**	19.4
Less: Loss allowance	**(6.7)**	(7.2)	**–**	–
	344.4	361.7	**18.8**	19.4

The Group uses an allowance matrix to measure the ECL of contract assets. In determining the ECL, the Group has taken into account the historical termination write-off experience of the corporate and consumer customer bases, adjusted for factors based on the Group's view of economic conditions over the remaining lifetime of future performance obligations.

10 Contract Balances (continued)

Contract assets (continued)

The following table details the risk profile of contract assets based on the Group's provision matrix.

	Group					
	2018			2017		
	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m
Current	**1.91%**	**351.1**	**6.7**	1.95%	368.9	7.2

Movements in loss allowance balances during the year are as follows:

	Group		Company	
	2018 $m	2017 $m	2018 $m	2017 $m
At beginning of year	**7.2**	6.2	**-**	–
Loss allowances recognised	**5.4**	7.3	**-**	–
Allowance utilised	**(5.9)**	(6.3)	**-**	–
	6.7	7.2	**-**	–

Contract liabilities

Contract liabilities primarily relate to amounts billed in advance for telecommunications, broadband and pay TV services, advance consideration received from customers for prepaid mobile services and excess of progress payments over the revenue recognised for managed services.

	Group			Company		
	2018 $m	2017 $m	1 January 2017 $m	2018 $m	2017 $m	1 January 2017 $m
Amounts related to:						
Managed services contracts	**9.1**	2.4	–	**5.0**	2.4	–
Amounts billed in advance for telecommunications, broadband and pay TV services	**70.3**	65.1	68.3	**50.9**	41.1	42.7
Amounts received in advance for prepaid mobile services	**23.3**	33.5	48.2	**-**	–	–
	102.7	101.0	116.5	**55.9**	43.5	42.7

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

10 Contract Balances (continued)

Contract liabilities (continued)

Analysed as:

	Group			Company		
	2018 $m	**2017 $m**	**1 January 2017 $m**	**2018 $m**	**2017 $m**	**1 January 2017 $m**
Third parties	**93.0**	90.8	105.7	**46.2**	33.3	31.9
Related parties	**9.7**	10.2	10.8	**9.7**	10.2	10.8
	102.7	101.0	116.5	**55.9**	43.5	42.7
Current	**70.2**	78.6	94.9	**23.4**	21.0	21.1
Non-current	**32.5**	22.4	21.6	**32.5**	22.5	21.6
	102.7	101.0	116.5	**55.9**	43.5	42.7

Movements in the contract liability balances during the year are as follows:

	Group		Company	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
At beginning of year	**101.0**	116.5	**43.5**	42.7
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(76.6)**	(92.5)	**(19.2)**	(19.2)
Cash received, excluding amounts recognised as revenue during the year	**0.4**	3.2	**–**	0.7
Billings in advance, excluding amounts recognised as revenue during the year	**77.8**	73.8	**31.6**	19.3
Additions through business combinations	**0.1**	–	**–**	–
	102.7	101.0	**55.9**	43.5

Contract costs

	Group			Company		
	2018 $m	**2017 $m**	**1 January 2017 $m**	**2018 $m**	**2017 $m**	**1 January 2017 $m**
Costs to obtain contracts	**23.0**	24.1	23.9	1.9	2.0	2.9
Current	**17.3**	18.3	17.7	1.4	1.6	2.1
Non-current	**5.7**	5.8	6.2	0.5	0.4	0.8
	23.0	24.1	23.9	1.9	2.0	2.9

Costs to obtain contracts relate to commission fees paid to dealers as a result of obtaining mobile, pay TV and broadband service contracts.

These costs are amortised on a straight-line basis over the contract period. In 2018, amortisation amounting to $24.1 million (2017: $24.1 million) was recognised as marketing and promotion expenses in income statement. There was no loss allowance in relation to the costs capitalised.

11 Inventories

	Group		Company	
	2018	2017	**2018**	2017
	$m	$m	**$m**	$m
Equipment held for resale	**72.7**	71.0	**0.6**	0.7
Maintenance and project inventories	**0.5**	0.9	**–**	–
Raw materials	**2.0**	–	**–**	–
Inventories, net of allowance	**75.2**	71.9	**0.6**	0.7
Allowance made/(written back) during the year	**0.3**	(0.2)	**0.1**	0.1

In 2018, inventories of $483.2 million (2017: $475.6 million) were recognised as an expense and included in 'cost of sales'.

12 Trade Receivables

	Group		Company	
	2018	2017	**2018**	2017
	$m	$m	**$m**	$m
Trade receivables	**331.6**	248.2	**229.7**	212.0
Loss allowances	**(48.8)**	(46.7)	**(46.6)**	(44.3)
	282.8	201.5	**183.1**	167.7

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group uses an allowance matrix to measure the ECL of trade receivables. In the assessment of ECL, the Group applies the simplified approach and uses the practical expedient to estimate the loss allowance based on aging buckets of the trade receivables, adjusted for certain external indices to different groups between consumer and corporate customers, where applicable.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	2018			2017		
	Weighted average loss rate	**Gross carrying amount $m**	**Loss allowance $m**	**Weighted average loss rate**	**Gross carrying amount $m**	**Loss allowance $m**
Group						
Current	**2.09%**	**105.3**	**2.2**	6.26%	92.6	5.8
Past due 1 -15 days	**4.24%**	**47.1**	**2.0**	7.19%	43.1	3.1
Past due above 15 days	**24.89%**	**179.2**	**44.6**	33.60%	112.5	37.8
		331.6	**48.8**		248.2	46.7
Company						
Current	**2.34%**	**89.6**	**2.1**	7.42%	78.1	5.8
Past due 1 -15 days	**6.41%**	**31.2**	**2.0**	7.67%	40.4	3.1
Past due above 15 days	**39.03%**	**108.9**	**42.5**	37.86%	93.5	35.4
		229.7	**46.6**		212.0	44.3

12 Trade Receivables (continued)

Movements in lifetime ECL balances during the year are as follows:

	Group 2018 $m	Group 2017 $m	Company 2018 $m	Company 2017 $m
At beginning of year	**46.7**	40.8	**44.3**	39.9
Loss allowances recognised	**13.9**	17.4	**2.1**	5.8
Recharged to subsidiaries	**–**	–	**11.7**	10.1
Allowance utilised	**(11.8)**	(11.5)	**(11.5)**	(11.5)
	48.8	46.7	**46.6**	44.3

There were no adjustments upon initial application of SFRS(I) 9 as the impact was not material.

13 Other Receivables, Deposits and Prepayments

	Group 2018 $m	Group 2017 $m	Group 1 January 2017 $m	Company 2018 $m	Company 2017 $m	Company 1 January 2017 $m
Grant receivables	**0.5**	1.5	6.2	**–**	–	–
Deposits	**4.7**	7.2	4.2	**0.7**	4.0	1.1
Prepayments	**84.7**	76.6	65.4	**30.1**	25.4	17.5
Other receivables	**4.2**	2.1	15.6	**3.0**	1.4	11.6
Forward exchange contracts	**0.1**	–	5.4	**0.1**	–	5.4
	94.2	87.4	96.8	**33.9**	30.8	35.6

14 Cash and Cash Equivalents

	Group 2018 $m	Group 2017 $m	Company 2018 $m	Company 2017 $m
Fixed deposits	**86.2**	274.0	**84.2**	273.5
Cash at bank and in hand	**79.8**	71.2	**33.4**	47.6
Cash and cash equivalents in the statement of financial position	**166.0**	345.2	**117.6**	321.1
Restricted cash	**(0.6)**	–	**–**	–
Cash and cash equivalents in the cash flow statement	**165.4**	345.2	**117.6**	321.1

Fixed deposits relate to deposits with financial institutions with maturities of three months or less with effective interest rates ranging from 0.35% to 3.84% (2017: 0.35% to 1.88%) per annum.

At the reporting date, cash and cash equivalents of the Company include $57.3 million (2017: $87.4 million) cash from certain subsidiaries pooled together and managed centrally by the Company in bank balances and fixed deposits as part of the Group's cash management and treasury activities.

Restricted cash was set aside for performance bonds with customers.

15 Trade and Other Payables

		Group			Company		
				1 January			1 January
		2018	2017	2017	2018	2017	2017
	Note	$m	$m	$m	$m	$m	$m
Current							
Trade payables		**119.2**	105.1	91.3	**67.5**	69.3	72.1
Accruals		**444.0**	495.6	470.6	**192.2**	219.7	201.1
Deferred grant income	17	**0.8**	0.9	0.8	**0.6**	0.9	0.8
Deposits from customers		**10.2**	11.2	14.3	**9.9**	11.0	14.1
Forward exchange contracts		**0.3**	12.2	–	**0.3**	12.2	–
		574.5	625.0	577.0	**270.5**	313.1	288.1
Non-current							
Deferred grant income	17	**0.3**	0.9	1.4	**0.3**	0.9	1.4
Put liability to acquire non-controlling interests		**33.0**	–	–	**–**	–	–
Put and call options, net		**–**	–	–	**7.0**	–	–
		33.3	0.9	1.4	**7.3**	0.9	1.4

16 Borrowings

		Group		Company	
		2018	2017	2018	2017
	Note	$m	$m	$m	$m
Current					
Bank loans	16.1	**50.1**	120.0	**50.0**	120.0
Non-current					
Bank loans	16.1	**458.4**	337.5	**457.5**	337.5
Medium term notes	16.2	**520.0**	520.0	**520.0**	520.0
		978.4	857.5	**977.5**	857.5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

16 Borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group Borrowings $m
Balance at 1 January 2017	987.5
Changes from financing cash flows	
Repayment of bank loans	(10.0)
Interest paid	(30.0)
Total changes from financing cash flows	(40.0)
Total liability-related other changes	30.0
Balance at 31 December 2017	977.5
Balance at 1 January 2018	**977.5**
Changes from financing cash flows	
Proceeds from bank loans	**50.0**
Acquisitions through business combinations (Note 33(i))	**1.0**
Interest paid	**(30.6)**
Total changes from financing cash flows	**20.4**
Total liability-related other changes	**30.6**
Balance at 31 December 2018	**1,028.5**

16.1 Bank loans

	Group		Company	
	2018 $m	**2017 $m**	**2018 $m**	**2017 $m**
Repayable:				
- Within 1 year	**50.1**	120.0	**50.0**	120.0
- After 1 year but within 5 years	**458.4**	337.5	**457.5**	337.5
	508.5	457.5	**507.5**	457.5

At 31 December 2018, the unsecured bank loans bear interest at rates ranging from 1.57% to 4.64% (2017: 1.29% to 2.98%) per annum.

There is no material difference between the carrying amount and fair value of the bank loans.

16 Borrowings (continued)

16.2 Medium term notes

The Company has established a multicurrency medium term note programme with a maximum aggregate principal amount of $1,000.0 million in September 2011. In September 2012, the Company issued a $220.0 million 10-year medium term note which bears interest rate of 3.08% per annum and is repayable in September 2022.

In June 2016, the Company issued a $300.0 million 10-year medium term note which bears interest of 3.55% per annum and is repayable in June 2026.

On 29 May 2017, the Company has updated and amended its $1,000.0 million multicurrency medium term note programme to a $2,000.0 million multicurrency debt issuance programme with the inclusion of the mechanism for the issuance of, and the terms and conditions of, perpetual securities. The amendments do not affect the validity of the existing term notes issued by the Company under the original programme.

As at 31 December 2018, the fair value of the medium term notes are $517.6 million (2017: $533.9 million).

17 Deferred Grant Income

		Group		Company	
	Note	2018 $m	2017 $m	2018 $m	2017 $m
Deferred grants					
At beginning of year		**1.8**	2.2	**1.8**	2.2
Grants received		**0.3**	0.7	**0.1**	0.7
Amount accreted to the income statement		**(1.0)**	(1.1)	**(1.0)**	(1.1)
At end of year		**1.1**	1.8	**0.9**	1.8
Deferred grants to be accreted:					
Current (within 1 year)	15	**0.8**	0.9	**0.6**	0.9
Non-current (after 1 year but within 5 years)	15	**0.3**	0.9	**0.3**	0.9
Total		**1.1**	1.8	**0.9**	1.8

Deferred income refers to government grants received. Assets related grants are recognised over the estimated useful lives of the related assets. Income related grants are recognised on a systematic basis over the periods to match the related costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

18 Deferred Tax Assets and Liabilities

Movements in deferred tax assets/(liabilities) during the year are as follows:

Group	At 1 January $m	Recognised in income statement (Note 27) $m	Recognised in other comprehensive income $m	Recognised in equity $m	Acquired in business combination (Note 33) $m	At 31 December $m
2018						
Deferred tax assets						
Property, plant and equipment and intangible assets	-	-	-	-	**1.5**	**1.5**
Total	-	-	-	-	**1.5**	**1.5**
Deferred tax liabilities						
Property, plant and equipment and intangible assets	**(149.2)**	**16.3**	-	-	**(9.6)**	**(142.5)**
Other payables and accruals	**9.1**	**0.2**	-	-	-	**9.3**
Contract assets	**1.2**	**(0.1)**	-	-	-	**1.1**
Derivatives	**2.0**	-	**(2.0)**	-	-	-
Share-based payment transactions	**1.5**	**(0.7)**	-	**(0.2)**	-	**0.6**
Total	**(135.4)**	**15.7**	**(2.0)**	**(0.2)**	**(9.6)**	**(131.5)**
2017						
Deferred tax liabilities						
Property, plant and equipment and intangible assets	(152.6)	5.4	–	–	(2.0)	(149.2)
Other payables and accruals	2.4	6.7	–	–	–	9.1
Contract assets	1.1	0.1	–	–	–	1.2
Derivatives	(1.0)	–	3.0	–	–	2.0
Share-based payment transactions	2.1	(0.3)	–	(0.3)	–	1.5
Total	(148.0)	11.9	3.0	(0.3)	(2.0)	(135.4)

Unrecognised deferred tax assets

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets have not been recognised in respect of the following items:

	Group 2018 $m	Group 2017 $m
Tax losses	**3.8**	3.8
Deferred tax assets	**0.6**	0.6

The Group has not recognised deferred tax assets in respect of the above tax losses as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

18 Deferred Tax Assets and Liabilities (continued)

Unrecognised deferred tax assets (continued)

Company	At 1 January $m	Recognised in income statement $m	Recognised in equity $m	At 31 December $m
2018				
Deferred tax liabilities				
Property, plant and equipment and intangible assets	**(79.5)**	**2.2**	**-**	**(77.3)**
Other payables and accruals	**4.1**	**(3.0)**	**-**	**1.1**
Share-based payment transactions	**1.5**	**(0.7)**	**(0.2)**	**0.6**
Total	**(73.9)**	**(1.5)**	**(0.2)**	**(75.6)**
2017				
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(77.9)	(1.6)	–	(79.5)
Other payables and accruals	2.3	1.8	–	4.1
Share-based payment transactions	2.1	(0.3)	(0.3)	1.5
Total	(73.5)	(0.1)	(0.3)	(73.9)

19 Share Capital

	2018		2017	
Company	Number of shares '000	$m	Number of shares '000	$m
Issued and fully paid ordinary shares:				
At beginning and end of year	**1,731,651**	**299.7**	1,731,651	299.7

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

20 Perpetual Capital Securities

On 16 June 2017, the Company issued subordinated perpetual securities (the "perpetual securities") with an aggregate principal amount of $200 million. Incremental costs incurred amounting to $0.4 million was recognised in equity as a deduction from the proceeds. Such perpetual securities bear distributions at a rate of 3.95% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred. As a result, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 32 *Financial Instruments: Disclosure and Presentation.* The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to $7.9 million (2017: $4.3 million) were accrued to perpetual security holders of which $7.9 million (2017: $4.0 million) has been paid.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

21 Reserves

	Group			Company		
			1 January			1 January
	2018	2017	2017	2018	2017	2017
	$m	$m	$m	$m	$m	$m
Treasury shares	**(3.0)**	(8.2)	(12.3)	**(3.0)**	(8.2)	(12.3)
Capital reserve	**21.7**	–	–	**–**	–	–
Fair value reserve	**(5.9)**	18.1	12.5	**(5.9)**	18.1	12.5
Goodwill written off	**(276.3)**	(276.3)	(276.3)	**–**	–	–
Share-based payments reserve	**8.7**	13.0	14.1	**8.7**	13.0	14.1
Hedging reserve	**(0.2)**	(10.1)	4.4	**–**	–	–
Translation reserve	**1.3**	1.4	1.3	**–**	–	–
Retained profits	**282.2**	364.0	388.6	**2,118.0**	2,001.9	2,026.2
	28.5	101.9	132.3	**2,117.8**	2,024.8	2,040.5

Treasury shares

Treasury shares comprise the cost of the Company's shares held by the Company. 1,634,770 treasury shares were transferred to share-based payments reserve during the year (2017: 1,306,589).

Capital reserve

The capital reserve comprises:

- acquisitions and disposals with non-controlling interests that do not result in a change in control; and
- present value of a put liability in relation to put options entered into with the non-controlling shareholders on their equity interests in a subsidiary. Subsequent changes in the carrying value of the put liability are also recognised within capital reserve.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI (2017: available-for-sale financial assets).

Goodwill written off

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

Share-based payments reserve

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

Translation reserve

The translation reserve comprises all foreign currency translation differences arising from the translation of the financial statements of foreign operations.

22 Revenue

	Group 2018 $m	Group 2017 $m
Disaggregation of revenue from contracts with customers		
Mobile revenue	**824.5**	897.7
Pay TV revenue	**311.3**	353.5
Broadband revenue	**185.8**	186.8
Enterprise Fixed revenue	**510.8**	440.5
Total Service Revenue	**1,832.4**	1,878.5
Sales of equipment	**529.6**	532.2
	2,362.0	2,410.7

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations have not been fulfilled at the reporting date:

Group	2019 $m	2020 $m	2021 $m	2022 $m	2023 onwards $m	Total $m
Mobile revenue	191.9	64.0	0.1	–	–	256.0
Pay TV revenue	50.6	21.4	–	–	–	72.0
Broadband revenue	79.6	27.2	–	–	–	106.8
Enterprise Fixed revenue	178.7	67.6	22.4	6.8	19.7	295.2
Total	500.8	180.2	22.5	6.8	19.7	730.0

Variable consideration that is constrained and therefore not included in the transaction price, is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if the performance obligations is part of a contract that has an original expected duration of one year or less. In addition, amounts that are not contractually committed are excluded.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

23 Operating Expenses

	Group 2018 $m	Group 2017 $m
Cost of equipment sold	**483.2**	475.6
Cost of services	**482.3**	464.4
Traffic expenses	**109.5**	100.9
Depreciation and amortisation	**291.2**	280.4
Impairment loss on property, plant and equipment	**2.6**	–
Loss allowances of:		
- Contract assets	**5.4**	7.3
- Trade receivables	**13.9**	17.4
Marketing and promotions	**102.2**	95.8
Staff costs	**275.9**	282.5
Repairs and maintenance	**101.2**	99.1
Operating leases	**117.0**	129.2
Other expenses	**105.3**	100.1
	2,089.7	2,052.7

Included in the Group's cost of services is government grant income amounting to $0.2 million (2017: $4.2 million).

23.1 Depreciation and amortisation

Depreciation and amortisation expenses comprise the following:

	Group 2018 $m	Group 2017 $m
Depreciation of property, plant and equipment	**228.4**	231.0
Accretion of asset grants to the income statement (note 17)	**(1.0)**	(1.1)
	227.4	229.9
Amortisation of intangible assets	**63.8**	50.5
Total	**291.2**	280.4

23.2 Staff costs

The following are included in staff costs:

	Group 2018 $m	Group 2017 $m
Defined contribution plans	**26.3**	26.5
Share-based payments	**1.0**	3.4
Government grants - Wage Credit Scheme	**(1.1)**	(2.0)

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2018 $m	**2017 $m**
Short-term employee benefits	**13.7**	12.7
Share-based payments	**2.1**	3.2
	15.8	15.9

Included in the above is the total compensation to directors of the Company which amounted to $4.2 million (2017: $5.3 million).

Key management personnel also participate in the StarHub Performance Share Plans and the StarHub Restricted Stock Plans. The short term benefits include the Group balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

During the year, conditional awards of shares of 497,600 (2017: 1,215,900 shares) under the StarHub Performance Share Plans and conditional awards of shares of 344,000 (2017: 689,000 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Group during the year. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be when the time-based service conditions are completed.

During the year, awards of 204,400 shares (2017: 134,800 shares) under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Group as part of their non-executive directors' remuneration, without any performance or vesting conditions attached.

Based on the actual level of achievement of the pre-determined performance targets over the 2015 to 2017 performance period, final awards comprising nil (2017: nil) shares were delivered to the key management personnel of the Group during the year under the 2015 conditional awards granted to key management personnel of the Group in March 2015 pursuant to the StarHub Performance Share Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2017 performance period, final awards comprising 331,375 (2017: nil) shares were delivered to the key management personnel of the Group during the year under the 2017 conditional awards granted to the key management personnel of the Group in March 2017 pursuant to the StarHub Restricted Stock Plans.

All conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Group were on the same terms and conditions as those offered to other employees of the Group.

As at 31 December 2018, 1,683,901 (2017: 2,245,483) of the conditional awards of shares under the StarHub Performance Share Plans, and 640,875 (2017: 1,487,210) of the conditional awards of shares under the StarHub Restricted Stock Plans granted to the key management personnel were outstanding.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.2 Share-based Payments

StarHub Performance Share Plans

Under the StarHub PSP 2004 and the StarHub PSP 2014 (collectively the "StarHub Performance Share Plans"), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives. Awards are released once the Company's Executive Resource and Compensation Committee is satisfied that the prescribed performance targets have been achieved. There are no vesting periods beyond the performance achievement periods.

The movements of the number of shares under the StarHub Performance Share Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

Company	Balance outstanding at 1 January '000	Number of performance shares granted '000	Number of performance shares forfeited '000	Balance outstanding at 31 December '000
2018				
Date of grant				
16 March 2015	**516**	-	**(516)**	-
22 March 2016	**594**	-	**(108)**	**486**
6 April 2017	**1,135**	-	**(408)**	**727**
28 March 2018	-	**498**	**(27)**	**471**
Total	**2,245**	**498**	**(1,059)**	**1,684**
2017				
Date of grant				
10 March 2014	570	–	(570)	–
16 March 2015	535	–	(19)	516
22 March 2016	656	–	(62)	594
6 April 2017	–	1,216	(81)	1,135
Total	1,761	1,216	(732)	2,245

The fair value of the shares is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards. The assumptions under the model used for the grant in 2018 and 2017 are as follows:

	Year of grant	
	2018	**2017**
Fair value	**$0.91**	$1.18
Share price	**$2.29**	$2.85
Expected volatility of the Company's shares	**18.64%**	15.53%
Expected dividend yield	**6.65%**	5.53%
Risk-free interest rates	**1.99%**	1.39%

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans

Under the StarHub RSP 2004 and StarHub RSP Plan 2014 (collectively the "StarHub Restricted Stock Plans"), awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related after a further period of service beyond the performance targets completion date (performance-based restricted awards).

During the year, conditional grants of 2,373,200 (2017: 3,497,690) shares under the StarHub Restricted Stock Plans were made to non-executive directors and key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be when the time-based service conditions are completed.

During the year, 204,400 (2017: 178,900) shares under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached.

The movements of the number of shares under the StarHub Restricted Stock Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

Date of grant	Balance outstanding at 1 January '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Not delivered (below performance target) '000	Balance outstanding at 31 December '000
2018						
22 March 2016	**2,095**	-	-	**(117)**	**(1,978)**	-
20 May 2016	**27**	-	-	-	**(27)**	-
15 March 2017	**282**	-	**(272)**	**(10)**	-	-
6 April 2017	**2,614**	-	**(1,159)**	**(200)**	-	**1,255**
28 March 2018	-	**2,050**	-	**(211)**	-	**1,839**
8 June 2018	-	**204**	**(204)**	-	-	-
7 September 2018	-	**119**	-	-	-	**119**
Total	**5,018**	**2,373**	**(1,635)**	**(538)**	**(2,005)**	**3,213**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

23 Operating Expenses (continued)

23.2 Staff costs (continued)

23.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans (continued)

Date of grant	Balance outstanding at 1 January '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Not delivered (below performance target) '000	Balance outstanding at 31 December '000
2017						
10 March 2014	713	–	(695)	(18)	–	–
16 March 2015	2,106	–	–	(104)	(2,002)	–
8 July 2015	16	–	(16)	–	–	–
22 March 2016	2,380	–	–	(285)	–	2,095
20 May 2016	147	–	(120)	–	–	27
15 March 2017	–	593	(296)	(15)	–	282
6 April 2017	–	2,717	–	(103)	–	2,614
29 May 2017	–	188	(179)	(9)	–	–
Total	5,362	3,498	(1,306)	(534)	(2,002)	5,018

The fair value of the share awards is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards.

The assumptions under the model used for the grant in 2018 and 2017 are as follows:

	Year of grant 2018	2017
Fair value	\$1.53 - \$2.07	\$2.44 - \$2.83
Share price	\$1.64 - \$2.29	\$2.83 - \$2.85
Expected volatility of the Company's shares	18.64% – 26.96%	15.53% - 15.58%
Expected dividend yield	6.65% - 8.58%	5.53% - 7.07%
Risk-free interest rates	1.72% - 1.97%	0.99% - 1.40%

23 Operating Expenses (continued)

23.3 Other expenses

Included in other expenses are the following:

	Group 2018 $m	Group 2017 $m
Audit fees paid to:		
- Auditors of the Company	**0.7**	0.5
- Other auditors	**0.2**	–
Non-audit fees paid to:		
- Auditors of the Company	**1.4**	0.4
Foreign currency exchange loss/(gain), net	**7.6**	(0.1)

24 Other Income

	Group 2018 $m	Group 2017 $m
Rental income	**0.1**	–
Income related grants	**1.1**	4.4
	1.2	4.4

25 Net Finance Costs

	Group 2018 $m	Group 2017 $m
Interest income under the effective interest method on:		
- Bank deposits	**2.9**	3.4
- Loan to associate	**0.3**	0.3
Finance income	**3.2**	3.7
Interest expense:		
- Bank loans	**12.8**	12.5
- Medium term note	**17.4**	17.4
Finance costs	**30.2**	29.9

26 Non-operating Loss

	Group 2018 $m	Group 2017 $m
Fair value loss on initial recognition of available-for-sale financial assets	**–**	(0.7)

The fair value loss on initial recognition of the financial assets arose from the difference between the transaction price and the fair value of the quoted investment at the point when the transaction was concluded.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

27 Taxation

	Group 2018 $m	Group 2017 $m
Current tax		
Current income tax	**59.9**	73.5
Under/(Over) provision in prior year	**0.7**	(1.8)
	60.6	71.7
Deferred tax		
Reversal and origination of temporary differences	**(13.7)**	(12.7)
(Over)/Under provision in prior year	**(2.0)**	0.8
	(15.7)	(11.9)
Total income tax in the income statement	**44.9**	59.8

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group 2018 $m	Group 2017 $m
Profit before taxation	**245.5**	333.3
Income tax using Singapore tax rate of 17%	**41.7**	56.7
Income not subject to tax	**(0.6)**	(0.1)
Non-deductible expenses	**4.8**	4.2
Over provision in prior year, net	**(1.3)**	(1.0)
Others	**0.3**	–
Total income tax in the income statement	**44.9**	59.8

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group 2018 $m	Group 2017 $m
Cash flow hedge, before taxation	**11.9**	(17.5)
Taxation	**(2.0)**	3.0
Effective portion of changes in fair value of cash flow hedge	**9.9**	(14.5)

28 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding (excluding treasury shares), for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees under the StarHub share plans.

	Group	
	2018 $m	**2017 $m**
Profit attributable to owners of the Company	**201.7**	272.9
Less: Perpetual capital securities distribution	**(7.9)**	(4.3)
Adjusted profit attributable to owners of the Company	**193.8**	268.6

	Number of shares	
	2018 '000	**2017 '000**
Weighted average number of ordinary shares (basic) during the year#	**1,730,141**	1,728,789
Adjustment for dilutive effect of share plans	**4,897**	7,263
Weighted average number of ordinary shares (diluted) during the year	**1,735,038**	1,736,052

Excludes treasury shares.

29 Earnings Before Interest, Taxation, Depreciation and Amortisation

The earnings before interest, taxation, depreciation and amortisation ("EBITDA") is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not governed by SFRS(I).

The Group defines EBITDA* as follows:

	Group	
	2018 $m	**2017 $m**
Profit before taxation	**245.5**	333.3
Adjustments for:		
Depreciation and amortisation	**291.2**	280.4
Finance income	**(3.2)**	(3.7)
Finance expense	**30.2**	29.9
Non-operating loss	**–**	0.7
Impairment loss on property, plant and equipment	**2.6**	–
Share of loss of associate (net of tax)	**1.0**	2.2
EBITDA	**567.3**	642.8

* *For purpose of measurement, the Group had included non-operating loss, impairment loss on property, plant and equipment and share of loss of associate in arriving at the EBITDA*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

30 Related Party Transactions

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group with related parties during the financial year were as follows:

	Group	
	2018 $m	**2017 $m**
Ultimate holding company		
Sales	**0.3**	0.4
Associate		
Purchase of property, plant and equipment	**2.4**	3.0
Rental expenses	**7.5**	6.4
Purchase of services	**7.3**	2.9
Related corporations		
Sales	**64.8**	66.7
Purchase of property, plant and equipment	**19.8**	15.2
Rental expenses	**45.2**	63.6
Purchase of services	**83.2**	126.9
Purchase of inventories	**166.8**	176.5

31 Dividends

	Group and Company	
	2018 $m	**2017 $m**
Final dividend of $0.04 (2017: $0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	**69.2**	86.4
Interim dividends of $0.12 (2017: $0.12) per share (1-tier tax exempt) paid in respect of the current financial year	**207.7**	207.5
	276.9	293.9

32 Segment Reporting

Segment information is presented based on the information reviewed by the chief operating decision makers ("CODM") for performance assessment and resource allocation.

The CODM assesses the Group's financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in three segments, namely the telecommunications, cyber security and high security assurance product segments. Overseas operations to the Group are not significant. The Group delivers its Mobile, Pay TV, Broadband, Enterprise Fixed services and equipment sales ("Telecommunications") on a fully integrated network, and has a centralised customer service, sales, marketing and administration support. The other segments that the Group operates in is the Cyber Security and high security assurance product segment. In 2017, the Group operated only in the telecommunication segment.

The Group has a large and diversified customer base consisting of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

The Group's reportable segment information is as follows:

	Telecommunications and High Security Assurance Product 2018 $m	Cyber Security 2018 $m	Elimination of intersegment transactions 2018 $m	Group 2018 $m	Group 2017 $m
Mobile revenue	**824.5**	-	-	**824.5**	897.7
Pay TV revenue	**311.3**	-	-	**311.3**	353.5
Broadband revenue	**185.8**	-	-	**185.8**	186.8
Enterprise Fixed revenue	**477.6**	**33.3**	**(0.1)**	**510.8**	440.5
Sales of equipment	**529.6**	-	-	**529.6**	532.2
Total revenue	**2,328.8**	**33.3**	**(0.1)**	**2,362.0**	2,410.7
EBITDA	**566.8**	**0.5**	-	**567.3**	642.8
Depreciation and amortisation	**(287.9)**	**(3.3)**	-	**(291.2)**	(280.4)
Finance income	**3.2**	-	-	**3.2**	3.7
Finance expense	**(30.2)**	-	-	**(30.2)**	(29.9)
Non-operating loss	-	-	-	-	(0.7)
Impairment loss on property, plant and equipment	**(2.6)**	-	-	**(2.6)**	–
Share of loss of associate (net of tax)	**(1.0)**	-	-	**(1.0)**	(2.2)
Profit before taxation	**248.3**	**(2.8)**	-	**245.5**	333.3
Taxation	**(44.5)**	**(0.4)**	-	**(44.9)**	(59.8)
Profit for the year	**203.8**	**(3.2)**	-	**200.6**	273.5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

32 Segment Reporting (continued)

	Telecommunications and High Security Assurance Product 2018 $m	Cyber Security 2018 $m	Elimination of intersegment transactions 2018 $m	Group 2018 $m	Group 2017 $m
Assets and liabilities					
Non-current assets	**1,589.6**	**115.1**	–	**1,704.7**	1,601.8
Current assets	**813.9**	**123.2**	**(6.3)**	**930.8**	1,034.2
Total assets	**2,403.5**	**238.3**	**(6.3)**	**2,635.5**	2,636.0
Borrowings	**1,028.5**	–	–	**1,028.5**	977.5
Other non-current liabilities	**191.1**	**6.2**	–	**197.3**	158.7
Other current liabilities	**773.7**	**54.3**	**(6.3)**	**821.7**	893.9
Total liabilities	**1,993.3**	**60.5**	**(6.3)**	**2,047.5**	2,030.1
Other information					
Capital expenditure	**305.9**	**1.0**	**NA**	**306.9**	299.3

33 Acquisition of Subsidiaries and Non-Controlling Interests

(i) D'Crypt Pte Ltd ("DPL")

On 24 January 2018, the Company completed the acquisition of 65% of DPL, a privately-owned company based in Singapore, for a consideration of $57.5 million. DPL is in the business of designing and developing high security assurance products and technology in telecommunication systems, equipment and related products. The acquisition of DPL will enable the Group to improve its capabilities in areas such as cryptographic and digital security, secure info-communication technologies and Internet of Things.

The Company has entered into a put and call option agreement with the existing shareholders of DPL (i.e. non-controlling shareholders upon the Group's acquisition of 65% in DPL) to allow the Company to acquire the remaining 35% equity interest in DPL from them in future based on an agreed formula set out in the agreement.

Since the acquisition date to 31 December 2018, DPL contributed revenue of $25.3 million and profit of $2.5 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimated that there would not be any significant difference to the Group's consolidated revenue and profit for the year.

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(i) D'Crypt Pte Ltd ("DPL") (continued)

Consideration transferred

The acquisition was completed for a cash consideration of $57.5 million.

	2018 $'m
Total purchase consideration	**57.5**
Less: Cash and cash equivalents in subsidiary acquired	**(0.9)**
Net cash outflow on acquisition	**56.6**

Acquisition-related costs

The Group incurred acquisition-related costs of $0.2 million on legal fees and due diligence costs. These costs have been included in other expenses.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	2018 $'m
Property, plant and equipment	4	**4.6**
Intangible assets	5	**38.8**
Net current assets (excluding cash and cash equivalents)		**12.6**
Cash and cash equivalents		**0.9**
Provision for taxation		**(1.6)**
Borrowings		**(1.0)**
Deferred tax liabilities		**(5.6)**
Total identifiable net assets		**48.7**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the respective intangible assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(i) D'Crypt Pte Ltd ("DPL") (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2018 $'m
Total consideration transferred	57.5
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	17.0
Fair value of identifiable net assets	(48.7)
Goodwill	25.8

The goodwill is attributable mainly to the skills and technical talent of DPL's work force, and the synergies expected to be achieved from integrating the company into the Group's existing cyber security capabilities. None of the goodwill recognised is expected to be deductible for tax purposes.

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign")

On 5 September 2018, the Company announced that it had with Leone incorporated Ensign to jointly undertake a cyber security business with end-to-end capabilities.

In connection with the above transaction, Leone contributed Ensign InfoSecurity (Cybersecurity) Pte. Ltd. (formerly known as Quann World Pte. Ltd.) and its subsidiaries (collectively known as "EIC Group"), whilst StarHub contributed its cyber security business and EIS to Ensign in exchange for cash and equity shares in Ensign. The Group's shareholding in Ensign is 40% from the transaction.

Leone has assigned rights, benefits and interests in 20% equity interest in Ensign to the Company for cash consideration of $52 million, resulting in the Group's effective interest in Ensign to increase to 60%.

Arising from the above, the Group has effectively disposed 40% of its cyber security business and EIS, and acquired 60% interest in EIC Group. The transaction was completed on 4 October 2018.

Since the completion date of 4 October 2018 to 31 December 2018, Ensign and its subsidiaries (collectively, the "Ensign Group") contributed revenue of $33.3 million and losses of $3.4 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimated that the Group's consolidated revenue would have increased by $82.9 million, and consolidated profit for the year decreased by $13.9 million. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Acquisition of non-controlling interests in EIS

Immediately prior to the sale of EIS to Ensign, the Group acquired the remaining 19.6% interest in EIS for a cash consideration of $9.8 million, resulting in EIS becoming a wholly-owned subsidiary of the Group. The carrying amount of EIS's net assets in the Group's consolidated financial statements on the date of acquisition was $26.7 million.

	2018 $'m
Carrying amount of NCI acquired ($26.7 million x 19.6%)	5.2
Consideration paid to NCI	(9.8)
Decrease in equity attributable to owners of the Company	(4.6)

The decrease in equity attributable to owners of the Company comprised a decrease in capital reserves of $4.6 million.

Consideration transferred to acquire 60% interest in Ensign Group

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	2018 $'m
Cash consideration for the assigned rights	52.0
Non-cash consideration comprising the Company's cyber security business and equity interest in EIS held by the Group immediately before the acquisition, net of $16 million cash received	104.0
Total consideration transferred	156.0

	$'m
Total purchase consideration	156.0
Add: Consideration paid to acquire remaining 19.6% interest in EIS	9.8
Less: Non-cash consideration	(120.0)
Less: Cash and cash equivalents in subsidiaries acquired	(37.0)
Net cash outflow on acquisition	8.8

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Acquisition-related costs

The Group incurred acquisition-related costs of $0.9 million on legal fees and due diligence costs. These costs have been included in other expenses.

Identifiable assets acquired and liabilities assumed of EIC Group

The following table summarises the recognised provisional amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	2018 $'m
Property, plant and equipment	4	13.4
Intangible assets	5	15.3
Deferred tax assets		1.5
Cash and cash equivalents		37.0
Net current liabilities (excluding cash and cash equivalents)		(38.4)
Provision for taxation		(1.6)
Deferred tax liabilities		(4.0)
Total identifiable net assets		23.2

Fair values measured on a provisional basis

Management is still carrying out the purchase price allocation exercise at the date of this report.

The fair value of intangible assets (customer contracts and relationships) has been determined provisionally pending completion of an independent valuation. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(ii) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Goodwill arising from acquisition of EIC Group

The provisional goodwill arising from the acquisition of EIC Group is as follows:

	2018 $'m
Total consideration transferred	**73.4**
Provisional fair value of identifiable net assets	**(23.2)**
Provisional goodwill	**50.2**

The goodwill is attributable mainly to the skills and technical talent of EIC Group work force, and the synergies expected to be achieved from integrating both companies' existing cyber security capabilities. None of the goodwill recognised is expected to be deductible for tax purposes.

(iii) Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS")

In the prior year, the Group acquired 80.4% interest in EIS.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	2017 $'m
Contingent consideration	4.7
Cash	30.3
Total consideration transferred	35.0

Contingent consideration

An additional contingent consideration not exceeding $4.7 million was agreed to be paid to the non-controlling shareholders of EIS if the acquiree's cumulative net profit before tax for financial years ended 31 March 2017 and 31 March 2018 exceeded an agreed performance target. This amount was fully paid in 2018 (see Note 9.2).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

33 Acquisition of Subsidiaries and Non-Controlling Interests (continued)

(iii) Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") (continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	2017 $'m
Property, plant and equipment	4	1.8
Intangible assets	5	10.0
Net current assets (excluding cash and cash equivalents)		3.0
Cash and cash equivalents		7.7
Provision for taxation		(0.9)
Deferred tax liabilities		(2.0)
Total identifiable net assets		19.6

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2017 $'m
Total consideration transferred	35.0
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	3.8
Fair value of identifiable net assets	(19.6)
Goodwill	19.2

34 Financial Risk Management

Overview
Exposure to credit, liquidity, interest risk, foreign exchange and market risks arises in the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee, who in turn is assisted by the Management Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Management Risk Committee reports to the Risk Committee on a regular basis. The Risk Committee reports to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group from both an operational and execution basis. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to promote a culture of risk management which entails awareness, accountability and ownership in all employees.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates, where appropriate. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in Note 3.6(iii).

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher risk customers.

Counterparty risk arising from cash and cash equivalents and treasury transactions is managed by dealing mainly with high credit quality counterparties, which have a minimum rating of A/A1 based on Standard & Poor or Moody's ratings.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position less collaterals held. Collaterals in the form of cash or bank guarantees are obtained from counterparties where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group actively monitors its liquidity risk and manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, expects to generate sufficient cash flows from its operation, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its multicurrency debt issuance programme to ensure that there are adequate credit facilities which may be utilised when the need arises to meet its working capital requirements.

At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk include cash and short-term deposits, as well as available credit from its multicurrency debt issuance programme. In addition, the Group also reviews compliance with loan covenants.

The following are the remaining contractual undiscounted cash outflows (including interest payments) of financial liabilities:

		Contractual cash flows			
	Carrying amount $m	Total $m	Within 1 year $m	After 1 year but within 5 years $m	After 5 years but within 10 years $m
Group					
2018					
Non-derivative financial liabilities					
Borrowings	(1,028.5)	(1,167.9)	(76.3)	(764.3)	(327.3)
Trade and other payables ^	(516.1)	(517.7)	(483.1)	(34.6)	–
Amounts due to related parties	(57.5)	(57.5)	(57.5)	–	–
	(1,602.1)	(1,743.1)	(616.9)	(798.9)	(327.3)
Derivative financial assets					
Forward exchange contracts used for hedging (gross-settled)	0.1				
- Outflow		(27.1)	(27.1)	–	–
- Inflow		27.2	27.2	–	–
	0.1	0.1	0.1	–	–
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	(0.3)				
- Outflow		(68.3)	(68.3)	–	–
- Inflow		68.0	68.0	–	–
	(0.3)	(0.3)	(0.3)	–	–

34 Financial Risk Management (continued)

Liquidity risk *(continued)*

	Carrying amount $m	Contractual cash flows: Total $m	Within 1 year $m	After 1 year but within 5 years $m	After 5 years but within 10 years $m
Group					
2017					
Non-derivative financial liabilities					
Borrowings	(977.5)	(1,128.9)	(145.0)	(646.6)	(337.3)
Trade and other payables ^	(502.4)	(502.4)	(502.4)	–	–
Amounts due to related parties	(64.8)	(64.8)	(64.8)	–	–
	(1,544.7)	(1,696.1)	(712.2)	(646.6)	(337.3)
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	(12.2)				
- Outflow		(351.8)	(283.7)	(68.1)	–
- Inflow		339.6	273.3	66.3	–
	(12.2)	(12.2)	(10.4)	(1.8)	–
Company					
2018					
Non-derivative financial liabilities					
Borrowings	**(1,027.5)**	**(1,166.8)**	**(76.2)**	**(764.0)**	**(326.6)**
Trade and other payables ^	**(179.7)**	**(179.7)**	**(179.7)**	**-**	**-**
Amounts due to related parties	**(235.8)**	**(235.8)**	**(235.8)**	**-**	**-**
	(1,443.0)	**(1,582.3)**	**(491.7)**	**(764.0)**	**(326.6)**
Derivative financial assets					
Forward exchange contracts used for hedging (gross-settled)	**0.1**				
- Outflow		**(27.1)**	**(27.1)**	**-**	**-**
- Inflow		**27.2**	**27.2**	**-**	**-**
	0.1	**0.1**	**0.1**	**-**	**-**
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	**(0.3)**				
- Outflow		**(68.3)**	**(68.3)**	**-**	**-**
- Inflow		**68.0**	**68.0**	**-**	**-**
	(0.3)	**(0.3)**	**(0.3)**	**-**	**-**
Put and call options, net	**(7.0)**	**(7.0)**	**–**	**(7.0)**	**-**
	(7.3)	**(7.3)**	**(0.3)**	**(7.0)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Liquidity risk *(continued)*

		Contractual cash flows			
	Carrying amount $m	Total $m	Within 1 year $m	After 1 year but within 5 years $m	After 5 years but within 10 years $m
2017					
Non-derivative financial liabilities					
Borrowings	(977.5)	(1,128.9)	(145.0)	(646.6)	(337.3)
Trade and other payables ^	(189.9)	(189.9)	(189.9)	–	–
Amounts due to related parties	(334.3)	(334.3)	(334.3)	–	–
	(1,501.7)	(1,653.1)	(669.2)	(646.6)	(337.3)
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	(12.2)				
- Outflow		(351.8)	(283.7)	(68.1)	–
- Inflow		339.6	273.3	66.3	–
	(12.2)	(12.2)	(10.4)	(1.8)	–

^ *The carrying amount of trade and other payables disclosed in the table excludes deferred income, forward exchange contracts, put and call options, net GST payable and employee benefits.*

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Company's derivative financial instruments on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. Generally, the Group seeks to apply hedge accounting in order to management volatility in profit or loss.

34 Financial Risk Management (continued)

***Market risk** (continued)*

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group adopts a policy of ensuring that at least 50 percent of its exposure to changes in interest rates on bank loans is on a fixed rate basis.

Sensitivity analysis

The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the floating interest rates by 100 basis points, with all other variables remaining constant, does not have a material impact on the Group's and the Company's profit before taxation.

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings, that are denominated in a currency other than the respective functional currencies of the Group entities. The functional currency of the Group entities is the Singapore Dollar. The currency giving rise to this risk is primarily the United States Dollar.

The Group's and the Company's exposures to United States Dollar are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$m	**$m**	**$m**	**$m**
Contract assets	**15.9**	14.2	**4.2**	4.6
Trade and other receivables	**41.6**	32.8	**12.0**	14.5
Cash and cash equivalents	**57.4**	33.0	**48.7**	18.3
Trade and other payables	**(105.3)**	(107.9)	**(46.5)**	(50.8)
	9.6	(27.9)	**18.4**	(13.4)

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk exposure on committed payment obligations. At 31 December 2018, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately $95.5 million (2017: $351.8 million). Certain forward exchange contracts are entered into by the Company on behalf of a subsidiary.

In respect of other monetary liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying foreign currencies at spot rates where necessary to address any shortfalls.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Market risk *(continued)*

Foreign currency risk (continued)

Sensitivity analysis

The Group and Company had assessed that a reasonable change in the exchange rate would not result in a material impact on the Group's and Company's results.

Other market price risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

Sensitivity analysis

The Group and Company had assessed that a reasonable change in the share price would not result in a material impact on the Group's and Company's equity.

Hedge accounting

Cash flow hedges

The Group held the following instruments to hedge exposures to changes in foreign currency.

		Maturity	
	1-6 months	**6-12 months**	**More than one year**
2018			
Foreign currency risk			
Forward exchange contracts			
Net exposure (in millions of SGD)	**0.2**	-	-
Average SGD:USD forward contract rate	**1.3689**	**1.3608**	-
2017			
Foreign currency risk			
Forward exchange contracts			
Net exposure (in millions of SGD)	6.5	3.9	1.8
Average SGD:USD forward contract rate	1.3909	1.3755	1.3622

34 Financial Risk Management (continued)

Hedge accounting (continued)

***Cash flow hedges** (continued)*

The amounts at the reporting date relating to items designated as hedged items are as follows:

Group	Change in value used for calculating hedge ineffective hedge ineffectiveness $m	Cash flow hedge reserve $m	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $m
2018			
Foreign currency risk			
Other receivables, deposits and prepayments	**-**	**(0.1)**	**-**
Trade and other payables	**-**	**0.3**	**-**
	-	**0.2**	**-**
2017			
Foreign currency risk			
Trade and other payables	–	12.2	–

The amounts relating to items designated as hedging instruments are as follows:

Group	2018				During the year - 2018
	Nominal amount $m	Carrying amount - assets $m	Carrying amount - liabilities $m	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $m
Foreign currency risk					
Forward exchange contracts – trade payables	**95.9**	**0.1**	**(0.3)**	**Other receivables, deposits and prepayments, trade and other payables**	11.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Hedge accounting (continued)

***Cash flow hedges** (continued)*

Group	2017				During the year – 2017
	Nominal amount $m	Carrying amount – assets $m	Carrying amount – liabilities $m	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $m
Foreign currency risk					
Forward exchange contracts – trade payables	351.8	–	(12.2)	Trade and other payables	(17.5)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

Group	2018 Hedging reserve $m	2017 Hedging reserve $m
At beginning of the year	**(10.1)**	4.4
Cash flow hedges		
Change in fair value:		
Foreign currency risk – trade payables	**11.9**	(17.5)
Tax on movements on reserves during the year	**(2.0)**	3.0
	(0.2)	(10.1)

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group enters into forward exchange contracts to hedge the foreign currency risk on committed payment obligations.

34 Financial Risk Management (continued)

Master netting or similar agreements (continued)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

Group	Note	Gross amounts of recognised financial instruments $m	Related financial instruments that are not offset $m	Net amount $m
2018				
Financial assets				
Forward exchange contracts used for hedging	**13**	**0.1**	**(0.1)**	**-**
Financial liabilities				
Forward exchange contracts used for hedging	**15**	**0.3**	**(0.1)**	**0.2**

Accounting classification of financial instruments

The carrying amounts of financial instruments are as follows.

	Carrying amount			
	Group		Company	
	2018 $m	2017 $m	2018 $m	2017 $m
Financial assets at amortised cost				
Cash and cash equivalents	**166.0**	345.2	**117.6**	321.1
Trade receivables	**282.8**	201.5	**183.1**	167.7
Other receivables#	**9.4**	10.8	**3.7**	5.4
Amounts due from related parties	**26.5**	32.8	**22.4**	29.5
	484.7	590.3	**326.8**	523.7
Equity investments at FVOCI				
Quoted equity securities	**36.0**	–	**36.0**	–
Available-for-sale financial assets				
Quoted equity securities	-	60.0	-	60.0
Financial liabilities at amortised cost				
Trade and other payables^	**(483.1)**	(502.4)	**(179.7)**	(189.9)
Amounts due to related parties	**(57.5)**	(64.8)	**(235.8)**	(334.3)
Borrowings	**(1,028.5)**	(977.5)	**(1,027.5)**	(977.5)
	(1,569.1)	(1,544.7)	**(1,443.0)**	(1,501.7)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Accounting classification of financial instruments (continued)

	Carrying amount			
	Group		Company	
	2018 $m	2017 $m	2018 $m	2017 $m
Financial liabilities at fair value				
Put liability to acquire non-controlling interests	**(33.0)**	–	**-**	–
Put and Call options, net	**-**	–	**(7.0)**	–
	(33.0)	–	**(7.0)**	–
Fair value hedging instruments				
Forward exchange contracts used for hedging (derivative asset)	**0.1**	–	**0.1**	–
Forward exchange contracts used for hedging (derivative liability)	**(0.3)**	(12.2)	**(0.3)**	(12.2)
	(0.2)	(12.2)	**(0.2)**	(12.2)

The carrying amount of other receivables disclosed in the table excludes prepayments and marked-to-market financial instruments.

^ *The carrying amount of trade and other payables disclosed in the table excludes deferred income, forward exchange contracts, put liability to acquire non-controlling interests, put and call options, net GST payable and employee benefits.*

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

Derivatives

Marked-to-market valuations of the forward exchange contracts are provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Borrowings

The fair values of borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

34 Financial Risk Management (continued)

Estimation of fair values (continued)

Amounts due from related parties (non-current)
Non-current amounts due from related parties approximates their fair values which are calculated using discounted cash flow model based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Equity investments at FVOCI and available-for-sale quoted equity investments
The carrying amounts of equity investments at FVOCI and available-for-sale quoted equity investments approximates its fair value.

Other financial assets and liabilities
The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using the above valuation methods, at reporting date:

Group	Fair value level	2018 $m	2017 $m
Financial assets			
Marked-to-market financial instrument			
- Forward exchange contracts	2	0.1	–
Other investments	1	36.0	60.0
Financial liabilities			
Marked-to-market financial instrument			
- Forward exchange contracts	2	0.3	12.2
Put liability to acquire non-controlling interests	3	33.0	–
Company			
Put and Call options, net	3	7.0	–

There were no transfers between level 1 and 2 in 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

34 Financial Risk Management (continued)

Estimation of fair values (continued)

The following table presents the reconciliation for the put liability to acquire non-controlling interests and put and call options measured at fair value based on unobservable inputs (Level 3):

	Group	Company
	Put liability to acquire non-controlling interest 2018 $m	**Put and call options, net 2018 $m**
Balance at beginning of the year	-	-
Arising from business combination	**42.7**	**13.9**
Fair value change recognised in income statement	-	**(6.9)**
Fair value change recognised in capital reserve	**(9.7)**	-
Balance at end of the year	**33.0**	**7.0**

The fair value of the put liability is estimated based on the present value of expected payments, and the fair value of the put and call options are valued based on the Black Scholes model.

35 Capital Management

The Group regularly reviews its financial position, capital structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns, including the level of dividends, and appropriate strategic positioning.

From time to time, the Group may purchase its own shares on the market; the timing of these purchases depends on market prices. Such share purchases are intended to be used for issuing shares under the StarHub Performance Share Plan and StarHub Restricted Stock Plan programmes. Other than for such specific purposes, the Group does not have a defined share buy-back plan.

The Group manages the use of capital centrally and all borrowings to fund the operations of the subsidiaries are managed by the Company. The capital employed by the Company consists of equity attributable to shareholders, bank borrowings from financial institutions and medium term note issued.

The Group is not subject to any externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

36 Commitments

(a) *Capital and other financial commitments*

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$m	**$m**	**$m**	**$m**
Contracted and not provided for in the financial statements:				
- Capital expenditures	**527.1**	570.8	**93.1**	160.4
- Other operating expenditures	**217.8**	324.6	**–**	–
	744.9	895.4	**93.1**	160.4

As at 31 December 2018, the Group has outstanding capital and other financial commitments with related companies amounting to $11.7 million (2017: $18.5 million), which has been included above.

Included in the capital expenditures contracted by the Company is an amount of approximately $0.2 million (2017: $0.3 million) which has been entered into on behalf of certain of its subsidiaries.

(b) *Operating leases*

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$m	**$m**	**$m**	**$m**
Payable:				
- Within 1 year	**83.8**	80.1	**49.3**	47.8
- Within 2 to 5 years	**128.5**	140.9	**97.8**	101.0
- After 5 years	**139.2**	197.5	**139.1**	197.4
	351.5	418.5	**286.2**	346.2

As at 31 December 2018, the Group has outstanding operating lease commitments with related companies amounting to $229.0 million (2017: $305.6 million), which have been included above.

Included in the operating lease commitments of the Company is $9.3 million (2017: $10.0 million) which was contracted on behalf of a subsidiary.

The operating leases include lease of premises and network infrastructure. The leases have varying terms and renewal rights.

37 Subsequent Events

Dividend declaration

The directors have proposed a final dividend of $0.04 (2017: $0.04) per share, tax exempt (one tier), totalling $69.2 million (2017: $69.2 million) in respect of the financial year ended 31 December 2018. This proposed final tax exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2019.

38 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 15 have affected the Company's financial position, financial performance and cash flows is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 on the Group's and the Company's financial positions as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's income statement and other comprehensive income for the year ended 31 December 2017. There were no material adjustments to the Group's consolidated cash flow statement for the year ended 31 December 2017 arising on the transition to SFRS(I).

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's equity

Consolidated statement of financial position

	Note	31 December 2017 FRS framework $'m	31 December 2017 SFRS(I) 15 $'m	31 December 2017 SFRS(I) framework $'m	1 January 2018 SFRS(I) framework $'m
Non-current assets					
Property, plant and equipment	4	870.1	–	870.1	**870.1**
Intangible assets	5	557.6	–	557.6	**557.6**
Associate	7	23.7	–	23.7	**23.7**
Other investments	8	60.0	–	60.0	**60.0**
Amounts due from related parties	9	7.9	–	7.9	**7.9**
Contract assets	10	–	76.7	76.7	**76.7**
Contract costs	10	–	5.8	5.8	**5.8**
		1,519.3	82.5	1,601.8	**1,601.8**
Current assets					
Inventories	11	71.9	–	71.9	**71.9**
Contract assets	10	–	285.0	285.0	**285.0**
Contract costs	10	–	18.3	18.3	**18.3**
Trade receivables	12	201.5	–	201.5	**201.5**
Other receivables, deposits and prepayments	13	183.5	(96.1)	87.4	**87.4**
Amounts due from related parties	9	30.6	(5.7)	24.9	**24.9**
Cash and cash equivalents	14	345.2	–	345.2	**345.2**
		832.7	201.5	1,034.2	**1,034.2**
Current liabilities					
Contract liabilities	10	–	(78.6)	(78.6)	**(78.6)**
Trade and other payables	15	(736.5)	111.5	(625.0)	**(625.0)**
Amounts due to related parties	9	(64.8)	–	(64.8)	**(64.8)**
Borrowings	16	(120.0)	–	(120.0)	**(120.0)**
Provision for taxation		(71.6)	(53.9)	(125.5)	**(125.5)**
		(992.9)	(21.0)	(1,013.9)	**(1,013.9)**
Net current (liabilities)/assets		(160.2)	180.5	20.3	**20.3**
Non-current liabilities					
Contract liabilities	10	–	(22.4)	(22.4)	**(22.4)**
Trade and other payables	15	(23.3)	22.4	–	**(0.9)**
Borrowings	16	(857.5)	–	(857.5)	**(857.5)**
Deferred tax liabilities	18	(133.4)	(2.0)	(135.4)	**(135.4)**
		(1,014.2)	(2.0)	(1,016.2)	**(1,016.2)**
Net assets		344.9	261.0	605.9	**605.9**
Equity					
Share capital	19	299.7	–	299.7	**299.7**
Perpetual capital securities	20	199.9	–	199.9	**199.9**
Reserves	21	(159.1)	261.0	101.9	**101.9**
Equity attributable to owners of the Company		340.5	261.0	601.5	**601.5**
Non-controlling interests		4.4	–	4.4	**4.4**
Total equity		344.9	261.0	605.9	**605.9**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's equity (continued)

Consolidated statement of financial position *(continued)*

		1 January 2017		
	Note	FRS framework $'m	SFRS(I) 15 $'m	SFRS(I) framework $'m
Non-current assets				
Property, plant and equipment	4	918.0	–	918.0
Intangible assets	5	463.8	–	463.8
Associate	7	25.9	–	25.9
Other investments	8	40.0	–	40.0
Amounts due from related parties	9	7.6	–	7.6
Contract assets	10	–	68.2	68.2
Contract costs	10	–	6.2	6.2
		1,455.3	74.4	1,529.7
Current assets				
Inventories	11	49.6	–	49.6
Contract assets	10	–	279.1	279.1
Contract costs	10	–	17.7	17.7
Trade receivables	12	172.2	–	172.2
Other receivables, deposits and prepayments	13	212.2	(115.4)	96.8
Amounts due from related parties	9	21.8	(3.9)	17.9
Cash and cash equivalents	14	285.2	–	285.2
		741.0	177.5	918.5
Current liabilities				
Contract liabilities	10	–	(94.9)	(94.9)
Trade and other payables	15	(707.9)	130.9	(577.0)
Amounts due to related parties	9	(67.1)	–	(67.1)
Borrowings	16	(10.0)	–	(10.0)
Provision for taxation		(70.5)	(48.2)	(118.7)
		(855.5)	(12.2)	(867.7)
Net current (liabilities)/assets		(114.5)	165.3	50.8
Non-current liabilities				
Contract liabilities	10	–	(21.6)	(21.6)
Trade and other payables	15	(23.0)	21.6	(1.4)
Borrowings	16	(977.5)	–	(977.5)
Deferred tax liabilities	18	(145.4)	(2.6)	(148.0)
		(1,145.9)	(2.6)	(1,148.5)
Net assets		194.9	237.1	432.0
Equity				
Share capital	19	299.7	–	299.7
Reserves	21	(104.8)	237.1	132.3
Total equity		194.9	237.1	432.0

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's income statement

Consolidated Income Statement

	Year ended 31 December 2017		
	FRS framework $'m	**SFRS(I) 15 $'m**	**SFRS(I) framework $'m**
Revenue	2,400.7	10.0	2,410.7
Operating expenses	(2,071.6)	18.9	(2,052.7)
Other income	4.4	–	4.4
Profit from operations	333.5	28.9	362.4
Finance income	3.7	–	3.7
Finance expense	(29.9)	–	(29.9)
Net finance costs	(26.2)	–	(26.2)
Non-operating loss	(0.7)	–	(0.7)
Share of loss of associate, net of tax	(2.2)	–	(2.2)
Profit before taxation	304.4	28.9	333.3
Taxation	(54.8)	(5.0)	(59.8)
Profit for the year	249.6	23.9	273.5
Profit attributable to:			
Owners of the Company	249.0	23.9	272.9
Non-controlling interests	0.6	–	0.6
Profit for the year	249.6	23.9	273.5

* *Under the transition methods chosen, comparative information has not been restated except for separately presenting loss allowances on trade receivables and contract assets to conform to SFRS(I) presentation requirements for the purpose of this note.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Group's total comprehensive income

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2017		
	FRS framework $'m	**SFRS(I) 15 $'m**	**SFRS(I) framework $'m**
Profit for the year	249.6	23.9	273.5
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets, net of taxation	5.6	–	5.6
Foreign currency translation differences	0.1	–	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	(14.5)	–	(14.5)
Other comprehensive loss for the year, net of taxation	(8.8)	–	(8.8)
Total comprehensive income for the year	240.8	23.9	264.7
Total comprehensive income attributable to:			
Owners of the Company	240.2	23.9	264.1
Non-controlling interests	0.6	–	0.6
Total comprehensive income for the year	240.8	23.9	264.7

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Company's equity

Statement of financial position for the Company

		31 December 2017			
	Note	FRS framework $'m	SFRS(I) 1 $'m	SFRS(I) 15 $'m	SFRS(I) framework $'m
Non-current assets					
Property, plant and equipment	4	425.2	–	–	425.2
Intangible assets	5	92.3	–	–	92.3
Subsidiaries	6	2,507.8	604.3	–	3,112.1
Associate	7	27.8	–	–	27.8
Other investments	8	60.0	–	–	60.0
Amounts due from related parties	9	7.9	–	–	7.9
Contract assets	10	–	–	1.0	1.0
Contract costs	10	–	–	0.4	0.4
		3,121.0	604.3	1.4	3,726.7
Current assets					
Inventories	11	0.7	–	–	0.7
Contract assets	10	–	–	18.4	18.4
Contract costs	10	–	–	1.6	1.6
Trade receivables	12	167.7	–	–	167.7
Other receivables, deposits and prepayments	13	47.2	–	(16.4)	30.8
Amounts due from related parties	9	24.8	–	(3.2)	21.6
Cash and cash equivalents	14	321.1	–	–	321.1
		561.5	–	0.4	561.9
Current liabilities					
Contract liabilities	10	–	–	(21.0)	(21.0)
Trade and other payables	15	(334.2)	–	21.1	(313.1)
Amounts due to related parties	9	(334.3)	–	–	(334.3)
Borrowings	16	(120.0)	–	–	(120.0)
Provision for taxation		(20.7)	–	(0.3)	(21.0)
		(809.2)	–	(0.2)	(809.4)
Net current (liabilities)/assets		(247.7)	–	0.2	(247.5)
Non-current liabilities					
Contract liabilities	10	–	–	(22.5)	(22.5)
Trade and other payables	15	(23.4)	–	22.5	(0.9)
Borrowings	16	(857.5)	–	–	(857.5)
Deferred tax liabilities	18	(73.9)	–	–	(73.9)
		(954.8)	–	–	(954.8)
Net assets		1,918.5	604.3	1.6	2,524.4
Equity					
Share capital	19	299.7	–	–	299.7
Perpetual capital securities	20	199.9	–	–	199.9
Reserves	21	1,418.9	604.3	1.6	2,024.8
Total equity		1,918.5	604.3	1.6	2,524.4

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Summary of quantitative impact (continued)

Reconciliation of the Company's equity (continued)

Statement of financial position for the Company *(continued)*

		1 January 2017			
	Note	FRS framework $'m	SFRS(I) 1 $'m	SFRS(I) 15 $'m	SFRS(I) framework $'m
Non-current assets					
Property, plant and equipment	4	431.0	–	–	431.0
Intangible assets	5	78.3	–	–	78.3
Subsidiaries	6	2,472.8	604.3	–	3,077.1
Associate	7	27.8	–	–	27.8
Other investments	8	40.0	–	–	40.0
Amounts due from related parties	9	7.6	–	–	7.6
Contract costs	10	–	–	0.8	0.8
		3,057.5	604.3	0.8	3,662.6
Current assets					
Inventories	11	0.7	–	–	0.7
Contract assets	10	–	–	12.0	12.0
Contract costs	10	–	–	2.1	2.1
Trade receivables	12	141.7	–	–	141.7
Other receivables, deposits and prepayments	13	43.6	–	(8.0)	35.6
Amounts due from related parties	9	19.4	–	(0.2)	19.2
Cash and cash equivalents	14	236.0	–	–	236.0
		441.4	–	5.9	447.3
Current liabilities					
Contract liabilities	10	–	–	(21.1)	(21.1)
Trade and other payables	15	(309.4)	–	21.3	(288.1)
Amounts due to related parties	9	(356.5)	–	(4.0)	(360.5)
Borrowings	16	(10.0)	–	–	(10.0)
Provision for taxation		(15.4)	–	(0.6)	(16.0)
		(691.3)	–	(4.4)	(695.7)
Net current (liabilities)/assets		(249.9)	–	1.5	(248.4)
Non-current liabilities					
Contract liabilities	10	–	–	(21.6)	(21.6)
Trade and other payables	15	(23.0)	–	21.6	(1.4)
Borrowings	16	(977.5)	–	–	(977.5)
Deferred tax liabilities	18	(73.5)	–	–	(73.5)
		(1,074.0)	–	–	(1,074.0)
Net assets		1,733.6	604.3	2.3	2,340.2
Equity					
Share capital	19	299.7	–	–	299.7
Reserves	21	1,433.9	604.3	2.3	2,040.5
Total equity		1,733.6	604.3	2.3	2,340.2

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations

A. SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Other than as disclosed below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Fair value as deemed cost for investments in subsidiaries at the Company level

The Group elected the optional exemption in SFRS(I) 1 to measure the cost of investments in certain subsidiaries held by the Company at the date of transition to SFRS(I) at fair value and used that fair value as its deemed cost in its SFRS(I) financial statements.

The Group, through its "Hubbing" strategy, operates and delivers its Mobile, Pay TV, Broadband and Enterprise Fixed services on an operationally integrated network, customer service, sales, marketing and administration support. However, due to passage of time, the cost of investment in the subsidiaries held by the Company was not reflective of the real business value of the respective subsidiaries. As such, the Group considered that the election of fair value at the date of transition as its deemed cost would result in more relevant financial information. The fair value of certain subsidiaries was determined by the income approach. As such, the carrying amount of cost of investment in subsidiaries and retained profits of the Company increased by $604.3 million as at 1 January 2017 and 31 December 2017.

(ii) Merger/capital reserve

The Company elected to transfer the merger/capital reserve arising from the acquisition of StarHub Cable Vision Ltd ("SCV") in 2002 to retained profits. As such, retained profits of the Company increased by $276.5 million with a corresponding decrease in merger/capital reserve.

B. SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

The Group has applied the following practical expedients as allowed under SFRS(I) 1.

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.
- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information.
- For contracts modified before 1 January 2017, the Group has reflected the aggregate effect for all modifications that occurred before 1 January 2017 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

B. SFRS(I) 15 (continued)

The impact upon the adoption of SFRS(I) 15 are described below.

(i) Bundled products and services

Under SFRS(I) 15, revenue will be allocated to the individual elements within bundled products and services based on their relative SSP at contract inception.

(ii) Variable consideration

Certain contracts with customers include variable considerations like right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Under SFRS(I) 15, such provisions will be estimated at contract inception and every reporting period and adjusted against revenue.

(iii) Material right

Under SFRS(I) 15, options to acquire additional goods or services represent separate performance obligations if they provide the customer a material right that the customer would not otherwise receive. In these cases, revenue from the contract is deferred and recognised when future goods and services are transferred or when the option expires. The transaction price is allocated to performance obligations (including the option) based on relative SSP.

(iv) Contract modification

Changes in scope or price (or both) of a contract that is approved by parties to the contract are contract modifications. SFRS(I) 15 prescribes the treatments of contract modifications depending on the attributes of the modification and the remaining goods and/or services.

(v) Contract cost

SFRS(I) 15 requires the incremental costs of obtaining a contract to be recognised as an asset if the entity expects to recover those costs. Those incremental costs are limited to the costs that the entity would not have incurred if the contract had not been successfully obtained. A practical expedient is available, allowing the incremental costs of obtaining a contract to be expensed if the associated amortisation period would be 12 months or less.

Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

(a) 'Managed services contract in progress' classified as 'Other receivables' of $7.7 million as at 31 December 2017 and $Nil as at 1 January 2017 were reclassified to 'Contract assets'.

(b) 'Customer loyalty credits' and 'Customer advances' classified as 'Unearned revenue' of $133.9 million as at 31 December 2017 and $152.5 million as at 1 January 2017 were reclassified to 'Contract Assets' and 'Contract Liabilities'.

(c) 'Unbilled revenue' classified as 'other receivables' of $88.4 million as at 31 December 2017 and $115.4 million as at 1 January 2017 were reclassified to 'Contract Assets'.

(d) 'Amounts due from related parties' of $5.7 million as at 31 December 2017 and $3.9 million as at 1 January 2017 were reclassified to 'Contract Assets'.

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

C. SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018:
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding; and
  - The designation of an equity investment that is not held-for-trading as FVOCI.

- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 December 2017 met the criteria for hedging accounting under SFRS(I) 9 at 1 January 2018 and therefore were regarded as continuing hedging relationships.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – equity instrument or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.6.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

C. SFRS(I) 9 (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

				1 January 2018	
Group	**Note**	**Original classification under FRS 39**	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39 $'m**	**New carrying amount under SFRS(I) 9 $'m**
Financial assets					
Other investments, including derivatives					
Equity investments	*(a)*	*Available-for-sale*	FVOCI – equity instrument	**60.0**	**60.0**
				60.0	**60.0**
Trade receivables	*(b)*	*Loans and receivables*	Amortised cost	**201.5**	**201.5**
Other receivables	*(b)*	*Loans and receivables*	Amortised cost	**10.8**	**10.8**
Amounts due from related parties	*(b)*	*Loans and receivables*	Amortised cost	**32.8**	**32.8**
Cash and cash equivalents	*(b)*	*Loans and receivables*	Amortised cost	**345.2**	**345.2**
Total financial assets				**650.3**	**650.3**

				1 January 2018	
Company	**Note**	**Original classification under FRS 39**	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39 $'m**	**New carrying amount under SFRS(I) 9 $'m**
Financial assets					
Other investments, including derivatives					
Equity investments	*(a)*	*Available-for-sale*	FVOCI-equity instrument	**60.0**	**60.0**
				60.0	**60.0**
Trade receivables	*(b)*	*Loans and receivables*	Amortised cost	**167.7**	**167.7**
Other receivables	*(b)*	*Loans and receivables*	Amortised cost	**5.4**	**5.4**
Amounts due from related parties	*(b)*	*Loans and receivables*	Amortised cost	**29.5**	**29.5**
Cash and cash equivalents	*(b)*	*Loans and receivables*	Amortised cost	**321.1**	**321.1**
Total financial assets				**583.7**	**583.7**

(a) These equity investments represent investments that the Group and the Company intend to hold for the long term for strategic purposes. The Group and the Company have designated these investments at 1 January 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to remeasurement of these investments will never be reclassified to profit or loss.

(b) Trade and other receivables, amounts due from related parties and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There were no adjustments on transition to SFRS(I) 9 as the impact was not material.

38 Explanation of transition to SFRS(I) and adoption of new standards (continued)

Notes to the reconciliations (continued)

C. SFRS(I) 9 (continued)

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

Loss allowances on other financial assets are presented under 'finance costs', similar to the presentation under FRS 39, and not presented separately in the income statement due to materiality considerations.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Company measure the loss allowance is described in Note 3.7.

(iii) Hedge accounting

The Group adopted the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings, receivables, sales and inventory purchases. The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Group applies hedge accounting under SFRS(I) 9, see Note 3.6(iii).

(iv) Transition impact on equity

The application of SFRS(I) 9 general hedge accounting and ECL loss allowance model requirements at 1 January 2018 did not result in any adjustment or additional/reduction in loss allowances as the impact was not material.

39 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier applications is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning on or after 1 January 2019:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Year ended 31 December 2018

39 New standards and interpretations not yet adopted (continued)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

SFRS(I) 16 - *Leases*

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group's financial statements is described below.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The nature of expenses related to those lease will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation change for ROU assets and interest expense on lease liabilities.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) INT 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*; SFRS(I) 15 *Operating Leases-Incentives*; and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

<u>Potential impact on the financial statements</u>

The Group will adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The ROU assets recognised at the date of initial application shall comprise of lease prepayments and the present value of future lease payments at that date.

The potential impact from adoption of SFRS(I) 16 are as follows:

- Operating lease expense is expected to decrease;
- Depreciation and finance expenses are expected to increase; and
- Total assets and total liabilities are expected to increase.

Accordingly, subject to application of practical expedients, lease components of existing lease contracts that are effective on 1 January 2019 will be accounted for as leases under SFRS(I) 16.

The Group is still in the process of assessing the impact on the financial statements.

APPENDIX III

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF STARHUB LTD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The information in this Appendix III has been extracted and reproduced from the audited financial statements of StarHub Ltd and its subsidiaries for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2019.

FINANCIAL STATEMENTS 2019

FINANCIAL CONTENTS

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 158 to 252 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance and the cash flows of the Group, and changes in equity of the Group and of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors in office at the date of this statement are as follows:

Steven Terrell Clontz	(Chairman)
Ma Kah Woh	
Nihal Vijaya Devadas Kaviratne CBE	
Teo Ek Tor	
Stephen Geoffrey Miller	
Michelle Lee Guthrie	
Nayantara Bali	
Ng Shin Ein	
Lionel Yeo Hung Tong	(Appointed on 10 January 2019)
Lim Ming Seong	
Nasser Marafih	
Naoki Wakai	

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants, share options and share awards in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
Ordinary shares		
Steven Terrell Clontz	143,600	199,300

DIRECTORS' INTERESTS (continued)

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
Ordinary shares		
Ma Kah Woh	117,680	145,780
Nihal Vijaya Devadas Kaviratne CBE	114,400	45,000
Teo Ek Tor	206,038	232,238
Stephen Geoffrey Miller	22,700	57,000
Michelle Lee Guthrie	4,900	32,200
Nayantara Bali	–	8,500
Ng Shin Ein	–	4,500
Lim Ming Seong	277,736	308,036
Nasser Marafih	94,930	118,230
Related Corporations		
CapitaLand Limited		
Ordinary Shares		
Ma Kah Woh	7,539	7,539
Olam International Limited		
Euro Medium Term Note Programme		
Nihal Vijaya Devadas Kaviratne CBE	US$200,000[(1)]	US$200,000[(1)]
Singapore Technologies Engineering Ltd		
Ordinary Shares		
Lim Ming Seong	8,336	8,336
Singapore Technologies Telemedia Pte Ltd		
Debentures		
Stephen Geoffrey Miller	–	S$250,000[(2)]
Singapore Telecommunications Limited		
Ordinary Shares		
Ma Kah Woh	380	380
Lionel Yeo Hung Tong	750	750

DIRECTORS' INTERESTS (continued)

Names of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations		
TeleChoice International Limited		
Ordinary Shares		
Stephen Geoffrey Miller	79,000	161,000
Lim Ming Seong	60,000	60,000

(1) US$200,000 of the US$300,000,000 in principal amount of 4.5% fixed rate notes due 2020 under Olam International Limited's Euro Medium Term Note Programme.

(2) 5% Subordinated Perpetual Securities under Singapore Technologies Telemedia Pte Ltd's S$2,000,000,000 Multicurrency Debt Issuance Programme.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share awards of the Company, or of its related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed under the "Share-based Payments" section of this statement, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE-BASED PAYMENTS

The Company has in place the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, "StarHub Share Plans 2014", and each, "StarHub PSP 2014" and "StarHub RSP 2014" respectively). The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting of the Company held on 14 April 2014.

The StarHub Share Plans 2014 are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising five directors, namely Teo Ek Tor, Stephen Geoffrey Miller, Michelle Lee Guthrie, Lionel Yeo Hung Tong and Lim Ming Seong.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company ("Parent Company") for purposes of the Plans.

SHARE-BASED PAYMENTS (continued)

StarHub Share Plans 2014

(i) The StarHub Share Plans were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.

(ii) The following persons were/shall be eligible to participate in the StarHub Share Plans, respectively at the absolute discretion of the ERCC:

(1) employees (including executive directors) and non-executive directors of the Group;

(2) employees (including executive directors) and non-executive directors of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as an employee of the Group for the purposes of the StarHub Share Plans; and

(3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

(iii) Under the StarHub PSP 2014, awards of shares are granted on an annual basis, conditional on targets set for a performance period, currently prescribed to be a three-year period. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives.

Awards are released once the ERCC is satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period.

Since the commencement of the StarHub PSP 2014 to the financial year ended 31 December 2019, conditional awards aggregating 4,934,500 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2016, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

For share awards granted during and from the financial year ended 31 December 2017 to financial year ended 31 December 2018, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) Returns on Invested Capital ("ROIC"), and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

For share awards granted during and after the financial year ended 31 December 2019, no share awards will be delivered if the performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded. The performance targets benchmark (a) Absolute TSR against Cost of Equity hurdles (i.e. measure of Wealth added), and (b) the Relative TSR against selected peers from the MSCI Asia Pacific Telecommunications Index, and (c) Transformation Key Performance Indicators reflective of the strategic growth objectives of StarHub.

SHARE-BASED PAYMENTS (continued)

StarHub Share Plans 2014 (continued)

Details of share awards granted under the StarHub PSP 2014 are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub PSP 2014 to 31 December 2019	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2019
StarHub PSP 2014				
Key executives	2,030,000	4,934,500	–	3,114,020

(iv) Under the StarHub RSP 2014, awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related, after a further period of service beyond the performance period (performance-based restricted awards).

No minimum vesting periods are prescribed under the StarHub RSP 2014 and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the StarHub PSP 2014 in that an extended vesting period is imposed beyond the performance period.

The performance-based restricted awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets. The actual number of shares to be released depends on the level of attainment of the performance targets over the performance period.

For performance-based restricted awards granted prior to and during financial year ended 31 December 2016, the performance targets used were measured against the ROIC and the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA").

For performance-based restricted awards granted during and from financial year ended 31 December 2017 to financial year ended 31 December 2018, the performance targets used were aligned to the overall strategic financial and operational goals of the Group.

For performance-based restricted awards granted during and from financial year ended 31 December 2019 onwards, the performance targets used are measured against the ROIC.

Since the commencement of the StarHub RSP 2014 to the financial year ended 31 December 2019:

(1) performance-based restricted awards aggregating 12,074,000 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2016, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award, will be delivered if the stretch performance targets are met or exceeded. For share awards granted during and after the financial year ended 31 December 2017, no shares will be delivered if the threshold performance target are not achieved, while up to the number of shares that are the subject of the award will be delivered if the stretch performance targets are met or exceeded;

(2) restricted awards aggregating 941,800 shares have been granted to non-executive directors of the Company as part of their directors' remuneration, and were vested immediately upon grant;

SHARE-BASED PAYMENTS (continued)

(3) a time-based restricted award of 32,500 shares has been granted on 8 July 2015. The shares under this award were vested in two equal tranches over a 2-year period from 8 July 2015 to 7 July 2017 according to a specified vesting schedule;

(4) a time-based restricted award of 240,000 shares has been granted on 20 May 2016. The shares under this award were vested in two equal tranches over a period from 20 May 2016 to 7 July 2017 according to a specified vesting schedule;

(5) a time-based restricted award of 592,590 shares has been granted on 15 March 2017. The shares under this award were vested in two equal tranches over a period from 15 March 2017 to 15 January 2018;

(6) a time-based restricted award of 400,000 shares has been granted on 6 April 2017. The shares under this award will vest in three tranches over a 3-year period from 13 April 2018 to 15 April 2020; and

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

Details of share awards granted under the StarHub RSP 2014 are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub RSP 2014 to 31 December 2019	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2019
StarHub RSP 2014				
Non-executive directors:				
Steven Terrell Clontz	55,700	159,200	55,700	–
Ma Kah Woh	28,100	67,200	28,100	–
Nihal Vijaya Devadas Kaviratne CBE	37,000	121,900	37,000	–
Teo Ek Tor	26,200	101,600	26,200	–
Stephen Geoffrey Miller	34,300	57,000	34,300	–
Michelle Lee Guthrie	27,300	32,200	27,300	–
Nayantara Bali	8,500	8,500	8,500	–
Ng Shin Ein	4,500	4,500	4,500	–
Lim Ming Seong	30,300	109,800	30,300	–
Nasser Marafih	23,300	75,200	23,300	–
Key employees	2,948,500	13,457,790	1,551,888	1,236,787

During the financial year, a total of 1,856,188 treasury shares were transferred pursuant to the StarHub Share Plans 2014.

As at 31 December 2019, no participant has been granted and/or received shares pursuant to the release of awards granted under the StarHub Share Plans 2014, which, in aggregate, represents 5% or more of the aggregate of:

(a) the total number of new shares available under the StarHub Share Plans 2014 collectively; and

(b) the total number of existing shares delivered pursuant to awards released under the StarHub Share Plans 2014 collectively.

AUDIT COMMITTEE

The members of the Audit Committee as at the date of this statement are as follows:

Ma Kah Woh, independent non-executive director (Chairman)
Nihal Vijaya Devadas Kaviratne CBE, lead independent non-executive director
Ng Shin Ein, independent non-executive director
Lim Ming Seong, non-executive director

The Audit Committee has held four meetings since the last directors' statement. In performing its functions in accordance with Section 201B of the Singapore Companies Act, Chapter 50, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee has also reviewed the following:

(1) assistance provided by the Company's officers to the internal and external auditors;

(2) financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

(3) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and its subsidiaries and the Company's compliance with the review procedures of such transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied that the independence, objectivity and effectiveness of the external auditors are not compromised as a result thereof and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Steven Terrell Clontz
Director

Ma Kah Woh
Director

Singapore
6 March 2020

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
STARHUB LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of StarHub Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 158 to 252.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition ($2,330.6 million)
(Refer to note 3.11 'Significant accounting policies' and note 24 'Revenue')

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

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

Acquisition of Ensign InfoSecurity Pte. Ltd. and its subsidiaries[1] ("Ensign Group") – Purchase Price Allocation
(Refer to note 3.1 'Significant accounting policies' and note 34 'Acquisitions and disposal of Subsidiaries')

The key audit matter	*How the matter was addressed in our audit*
In 2018, the Group acquired 60% interest in Ensign Group (comprising 40% interest and 20% assigned rights from Leone Investments Pte Ltd). Management engaged external specialists to perform the purchase price allocation, and fair value the identified assets and liabilities of Ensign Group. There is judgement and inherent uncertainty involved in the identification and valuation of these assets and liabilities. The exercise was completed in 2019, with adjustments of $31.4 million made to the provisional fair values of the identified assets and liabilities of Ensign Group.	We considered the objectivity, independence and competency of external specialists, and the scope of their engagement. We discussed with management, the external specialists and the component auditors on the purchase price allocation exercise, to understand their basis of identifying and valuing the identified assets and liabilities. We reviewed the component auditors' assessment of the methodologies and reasonableness of key assumptions used in deriving the allocated values. We considered the appropriateness of the disclosures for the acquisition in the financial statements. We reviewed the nature and basis of the adjustments made on finalisation of the purchase price allocation exercise.

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

We found the valuation methodology used to be in line with generally accepted market practices and management's key assumptions and estimates applied to be supportable.

Following the finalisation of the purchase price allocation, the adjustments made to the fair values of identified assets and liabilities of Ensign Group are appropriate. These adjustments have been applied retrospectively and are explained in Note 34.

We found the disclosures of the acquisition to be appropriate.

1: Audited by Deloitte & Touche LLP ("Deloitte")

Disposal of D'Crypt Pte Ltd ("DPL")
(Refer to note 3.1 'Significant accounting policies' and note 34 'Acquisitions and disposal of Subsidiaries')

The key audit matter	*How the matter was addressed in our audit*
In 2019, the Company and DPL's Non-Controlling Interest ("NCI"), have entered into a sale and purchase agreement with Keele Investments Pte. Ltd. ("Keele") to sell each's respective equity interest in DPL. The aggregate consideration of this transaction is $133.6 million ($100 million of cash consideration, $6.2 million of deferred consideration and up to $27.4 million of contingent consideration). Ensign has also acquired 100% effective interest in Keele through the rights associated with the subscription of Keele's preference shares for $100 million consideration. This resulted in the dilution of the Group's effective shareholding interest in DPL from 65% to 60%. Pursuant to the above, the Company and DPL's NCI have also terminated the put and call option agreement ("PCOA") that was entered into in the prior year, which gave the Company rights to acquire the remaining 35% equity interest in DPL from NCI through exercise of the put.	We examined the terms and conditions of the sale and purchase agreement and enquired with key management personnel to understand the nature of the transaction. We reviewed the accounting treatment for the transaction, including derecognition of the put liability and the recognition and classification of the deferred and contingent consideration. We assessed the effective interest arising from the rights associated with Ensign's preference shares in Keele by reviewing the terms and conditions of the subscription shareholders' agreement. We tested the computation of the impact on dilution recognised by the Group and the Company. We also considered the appropriateness of the disclosures in the financial statements.

Findings
We found the accounting treatment of the transaction, including the derecognition of the put liability and recognition and classification of the deferred and contingent consideration to be appropriate.

We found that the Group continues to retain control over DPL through Ensign's rights from the subscribed preference shares in Keele.

The dilution of interest in DPL from 65% to 60% is accounted for as a transaction with equity holders at the Group level with the impact on dilution recognised in equity. At the Company level, the impact on disposal is recognised in the income statement.

We found the disclosures of the disposal to be appropriate.

Impairment assessment of goodwill ($346.9 million) and investments in subsidiaries ($3,256.0 million)
(Refer to note 3.7 (ii) 'Significant accounting policies', note 5 'Intangible assets' and note 7 'Subsidiaries')

The key audit matter	*How the matter was addressed in our audit*
Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. Investment in subsidiaries is subject to impairment test when there are indicators of impairment. At 31 December 2019, the Group's balance sheet includes goodwill amounting to $346.8 million, predominately allocated to three cash-generating units ("CGUs") – fixed, mobile, Pay TV and broadband operations ("Telco") CGU, D'Crypt Pte Ltd ("DPL") CGU and Ensign InfoSecurity Pte. Ltd. ("Ensign") CGU (see Note 5). At 31 December 2019, the Company's balance sheet includes investments in subsidiaries of $3,256 million. The impairment assessment of investments in subsidiaries is performed at the CGU level. The Group and the Company performed an impairment assessment for each of the CGUs by estimating its recoverable amounts. The recoverable amounts of each CGU has been derived using its discounted cash flow forecast. The recoverable amount for each of the CGUs is determined to be in excess of the carrying amounts of the CGU and no impairment loss is determined to be required. A CGU is the smallest unit of assets that generate cash inflows that are largely independent of the cash inflow from other group of assets. The identification of a CGU involves judgement. Forecasting future cash flow is a highly judgemental process which involves making assumptions on revenue growth rates, margins, operating expense and discount rates.	We evaluated the appropriateness of CGU identified by management based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group and the Company. We assessed management's process of setting budgets on which the cash flow forecasts are based. We assessed key assumptions used in the cash flow projections by comparing them against historical performance, future business plans and external market reports. We independently derived applicable discount rates from comparable companies and compared these with those used by management. We performed sensitivity analyses, focusing on plausible changes in the key assumptions or discount rates, and analysed the impact to the carrying amount. We considered the appropriateness of the disclosures in the financial statements.

Findings

We found the identification of CGUs to be based on reasonable basis.

We found that the assumptions and resulting estimates used in determining recoverable amounts to be within acceptable range.

We found the Group's disclosure in notes to the financial statements to be appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Report other than the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we have obtained prior to the date of this auditors' report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 $m	(Restated) 2018 $m	2019 $m	2018 $m
Non-current assets					
Property, plant and equipment	4	**820.3**	893.2	**421.0**	465.1
Intangible assets	5	**672.3**	688.0	**108.8**	102.1
Right-of-use assets	6	**150.0**	–	**116.7**	–
Subsidiaries	7	**–**	–	**3,256.0**	3,304.4
Associate	8	**22.1**	22.7	**27.8**	27.8
Other investments	9	**34.3**	36.0	**34.3**	36.0
Amounts due from related parties	10	**8.5**	8.2	**8.5**	8.2
Contract assets	11	**77.6**	67.4	**0.6**	0.1
Contract costs	11	**7.0**	5.7	**0.4**	0.5
Deferred tax assets	20	**–**	1.5	**–**	–
		1,792.1	1,722.7	**3,974.1**	3,944.2
Current assets					
Inventories	12	**98.3**	75.2	**5.5**	0.6
Contract assets	11	**334.1**	269.6	**27.5**	18.7
Contract costs	11	**32.5**	24.7	**1.5**	1.4
Trade receivables	13	**248.7**	282.8	**198.0**	183.1
Other receivables, deposits and prepayments	14	**88.7**	94.2	**33.1**	33.9
Amounts due from related parties	10	**21.9**	18.3	**15.4**	14.2
Cash and cash equivalents	15	**117.6**	166.0	**74.5**	117.6
		941.8	930.8	**355.5**	369.5
Current liabilities					
Contract liabilities	11	**(69.4)**	(70.2)	**(18.1)**	(23.4)
Trade and other payables	16	**(539.5)**	(594.8)	**(308.7)**	(270.5)
Amounts due to related parties	10	**(41.1)**	(57.5)	**(151.0)**	(235.8)
Borrowings	17	**(407.6)**	(50.1)	**(407.5)**	(50.0)
Lease liabilities	18	**(26.6)**	–	**(15.8)**	–
Provision for taxation		**(92.1)**	(119.5)	**(26.0)**	(23.7)
		(1,176.3)	(892.1)	**(927.1)**	(603.4)
Net current (liabilities)/assets		**(234.5)**	38.7	**(571.6)**	(233.9)
Non-current liabilities					
Contract liabilities	11	**(36.2)**	(32.5)	**(36.2)**	(32.5)
Trade and other payables	16	**(50.2)**	(33.3)	**(10.9)**	(7.3)
Borrowings	17	**(640.8)**	(978.4)	**(640.0)**	(977.5)
Lease liabilities	18	**(128.9)**	–	**(100.4)**	–
Deferred tax liabilities	20	**(121.4)**	(129.2)	**(70.6)**	(75.6)
		(977.5)	(1,173.4)	**(858.1)**	(1,092.9)
Net assets		**580.1**	588.0	**2,544.4**	2,617.4
Equity					
Share capital	21	**299.7**	299.7	**299.7**	299.7
Reserves	22	**18.5**	8.4	**2,044.8**	2,117.8
Perpetual capital securities	23	**199.9**	199.9	**199.9**	199.9
Equity attributable to owners and perpetual capital securities holders		**518.1**	508.0	**2,544.4**	2,617.4
Non-controlling interests		**62.0**	80.0	**–**	–
Total equity		**580.1**	588.0	**2,544.4**	2,617.4

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 $m	Group 2018 $m
Revenue	24	**2,330.6**	2,362.0
Operating expenses	25	**(2,085.8)**	(2,089.7)
Other income	26	**11.0**	1.2
Profit from operations		**255.8**	273.5
Finance income	27	**1.6**	3.2
Finance expense	27	**(38.3)**	(30.2)
Net finance costs		**(36.7)**	(27.0)
Share of loss of associate, net of tax	8	**(0.5)**	(1.0)
Profit before taxation		**218.6**	245.5
Taxation	28	**(40.0)**	(44.9)
Profit for the year		**178.6**	200.6
Profit attributable to:			
Owners of the Company		**186.3**	201.7
Non-controlling interests		**(7.7)**	(1.1)
Profit for the year		**178.6**	200.6
Earnings per share (in cents)			
- Basic	29	**10.3**	11.2
- Diluted	29	**10.3**	11.2
EBITDA	30	**617.0**	567.3

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Group	
	2019 **$m**	**2018** **$m**
Profit for the year	**178.6**	200.6
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity investments at fair value through other comprehensive income ("FVOCI"), net of taxation	**(1.7)**	(24.0)
	(1.7)	(24.0)
Items that are or may be reclassified subsequently to profit or loss:		
Share of other comprehensive loss of associate	**(0.1)**	–
Foreign currency translation differences	**0.1**	(0.1)
Effective portion of changes in fair value of cash flow hedges, net of taxation	**(1.9)**	9.9
	(1.9)	9.8
Other comprehensive loss for the year, net of taxation	**(3.6)**	(14.2)
Total comprehensive income for the year	**175.0**	186.4
Total comprehensive income attributable to:		
Owners of the Company	**182.7**	187.5
Non-controlling interests	**(7.7)**	(1.1)
Total comprehensive income for the year	**175.0**	186.4

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

Group	Share capital $m	Treasury shares $m	Capital reserve $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Perpetual capital securities $m	Non-controlling interests $m	Total equity $m
At 1 January 2019 as previously reported	299.7	(3.0)	21.7	(276.3)	8.7	(5.9)	(0.2)	1.3	282.2	28.5	199.9	59.9	588.0
Adjustment to opening balance (Note 34)	–	–	(20.1)	–	–	–	–	–	–	(20.1)	–	20.1	–
At 1 January 2019 as restated	299.7	(3.0)	1.6	(276.3)	8.7	(5.9)	(0.2)	1.3	282.2	8.4	199.9	80.0	588.0
Total comprehensive income for the year													
Profit for the year	–	–	–	–	–	–	–	–	186.3	186.3	–	(7.7)	178.6
Other comprehensive (loss)/income													
Net change in fair value of equity investments at FVOCI, net of taxation	–	–	–	–	–	(1.7)	–	–	–	(1.7)	–	–	(1.7)
Share of other comprehensive loss of associate	–	–	–	–	–	–	(0.1)	–	–	(0.1)	–	–	(0.1)
Foreign currency translation differences	–	–	–	–	–	–	–	0.1	–	0.1	–	–	0.1
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	–	(1.9)	–	–	(1.9)	–	–	(1.9)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(1.7)	(2.0)	0.1	186.3	182.7	–	(7.7)	175.0
Transactions with equity holders of the Company, recognised directly in equity													
Contributions by and distributions to equity holders of the Company													
Accrued perpetual capital securities distribution	–	–	–	–	–	–	–	–	(7.9)	(7.9)	7.9	–	–
Perpetual capital securities distribution paid	–	–	–	–	–	–	–	–	1.3	1.3	(7.9)	–	(6.6)
Purchase of treasury shares	–	(1.5)	–	–	–	–	–	–	–	(1.5)	–	–	(1.5)
Issue of shares pursuant to share plans	–	4.4	–	–	(4.4)	–	–	–	–	–	–	–	–
Share-based payment expenses	–	–	–	–	3.8	–	–	–	–	3.8	–	–	3.8
Dividends paid (Note 32)	–	–	–	–	–	–	–	–	(186.1)	(186.1)	–	–	(186.1)
Total contributions by and distributions to equity holders of the Company	–	2.9	–	–	(0.6)	–	–	–	(192.7)	(190.4)	–	–	(190.4)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (continued)

YEAR ENDED 31 DECEMBER 2019

Group	Share capital $m	Treasury shares $m	Capital reserve $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Perpetual capital securities $m	Non-controlling interests $m	Total equity $m
Changes in ownership interests in subsidiaries													
Net effect from business combinations (Note 34)	–	–	(15.2)	–	–	–	–	–	–	(15.2)	–	(10.3)	(25.5)
Net changes in fair value of put liability to acquire non-controlling interests	–	–	(1.0)	–	–	–	–	–	–	(1.0)	–	–	(1.0)
Derecognition of put liability to acquire non-controlling interests (Note 34)	–	–	34.0	–	–	–	–	–	–	34.0	–	–	34.0
Total changes in ownership interests in subsidiaries	–	–	17.8	–	–	–	–	–	–	17.8	–	(10.3)	7.5
Total transactions with equity holders of the Company	–	2.9	17.8	–	(0.6)	–	–	–	(192.7)	(172.6)	–	(10.3)	(182.9)
At 31 December 2019	299.7	(0.1)	19.4	(276.3)	8.1	(7.6)	(2.2)	1.4	275.8	18.5	199.9	62.0	580.1

The accompanying notes form an integral part of these financial statements.

Group	Share capital $m	Treasury shares $m	Capital reserve $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Perpetual capital securities $m	Non-controlling interests $m	Total equity $m
At 1 January 2018	299.7	(8.2)	–	(276.3)	13.0	18.1	(10.1)	1.4	364.0	101.9	199.9	4.4	605.9
Total comprehensive income for the year													
Profit for the year	–	–	–	–	–	–	–	–	201.7	201.7	–	(1.1)	200.6
Other comprehensive (loss)/income													
Net change in fair value of equity investments at FVOCI, net of taxation	–	–	–	–	–	(24.0)	–	–	–	(24.0)	–	–	(24.0)
Foreign currency translation differences	–	–	–	–	–	–	–	(0.1)	–	(0.1)	–	–	(0.1)
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	–	9.9	–	–	9.9	–	–	9.9
Total comprehensive (loss)/income for the year	–	–	–	–	–	(24.0)	9.9	(0.1)	201.7	187.5	–	(1.1)	186.4
Transactions with equity holders of the Company, recognised directly in equity													
Contributions by and distributions to equity holders of the Company													
Accrued perpetual capital securities distribution	–	–	–	–	–	–	–	–	(7.9)	(7.9)	7.9	–	–
Perpetual capital securities distribution paid	–	–	–	–	–	–	–	–	1.3	1.3	(7.9)	–	(6.6)
Issue of shares pursuant to share plans	–	5.2	–	–	(5.1)	–	–	–	–	0.1	–	–	0.1
Share-based payment expenses	–	–	–	–	1.0	–	–	–	–	1.0	–	–	1.0
Tax impact on transfer of treasury shares	–	–	–	–	(0.2)	–	–	–	–	(0.2)	–	–	(0.2)
Dividends paid (Note 32)	–	–	–	–	–	–	–	–	(276.9)	(276.9)	–	–	(276.9)
Total contributions by and distributions to equity holders of the Company	–	5.2	–	–	(4.3)	–	–	–	(283.5)	(282.6)	–	–	(282.6)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (continued)

YEAR ENDED 31 DECEMBER 2019

Group	Share capital $m	Treasury shares $m	Capital reserve $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Perpetual capital securities $m	Non-controlling interests $m	Total equity $m
Changes in ownership interests in subsidiaries													
Net effect from business combinations (Restated) (Note 34)	–	–	34.6	–	–	–	–	–	–	34.6	–	76.7	111.3
Put liability to acquire non-controlling interests	–	–	(42.7)	–	–	–	–	–	–	(42.7)	–	–	(42.7)
Net changes in fair value of put liability to acquire non-controlling interests	–	–	9.7	–	–	–	–	–	–	9.7	–	–	9.7
Total changes in ownership interests in subsidiaries	–	–	1.6	–	–	–	–	–	–	1.6	–	76.7	78.3
Total transactions with equity holders of the Company	–	5.2	1.6	–	(4.3)	–	–	–	(283.5)	(281.0)	–	76.7	(204.3)
At 31 December 2018	299.7	(3.0)	1.6	(276.3)	8.7	(5.9)	(0.2)	1.3	282.2	8.4	199.9	80.0	588.0

The accompanying notes form an integral part of these financial statements.

Company	Share capital $m	Treasury shares $m	Share-based payments reserve $m	Fair value reserve $m	Retained profits $m	Total reserves $m	Perpetual capital securities $m	Total equity $m
At 1 January 2019	**299.7**	**(3.0)**	**8.7**	**(5.9)**	**2,118.0**	**2,117.8**	**199.9**	**2,617.4**
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**–**	**119.1**	**119.1**	**–**	**119.1**
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	**–**	**–**	**–**	**(1.7)**	**–**	**(1.7)**	**–**	**(1.7)**
Total comprehensive income for the year	**–**	**–**	**–**	**(1.7)**	**119.1**	**117.4**	**–**	**117.4**
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Accrued perpetual securities distribution	**–**	**–**	**–**	**–**	**(7.9)**	**(7.9)**	**7.9**	**–**
Perpetual securities distribution paid	**–**	**–**	**–**	**–**	**1.3**	**1.3**	**(7.9)**	**(6.6)**
Purchase of treasury shares	**–**	**(1.5)**	**–**	**–**	**–**	**(1.5)**	**–**	**(1.5)**
Issue of shares pursuant to share plans	**–**	**4.4**	**(4.4)**	**–**	**–**	**–**	**–**	**–**
Share-based payment expenses	**–**	**–**	**3.8**	**–**	**–**	**3.8**	**–**	**3.8**
Dividends paid (Note 32)	**–**	**–**	**–**	**–**	**(186.1)**	**(186.1)**	**–**	**(186.1)**
Total transactions with equity holders of the Company	**–**	**2.9**	**(0.6)**	**–**	**(192.7)**	**(190.4)**	**–**	**(190.4)**
At 31 December 2019	**299.7**	**(0.1)**	**8.1**	**(7.6)**	**2,044.4**	**2,044.8**	**199.9**	**2,544.4**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (continued)

YEAR ENDED 31 DECEMBER 2019

Company	Share capital $m	Treasury shares $m	Share-based payments reserve $m	Fair value reserve $m	Retained profits $m	Total reserves $m	Perpetual capital securities $m	Total equity $m
At 1 January 2018	299.7	(8.2)	13.0	18.1	2,001.9	2,024.8	199.9	2,524.4
Total comprehensive income for the year								
Profit for the year	–	–	–	–	399.6	399.6	–	399.6
Other comprehensive income								
Net change in fair value of equity investments at FVOCI, net of taxation	–	–	–	(24.0)	–	(24.0)	–	(24.0)
Total comprehensive income for the year	–	–	–	(24.0)	399.6	375.6	–	375.6
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Accrued perpetual securities distribution	–	–	–	–	(7.9)	(7.9)	7.9	–
Perpetual securities distribution paid	–	–	–	–	1.3	1.3	(7.9)	(6.6)
Issue of shares pursuant to share plans	–	5.2	(5.1)	–	–	0.1	–	0.1
Share-based payment expenses	–	–	1.0	–	–	1.0	–	1.0
Tax impact on transfer of treasury shares	–	–	(0.2)	–	–	(0.2)	–	(0.2)
Dividends paid (Note 32)	–	–	–	–	(276.9)	(276.9)	–	(276.9)
Total transactions with equity holders of the Company	–	5.2	(4.3)	–	(283.5)	(282.6)	–	(282.6)
At 31 December 2018	299.7	(3.0)	8.7	(5.9)	2,118.0	2,117.8	199.9	2,617.4

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2019

	2019 $m	2018 $m
Cash flow from operating activities		
Profit before taxation	**218.6**	245.5
Adjustments for:		
Depreciation and amortisation	**361.2**	291.2
Income related grants	**(1.9)**	(1.1)
Share-based payments	**3.8**	1.0
Net finance costs	**36.7**	27.0
Loss on disposal of plant and equipment and intangible assets	**1.8**	0.2
Share of loss of associate, net of tax	**0.5**	1.0
Others	**–**	3.5
	620.7	568.3
Changes in:		
Inventories	**(18.2)**	(2.0)
Contract assets	**(74.7)**	32.2
Contract costs	**(9.2)**	1.2
Trade receivables	**34.1**	(67.3)
Other receivables, deposits and prepayments	**(5.6)**	1.8
Contract liabilities	**2.9**	1.4
Trade and other payables	**(10.0)**	(68.2)
Amounts due from related parties	**(3.6)**	31.7
Amounts due to related parties	**(16.4)**	(12.2)
Cash generated from operations	**520.0**	486.9
Income tax paid	**(71.9)**	(68.6)
Net cash from operating activities	**448.1**	418.3
Cash flow from investing activities		
Interest received	**1.2**	3.1
Proceeds from disposal of property, plant and equipment and intangible assets	**0.4**	0.4
Purchase of property, plant and equipment and intangible assets	**(229.5)**	(272.8)
Acquisition of subsidiary, net of cash acquired (Note 34)	**–**	(65.4)
Proceeds from dilution of interest in a subsidiary (Note 34)	**5.0**	–
Net cash used in investing activities	**(222.9)**	(334.7)
Cash flow from financing activities		
Payment of lease liabilities	**(61.1)**	–
Grants received	**0.7**	2.0
Proceeds from bank loans	**70.0**	50.0
Repayment of bank loans	**(50.0)**	–
Dividend paid to owners of the Company	**(186.1)**	(276.9)
Purchase of treasury shares	**(1.5)**	–
Perpetual capital securities distribution paid	**(7.9)**	(7.9)
Interest paid	**(37.8)**	(30.6)
Net cash used in financing activities	**(273.7)**	(263.4)
Net change in cash and cash equivalents	**(48.5)**	(179.8)
Cash and cash equivalents at beginning of year	**165.4**	345.2
Cash and cash equivalents at end of year (Note 15)	**116.9**	165.4

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 in accordance with a resolution of the Board of Directors of StarHub Ltd on 6 March 2020.

1 DOMICILE AND ACTIVITIES

StarHub Ltd ("StarHub" or the "Company") is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together the "Group" and individually as "Group entities"), and the Group's interest in its equity-accounted investee.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 3.15 and Note 39.

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis, except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Group's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements in the application of accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported income and expenses during the financial year. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the application of the Group's accounting policies, which are described in Note 3, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Measurement of recoverable amounts relating to goodwill impairment

  The carrying value of the Group's goodwill is assessed for impairment annually or more frequently if there are indications that the goodwill might be impaired. The impairment assessment requires an estimation of the value-in-use of the cash generating unit ("CGU") to which the goodwill is allocated.

  Assessing the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and applying an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations (see Note 5).

- Measurement of impairment losses on investments in subsidiaries

  The carrying values of investments in subsidiaries are reviewed for impairment whenever there is any indication that the investment is impaired. This determination requires significant judgement. The Group's fixed, mobile, Pay TV and broadband operations are integrated and considered as one CGU. The impairment assessment is performed on the same CGU determined for purposes of assessing impairment of goodwill (see Note 5).

- Measurement of expected credit loss ("ECL") allowance for trade and other receivables and contract assets

  The Group estimates the ECL allowance on trade receivables, amounts due from related parties and contract assets by applying a provision matrix, incorporating both historical default rates and forward-looking statements. The Group has a policy to provide allowance for receivable balances on specific individual balances and on its receivables portfolio collectively. If financial conditions of the debtors were to deteriorate, actual write-offs would be higher than that estimated.

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting estimates and judgements (continued)

- Revenue recognition – Determining the transaction price, stand-alone selling price ("SSP") and the amounts allocated to performance obligations

  Determining the transaction price requires the Group to make judgments and estimates on variable considerations in the contract. Management estimates the amount of variable consideration based on historical, current and forecasted information using most likely or expected value method. Determination of the variable consideration is subjective as the Group has a practice of offering a broad range of price concessions and the fact that variable consideration is highly susceptible to factors outside the Group's influence. Changes in customer's expectation and Group's intent, as well as the method used in quantifying the amount of variable consideration may affect the amount of revenue recognised in the Group's income statements in the future.

  Transaction price is allocated in proportion to the estimated SSP for each performance obligation at the inception of the contract. Therefore, management estimates the SSP of each performance obligation, especially those goods or services that are not regularly offered separately to customers. The Group establishes SSP using observable price or in case observable price is not available, the estimated cost plus a reasonable margin for each identified performance obligation. If both observable price or cost plus method is not available, SSP is determined based on residual method. Change or absence of SSP of a performance obligation affects the amount of consideration allocated to each performance obligation. Variable considerations are allocated solely to the service component of the contract since they relate specifically to the effort to satisfy the service performance obligation.

  The Group operates loyalty programmes that provide various discounts on future goods or services. A portion of revenue is allocated to these discounts and deferred until they are redeemed or expire. The deferment of revenue is estimated based on historical redemption rates and values, adjusted for any anticipated changes in future periods. As actual redemption rates may differ, the estimates are reviewed and adjusted where necessary in each reporting period when determining the amount of revenue to be deferred.

- Adequacy of accruals

  Assessing the adequacy of accruals made at the reporting date requires the Group to make judgements in determining the level of accruals needed for costs that span the year end where settlement has not been fully and finally made. Due to the complexities in the telecommunication industry, agreement on amounts payable to suppliers may take a significant amount of time. The Group determines the sufficiency of these accruals based on historical trend of observable claims and actual costs. Actual payments may differ from these estimates when the final settlements are reached between the parties.

- Acquisition of subsidiaries (see Note 34)

  - determination of fair value of consideration transferred (including contingent consideration, if any); and
  - determination of fair value of the assets acquired and liabilities assumed.

  Management has engaged external firms of specialists to perform the purchase price allocation, including valuation of the identified assets and liabilities. There is judgement and inherent uncertainty involved in the identification and valuation of these assets and liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 39, which addresses changes in accounting policies.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the date of acquisition, which is the date when control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date at fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(iii) Acquisition from entities under common control

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the date of acquisition.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value on the date that control is lost.

(v) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associates is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income statement and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(viii) Put and call options with non-controlling interest

When an entity within the Group writes a put option with the non-controlling shareholders as part of the acquisition of a subsidiary for settlement in cash or in another financial asset, a put liability is recognised for the present value of the exercise price of the option. This creates an obligation or potential obligation for the entity to purchase its subsidiary's equity instruments (constitutes the Group's own equity in the consolidated financial statements) for cash or another financial asset.

When the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests, the Group has chosen an accounting policy in which the non-controlling shareholders continue to be recognised. Therefore, the present value of the option is recognised in equity. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recognised within equity.

If the put option expires unexercised or is cancelled, then the charge to equity will be reversed and the financial liability will be derecognised. If the put option is exercised, then the charge to equity will be reversed and the financial liability will be derecognised and acquisition accounting will be applied.

At the Company level, the put and call options are accounted for as embedded derivatives.

3.2 Foreign currencies

(i) Foreign currencies transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the income statement, except for the differences arising on the translation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the dates of the transactions.

Foreign currency translation differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign subsidiary is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign subsidiary is transferred to the income statement as an adjustment to profit or loss arising on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, and when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the assets and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate item (major components) of property, plant and equipment.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

(ii) Subsequent costs

Subsequent expenditure relating to existing property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately.

Depreciation is recognised as an expense in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment as follows:

Leasehold buildings	-	30 years to 57 years
Leasehold improvements	-	Shorter of lease term or 5 years
Network equipment and infrastructure	-	2 years to 15 years
Office equipment, computers and furniture and fittings	-	2 years to 5 years
Motor vehicles	-	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting date.

No depreciation is provided on freehold property or in respect of property, plant and equipment under construction.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill at the acquisition date represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in Note 3.7(ii).

Goodwill that has previously been taken to the reserves is not taken to the income statement when the business is disposed of or the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to the income statement when the business is disposed.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

As part of the transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from previous FRS framework as at the date of transition.

(ii) Telecommunications and spectrum licences

Telecommunications and spectrum licences costs incurred are measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over the period of the licence, being 10 years to 21 years, commencing from the effective date of the licence.

(iii) Computer software

Computer software comprises software purchased from third parties, and also the cost of internally developed software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 2 years to 5 years.

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Intangible assets (continued)

(iv) Deferred development costs

Deferred development activities involve a plan or design for the production of new or substantially improved products and processes. Deferred development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the income statement as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over 7 to 20 years.

(v) Customer contracts and relationships

Customer contracts and relationships are acquired in business combinations and carried at fair value at the date of acquisition, and amortised to the income statement using either the straight-line method over the estimated useful lives of 3 to 15 years, or when there is a high correlation with the revenue and margin to be generated, based on units of production method.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Gross amounts due for contract work

Gross amounts due for contract work represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities.

Gross amounts due for contract work are presented as part of contract assets in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, the difference is presented as part of contract liabilities in the statement of financial position.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments

Non-derivative financial instruments

(i) Recognition and initial measurement

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables (including amounts due from related parties), cash and bank balances, trade and other payables (including amounts due to related parties), lease liabilities and borrowings.

Cash and cash equivalents comprise cash balances, deposits with financial institutions with maturities of three months or less, and bank overdrafts. For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. On disposal of a financial asset, the difference between the sale proceeds and the carrying amount is recognised in the income statement. Any amount in the fair value reserve relating to that asset is reclassified to the income statement. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as subsequently measured at amortised cost, equity investments at FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The determination of classification at initial recognition and subsequent measurement into each of the measurement categories are as described below.

(a) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by loss allowances. Interest income, foreign exchange gains and losses and loss allowances are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(b) Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the income statement. On de-recognition, cumulative gains and losses recognised in other comprehensive income are transferred to retained profits.

(c) Financial assets at FVTPL

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, to be measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the income statement.

Non-derivative financial liabilities

(a) Trade and other payables

Trade and other payables (including amounts due to related parties, excluding deferred income, marked-to-market financial instruments, put liability to acquire non-controlling interests, put and call options, net GST payable and employee benefits) are carried at amortised cost using the effective interest method.

(b) Borrowings

Borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transactions costs) and the settlement or redemption of borrowings is recognised in the income statement over the period of the borrowings.

(c) Lease liabilities

Lease liabilities are carried at amortised cost using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(iii) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement, when the derivative is designated as a cashflow hedge.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the income statement in the same period or periods as the hedged expected future cash flows affect the income statement.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(v) Perpetual Capital Securities

The Group's perpetual securities do not have a maturity date, and the Company is able to elect to defer making a distribution subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual capital securities issue. The perpetual securities are presented within equity. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders. Costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

3.7 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost, and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets and contract assets (continued)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all financial assets and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates or credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7(ii). An impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or its CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level within the Group at which goodwill is monitored for internal reporting purposes.

Impairment losses recognised in the income statement in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of units) and then, to reduce the carrying amount of other assets in the CGU (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the income statement.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Employee benefits

(i) Share-based payment

Performance Share Plans and Restricted Stock Plans

The Performance Share Plans and the Restricted Stock Plans are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity.

(ii) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement in the periods during which related service are rendered by employees.

(iii) Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iv) Other long-term benefits

Long-term employee benefit obligations are measured on performance conditions over a period of three years.

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added ("EVA") for its management personnel executives. An EVA bank is used to hold incentive compensation credited in any year. Typically, one-third of the accumulated EVA-based bonus, comprising the EVA declared in the financial year and the balance of such bonus brought forward from preceding years is paid out in cash each year, with the balance being carried forward to the following year. The balances of the EVA bank in future will be adjusted by the yearly EVA performance of the Group and the payouts made from the EVA bank.

3.9 Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as contract liability until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

3.10 Provisions

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Revenue recognition

Revenue comprises fees earned from telecommunications services, managed services, system integration and solution projects, broadband access, Pay TV, related advertising space and sales of equipment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

Revenue is recognised in the income statement as follows:

- Revenue from bundled products and services is recognised either at a point in time or over time based on the SSP allocated to the individual elements of the bundled products at contract inception. Invoices are issued on a monthly basis and are payable within 14 days.

- Revenue from telecommunications, broadband and Pay TV services and advertising space is recognised over time when such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as contract liability. Invoices for telecommunications, broadband and Pay TV services are issued on a monthly basis and are payable within 14 days. Invoices for advertising space are issued when services have been performed and are payable within 30 days.

- Revenue from managed services, system integration and solution projects are recognised based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, multiplied by the total estimated contract revenue. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment which is due within 14 to 30 days. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than one year.

- Revenue from sales of pre-paid phone cards for which services have not been rendered is deferred and presented in the statement of financial position as contract liability. Revenue is recognised over time upon usage of the pre-paid phone cards and upon expiry, any unutilised value of the cards is taken to the income statement. Payment is due when the cards are delivered to customers.

- Revenue from sales of equipment is recognised at a point in time when control of the equipment has been transferred, being at the point of delivery and acceptance of the equipment sold. Delivery occurs when the goods have been shipped to the customer's specified location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer. Payment is due when the equipment is delivered to customers.

Any difference between the revenue recognised in relation to the satisfied performance obligation and the amount of consideration received or receivable is presented either as contract asset or contract liability. Contract asset represents the Group's right to consideration, excluding any amount presented as trade receivable, in exchange for the goods or services transferred to customers. Contract liability, on the other hand represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Revenue recognition (continued)

Variable consideration

Certain contracts with customers include variable considerations like right of return, trade discounts or rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and certain rebates. Under SFRS(I) 15, such provisions will be estimated at contract inception and at every reporting period, adjusted against revenue.

Material right

Under SFRS(I) 15, options to acquire additional goods or services represent separate performance obligations if they provide the customer a material right that the customer would not otherwise receive. In these cases, revenue from the contract is deferred and recognised when future goods and services are transferred or when the option expires. The transaction price is allocated to performance obligations (including the option) based on relative SSP.

Contract modification

Changes in scope or price (or both) of a contract that is approved by parties to the contract are contract modifications. SFRS(I) 15 prescribes the treatments of contract modifications depending on the attributes of the modification and the remaining goods and/or services.

Contract cost

SFRS(I) 15 requires the incremental costs of obtaining or fulfilling a contract to be recognised as an asset if the entity expects to recover those costs. Those incremental costs are limited to the costs that the entity would not have incurred if the contract had not been successfully obtained. The Group has applied the practical expedient, where the incremental costs of obtaining a contract is expensed if the associated amortisation period is 12 months or less.

3.12 Finance income and costs

Finance income comprises interest income on bank deposits and amount due from associate. Interest income is recognised using the effective interest method.

Finance costs comprise interest expense and similar charges. They are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3.13 Government grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the income statement on a straight-line basis over the estimated useful lives of the related assets, so as to match the related depreciation expense.

Government grants received, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the periods necessary to match the related cost which they are intended to compensate.

Other government grants are recognised in the income statement when there is reasonable assurance that the Company has complied with the attached conditions and the amount will be received.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Marketing and promotions

Advertising and promotion expenses are recognised in the income statement when incurred.

3.15 Operating leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group capitalises only the consideration attributable to lease components.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Operating leases (continued)

Policy applicable from 1 January 2019 (continued)

As a lessee (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise an extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases - Policy applicable before 1 January 2019

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS (I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences relating to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 Dividends

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividends to the Company's shareholders are recognised in the financial year in which the dividends are approved by the shareholders.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Segment reporting

Segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The Group operates primarily in Singapore and delivers its Mobile, Pay TV, Broadband, Enterprise Fixed revenue and equipment sales on an operationally integrated network and is also involved in the provision of cybersecurity services.

Based on the financial information regularly reviewed by the CODM, the Group has three operating and two reporting segments. Where there are changes to the reportable segments, segment information for the comparative period is restated, as disclosed in Note 33.

3.19 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

4 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property $m	Leasehold buildings $m	Leasehold improvements $m	Network equipment and infrastructure $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost								
At 1 January 2018	1.7	10.3	46.9	3,342.8	190.2	7.9	39.9	3,639.7
Acquisitions through business combination	–	4.2	2.0	0.1	9.7	–	2.0	18.0
Additions	–	30.8	0.7	1.2	11.3	0.9	215.6	260.5
Transfers	–	–	0.7	176.5	1.5	–	(178.7)	–
Disposals/Write-offs	–	–	(1.8)	(132.8)	(1.4)	(0.7)	–	(136.7)
At 31 December 2018	1.7	45.3	48.5	3,387.8	211.3	8.1	78.8	3,781.5
At 1 January 2019	**1.7**	**45.3**	**48.5**	**3,387.8**	**211.3**	**8.1**	**78.8**	**3,781.5**
Additions	**–**	**0.6**	**7.8**	**3.0**	**14.1**	**0.9**	**166.6**	**193.0**
Transfers	**–**	**–**	**1.9**	**142.9**	**4.9**	**0.3**	**(150.0)**	**–**
Disposals/Write-offs	**–**	**–**	**(2.8)**	**(410.3)**	**(7.1)**	**(1.0)**	**–**	**(421.2)**
Reclassified to right-of-use assets, inventory and intangible assets	**–**	**–**	**(5.2)**	**(17.7)**	**(0.4)**	**–**	**–**	**(23.3)**
At 31 December 2019	**1.7**	**45.9**	**50.2**	**3,105.7**	**222.8**	**8.3**	**95.4**	**3,530.0**
Accumulated depreciation and impairment losses								
At 1 January 2018	–	2.6	39.3	2,568.4	153.4	5.9	–	2,769.6
Charge for the year	–	1.1	2.9	207.7	16.1	0.6	–	228.4
Impairment loss	–	–	–	2.6	–	–	–	2.6
Disposals/Write-offs	–	–	(1.8)	(108.4)	(1.4)	(0.7)	–	(112.3)
At 31 December 2018	–	3.7	40.4	2,670.3	168.1	5.8	–	2,888.3
At 1 January 2019	**–**	**3.7**	**40.4**	**2,670.3**	**168.1**	**5.8**	**–**	**2,888.3**
Charge for the year	**–**	**1.3**	**4.2**	**196.4**	**28.4**	**0.7**	**–**	**231.0**
Disposals/Write-offs	**–**	**–**	**(2.6)**	**(384.8)**	**(5.5)**	**(0.9)**	**–**	**(393.8)**
Reclassified to right-of-use assets, inventory and intangible assets	**–**	**–**	**(4.4)**	**(11.0)**	**(0.4)**	**–**	**–**	**(15.8)**
At 31 December 2019	**–**	**5.0**	**37.6**	**2,470.9**	**190.6**	**5.6**	**–**	**2,709.7**
Carrying amount								
At 1 January 2018	1.7	7.7	7.6	774.4	36.8	2.0	39.9	870.1
At 31 December 2018	1.7	41.6	8.1	717.5	43.2	2.3	78.8	893.2
At 31 December 2019	**1.7**	**40.9**	**12.6**	**634.8**	**32.2**	**2.7**	**95.4**	**820.3**

Staff costs capitalised in construction in progress for the Group during the year amounted to $2.7 million (2018: $3.5 million).

Non-cash transaction

The Group has entered into an asset swap arrangement with a vendor to exchange certain of its network equipment. Assets obtained were recorded at a value of $25.3 million (2018: $24.4 million) which approximated the carrying amounts of the assets that were swapped out.

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold buildings $m	Leasehold improvements $m	Network equipment and infrastructure $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost							
At 1 January 2018	10.2	41.1	1,411.6	134.6	2.2	14.5	1,614.2
Additions	30.8	0.7	–	4.5	0.3	96.4	132.7
Transfers	–	0.9	75.1	–	–	(76.0)	–
Disposals/Write-offs	–	(0.1)	(15.8)	(2.5)	(0.1)	(1.0)	(19.5)
At 31 December 2018	41.0	42.6	1,470.9	136.6	2.4	33.9	1,727.4
At 1 January 2019	**41.0**	**42.6**	**1,470.9**	**136.6**	**2.4**	**33.9**	**1,727.4**
Additions	**0.7**	**0.3**	**–**	**4.3**	**0.9**	**51.3**	**57.5**
Transfers	**–**	**0.3**	**62.4**	**–**	**–**	**(62.7)**	**–**
Reclassification to right-of-use assets and inventory	**–**	**(4.4)**	**(12.9)**	**–**	**–**	**–**	**(17.3)**
Disposals/Write-offs	**–**	**–**	**(8.2)**	**(2.3)**	**(0.3)**	**–**	**(10.8)**
At 31 December 2019	**41.7**	**38.8**	**1,512.2**	**138.6**	**3.0**	**22.5**	**1,756.8**
Accumulated depreciation and impairment losses							
At 1 January 2018	2.6	34.5	1,037.2	112.8	1.9	–	1,189.0
Charge for the year	1.0	2.6	75.2	8.6	0.1	–	87.5
Impairment loss	–	–	2.6	–	–	–	2.6
Disposals/Write-offs	–	–	(15.4)	(1.3)	(0.1)	–	(16.8)
At 31 December 2018	3.6	37.1	1,099.6	120.1	1.9	–	1,262.3
At 1 January 2019	**3.6**	**37.1**	**1,099.6**	**120.1**	**1.9**	**–**	**1,262.3**
Charge for the year	**1.2**	**2.2**	**76.5**	**15.1**	**0.2**	**–**	**95.2**
Reclassification to right-of-use assets and inventory	**–**	**(4.4)**	**(6.9)**	**–**	**–**	**–**	**(11.3)**
Disposals/Write-offs	**–**	**–**	**(7.9)**	**(2.2)**	**(0.3)**	**–**	**(10.4)**
At 31 December 2019	**4.8**	**34.9**	**1,161.3**	**133.0**	**1.8**	**–**	**1,335.8**
Carrying amount							
At 1 January 2018	7.6	6.6	374.4	21.8	0.3	14.5	425.2
At 31 December 2018	37.4	5.5	371.3	16.5	0.5	33.9	465.1
At 31 December 2019	**36.9**	**3.9**	**350.9**	**5.6**	**1.2**	**22.5**	**421.0**

5 INTANGIBLE ASSETS

Group	Telecom-munications and spectrum licences $m	Computer software and deferred development $m	Software in development $m	Goodwill (Restated) $m	Customer contracts and relationships (Restated) $m	Total $m
Cost						
At 1 January 2018	305.4	584.6	24.7	239.5	10.0	1,164.2
Acquisitions through business combination (Note 34)	–	5.4	–	107.4	35.3	148.1
Additions	–	–	46.5	–	–	46.5
Transfers	–	43.5	(43.5)	–	–	–
Disposals/Write-offs	–	(2.0)	(0.4)	–	–	(2.4)
At 31 December 2018	305.4	631.5	27.3	346.9	45.3	1,356.4
At 1 January 2019	**305.4**	**631.5**	**27.3**	**346.9**	**45.3**	**1,356.4**
Additions	**–**	**2.6**	**46.4**	**–**	**–**	**49.0**
Transfers	**–**	**46.3**	**(46.3)**	**–**	**–**	**–**
Reclassified from plant and equipment	**–**	**0.3**	**–**	**–**	**–**	**0.3**
Disposals/Write-offs	**–**	**(0.3)**	**–**	**–**	**–**	**(0.3)**
At 31 December 2019	**305.4**	**680.4**	**27.4**	**346.9**	**45.3**	**1,405.4**
Accumulated amortisation						
At 1 January 2018	103.7	502.0	–	–	0.9	606.6
Charge for the year	19.5	36.7	–	–	7.6	63.8
Disposals/Write-offs	–	(2.0)	–	–	–	(2.0)
At 31 December 2018	123.2	536.7	–	–	8.5	668.4
At 1 January 2019	**123.2**	**536.7**	**–**	**–**	**8.5**	**668.4**
Charge for the year	**19.4**	**39.4**	**–**	**–**	**5.6**	**64.4**
Reclassified from plant and equipment	**–**	**0.3**	**–**	**–**	**–**	**0.3**
At 31 December 2019	**142.6**	**576.4**	**–**	**–**	**14.1**	**733.1**
Carrying amount						
At 1 January 2018	201.7	82.6	24.7	239.5	9.1	557.6
At 31 December 2018 (Restated)	182.2	94.8	27.3	346.9	36.8	688.0
At 31 December 2019	**162.8**	**104.0**	**27.4**	**346.9**	**31.2**	**672.3**

Staff costs capitalised in software in development for the Group and Company during the year amounted to $0.1 million (2018: $1.3 million).

5 INTANGIBLE ASSETS (continued)

Impairment testing for CGUs containing goodwill

The following represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.

- The Group, through its "Hubbing" strategy, operates and delivers its Mobile, Pay TV, Broadband and Enterprise Fixed services on an operationally integrated network, customer service, sales, marketing and administration support. Accordingly, the Group's integrated fixed, mobile, Pay TV and broadband operations is considered one CGU ("Telco CGU").

- In September 2018, the Company entered into an agreement with Leone Investments Pte. Ltd. ("Leone") to incorporate Ensign InfoSecurity Pte. Ltd. ("Ensign") for purposes of undertaking a cybersecurity business with end-to-end capabilities (see Note 34(i) for details of the transaction). The Group's cybersecurity segment (the "Ensign Group") is assessed to be a separate CGU.

- In September 2019, StarHub Ltd divested of its interest in its subsidiary D'Crypt Pte Ltd ("DPL"). Subsequent to the divestment, StarHub continued to exercise control over DPL through its subsidiary, Ensign. As DPL was not fully integrated into Ensign's operations as at year-end and generates independent cash inflows, DPL is a separate CGU on its own. See Note 34(ii) for details of the transaction.

The carrying amount of the Group's goodwill as at 31 December 2019 were assessed for impairment during the financial year and attributed to the respective CGUs.

Group	2019 $m	(Restated) 2018 $m
Carrying amount of goodwill from acquisition of:		
- StarHub Cable Vision Ltd ("SCV") - Telco CGU	**220.3**	220.3
- DPL	**25.8**	25.8
- Ensign Group (includes goodwill arising from acquisition of controlling interest in Ensign InfoSecurity (System) Pte. Ltd. in 2017)	**100.8**	100.8
	346.9	346.9

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management. The Group has used cash flow projections of five years. Cash flows beyond the fifth year are extrapolated using the forecast long-term growth rates.

5 **INTANGIBLE ASSETS** (continued)

Impairment testing for CGUs containing goodwill *(continued)*

Key assumptions used in the estimation of value-in-use were as follows:

- The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") calculated using the Capital Asset Pricing Model ("CAPM").

	Pre-tax discount rate	
	2019	**2018**
- Telco CGU	**5.9%**	6.9%
- DPL	**14.1%**	14.1%
- Ensign Group	**10.8%**	10.3%

- The terminal growth rates used is Nil%.

- Growth rates and EBITDA margins take into consideration competitive pressures in the industry.

As at 31 December 2018 and 2019, no impairment charge was required for the carrying amount of goodwill as the recoverable amounts were in excess of their carrying amount. For Telco CGU and DPL CGU, a reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying amount.

For the Ensign CGU, the following table shows the amount by which key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount 2019 %
Ensign Group	
Revenue growth rate	**(6.2)**
EBITDA margin	**(2.8)**

5 INTANGIBLE ASSETS (continued)

Impairment testing for CGUs containing goodwill *(continued)*

Company	Telecom-munications licences $m	Computer software $m	Software in development $m	Total $m
Cost				
At 1 January 2018	0.3	507.3	21.5	529.1
Additions	–	–	41.1	41.1
Transfers	–	39.8	(39.8)	–
Disposals/Write-offs	–	(0.6)	(0.4)	(1.0)
At 31 December 2018	0.3	546.5	22.4	569.2
At 1 January 2019	**0.3**	**546.5**	**22.4**	**569.2**
Additions	**–**	**–**	**40.0**	**40.0**
Transfers	**–**	**37.6**	**(37.6)**	**–**
At 31 December 2019	**0.3**	**584.1**	**24.8**	**609.2**
Accumulated amortisation				
At 1 January 2018	0.1	436.7	–	436.8
Charge for the year	–	30.7	–	30.7
Disposals/Write-offs	–	(0.4)	–	(0.4)
At 31 December 2018	0.1	467.0	–	467.1
At 1 January 2019	**0.1**	**467.0**	**–**	**467.1**
Charge for the year	**–**	**33.3**	**–**	**33.3**
At 31 December 2019	**0.1**	**500.3**	**–**	**500.4**
Carrying amount				
At 1 January 2018	0.2	70.6	21.5	92.3
At 31 December 2018	0.2	79.5	22.4	102.1
At 31 December 2019	**0.2**	**83.8**	**24.8**	**108.8**

Staff costs capitalised in software in development for the Group and Company during the year amounted to $0.1 million (2018: $1.3 million).

6 RIGHT-OF-USE ASSETS

Leases as lessee (SFRS(I) 16)

The Group leases land and buildings, base transceiver stations and other network equipment and infrastructure. The leases typically run for a period of 1 to 35 years, with an option to renew the lease after that date. Lease payments are renegotiated at the end of the lease term to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Group	Land and buildings $m	Base transceiver stations $m	Other network equipment and infrastructure $m	Total $m
Cost				
Recognition of right-of-use asset on initial application of SFRS(I) 16	153.9	17.6	29.2	200.7
Reclassification from property, plant and equipment	1.7	–	0.9	2.6
Additions and modifications to right-of-use assets	3.4	9.3	0.2	12.9
Terminations	–	–	(20.0)	(20.0)
At 31 December 2019	**159.0**	**26.9**	**10.3**	**196.2**
Accumulated depreciation				
Depreciation	26.2	13.8	26.4	66.4
Modifications	(0.3)	–	–	(0.3)
Terminations	–	–	(19.9)	(19.9)
At 31 December 2019	**25.9**	**13.8**	**6.5**	**46.2**
Carrying amount				
At 31 December 2019	**133.1**	**13.1**	**3.8**	**150.0**

6 RIGHT-OF-USE ASSETS (continued)

Leases as lessee (SFRS(I) 16) (continued)

Company	Land and buildings $m	Other network equipment and infrastructure $m	Total $m
Cost			
Recognition of right-of-use asset on initial application of SFRS(I) 16	130.2	9.1	139.3
Reclassification from property, plant and equipment	1.7	–	1.7
Additions to right-of-use assets	1.8	–	1.8
At 31 December 2019	**133.7**	**9.1**	**142.8**
Accumulated depreciation			
Depreciation	20.0	6.1	26.1
At 31 December 2019	**20.0**	**6.1**	**26.1**
Carrying amount			
At 31 December 2019	**113.7**	**3.0**	**116.7**

7 SUBSIDIARIES

	Company	
	2019 **$m**	**2018** **$m**
Investments in subsidiaries, at cost or deemed cost	**3,256.0**	3,333.3
Less: Loss allowance	**–**	(28.9)
	3,256.0	3,304.4

Movements in loss allowance during the year are as follows:

	2019 **$m**	**2018** **$m**
At beginning of year	**(28.9)**	(28.9)
Write-back of allowance on strike off of a subsidiary company	**28.9**	–
	–	(28.9)

During 2019, the Company entered into the following transactions:

(i) Divested its 65% equity interest in DPL to Keele Investments Pte. Ltd. for cash consideration of $65.0 million. See Note 34 for details of the transaction.

(ii) Struck off StarHub Internet Pte Ltd, a dormant wholly-owned subsidiary of the Company, from the Register of Companies.

Other than the loss allowance of $Nil (2018: $28.9 million) set aside for impairment of a subsidiary, no impairment charge was required for the carrying amount of the Company's cost of investment in subsidiaries as the recoverable values were in excess of their carrying values as at 31 December 2019 and 2018. A reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying values.

For the Telco CGU, the following table shows the amount by which key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount of the investment in subsidiaries.

	Change required for carrying amount to equal the recoverable amount	
	2019 **%**	**2018** **%**
Telco CGU		
Revenue growth rate	**(2.6)**	(3.8)
EBITDA margin	**(4.0)**	(3.4)

7 SUBSIDIARIES (continued)

Details of subsidiaries

The subsidiaries directly held by the Company are as follows:

Name of company	Principal activities	Country of incorporation/Principal place of business	Effective equity interest held by the Group 2019 %	2018 %
StarHub Cable Vision Ltd. [1]	Provision of subscription television and television broadcasting services	Singapore	**100**	100
StarHub Mobile Pte Ltd [1]	Provision of mobile telecommunications services	Singapore	**100**	100
StarHub Internet Pte Ltd [4]	Struck off during the year	Singapore	**–**	100
StarHub Online Pte Ltd [1]	Provision of broadband access services	Singapore	**100**	100
Nucleus Connect Pte. Ltd. [1]	Provision of high speed wholesale broadband services	Singapore	**100**	100
StarHub (Mauritius) Ltd [2]	Dormant; under liquidation	Mauritius	**100**	100
StarHub (Hong Kong) Limited [3]	Provision of telecommunication services	Hong Kong	**100**	100
StarHub Shop Pte Ltd [1]	Provision of customer service, sales and billing for partner services	Singapore	**100**	100
StarHub, Inc. [4]	Dormant	United States	**100**	100
D'Crypt Pte Ltd ("DPL") [1]	Provision of design and development of high security products and technology	Singapore	**–[a]**	65
Ensign InfoSecurity Pte. Ltd. ("Ensign") [3]	Provision of computer systems integration activities, other professional, scientific and technical activities	Singapore	**60**	60

7 SUBSIDIARIES (continued)

Details of subsidiaries (continued)

Subsidiaries held by Ensign are as follows:

Name of company	Principal activities	Country of incorporation/Principal place of business	Effective equity interest held by the Group	
			2019 %	2018 %
Ensign InfoSecurity (Cybersecurity) Pte. Ltd. ("EIC") [3]	Investment holding	Singapore	**60**	60
Keele Investments Pte. Ltd. ("Keele") [3]	Investment holding	Singapore	**60[a]**	–
D'Crypt Pte Ltd ("DPL") [1]	Provision of design and development of high security products and technology	Singapore	**60[a]**	–
Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") [3]	Provision of cybersecurity solutions, professional services for system integration and security operations and management	Singapore	**60**	60
Ensign InfoSecurity (Asia Pacific) Pte. Ltd. [3]	Provision of network and protection services	Singapore	**60**	60
Ensign InfoSecurity (SmartTech) Pte. Ltd. [3]	Provision of recovery planning services and sales of IT security products	Singapore	**60**	60
Ensign InfoSecurity (Networks) Pte. Ltd. [3]	Provision of network and protection services	Singapore	**60**	60
Ensign Infosecurity (Malaysia) Sdn Bhd [3]	Provision of electronic and internet security services and trading and installation of electronic devices	Malaysia	**60**	60
Ensign InfoSecurity (East Asia) Limited [3]	Provision of internet security surveillance services	People's Republic of China	**60**	60
Ensign InfoSecurity (Singapore) Pte. Ltd. [3]	Provision of internet security surveillance services	Singapore	**60**	60
Vectra Information Security Pte. Ltd. [3]	Provision of services for development and implementation of computer systems	Singapore	**60**	60
Vectra Information Security Sdn Bhd [3]	Provision of professional consultancy and advisory services on information security	Malaysia	**60**	60
e-Cop Technology Beijing Co., Ltd [4]	Dormant	People's Republic of China	**60**	60

(1) Audited by KPMG LLP Singapore
(2) Audited by KPMG Mauritius, a member firm of KPMG International
(3) Audited by another firm
(4) Not required to be audited by laws of the country of incorporation
(a) See Note 34 for details of the transaction

8 ASSOCIATE

	Group		Company	
	2019 $m	2018 $m	2019 $m	2018 $m
Unquoted equity investments	**27.8**	27.8	**27.8**	27.8
Share of post-acquisition reserves	**(5.7)**	(5.1)	**–**	–
	22.1	22.7	**27.8**	27.8

The Group's material associate which is equity accounted for is as follows:

Name of company	Principal activities	Country of incorporation/Principal place of business	Effective equity interest held by the Group	
			2019 %	2018 %
SHINE Systems Assets Pte. Ltd. [1]	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	**30**	30

[1] Audited by KPMG LLP Singapore for statutory accounts

The following summarises the financial information of the associate, based on its financial statements prepared in accordance with SFRS(I), amended for fair value adjustments on acquisition:

	2019 $m	2018 $m
Summarised Statement of Financial Position		
Non-current assets	**239.1**	247.1
Current assets	**18.3**	20.9
Current liabilities	**(149.2)**	(26.4)
Non-current liabilities	**(34.6)**	(165.9)
Net assets	**73.6**	75.7
Reconciliation to carrying amount:		
Opening net assets	**75.7**	79.0
Loss for the year	**(2.1)**	(3.3)
Closing net assets	**73.6**	75.7

8 **ASSOCIATE** (continued)

Summarised Statement of Comprehensive Income

	2019 $m	2018 $m
Total revenue	**29.2**	27.3
Loss for the year	**(1.7)**	(3.3)
Other comprehensive loss for the year	**(0.4)**	–
Total comprehensive loss for the year	**(2.1)**	(3.3)
Group's share in %	**30%**	30%
Group's share of loss for the year	**(0.5)**	(1.0)
Group's share of other comprehensive loss for the year	**(0.1)**	–
Group's share of total comprehensive loss for the year	**(0.6)**	(1.0)
Carrying amount of interest in associate at end of the year	**22.1**	22.7

9 **OTHER INVESTMENTS**

	Group and Company	
	2019 $m	**2018 $m**
Equity investments – at FVOCI	**34.3**	36.0

Equity investments designated as at FVOCI

The Group designated the investments shown above as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold long-term for strategic purposes.

10 BALANCES WITH RELATED PARTIES

The immediate and ultimate holding companies are Asia Mobile Holdings Pte. Ltd. and Temasek Holdings (Private) Limited respectively. These companies are incorporated in the Republic of Singapore.

10.1 Amounts due from related parties

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Current				
Amounts due from (trade):				
– Subsidiaries	**–**	–	**425.1**	177.7
– Related corporations	**21.9**	18.3	**13.2**	10.9
	21.9	18.3	**438.3**	188.6
Less: Loss allowance	**–**	–	**(422.9)**	(174.4)
	21.9	18.3	**15.4**	14.2
Non-current				
Loan to associate	**8.5**	8.2	**8.5**	8.2

Movements in loss allowance during the year are as follows:

	Company	
	2019 $m	**2018 $m**
At beginning of year	**174.4**	–
Loss allowances recognised	**248.5**	174.4
	422.9	174.4

<u>Current</u>

Included in current amounts due from subsidiaries are amounts of $263.0 million (2018: $64.6 million) from certain subsidiaries which are unsecured, bear interest of 7.75% (2018: 7.75%) per annum and are repayable on demand.

All other amounts are unsecured, interest-free and repayable on demand.

They are classified as current and measured at amortised cost.

During the year, the Company impaired the additional balances owing by certain subsidiaries amounting to $248.5 million (2018: $174.4 million). Other than the above, there is no allowance for doubtful debts arising from these outstanding balances with ultimate holding company, subsidiaries and related corporations as the ECL is not material.

<u>Non-current</u>

The non-current loan to associate is unsecured, bears interest rate of 3.53% (2018: 3.53%) per annum and is repayable in June 2021. There is no allowance for doubtful debts arising from this outstanding balance as the ECL is not material.

10 BALANCES WITH RELATED PARTIES (continued)

10.2 Amounts due to related parties

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Current				
Amounts due to (trade):				
– Subsidiaries	**–**	–	**134.3**	210.9
– Associates	**1.5**	1.6	**1.5**	1.6
– Related corporations	**39.6**	55.9	**15.2**	23.3
	41.1	57.5	**151.0**	235.8

Included in current amounts due to subsidiaries are:

(i) Amounts of $69.4 million (2018: $153.6 million) which are unsecured, interest-free and repayable on demand.

(ii) Amounts of $64.9 million (2018: $57.3 million) placed by certain subsidiaries with the Company under a cash pooling arrangement.

Amounts due to related corporations and associates are unsecured, interest-free and repayable on demand.

10.3 The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements. The amounts, after impairment, before netting are as follows:

Company	Gross amounts $m	Gross amounts offset $m	Net amounts $m
2019			
Current			
Amounts due from subsidiaries	**218.5**	**(216.3)**	**2.2**
Amounts due to subsidiaries	**350.6**	**(216.3)**	**134.3**
2018			
Current			
Amounts due from subsidiaries	453.2	(449.9)	3.3
Amounts due to subsidiaries	660.8	(449.9)	210.9

11 CONTRACT BALANCES

The following section provides information about contract assets, contract liabilities and contract cost from contracts with customers.

Contract assets

	Group		Company	
	2019 **$m**	**(Restated)** **2018** **$m**	**2019** **$m**	**2018** **$m**
Contract assets	**419.1**	343.7	**28.1**	18.8
Less: Loss allowance	**(7.4)**	(6.7)	**–**	–
	411.7	337.0	**28.1**	18.8
Analysed as:				
Third parties	**408.9**	331.2	**26.6**	18.6
Related parties	**2.8**	5.8	**1.5**	0.2
	411.7	337.0	**28.1**	18.8
Current	**334.1**	269.6	**27.5**	18.7
Non-current	**77.6**	67.4	**0.6**	0.1
	411.7	337.0	**28.1**	18.8

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

Movements in the contract asset balances during the year are as follows:

	Group		Company	
	2019 **$m**	**(Restated)** **2018** **$m**	**2019** **$m**	**2018** **$m**
At beginning of year	**343.7**	368.9	**18.8**	19.4
Prior year contract assets reclassified to trade receivables and contract liabilities	**(289.7)**	(315.3)	**(15.1)**	(18.5)
Contract assets recognised, net of reclassification to trade receivables	**369.1**	295.2	**24.4**	17.9
Additions through business combinations	**–**	6.8	**–**	–
Contract asset written off	**(4.0)**	(11.9)	**–**	–
	419.1	343.7	**28.1**	18.8
Less: Loss allowance	**(7.4)**	(6.7)	**–**	–
	411.7	337.0	**28.1**	18.8

11 CONTRACT BALANCES (continued)

The Group uses an allowance matrix to measure the ECL of contract assets. In determining the ECL, the Group has taken into account the historical termination write-off experience of the corporate and consumer customer bases, adjusted for factors based on the Group's view of economic conditions over the remaining lifetime of future performance obligations.

The following table details the risk profile of contract assets based on the Group's provision matrix.

	Group					
	2019			2018		
	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m
Current	**1.77%**	**419.1**	**7.4**	1.91%	343.7	6.7

Movements in loss allowance (lifetime ECL) during the year are as follows:

	Group		Company	
	2019 $m	2018 $m	2019 $m	2018 $m
At beginning of year	**6.7**	7.2	–	–
Loss allowances recognised	**2.9**	5.4	–	–
Allowance utilised	**(2.2)**	(5.9)	–	–
	7.4	6.7	–	–

Contract liabilities

Contract liabilities primarily relate to amounts billed in advance for telecommunications, broadband and Pay TV services, advance consideration received from customers for prepaid mobile services and excess of progress payments over the revenue recognised for managed services.

	Group		Company	
	2019 $m	2018 $m	2019 $m	2018 $m
Amounts related to:				
Managed services contracts	**15.3**	9.1	**6.3**	5.0
Amounts billed in advance for telecommunications, broadband and Pay TV services	**66.6**	70.3	**48.0**	50.9
Amounts received in advance for prepaid mobile services	**23.7**	23.3	**–**	–
	105.6	102.7	**54.3**	55.9

11 CONTRACT BALANCES (continued)

Contract liabilities (continued)

Analysed as:

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Third parties	**96.5**	93.0	**45.2**	46.2
Related parties	**9.1**	9.7	**9.1**	9.7
	105.6	102.7	**54.3**	55.9
Current	**69.4**	70.2	**18.1**	23.4
Non-current	**36.2**	32.5	**36.2**	32.5
	105.6	102.7	**54.3**	55.9

Movements in the contract liability balances during the year are as follows:

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
At beginning of year	**102.7**	101.0	**55.9**	43.5
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(77.4)**	(76.6)	**(31.2)**	(19.2)
Cash received, excluding amounts recognised as revenue during the year	**3.4**	0.4	**0.9**	–
Billings in advance, excluding amounts recognised as revenue during the year	**76.9**	77.8	**28.7**	31.6
Additions through business combinations	**–**	0.1	**–**	–
	105.6	102.7	**54.3**	55.9

11 **CONTRACT BALANCES** (continued)

Contract costs

	Group		Company	
	2019 $m	**(Restated) 2018 $m**	**2019 $m**	**2018 $m**
Costs to obtain contracts	**19.4**	23.0	**1.9**	1.9
Costs to fulfil contracts	**20.1**	7.4	**–**	–
	39.5	30.4	**1.9**	1.9
Current	**32.5**	24.7	**1.5**	1.4
Non-current	**7.0**	5.7	**0.4**	0.5
	39.5	30.4	**1.9**	1.9

Costs to obtain contracts relate to commission fees paid to dealers as a result of obtaining mobile, pay TV and broadband service contracts. Costs to fulfil contracts relate to costs of materials which generate or enhance resources that will be used in satisfying future performance obligations.

These costs are amortised on a straight-line basis over the contract period. In 2019, amortisation amounting to $84.2 million (2018: $15.4 million) and $25.9 million (2018: $22.0 million) was recognised as cost of services and marketing and promotion expenses respectively in the income statement. There was no loss allowance in relation to the costs capitalised.

12 **INVENTORIES**

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Equipment held for resale	**84.7**	72.7	**0.6**	0.6
Maintenance and project inventories	**13.6**	0.5	**4.9**	–
Raw materials	**–**	2.0	**–**	–
Inventories, net of allowance	**98.3**	75.2	**5.5**	0.6
Allowance made during the year	**2.6**	0.3	**0.1**	0.1

13 TRADE RECEIVABLES

	Group 2019 $m	Group 2018 $m	Company 2019 $m	Company 2018 $m
Trade receivables	**301.5**	331.6	**247.3**	229.7
Less: Loss allowances	**(52.8)**	(48.8)	**(49.3)**	(46.6)
	248.7	282.8	**198.0**	183.1

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group uses an allowance matrix to measure the ECL of trade receivables. In the assessment of ECL, the Group applies the simplified approach to estimate the loss allowance based on aging buckets of the trade receivables, adjusted for certain external indices to different groups between consumer and corporate customers, where applicable.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's allowance matrix.

	2019			2018		
	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m	Weighted average loss rate	Gross carrying amount $m	Loss allowance $m
Group						
Current	**1.45%**	**110.3**	**1.6**	2.09%	105.3	2.2
Past due 1 - 15 days	**8.22%**	**14.6**	**1.2**	4.24%	47.1	2.0
Past due above 15 days	**28.31%**	**176.6**	**50.0**	24.89%	179.2	44.6
		301.5	**52.8**		331.6	48.8
Company						
Current	**1.76%**	**90.7**	**1.6**	2.34%	89.6	2.1
Past due 1 - 15 days	**9.65%**	**11.4**	**1.1**	6.41%	31.2	2.0
Past due above 15 days	**32.09%**	**145.2**	**46.6**	39.03%	108.9	42.5
		247.3	**49.3**		229.7	46.6

Movements in lifetime ECL balances during the year are as follows:

	Group 2019 $m	Group 2018 $m	Company 2019 $m	Company 2018 $m
At beginning of year	**48.8**	46.7	**46.6**	44.3
Loss allowances recognised	**18.0**	13.9	**8.5**	2.1
Recharged to subsidiaries	**–**	–	**8.1**	11.7
Allowance utilised	**(14.0)**	(11.8)	**(13.9)**	(11.5)
	52.8	48.8	**49.3**	46.6

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 $m	2018 $m	**2019 $m**	2018 $m
Grant receivables	**1.7**	0.5	**–**	–
Deposits	**4.7**	4.7	**0.9**	0.7
Prepayments	**66.2**	84.7	**30.1**	30.1
Other receivables	**16.1**	4.2	**2.1**	3.0
Forward exchange contracts	**–**	0.1	**–**	0.1
	88.7	94.2	**33.1**	33.9

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 $m	2018 $m	**2019 $m**	2018 $m
Fixed deposits	**40.0**	86.2	**40.0**	84.2
Cash at bank and in hand	**77.6**	79.8	**34.5**	33.4
Cash and cash equivalents in the statement of financial position	**117.6**	166.0	**74.5**	117.6
Restricted cash	**(0.7)**	(0.6)	**–**	–
Cash and cash equivalents in the cash flow statement	**116.9**	165.4	**74.5**	117.6

Fixed deposits relate to deposits with financial institutions with maturities of three months or less with effective interest rates ranging from 0.25% to 3.35% (2018: 0.35% to 3.84%) per annum.

At the reporting date, cash and cash equivalents of the Company include $64.9 million (2018: $57.3 million) cash from certain subsidiaries pooled together and managed centrally by the Company in bank balances and fixed deposits as part of the Group's cash management and treasury activities.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Restricted cash was set aside for performance bonds with customers.

16 TRADE AND OTHER PAYABLES

	Note	Group 2019 $m	Group (Restated) 2018 $m	Company 2019 $m	Company 2018 $m
Current					
Trade payables		**167.5**	139.5	**114.7**	67.5
Accruals		**359.0**	444.0	**181.5**	192.2
Deferred grant income	19	**0.4**	0.8	**0.3**	0.6
Deposits from customers		**10.2**	10.2	**9.8**	9.9
Forward exchange contracts		**2.4**	0.3	**2.4**	0.3
		539.5	594.8	**308.7**	270.5
Non-current					
Accruals		**13.9**	–	**10.9**	–
Deferred grant income	19	**0.1**	0.3	**–**	0.3
Other deferred income		**6.5**	–	**–**	–
Deferred consideration	34	**5.8**	–	**–**	–
Contingent consideration	34	**23.9**	–	**–**	–
Put liability to acquire non-controlling interests	34	**–**	33.0	**–**	–
Put and call options, net	34	**–**	–	**–**	7.0
		50.2	33.3	**10.9**	7.3

17 BORROWINGS

	Note	Group 2019 $m	Group 2018 $m	Company 2019 $m	Company 2018 $m
Current					
Bank loans	17.1	**407.6**	50.1	**407.5**	50.0
Non-current					
Bank loans	17.1	**120.8**	458.4	**120.0**	457.5
Medium term notes	17.2	**520.0**	520.0	**520.0**	520.0
		640.8	978.4	**640.0**	977.5

17 BORROWINGS (continued)

Reconciliation of movements of borrowings to cash flows arising from financing activities

	Group	
	2019 $m	**2018 $m**
Balance at 1 January	**1,028.5**	977.5
Changes from financing cash flows		
Proceeds from bank loans	**70.0**	50.0
Repayment of bank loans	**(50.0)**	–
Interest paid	**(31.4)**	(30.6)
Total changes from financing cash flows	**(11.4)**	19.4
Total liability-related other changes	**31.3**	31.6
Balance at 31 December	**1,048.4**	1,028.5

17.1 Bank loans

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Repayable:				
– Within 1 year	**407.6**	50.1	**407.5**	50.0
– After 1 year but within 5 years	**120.8**	458.4	**120.0**	457.5
	528.4	508.5	**527.5**	507.5

At 31 December 2019, the unsecured bank loans bear interest at rates ranging from 2.21% to 5.00% (2018: 1.57% to 4.64%) per annum. As at 31 December 2019, the fair value of bank loans are $534.9 million (2018: $511.3 million).

17.2 Medium term notes

The Company has established in September 2011 a multicurrency medium term note programme with a maximum aggregate principal amount of $1,000.0 million. In September 2012, the Company issued a $220.0 million 10-year medium term note which bears interest rate of 3.08% per annum and is repayable in September 2022.

In June 2016, the Company issued a $300.0 million 10-year medium term note which bears interest of 3.55% per annum and is repayable in June 2026.

On 29 May 2017, the Company has updated and amended its $1,000.0 million multicurrency medium term note programme to a $2,000.0 million multicurrency debt issuance programme with the inclusion of the mechanism for the issuance of, and the terms and conditions of, perpetual securities. The amendments do not affect the validity of the existing term notes issued by the Company under the original programme.

As at 31 December 2019, the fair value of the medium term notes are $531.3 million (2018: $517.6 million).

18 LEASE LIABILITIES

	Group		Company	
	2019 $m	2018 $m	2019 $m	2018 $m
Current	**26.6**	–	**15.8**	–
Non-current	**128.9**	–	**100.4**	–
	155.5	–	**116.2**	–

Reconciliation of movements of lease liabilities to cash flows arising from financing activities

	Group 2019 $m
Lease liabilities recognised at 1 January 2019 (Note 39)	208.1
Changes from financing cash flows	
Payment of lease liabilities	(61.1)
Interest paid	(6.4)
Total changes from financing cash flows	(67.5)
Other changes	
New leases and modifications	8.5
Interest expense	6.4
Total other changes	14.9
Balance at 31 December	155.5

19 DEFERRED GRANT INCOME

		Group		Company	
	Note	2019 $m	2018 $m	2019 $m	2018 $m
Deferred grants					
At beginning of year		**1.1**	1.8	**0.9**	1.8
Grants received		**–**	0.3	**–**	0.1
Amount accreted to the income statement	25	**(0.6)**	(1.0)	**(0.6)**	(1.0)
At end of year		**0.5**	1.1	**0.3**	0.9
Deferred grants to be accreted:					
Current (within 1 year)	16	**0.4**	0.8	**0.3**	0.6
Non-current (after 1 year but within 5 years)	16	**0.1**	0.3	**–**	0.3
Total		**0.5**	1.1	**0.3**	0.9

Deferred income refers to government grants received. Assets related grants are recognised over the estimated useful lives of the related assets. Income related grants are recognised on a systematic basis over the periods to match the related costs.

20 DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets/(liabilities) during the year are as follows:

Group	At 1 January (Restated) $m	Recognised in income statement (Note 28) $m	Recognised in other comprehen- sive income $m	Recognised in equity $m	Acquired in business combination (Restated) (Note 34) $m	At 31 December $m
2019						
Deferred tax assets						
Property, plant and equipment and intangible assets	**1.5**	**(1.5)**	**–**	**–**	**–**	**–**
Total	**1.5**	**(1.5)**	**–**	**–**	**–**	**–**
Deferred tax liabilities						
Property, plant and equipment and intangible assets	**(140.2)**	**12.9**	**–**	**–**	**–**	**(127.3)**
Right-of-use assets	**–**	**1.3**	**–**	**–**	**–**	**1.3**
Other payables and accruals	**9.3**	**(1.3)**	**–**	**–**	**–**	**8.0**
Contract assets	**1.1**	**–**	**–**	**–**	**–**	**1.1**
Contract costs	**–**	**(4.9)**	**–**	**–**	**–**	**(4.9)**
Derivatives	**–**	**–**	**0.4**	**–**	**–**	**0.4**
Share-based payment transactions	**0.6**	**(0.5)**	**–**	**(0.1)**	**–**	**–**
Total	**(129.2)**	**7.5**	**0.4**	**(0.1)**	**–**	**(121.4)**
2018						
Deferred tax assets						
Property, plant and equipment and intangible assets	–	–	–	–	1.5	1.5
Total	–	–	–	–	1.5	1.5
Deferred tax liabilities						
Property, plant and equipment and intangible assets	(149.2)	16.3	–	–	(7.3)	(140.2)
Other payables and accruals	9.1	0.2	–	–	–	9.3
Contract assets	1.2	(0.1)	–	–	–	1.1
Derivatives	2.0	–	(2.0)	–	–	–
Share-based payment transactions	1.5	(0.7)	–	(0.2)	–	0.6
Total	(135.4)	15.7	(2.0)	(0.2)	(7.3)	(129.2)

20 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognised deferred tax assets

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2019 $m	**2018 $m**
Tax losses	**12.0**	3.8
Deferred tax assets	**2.0**	0.6

The Group has not recognised deferred tax assets in respect of the above tax losses as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

Company	**At 1 January $m**	**Recognised in income statement $m**	**Recognised in equity $m**	**At 31 December $m**
2019				
Deferred tax liabilities				
Property, plant and equipment and intangible assets	**(77.3)**	**2.0**	**–**	**(75.3)**
Right-of-use assets	**–**	**1.0**	**–**	**1.0**
Other payables and accruals	**1.1**	**2.9**	**–**	**4.0**
Contract cost	**–**	**(0.3)**	**–**	**(0.3)**
Share-based payment transactions	**0.6**	**(0.5)**	**(0.1)**	**–**
Total	**(75.6)**	**5.1**	**(0.1)**	**(70.6)**
2018				
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(79.5)	2.2	–	(77.3)
Other payables and accruals	4.1	(3.0)	–	1.1
Share-based payment transactions	1.5	(0.7)	(0.2)	0.6
Total	(73.9)	(1.5)	(0.2)	(75.6)

21 SHARE CAPITAL

Group and Company	2019 Number of shares '000	2019 $m	2018 Number of shares '000	2018 $m
Issued and fully paid ordinary shares:				
At beginning and end of year	**1,731,651**	**299.7**	1,731,651	299.7

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

22 RESERVES

	Group 2019 $m	Group (Restated) 2018 $m	Company 2019 $m	Company 2018 $m
Treasury shares	**(0.1)**	(3.0)	**(0.1)**	(3.0)
Capital reserve	**19.4**	1.6	**–**	–
Fair value reserve	**(7.6)**	(5.9)	**(7.6)**	(5.9)
Goodwill written off	**(276.3)**	(276.3)	**–**	–
Share-based payments reserve	**8.1**	8.7	**8.1**	8.7
Hedging reserve	**(2.2)**	(0.2)	**–**	–
Translation reserve	**1.4**	1.3	**–**	–
Retained profits	**275.8**	282.2	**2,044.4**	2,118.0
	18.5	8.4	**2,044.8**	2,117.8

Treasury shares

Treasury shares comprise the cost of the Company's shares held by the Company. 1,856,188 treasury shares were transferred to share-based payments reserve during the year (2018: 1,634,770).

Capital reserve

The capital reserve comprises:

- acquisitions and disposals with non-controlling interests that do not result in a change in control; and
- present value of a put liability in relation to put options entered into with the non-controlling shareholders on their equity interests in a subsidiary. Subsequent changes in the carrying value of the put liability are also recognised within capital reserve.

22 RESERVES (continued)

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

Goodwill written off

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

Share-based payments reserve

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

Translation reserve

The translation reserve comprises all foreign currency translation differences arising from the translation of the financial statements of foreign operations.

23 PERPETUAL CAPITAL SECURITIES

On 16 June 2017, the Company issued subordinated perpetual securities (the "perpetual securities") with an aggregate principal amount of $200 million. Incremental costs incurred amounting to $0.4 million was recognised in equity as a deduction from the proceeds. Such perpetual securities bear distributions at a rate of 3.95% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred. As a result, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to $7.9 million (2018: $7.9 million) were accrued to perpetual security holders of which $7.9 million (2018: $7.9 million) has been paid.

24 REVENUE

	Group 2019 $m	Group 2018 $m
Disaggregation of revenue from contracts with customers		
Mobile revenue	**765.5**	824.5
Pay TV revenue	**248.0**	311.3
Broadband revenue	**176.4**	185.8
Enterprise Fixed revenue	**575.2**	510.8
Total Service and Contract Revenue	**1,765.1**	1,832.4
Sales of equipment	**565.5**	529.6
	2,330.6	2,362.0

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that have not been fulfilled at the reporting date:

31 December 2019

Group	2020 $m	2021 $m	2022 $m	2023 $m	2024 onwards $m	Total $m
Mobile revenue	**156.1**	**47.1**	**0.5**	**–**	**–**	**203.7**
Pay TV revenue	**86.3**	**28.2**	**–**	**–**	**–**	**114.5**
Broadband revenue	**111.0**	**28.8**	**–**	**–**	**–**	**139.8**
Enterprise Fixed revenue	**221.8**	**92.8**	**35.1**	**6.4**	**21.7**	**377.8**
Total	**575.2**	**196.9**	**35.6**	**6.4**	**21.7**	**835.8**

24 REVENUE (continued)

Transaction price allocated to the remaining performance obligations (continued)

31 December 2018

Group	2019 $m	2020 $m	2021 $m	2022 $m	2023 onwards $m	Total $m
Mobile revenue	191.9	64.0	0.1	–	–	256.0
Pay TV revenue	50.6	21.4	–	–	–	72.0
Broadband revenue	79.6	27.2	–	–	–	106.8
Enterprise Fixed revenue	178.7	67.6	22.4	6.8	19.7	295.2
Total	500.8	180.2	22.5	6.8	19.7	730.0

Variable consideration that is constrained and therefore not included in the transaction price, is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if the performance obligations is part of a contract that has an original expected duration of one year or less. In addition, amounts that are not contractually committed are excluded.

25 OPERATING EXPENSES

	Group	
	2019 $m	**2018 $m**
Cost of equipment sold	**507.1**	483.2
Cost of services	**481.5**	482.3
Traffic expenses	**85.2**	109.5
Depreciation and amortisation	**361.2**	291.2
Impairment loss on property, plant and equipment	**–**	2.6
Loss allowances of:		
- Contract assets	**1.4**	5.4
- Trade receivables	**18.0**	13.9
Marketing and promotions	**100.3**	102.2
Staff costs	**278.3**	275.9
Repairs and maintenance	**114.8**	101.2
Operating leases under SFRS(I) 1-17	**–**	117.0
Short-term lease expenses	**8.2**	–
Other expenses	**129.8**	105.3
	2,085.8	2,089.7

25 OPERATING EXPENSES (continued)

25.1 Depreciation and amortisation

Depreciation and amortisation expenses comprise the following:

	Group	
	2019 $m	**2018 $m**
Depreciation of property, plant and equipment	**231.0**	228.4
Accretion of asset grants to the income statement (Note 19)	**(0.6)**	(1.0)
	230.4	227.4
Amortisation of intangible assets	**64.4**	63.8
Depreciation of right-of-use assets	**66.4**	–
Total	**361.2**	291.2

25.2 Staff costs

The following are included in staff costs:

		Group	
	Note	**2019 $m**	**2018 $m**
Defined contribution plans		**28.1**	26.3
Share-based payments		**3.8**	1.0
Government grants - Wage Credit Scheme		**(1.3)**	(1.1)

25 OPERATING EXPENSES (continued)

25.2 Staff costs (continued)

25.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2019 **$m**	**2018** **$m**
Short-term employee benefits	**10.8**	13.7
Share-based payments	**3.3**	2.1
	14.1	15.8

Included in the above is the total compensation to directors of the Company which amounted to $1.5 million (2018: $4.2 million).

Key management personnel also participate in the StarHub Performance Share Plans and the StarHub Restricted Stock Plans. The short term benefits include the Group balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

During the year, conditional awards of shares of 2,030,000 (2018: 497,600 shares) under the StarHub Performance Share Plans and conditional awards of shares of 1,035,200 (2018: 344,000 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Group during the year. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be when the time-based service conditions are completed.

During the year, awards of 304,300 shares (2018: 204,400 shares) under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Group as part of their non-executive directors' remuneration, without any performance or vesting conditions attached.

Based on the actual level of achievement of the pre-determined performance targets over the 2017 performance period, final awards comprising 159,938 (2018: 331,375) shares were delivered to the key management personnel of the Group during the year under the 2017 conditional awards granted to the key management personnel of the Group in April 2017 pursuant to the StarHub Restricted Stock Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2018 performance period, final awards comprising 160,500 (2018: Nil) shares were delivered to the key management personnel of the Group during the year under the 2018 conditional awards granted to the key management personnel of the Group in March 2018 pursuant to the StarHub Restricted Stock Plans.

All conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Group were on the same terms and conditions as those offered to other employees of the Group.

As at 31 December 2019, 3,114,020 (2018: 1,683,901) of the conditional awards of shares under the StarHub Performance Share Plans, and 1,355,637 (2018: 640,875) of the conditional awards of shares under the StarHub Restricted Stock Plans granted to the key management personnel were outstanding.

25 OPERATING EXPENSES (continued)

25.2 Staff costs (continued)

25.2.2 Share-based Payments

StarHub Performance Share Plans

Under the StarHub PSP 2014 ("StarHub Performance Share Plans"), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives. Awards are released once the Company's Executive Resource and Compensation Committee is satisfied that the prescribed performance targets have been achieved. There are no vesting periods beyond the performance achievement periods.

The movements of the number of shares under the StarHub Performance Share Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

Company	Balance outstanding at 1 January '000	Number of performance shares granted '000	Number of performance shares forfeited '000	Balance outstanding at 31 December '000
2019				
Date of grant				
22 March 2016	**486**	**–**	**(486)**	**–**
6 April 2017	**727**	**–**	**(38)**	**689**
28 March 2018	**471**	**–**	**(76)**	**395**
1 October 2019	**–**	**2,030**	**–**	**2,030**
Total	**1,684**	**2,030**	**(600)**	**3,114**
2018				
Date of grant				
16 March 2015	516	–	(516)	–
22 March 2016	594	–	(108)	486
6 April 2017	1,135	–	(408)	727
28 March 2018	–	498	(27)	471
Total	2,245	498	(1,059)	1,684

The fair value of the shares is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards. The assumptions under the model used for the grant in 2019 and 2018 are as follows:

	Year of grant	
	2019	**2018**
Fair value	**$0.62**	$0.91
Share price	**$1.30**	$2.29
Expected volatility of the Company's shares	**22.75%**	18.64%
Expected dividend yield	**6.51%**	6.65%
Risk-free interest rates	**1.66%**	1.99%

25 OPERATING EXPENSES (continued)

25.2 Staff costs (continued)

25.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans

Under the StarHub RSP Plan 2014 ("StarHub Restricted Stock Plans"), awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related after a further period of service beyond the performance targets completion date (performance-based restricted awards).

During the year, conditional grants of 3,252,800 (2018: 2,373,200) shares under the StarHub Restricted Stock Plans were made to non-executive directors and key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be when the time-based service conditions are completed.

During the year, 304,300 (2018: 204,400) shares under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached.

The movements of the number of shares under the StarHub Restricted Stock Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

Date of grant	Balance outstanding at 1 January '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Not delivered (below performance target) '000	Balance outstanding at 31 December '000
2019						
6 April 2017	**1,255**	**–**	**(561)**	**(259)**	**–**	**435**
28 March 2018	**1,839**	**–**	**(872)**	**(155)**	**–**	**812**
7 September 2018	**119**	**–**	**(119)**	**–**	**–**	**–**
14 June 2019	**–**	**304**	**(304)**	**–**	**–**	**–**
3 July 2019	**–**	**2,342**	**–**	**(71)**	**–**	**2,271**
1 October 2019	**–**	**607**	**–**	**–**	**–**	**607**
Total	**3,213**	**3,253**	**(1,856)**	**(485)**	**–**	**4,125**
2018						
22 March 2016	2,095	–	–	(117)	(1,978)	–
20 May 2016	27	–	–	–	(27)	–
15 March 2017	282	–	(272)	(10)	–	–
6 April 2017	2,614	–	(1,159)	(200)	–	1,255
28 March 2018	–	2,050	–	(211)	–	1,839
8 June 2018	–	204	(204)	–	–	–
7 September 2018	–	119	–	–	–	119
Total	5,018	2,373	(1,635)	(538)	(2,005)	3,213

The fair value of the share awards is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards.

25 OPERATING EXPENSES (continued)

25.2 Staff costs (continued)

25.2.2 Share-based Payments (continued)

StarHub Restricted Stock Plans (continued)

The assumptions under the model used for the grant in 2019 and 2018 are as follows:

	Year of grant	
	2019	**2018**
Fair value	**\$1.20 - \$1.42**	\$1.53 - \$2.07
Share price	**\$1.30 - \$1.54**	\$1.64 - \$2.29
Expected volatility of the Company's shares	**22.75% - 23.37%**	18.64% - 26.96%
Expected dividend yield	**5.40% - 6.51%**	6.65% - 8.58%
Risk-free interest rates	**1.66% - 1.75%**	1.72% - 1.97%

25.3 Other expenses

Included in other expenses are the following:

	Group	
	2019 \$m	**2018 \$m**
Audit fees paid to:		
– Auditors of the Company	**0.6**	0.7
– Other auditors of the Group	**0.3**	0.2
Non-audit fees paid to:		
– Auditors of the Company	**0.8**	1.4
– Other auditors of the Group	**4.8**	0.4
Foreign currency exchange (gain)/loss, net	**(0.2)**	7.6

Management and the Audit Committee have undertaken a review of non-audit services provided by the auditors of the Company and other auditors of the Group and were satisfied that they would not, in Management and the Audit Committee's opinion, affect their independence.

26 OTHER INCOME

	Group	
	2019 $m	**2018 $m**
Rental income	**0.1**	0.1
Special project related income	**9.0**	–
Income related grants	**1.9**	1.1
	11.0	1.2

27 NET FINANCE COSTS

	Group	
	2019 $m	**2018 $m**
Interest income under the effective interest method on:		
– Bank deposits	**1.3**	2.9
– Loan to associate	**0.3**	0.3
Finance income	**1.6**	3.2
Interest expense:		
– Bank loans	**14.5**	12.8
– Medium term note	**17.4**	17.4
Interest on borrowings	**31.9**	30.2
Interest on lease liabilities	**6.4**	–
Finance costs	**38.3**	30.2

28 TAXATION

	Group	
	2019 $m	**2018 $m**
Current tax		
Current income tax	**54.3**	58.4
(Over)/Under provision in prior year	**(8.3)**	2.2
	46.0	60.6
Deferred tax		
Reversal and origination of temporary differences	**(13.8)**	(13.7)
Under/(Over) provision in prior year	**7.8**	(2.0)
	(6.0)	(15.7)
Total income tax in the income statement	**40.0**	44.9

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2019 $m	**2018 $m**
Profit before taxation	**218.6**	245.5
Income tax using Singapore tax rate of 17%	**37.2**	41.7
Income not subject to tax	**(0.1)**	(0.6)
Non-deductible expenses	**5.4**	4.8
Tax incentives	**(2.1)**	(1.5)
(Over)/Under provision in prior year, net	**(0.5)**	0.2
Others	**0.1**	0.3
Total income tax in the income statement	**40.0**	44.9

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group	
	2019 $m	**2018 $m**
Cash flow hedge, before taxation	**(2.2)**	11.9
Taxation	**0.3**	(2.0)
Effective portion of changes in fair value of cash flow hedge	**(1.9)**	9.9

29 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the adjusted profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding (excluding treasury shares), for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees under the StarHub share plans.

	Group	
	2019 $m	**2018 $m**
Profit attributable to owners of the Company	**186.3**	201.7
Less: Perpetual capital securities distribution	**(7.9)**	(7.9)
Adjusted profit attributable to owners of the Company	**178.4**	193.8

	Number of shares	
	2019 '000	**2018 '000**
Weighted average number of ordinary shares (basic) during the year[#]	**1,731,136**	1,730,141
Adjustment for dilutive effect of share plans	**4,918**	4,897
Weighted average number of ordinary shares (diluted) during the year	**1,736,054**	1,735,038

[#] Excludes treasury shares.

30 EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION

The earnings before interest, taxation, depreciation and amortisation ("EBITDA") is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not governed by SFRS(I).

The Group defines EBITDA as follows:

	Group	
	2019 $m	**2018 $m**
Profit before taxation	**218.6**	245.5
Adjustments for:		
Depreciation and amortisation	**361.2**	291.2
Finance income	**(1.6)**	(3.2)
Finance expense	**38.3**	30.2
Impairment loss on property, plant and equipment	**–**	2.6
Share of loss of associate (net of tax)	**0.5**	1.0
EBITDA	**617.0**	567.3

Following the adoption of SFRS(I) 16 *Leases* in 2019, depreciation of right-of-use assets and interest expense on lease liabilities were excluded in arriving at EBITDA. Prior to 2019, such operating lease expenses were included in the measurement of EBITDA.

31 RELATED PARTY TRANSACTIONS

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group with related parties during the financial year were as follows:

	Group	
	2019 $m	**2018 $m**
Ultimate holding company		
Sales	**0.2**	0.3
Associate		
Purchase of property, plant and equipment	**–**	2.4
Leases of premises	**4.8**	7.5
Purchase of services	**10.1**	7.3
Related corporations		
Sales	**77.4**	64.8
Purchase of property, plant and equipment	**8.5**	19.8
Leases of infrastructure and equipment	**50.3**	45.2
Purchase of services	**74.8**	83.2
Purchase of inventories	**20.7**	166.8

32 DIVIDENDS

	Group and Company	
	2019 $m	**2018 $m**
Final dividend of $0.04 (2018: $0.04) per share (1-tier tax exempt) paid in respect of the previous financial year	**69.2**	69.2
Interim dividends of $0.0675 (2018: $0.12) per share (1-tier tax exempt) paid in respect of the current financial year	**116.9**	207.7
	186.1	276.9

33 SEGMENT REPORTING

Segment information is presented based on the information reviewed by the chief operating decision makers ("CODM") for performance assessment and resource allocation.

The CODM assesses the Group's financial performance using performance indicators which include revenue, EBITDA (see Note 30), capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in three operating segments, namely the telecommunications, cybersecurity and high security assurance product segments. Overseas operations to the Group are not significant. The Group delivers its Mobile, Pay TV, Broadband, Enterprise Fixed services and equipment sales ("Telecommunications") on a fully integrated network, and has a centralised customer service, sales, marketing and administration support. The other segments that the Group operates in are the Cybersecurity and high security assurance product segment.

The Group has a large and diversified customer base consisting of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

Following the Company's divestment of DPL and acquisition by Ensign as an indirectly owned subsidiary in 2019, DPL was determined by the CODM to operate in the Cybersecurity segment. Accordingly, the Group's reportable segment information for 2018 has been restated.

33 SEGMENT REPORTING (continued)

The Group's reportable segment information is as follows:

	Telecommunications 2019 $m	Cybersecurity 2019 $m	Elimination of intersegment transactions 2019 $m	Group 2019 $m
Mobile revenue	**765.5**	**–**	**–**	**765.5**
Pay TV revenue	**248.0**	**–**	**–**	**248.0**
Broadband revenue	**176.4**	**–**	**–**	**176.4**
Enterprise Fixed revenue	**429.8**	**147.7**	**(2.3)**	**575.2**
Sales of equipment	**565.5**	**–**	**–**	**565.5**
Total revenue	**2,185.2**	**147.7**	**(2.3)**	**2,330.6**
EBITDA	**620.2**	**(3.2)**	**–**	**617.0**
Depreciation and amortisation	**(342.6)**	**(18.6)**	**–**	**(361.2)**
Finance income	**1.6**	**–**	**–**	**1.6**
Finance expense	**(38.0)**	**(0.3)**	**–**	**(38.3)**
Share of loss of associate (net of tax)	**(0.5)**	**–**	**–**	**(0.5)**
Profit/(Loss) before taxation	**240.7**	**(22.1)**	**–**	**218.6**
Taxation	**(41.7)**	**1.7**	**–**	**(40.0)**
Profit/(Loss) for the year	**199.0**	**(20.4)**	**–**	**178.6**
Assets and liabilities				
Non-current assets	**1,585.0**	**207.1**	**–**	**1,792.1**
Current assets	**837.3**	**108.8**	**(4.3)**	**941.8**
Total assets	**2,422.3**	**315.9**	**(4.3)**	**2,733.9**
Borrowings	**1,047.5**	**0.9**	**–**	**1,048.4**
Other non-current liabilities	**290.7**	**46.0**	**–**	**336.7**
Other current liabilities	**703.4**	**69.6**	**(4.3)**	**768.7**
Total liabilities	**2,041.6**	**116.5**	**(4.3)**	**2,153.8**
Other information				
Capital expenditure	**222.0**	**20.0**	**–**	**242.0**

33 SEGMENT REPORTING (continued)

	Telecommunications (Restated) 2018 $m	Cybersecurity (Restated) 2018 $m	Elimination of intersegment transactions 2018 $m	Group 2018 $m
Mobile revenue	824.5	–	–	824.5
Pay TV revenue	311.3	–	–	311.3
Broadband revenue	185.8	–	–	185.8
Enterprise Fixed revenue	429.5	81.7	(0.4)	510.8
Sales of equipment	529.6	–	–	529.6
Total revenue	2,280.7	81.7	(0.4)	2,362.0
EBITDA	555.6	11.7	–	567.3
Depreciation and amortisation	(279.7)	(11.5)	–	(291.2)
Finance income	3.2	–	–	3.2
Finance expense	(30.2)	–	–	(30.2)
Impairment loss on property, plant and equipment	(2.6)	–	–	(2.6)
Share of loss of associate (net of tax)	(1.0)	–	–	(1.0)
Profit before taxation	245.3	0.2	–	245.5
Taxation	(43.8)	(1.1)	–	(44.9)
Profit/(Loss) for the year	201.5	(0.9)	–	200.6
Assets and liabilities				
Non-current assets	1,525.6	197.1	–	1,722.7
Current assets	796.0	141.1	(6.3)	930.8
Total assets	2,321.6	338.2	(6.3)	2,653.5
Borrowings	1,027.6	0.9	–	1,028.5
Other non-current liabilities	153.3	41.7	–	195.0
Other current liabilities	770.5	77.8	(6.3)	842.0
Total liabilities	1,951.4	120.4	(6.3)	2,065.5
Other information				
Capital expenditure	300.0	6.9	–	306.9

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(i) Ensign InfoSecurity Pte. Ltd. ("Ensign")

In the prior year, the Company acquired 60% interest in Ensign and its subsidiaries (collectively, the "Ensign Group"). The transaction was completed on 4 October 2018.

Consideration transferred to acquire 60% interest in Ensign Group

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	2018 **$m**
Cash consideration for the assigned rights	52.0
Non-cash consideration comprising the Company's cybersecurity business and equity interest in Ensign InfoSecurity (Systems) Pte. Ltd. ("EIS") held by the Group immediately before the acquisition, net of $16 million cash received	104.0
Total consideration transferred	156.0

	$m
Total purchase consideration	156.0
Add: Consideration paid to acquire remaining 19.6% interest in EIS	9.8
Less: Non-cash consideration	(120.0)
Less: Cash and cash equivalents in subsidiaries acquired	(37.0)
Net cash outflow on acquisition	8.8

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	**Valuation technique**
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(i) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Following the completion of the final purchase price allocation in 2019, adjustments were made to the provisional fair values originally recorded in 2018 in respect of assets and liabilities the Ensign Group acquired. The effect of the adjustments made during the 12 months period from acquisition date ("the Window Period") is set out below.

	Note	Fair values recognised on acquisition (provisional) $'m	Adjustments during Window Period $'m	Fair values recognised on acquisition (final) $'m
Property, plant and equipment	4	13.4	–	13.4
Intangible assets	5	15.3	(13.4)	1.9
Deferred tax assets		1.5	–	1.5
Cash and cash equivalents		37.0	–	37.0
Inventories		0.6	–	0.6
Contract assets		5.4	–	5.4
Trade and other receivables		20.1	–	20.1
Amounts due from related parties		25.1	–	25.1
Trade and other payables	16	(18.0)	(20.3)	(38.3)
Amounts due to related parties		(71.6)	–	(71.6)
Provision for taxation		(1.6)	–	(1.6)
Deferred tax liabilities	20	(4.0)	2.3	(1.7)
Total identifiable net assets/(liabilities)		23.2	(31.4)	(8.2)
Total consideration transferred		73.4	–	73.4
Fair value of identifiable net (assets)/liabilities		(23.2)	31.4	8.2
Goodwill	5	50.2	31.4	81.6

Purchase price adjustments made during the Window Period are non-cash in nature and have been applied retrospectively in accordance with SFRS(I) 3 *Business Combinations*, as these adjustments, which relate to balance sheet effects, are considered to be material to the Group.

In addition, the following balances have been reclassified as part of the completion of the final purchase price allocation based on information obtained during the Window Period.

	Note	As previously stated 2018 $'m	2018 $m	Restated 2018 $m
Contract assets – current	11	277.0	(7.4)	269.6
Contract costs – current	11	17.3	7.4	24.7
Capital reserves	22	21.7	(20.1)	1.6
Non-controlling interests		59.9	20.1	80.0

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(i) Ensign InfoSecurity Pte. Ltd. ("Ensign") (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

(ii) Disposal of D'Crypt Pte Ltd ("DPL")

On 30 September 2019, the Company entered into the following transactions to dispose of its interest in DPL:

(a) Disposal by the Company of its entire interest representing 65% of the issued share capital of DPL to Keele Investments Pte. Ltd. ("Keele") for a consideration of $65.0 million.

(b) Subscription by the Company of new ordinary shares in the capital of Ensign as well as the assignment of rights, benefits and interests (including voting and economic rights), in new Ensign Shares to the Company for a total consideration of $60.0 million.

(c) Subscription by Ensign of preference shares in the capital of Keele for a consideration of $100.0 million. Based on the rights accorded to Ensign through the preference shares, DPL will be regarded as an indirect subsidiary of Ensign as a result of Keele's 100% shareholding in DPL.

(d) Subsequent to completion date, deferred consideration of $6.2 million to be paid in cash to the Founding Shareholders on or before 31 January 2021. The fair value of the deferred consideration amount to $5.8 million at 31 December 2019.

(e) Subsequent to completion date, an earn-out consideration of up to a maximum amount of $27.4 million to be paid to the Founding Shareholders pursuant to the fulfilment of certain conditions set out in the sale and purchase agreement. The Group assessed the probability of the earn-out conditions to be met and estimated the contingent consideration to be the fair value of the liability to the founding shareholders amounting to $23.9 million at 31 December 2019.

(f) In the event the earn-out consideration in (e) above to be paid by Keele to the Founding Shareholders is less than $27.4 million, the Company shall be required to repay Keele a claw-back sum of up to $26.0 million.

(g) In connection with (f) above, the Founding Shareholders have undertaken to indemnify the Company a portion of the claw-back sum, subject to conditions in the sale and purchase agreement.

Upon the disposal of the Company's 65% equity interest in DPL, the Company and the non-controlling shareholders of DPL have also waived the put and call option previously entered into to allow the Company to acquire the remaining 35% equity interest in DPL. At the Group level, the derecognition of the put liability of $34 million (being fair value of the put liability at date of transaction) is recorded in capital reserve.

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(ii) Disposal of D'Crypt Pte Ltd ("DPL") (continued)

Following the completion of the transaction, the Group's effective interest in DPL decreased from 65% to 60%. The impact of the dilution of 5% effective interest is recorded as transactions with owners and taken up in equity.

At the Company level, the put and call options were accounted for as embedded derivatives. Upon derecognition, the impact is taken to the Company's income statement.

	2019 $m
Carrying amount of NCI divested	**(2.4)**
Net consideration received by the Group	**5.0**
Increase in equity attributable to owners of the Company	**2.6**
Less: Fair value of deferred consideration attributable to the Group	**(17.8)**
Net effect from business combinations	**(15.2)**

(iii) 2018 Acquisition of 65% interest of D'Crypt Pte Ltd ("DPL")

Consideration transferred

The following table summarises the fair value at acquisition date of each major class of consideration transferred.

	2018 $m
Total purchase consideration	57.5
Less: Cash and cash equivalents in subsidiary acquired	(0.9)
Net cash outflow on acquisition	56.6

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	2018 $m
Property, plant and equipment	4	4.6
Intangible assets	5	38.8
Net current assets (excluding cash and cash equivalents)		12.6
Cash and cash equivalents		0.9
Provision for taxation		(1.6)
Borrowings		(1.0)
Deferred tax liabilities		(5.6)
Total identifiable net assets		48.7

34 **ACQUISITION AND DISPOSAL OF SUBSIDIARIES** (continued)

(iii) **2018 Acquisition of 65% interest of D'Crypt Pte Ltd ("DPL")** (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets (Customer contracts and relationships)	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the respective intangible assets.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2018 $m
Total consideration transferred	57.5
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	17.0
Fair value of identifiable net assets	(48.7)
Goodwill	25.8

35 **FINANCIAL RISK MANAGEMENT**

Overview

Exposure to credit, liquidity, interest, foreign exchange and market risks arises in the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee, who in turn is assisted by the Management Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Management Risk Committee reports to the Risk Committee on a regular basis. The Risk Committee reports to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group from both an operational and execution basis. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to promote a culture of risk management which entails awareness, accountability and ownership in all employees.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates, where appropriate. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in Note 3.6(iii).

35 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic review of credit policy and counterparty credit limits are also practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher risk customers.

Counterparty risk arising from cash and cash equivalents and treasury transactions is managed by dealing mainly with high credit quality counterparties, which have a minimum rating of A/A1 based on Standard & Poor or Moody's ratings.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position less collaterals held. Collaterals in the form of cash or bank guarantees are obtained from counterparties where appropriate.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group actively monitors its liquidity risk and manages its operating cash flows, debt maturity profile, availability of funding, and reviews compliance with loan covenants. The Group maintains sufficient level of cash and cash equivalents, expects to generate sufficient cash flows from its operation, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its multicurrency debt issuance programme to ensure that there are adequate credit facilities which may be utilised when the need arises to meet its working capital requirements.

The Group is presently in discussions with several banks to refinance current borrowings of $407.6 million, which are due for repayment in the second half of 2020. As of 31 December 2019, the Group has $669.7 million of available credit facilities, of which $200 million are committed facilities.

Management assessed that with these available facilities and positive cash flows from the Group's operations, the Group will be able to refinance the current bank borrowings and pay its liabilities as and when they are due.

35 **FINANCIAL RISK MANAGEMENT** (continued)

Liquidity risk *(continued)*

The following are the remaining contractual undiscounted cash outflows (including interest payments) of financial liabilities:

Group	Carrying amount $m	Contractual cash flows Total $m	Within 1 year $m	After 1 year but within 5 years $m	After 5 years but within 10 years $m
2019					
Non-derivative financial liabilities					
Borrowings	**(1,048.4)**	**(1,161.2)**	**(438.3)**	**(406.4)**	**(316.5)**
Trade and other payables ^	**(468.7)**	**(472.6)**	**(439.0)**	**(33.6)**	**–**
Amounts due to related parties	**(41.1)**	**(41.1)**	**(41.1)**	**–**	**–**
Lease liabilities	**(155.5)**	**(189.8)**	**(31.9)**	**(96.9)**	**(61.0)**
	(1,713.7)	**(1,864.7)**	**(950.3)**	**(536.9)**	**(377.5)**
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	**(2.4)**				
- Outflow		**(96.6)**	**(96.6)**	**–**	**–**
- Inflow		**94.2**	**94.2**	**–**	**–**
	(2.4)	**(2.4)**	**(2.4)**	**–**	**–**
2018					
Non-derivative financial liabilities					
Borrowings	(1,028.5)	(1,167.9)	(76.3)	(764.3)	(327.3)
Trade and other payables ^	(536.4)	(538.0)	(503.4)	(34.6)	–
Amounts due to related parties	(57.5)	(57.5)	(57.5)	–	–
	(1,622.4)	(1,763.4)	(637.2)	(798.9)	(327.3)
Derivative financial assets					
Forward exchange contracts used for hedging (gross-settled)	0.1				
- Outflow		(27.1)	(27.1)	–	–
- Inflow		27.2	27.2	–	–
	0.1	0.1	0.1	–	–
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	(0.3)				
- Outflow		(68.3)	(68.3)	–	–
- Inflow		68.0	68.0	–	–
	(0.3)	(0.3)	(0.3)	–	–

35 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk *(continued)*

Company	Carrying amount (Restated) $m	Contractual cash flows: Total $m	Within 1 year $m	After 1 year but within 5 years $m	After 5 years but within 10 years $m
2019					
Non-derivative financial liabilities					
Borrowings	**(1,047.5)**	**(1,160.4)**	**(438.2)**	**(406.2)**	**(316.0)**
Trade and other payables ^	**(210.3)**	**(210.3)**	**(210.3)**	**–**	**–**
Amounts due to related parties	**(151.0)**	**(151.0)**	**(151.0)**	**–**	**–**
Lease liabilities	**(116.2)**	**(146.2)**	**(20.8)**	**(64.5)**	**(60.9)**
	(1,525.0)	**(1,667.9)**	**(820.3)**	**(470.7)**	**(376.9)**
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	**(2.4)**				
- Outflow		**(96.6)**	**(96.6)**	**–**	**–**
- Inflow		**94.2**	**94.2**	**–**	**–**
	(2.4)	**(2.4)**	**(2.4)**	**–**	**–**
2018					
Non-derivative financial liabilities					
Borrowings	(1,027.5)	(1,166.8)	(76.2)	(764.0)	(326.6)
Trade and other payables ^	(179.7)	(179.7)	(179.7)	–	–
Amounts due to related parties	(235.8)	(235.8)	(235.8)	–	–
	(1,443.0)	(1,582.3)	(491.7)	(764.0)	(326.6)
Derivative financial assets					
Forward exchange contracts used for hedging (gross-settled)	0.1				
- Outflow		(27.1)	(27.1)	–	–
- Inflow		27.2	27.2	–	–
	0.1	0.1	0.1	–	–
Derivative financial liabilities					
Forward exchange contracts used for hedging (gross-settled)	(0.3)				
- Outflow		(68.3)	(68.3)	–	–
- Inflow		68.0	68.0	–	–
	(0.3)	(0.3)	(0.3)	–	–
Put and call options, net	(7.0)	(7.0)	–	(7.0)	–
	(7.3)	(7.3)	(0.3)	(7.0)	–

^ The carrying amount of trade and other payables disclosed in the table excludes deferred income, forward exchange contracts, put and call options, net GST payable, employee benefits and reinstatement obligations.

35 FINANCIAL RISK MANAGEMENT (continued)

***Liquidity risk** (continued)*

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Company's derivative financial instruments on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

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 long-term borrowings is on a fixed rate basis.

Exposure to interest rate risk

At the reporting date, the interest rate profile of interest-bearing financial instruments, as reported to management, was as follows:

	Group		Company	
	Nominal amount		Nominal amount	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Fixed rate instruments				
Fixed deposits	**40.0**	86.2	**40.0**	84.2
Borrowings	**910.0**	890.0	**910.0**	890.0
	950.0	976.2	**950.0**	974.2
Variable rate instrument				
Borrowings	**138.4**	138.5	**137.5**	137.5

Sensitivity analysis for variable rate instruments

The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the floating interest rates by 100 basis points, with all other variables remaining constant would have increased/(decreased) profit or loss by $1.4 million (2018: $1.4 million) for the Group and Company respectively.

35 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings, that are denominated in a currency other than the respective functional currencies of the Group entities. The functional currency of the Group entities is the Singapore Dollar. The currency giving rise to this risk is primarily the United States Dollar.

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.

The Group's and the Company's exposures to United States Dollar are as follows:

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Contract assets	**3.9**	15.9	**1.9**	4.2
Trade and other receivables	**27.4**	41.6	**9.1**	12.0
Cash and cash equivalents	**28.3**	57.4	**18.6**	48.7
Trade and other payables	**(88.3)**	(105.3)	**(46.9)**	(46.5)
	(28.7)	9.6	**(17.3)**	18.4

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk exposure on committed payment obligations. At 31 December 2019, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately $96.6 million (2018: $95.5 million). Certain forward exchange contracts are entered into by the Company on behalf of a subsidiary.

Sensitivity analysis

The Group and Company had assessed that a reasonable change in the exchange rate would not result in a material impact on the Group's and Company's results.

Other market price risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

Sensitivity analysis

The Group and Company had assessed that a reasonable change in the share price would not result in a material impact on the Group's and Company's equity.

35 FINANCIAL RISK MANAGEMENT (continued)

Hedge accounting

Cash flow hedges

The Group held the following instruments to hedge exposures to changes in foreign currency.

	Maturity 1-6 months	6-12 months	More than one year
2019			
Foreign currency risk			
Forward exchange contracts			
Net exposure (in millions of SGD)	**1.3**	**1.1**	**–**
Average SGD:USD forward contract rate	**1.3791**	**1.3804**	**–**
2018			
Foreign currency risk			
Forward exchange contracts			
Net exposure (in millions of SGD)	0.2	–	–
Average SGD:USD forward contract rate	1.3689	1.3608	–

The amounts at the reporting date relating to items designated as hedged items are as follows:

Group	Change in value used for calculating hedge ineffective hedge ineffectiveness $m	Cash flow hedge reserve $m	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $m
2019			
Foreign currency risk			
Trade and other payables	**–**	**2.4**	**–**
	–	**2.4**	**–**
2018			
Foreign currency risk			
Other receivables, deposits and prepayments	–	(0.1)	–
Trade and other payables	–	0.3	–
	–	0.2	–

35 FINANCIAL RISK MANAGEMENT (continued)

Hedge accounting (continued)

Cash flow hedges *(continued)*

The amounts relating to items designated as hedging instruments are as follows:

Group			**2019**		**During the year - 2019**
	Nominal amount $m	**Carrying amount – assets $m**	**Carrying amount – liabilities $m**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in OCI $m**
Foreign currency risk					
Forward exchange contracts – trade payables	**96.6**	**–**	**(2.4)**	**Other receivables, deposits and prepayments, trade and other payables**	**(2.2)**

Group			**2018**		**During the year - 2018**
	Nominal amount $m	**Carrying amount – assets $m**	**Carrying amount – liabilities $m**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in OCI $m**
Foreign currency risk					
Forward exchange contracts – trade payables	95.5	0.1	(0.3)	Other receivables, deposits and prepayments, trade and other payables	11.9

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

Group	**2019 Hedging reserve $m**	**2018 Hedging reserve $m**
At beginning of the year	**(0.2)**	(10.1)
Cash flow hedges		
Change in fair value:		
Foreign currency risk – trade payables	**(2.2)**	11.9
Tax on movements on reserves during the year	**0.3**	(2.0)
	(2.1)	(0.2)

35 FINANCIAL RISK MANAGEMENT (continued)

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group enters into forward exchange contracts to hedge the foreign currency risk on committed payment obligations.

There were no financial instruments in 2019 which do not meet the criteria for offsetting in the statement of financial position.

Other than as separately disclosed in the financial statements, the following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Note	Gross amounts of recognised financial instruments $m	Related financial instruments that are not offset $m	Net amount $m
2018				
Financial assets				
Forward exchange contracts used for hedging	14	0.1	(0.1)	–
		0.1	(0.1)	–
Financial liabilities				
Forward exchange contracts used for hedging	16	0.3	(0.1)	0.2
		0.3	(0.1)	0.2

35 FINANCIAL RISK MANAGEMENT (continued)

Accounting classification of financial instruments

The carrying amounts of financial instruments are as follows:

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Financial assets at amortised cost				
Cash and cash equivalents	**117.6**	166.0	**74.5**	117.6
Trade receivables	**248.7**	282.8	**198.0**	183.1
Other receivables#	**22.5**	9.4	**3.0**	3.7
Amounts due from related parties	**30.4**	26.5	**23.9**	22.4
	419.2	484.7	**299.4**	326.8
Equity investments at FVOCI				
Quoted equity securities	**34.3**	36.0	**34.3**	36.0
Financial liabilities at amortised cost				
Trade and other payables ^	**(468.7)**	(503.4)	**(210.3)**	(179.7)
Amounts due to related parties	**(41.1)**	(57.5)	**(151.0)**	(235.8)
Borrowings	**(1,048.4)**	(1,028.5)	**(1,047.5)**	(1,027.5)
Lease liabilities	**(155.5)**	–	**(116.2)**	–
	(1,713.7)	(1,589.4)	**(1,525.0)**	(1,443.0)
Financial liabilities at fair value				
Put liability to acquire non-controlling interests	**–**	(33.0)	**–**	–
Put and Call options, net	**–**	–	**–**	(7.0)
	–	(33.0)	**–**	(7.0)
Fair value hedging instruments				
Forward exchange contracts used for hedging (derivative asset)	**–**	0.1	**–**	0.1
Forward exchange contracts used for hedging (derivative liability)	**(2.4)**	(0.3)	**(2.4)**	(0.3)
	(2.4)	(0.2)	**(2.4)**	(0.2)

The carrying amount of other receivables disclosed in the table excludes prepayments and marked-to-market financial instruments.

^ The carrying amount of trade and other payables disclosed in the table excludes deferred income, forward exchange contracts, put liability to acquire non-controlling interests, put and call options, net GST payable and employee benefits.

35 FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

Derivatives

Marked-to-market valuations of the forward exchange contracts are provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Lease liabilities

Lease liabilities approximate their fair values and are calculated using discounted cash flow models based on the present value of future cash flows, discounted using the incremental borrowing rates at the respective lease inception dates.

Borrowings

The fair values of borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Amounts due from related parties (non-current)

Non-current amounts due from related parties approximates their fair values which are calculated using discounted cash flow model based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Equity investments at FVOCI

The carrying amounts of equity investments at FVOCI approximates its fair value.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35 FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values (continued)

The following table represents the assets and liabilities measured at fair value, using the above valuation methods, at reporting date:

Group	Fair value level	2019 $m	2018 $m
Financial assets			
Marked-to-market financial instrument			
– Forward exchange contracts	2	**–**	0.1
Other investments	1	**34.3**	36.0
Financial liabilities			
Marked-to-market financial instrument			
– Forward exchange contracts	2	**2.4**	0.3
Put liability to acquire non-controlling interests	3	**–**	33.0
Company			
Put and Call options, net	3	**–**	7.0

There were no transfers between level 1 and 2 in 2019 and 2018.

The following table presents the reconciliation for the put liability to acquire non-controlling interests and put and call options measured at fair value based on unobservable inputs (Level 3):

	Group		Company	
	Put liability to acquire non-controlling interest 2019 $m	Put liability to acquire non-controlling interest 2018 $m	Put and call options, net 2019 $m	Put and call options, net 2018 $m
Balance at beginning of the year	**33.0**	–	**7.0**	–
Arising from business combination	**–**	42.7	**–**	13.9
Fair value change recognised in income statement	**–**	–	**(0.6)**	(6.9)
Fair value change recognised in capital reserve	**1.0**	(9.7)	–	–
Derecognition of put liability to acquire non-controlling interests	**(34.0)**	–	**–**	–
Derecognition of put and call option	**–**	–	**(6.4)**	–
Balance at end of the year	**–**	33.0	**–**	7.0

The fair value of the put liability is estimated based on the present value of expected payments, and the fair value of the put and call options are valued based on the Black Scholes model.

36 CAPITAL MANAGEMENT

The Group regularly reviews its financial position, capital structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns, including the level of dividends, and appropriate strategic positioning.

From time to time, the Group may purchase its own shares on the market; the timing of these purchases depends on market prices. Such share purchases are intended to be used for issuing shares under the StarHub Performance Share Plan and StarHub Restricted Stock Plan programmes. Other than for such specific purposes, the Group does not have a defined share buy-back plan.

The Group manages the use of capital centrally and all borrowings to fund the operations of the subsidiaries are managed by the Company. The capital employed by the Company consists of equity attributable to shareholders, bank borrowings from financial institutions and medium term note issued.

The Group is not subject to any externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

37 COMMITMENTS

Capital and other financial commitments

	Group		Company	
	2019 $m	**2018 $m**	**2019 $m**	**2018 $m**
Contracted and not provided for in the financial statements:				
– Capital expenditures	**452.6**	527.1	**76.0**	93.1
– Other operating expenditures	**96.2**	217.8	**–**	–
	548.8	744.9	**76.0**	93.1

As at 31 December 2019, the Group has outstanding capital and other financial commitments with related companies amounting to $18.2 million (2018: $11.7 million), which has been included above.

Included in the capital expenditures contracted by the Company is an amount of approximately $0.1 million (2018: $0.2 million) which has been entered into on behalf of certain of its subsidiaries.

38 SUBSEQUENT EVENTS

Dividend declaration

The directors have proposed a final dividend of $0.0225 (2018: $0.04) per share, tax exempt (one tier), totalling $39.0 million (2018: $69.2 million) in respect of the financial year ended 31 December 2019. This proposed final tax exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2020.

39 ADOPTION OF NEW STANDARDS

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The Group's application of the modified retrospective approach resulted in no changes to opening retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to "grandfather" the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property and network infrastructure. The Group previously classified leased assets as operating leases. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group capitalises only the consideration attributable to lease components.

39 ADOPTION OF NEW STANDARDS (continued)

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group applied the practical expedient of relying on its assessment of whether leases are onerous under SFRS(I) 1-37 immediately before the date of transition as an alternative to performing an impairment review. Therefore, right-of-use assets at the date of transition is adjusted by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of transition.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application for selected asset classes;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and lease liabilities. The impact on transition is summarised below.

	Group 1 January 2019 $m	Company 1 January 2019 $m
Right-of-use assets – land and buildings	**155.6**	**131.9**
Right-of-use assets – base transceiver stations	**17.6**	**–**
Right-of-use assets – other network equipment and infrastructure	**30.1**	**9.1**
Lease liabilities	**208.1**	**138.5**

* For the impact of SFRS(I) 16 on segment information, see Note 33. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.15.

39 ADOPTION OF NEW STANDARDS (continued)

***Impact on financial statements** (continued)*

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rates applied ranged from 2-4%.

	Group 1 January 2019 $m	Company 1 January 2019 $m
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's financial statements	351.5	286.2
Non-lease components	(106.0)	(97.8)
Reclassification from prepayments	(8.5)	(0.1)
Adjustment to opening operating lease commitments for lease contracts under negotiation and other contracts previously not disclosed	13.1	(1.8)
Recognition exemption for leases with less than 12 months of lease term at transition	(9.3)	(1.1)
Discounting using the incremental borrowing rate at 1 January 2019	(33.2)	(30.7)
Operating lease commitments contracted on behalf of a subsidiary	–	(9.3)
Operating lease commitments with subsidiary companies	–	(6.9)
Extension options reasonably certain to be exercised	0.5	–
Lease liabilities recognised at 1 January 2019	208.1	138.5

APPENDIX IV

BUSINESS PERFORMANCE UPDATE OF STARHUB LTD FOR THE FIRST QUARTER ENDED 31 MARCH 2020

The information in this Appendix IV has been extracted and reproduced from the business performance update of StarHub Ltd and its subsidiaries for the first quarter ended 31 March 2020 and has not been specifically prepared for inclusion in this Information Memorandum.

StarHub Ltd
Reg. No.:199802208C
67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942
Tel: (65) 6825 5000
Fax: (65) 6721 5000

STARHUB LTD

Announcement of Business Performance Update for the First Quarter ended 31 March 2020

StarHub is pleased to announce the business performance update for the first quarter ended 31 March 2020.

Results for the First Quarter ended 31 March 2020

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Mar			
	2020	2019	Incr / (Decr)	
	S$m	S$m	S$m	%
Total revenue	506.2	596.8	(90.6)	(15.2)
Operating expenses	(448.4)	(524.7)	(76.3)	(14.5)
Other income	1.5	0.1	1.4	nm
Profit from operations	**59.3**	**72.1**	**(12.8)**	**(17.8)**
Finance income	0.4	0.4	0.0	7.3
Finance expense [(1)]	(9.1)	(9.8)	(0.7)	(6.8)
	50.6	**62.7**	**(12.1)**	**(19.3)**
Share of (loss)/ gain of associate, net of tax	(0.0)	0.4	(0.5)	nm
Profit before taxation	**50.5**	**63.1**	**(12.6)**	**(20.0)**
Taxation	(8.4)	(13.8)	(5.4)	(39.1)
Profit for the period	**42.1**	**49.3**	**(7.2)**	**(14.6)**
Attributable to:				
Owners of the Company	40.2	54.0	(13.9)	(25.7)
Non-controlling interests	1.9	(4.7)	6.7	nm
	42.1	**49.3**	**(7.2)**	**(14.6)**
EBITDA	**136.2**	**161.9**	**(25.7)**	**(15.9)**
Service EBITDA [(2)]	**125.7**	**149.7**	**(23.9)**	**(16.0)**
Service EBITDA as % of service revenue	**31.1%**	**33.7%**	**-2.6% pts**	
Free Cash Flow [(3)]	**118.9**	**21.4**	**97.5**	**nm**
Profit from operations is arrived after charging the following:				
Loss allowances of trade receivables	*3.8*	*5.3*	*(1.5)*	*(29.0)*
Depreciation and amortisation	*76.9*	*89.8*	*(12.9)*	*(14.3)*
Foreign exchange (gain) / loss	*5.4*	*(1.1)*	*6.5*	*nm*
Allowance for stock obsolescence	*1.0*	*0.2*	*0.8*	*nm*

nm – Not meaningful

Notes:
(1) Finance expense includes interest on borrowings and lease liabilities and other financing charges
(2) Service EBITDA refers to EBITDA less equipment margin (sales of equipment less cost of equipment)
(3) Free Cash Flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the cash flow statement
(4) Numbers in all tables may not exactly add up due to rounding

1.2 MANAGEMENT DISCUSSION

	Quarter ended 31 Mar			
	2020	2019	Incr / (Decr)	
Revenue	**S$m**	**S$m**	**S$m**	**%**
Mobile	163.5	192.3	(28.8)	(15.0)
Pay TV	46.8	70.7	(23.9)	(33.8)
Broadband	41.7	47.1	(5.4)	(11.4)
Enterprise Business	152.8	134.1	18.7	13.9
- Network solutions (1)	*90.4*	*107.8*	*(17.4)*	*(16.1)*
- Cyber security services (2)	*62.4*	*26.4*	*36.1*	*136.8*
Service revenue	404.9	444.3	(39.4)	(8.9)
Sales of equipment	101.3	152.5	(51.2)	(33.6)
Total revenue	506.2	596.8	(90.6)	(15.2)

Notes:
(1) Includes Data & Internet, Managed services and Voice services
(2) Includes service revenue from Ensign and D'Crypt

The Group's 1Q2020 total revenue of S$506.2 million was S$90.6 million or 15.2% lower YoY (year-on-year). The lower revenues were mainly due to lower revenues from Mobile, Pay TV, Broadband and Sales of equipment, partially offset by higher revenues from Enterprise Business.

Against the corresponding period last year, Mobile service revenues in 1Q2020 was lower YoY by 15.0% due to lower post-paid and pre-paid Mobile revenues. The decrease in post-paid Mobile revenues was mainly due to lower IDD, excess data usage, lower roaming due to a significant drop in global travel caused by the COVID-19 outbreak, lower plan subscriptions and VAS (value-added services) revenues, partially offset by the increase in voice usage. The decrease in pre-paid Mobile revenues was mainly due to lower inbound and outbound tourists due to the impact from COVID-19 measures, lower data subscriptions, prepaid expired credit and IDD.

Pay TV service revenue in 1Q2020 was 33.8% lower YoY, mainly due to a lower subscriber base and lower ARPUs due to promotional activities in respect of the cable to fibre migration from the previous year.

Broadband service revenue decreased YoY by 11.4% in 1Q2020, mainly due to lower ARPUs as a result of promotional activities in respect of cable of fibre migration from the previous year.

Enterprise Business revenue increased YoY by 13.9% in 1Q2020, mainly due to higher revenues from cyber security services, partially offset by lower revenues from voice services, internet services and domestic leased circuits as well as managed services.

Revenue from sales of equipment decreased YoY by 33.6% in 1Q2020, mainly due to lower volume of premium handsets sold as a result of COVID-19 and disruption to handset supply chains, resulting in a stock-out situation for certain handset models.

The Group's total operating expenses for 1Q2020 was lower by S$76.3 million or 14.5% YoY, mainly due to lower cost of sales and other operating expenses, partially offset by the increase in operating expenses for cyber security services.

As a percentage of revenue, total operating expenses for 1Q2020 was at 88.6%, when compared to 87.9% in the corresponding period last year.
Other income increased mainly due to income grant received and recovery of tunnel fees from TPG in 1Q2020.

Profit from operations of S$59.3 million in 1Q2020 was S$12.8 million lower YoY. Profit from operations for Cyber security services was S$5.0 million in 1Q2020 compared to losses of S$11.4 million in the same period last year. Excluding Cyber security services, profit from operations would have been S$54.3 million, which is S$29.2 million lower YoY due to lower revenues from Mobile, Pay TV, Broadband and Network Solutions and lower margin from Sales of equipment, partially offset by higher other income and lower operating expenses.

Service EBITDA margin for 1Q2020 at 31.1% was 2.6% points lower YoY, mainly due to the lower service revenues.

Finance income was stable YoY in 1Q2020 whilst finance expenses was lower in 1Q2020.

Share of results of associate was a loss in 1Q2020 compared to a gain in the corresponding period last year.

Profit before taxation of S$50.5 million in 1Q2020 was lower by S$12.6 million YoY as a result of lower profit from operations. Taxation expense for 1Q2020 was lower at S$8.4 million due to lower profits. As Ensign started turning in a profit this quarter, the previously un-recognised deferred tax asset relating to prior period tax losses was recognised to reduce taxation expense on profit in this quarter. This resulted in an overall lower taxation expense and a lower effective tax rate, as compared to the corresponding period last year.

Net profit for 1Q2020 was S$42.1 million.

The Group's 1Q2020 net cash from operating activities of S$153.9 million was S$87.1 million higher YoY due to lower working capital needs, partially offset by lower cash flow from operations and higher income tax paid. The positive working capital changes of S$27.2 million was primarily attributed to lower inventories, lower trade receivables and lower other receivables, deposits and prepayments, partially offset by lower trade and other payables and lower net balances due to related parties. Free cash flow of S$118.9 million in 1Q2020 was higher YoY by S$97.5 million, primarily due to higher cash from operating activities coupled with lower CAPEX payments.

<u>Shareholders' Equity</u>

The Group's shareholders' equity increased by S$21.3 million to S$539.4 million as of 31 March 2020 (excluding non-controlling interests of S$63.9 million) compared to S$518.1 million as of 31 December 2019. The increase was mainly due to higher retained profits.

<u>Net Debt</u>

On account of a higher cash and cash equivalent balance, net debt was S$101.5 million lower at S$829.3 million as of 31 March 2020 compared to S$930.8 million as of 31 December 2019. As a ratio of the past 12 months' EBITDA, the Group's net debt was lower at 1.40 times as of 31 March 2020 compared to 1.51 times as of 31 December 2019.

Refinancing of current borrowings due for repayment

The Group is in the process of securing S$407.5 million of new committed term loan facilities, subject to completion of term loan documentation, to refinance its current borrowings due for repayment in the second half of 2020, at comparable rates to the existing term loan facilities. In addition, the Group has secured new committed credit facilities for working capital purposes. Upon completion of the financing documentation, the Group expects to have S$300.0 million of committed credit facilities available for drawdown as and when needed.

Capital Expenditure

The Group's CAPEX payments amounted to S$35.0 million in 1Q2020, representing 6.9% of total revenue. CAPEX payments were lower YoY by S$10.4 million in 1Q2020 mainly due to a decrease in purchase of property, plant and equipment (PPE).

As of 31 March 2020, the Group's total outstanding capital expenditure commitments amounted to S$432.3 million, including the outstanding commitments for 4G spectrum rights of S$282.0 million.

Outlook

The COVID-19 crisis, resulting in travel restrictions globally and circuit breaker measures in Singapore, is expected to have a material impact on the Group's revenue and profitability for the year.

In these very challenging times, the Group's priority is to maintain adequate financial liquidity, the health and welfare of its employees, customers, and business partners. The Group has rolled out initiatives to enable customers to tide over this unprecedented crisis in the best possible way.

The Group expects revenue declines in most lines of business, to varying degrees, as a result of this crisis and will continue to manage operating expenses, capital expenditure and cash flow to mitigate the impacts of the revenue decline. To this end, the various budgetary measures provided by the Singapore Government have supported the maintenance of jobs, cash flow and the ability to mitigate some of the revenue impacts.

The Group has successfully negotiated the refinancing of bank loans due for repayment this year and upon conclusion of these arrangements, there will be no further refinancing required until 2022. We also have adequate additional credit facilities to manage our working capital and other funding requirements. The Group still expects to generate positive operating cash flow this year.

The Group remains fully committed to and has the resources to continue with its strategic initiatives such as: the closing of the Strateq acquisition, the commencement of the 5G project, the IT transformation program, greater commitment to the enterprise business division and other long-term transformation initiatives.

The Group will provide more information on the net impact of all these measures in the second half of this year when there is greater clarity around both the relevant Government measures as well as the economic situation. Accordingly, the Group will withdraw all guidance for 2020 for the time being and will update shareholders once there is greater visibility as to the aggregate nature of the impacts.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Mar			
	2020	2019	Incr / (Decr)	
	S$m	S$m	S$m	%
Mobile revenue	163.5	192.3	(28.8)	(15.0)

Mobile operating statistics	Quarter ended / As of 31 Mar 2020	31 Dec 2019	31 Mar 2019
Number of registered subscribers (in thousands)			
Post-paid	1,466	1,451	1,438
Pre-paid	704	778	789
Total	2,170	2,229	2,228
ARPU with IDD included (S$ per month)			
Post-paid	34	40	39
Pre-paid	11	13	13
Average smartphone data usage (GB)	10.6	9.9	6.3
Average monthly churn rate (post-paid)	1.0%	1.1%	1.1%
Singapore mobile penetration (1)	158.7%	159.1%	152.0%
Market Share (1)	24.0%	24.6%	26.0%

Note:
(1) Based on latest published statistics

Overall Mobile service revenues in 1Q2020 was lower YoY by 15.0% due to lower post-paid and pre-paid Mobile revenues. The decrease in post-paid Mobile revenues was mainly due to lower IDD, excess data usage, lower roaming due to a significant drop in global travel caused by the COVID-19 outbreak, lower plan subscriptions and VAS (value-added services) revenues, partially offset by the increase in voice usage. The decrease in pre-paid Mobile revenues was mainly due to lower inbound and outbound tourists due to the impact from COVID-19 measures, lower data subscriptions, prepaid expired credit and IDD.

Post-paid mobile services

As of 31 March 2020, post-paid mobile subscriber base stood at 1,466,000 after the quarter's net addition of 15,000 subscribers. Compared to a year ago, post-paid subscriber base increased by 28,000 subscribers or 1.9%.

Post-paid mobile ARPU in 1Q2020 stands at S$34. The post-paid mobile ARPU declined YoY due to the impact from COVID-19, lower plan subscription revenues, VAS, outbound roaming and data usage revenues. The overall average smartphone data usage increased YoY to 10.6 GB in 1Q2020.

Post-paid mobile average monthly churn rate was at 1.0% in 1Q2020.

Pre-paid mobile services

As of 31 March 2020, pre-paid mobile subscriber base was 704,000. Compared to a year ago, pre-paid subscriber base decreased by 85,000 subscribers. The decline was mainly due to the impact from COVID-19 measures, which caused an overall drop in tourist numbers. Pre-paid mobile ARPU was at S$11 for 1Q2020.

Pay TV Services

	Quarter ended 31 Mar			
	2020	2019	Incr / (Decr)	
	S$m	S$m	S$m	%
Pay TV revenue	46.8	70.7	(23.9)	(33.8)

	Quarter ended / As of		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
Pay TV operating statistics			
Number of residential Pay TV subscribers (1) (in thousands)	327	329	394
ARPU (S$ per month)	38	42	48
Average monthly churn rate	0.6%	0.7%	1.5%

Pay TV service revenue of S$46.8 million in 1Q2020 was 33.8% lower YoY, mainly due to a lower subscriber base and lower ARPUs, both due to promotional activities in respect of the cable to fibre migration from the previous year.

As of 31 March 2020, Pay TV subscriber base stood at 327,000 after the quarter's net churn of 2,000 subscribers. Compared to a year ago, Pay TV subscriber base was lower by 67,000.

Average monthly churn rate was lower at 0.6% for 1Q2020 after the completion of the cable to fibre migration in 3Q2019.

Pay TV ARPU of S$38 in 1Q2020 was lower when compared to the corresponding period last year.

Broadband Services

	Quarter ended 31 Mar			
	2020	2019	Incr / (Decr)	
	S$m	S$m	S$m	%
Broadband revenue	41.7	47.1	(5.4)	(11.4)

Broadband operating statistics	Quarter ended / As of 31 Mar 2020	31 Dec 2019	31 Mar 2019
Number of residential broadband subscribers - subscription-based (in thousands)	502	501	495
ARPU (S$ per month)	27	27	31
Average monthly churn rate	0.4%	0.5%	0.8%

Broadband service revenue of S$41.7 million in 1Q2020 was 11.4% lower YoY, mainly due to lower ARPUs.

Broadband ARPU of S$27 in 1Q2020 was lower when compared to the corresponding period last year, mainly due to promotional activities in respect of the cable to fibre migration from the previous year.

Broadband average monthly churn rate was lower at 0.4% in 1Q2020 after the completion of the cable to fibre migration in 3Q2019.

Enterprise Business

Enterprise Business revenue	Quarter ended 31 Mar 2020 S$m	2019 S$m	Incr / (Decr) S$m	%
Data & Internet [1]	61.9	68.4	(6.5)	(9.4)
Managed services [2]	17.8	26.1	(8.3)	(31.8)
Voice services [1]	10.7	13.3	(2.6)	(19.8)
Network solutions	90.4	107.8	(17.4)	(16.1)
Cyber security services [3]	62.4	26.4	36.1	136.8
Total	152.8	134.1	18.7	13.9

(1) SmartUC and SIP Trunking have been reclassed from Data & Internet to Voice
(2) Managed services include Analytics, Cloud, ICT solutions and Facility Management
(3) Includes service revenue from Ensign and D'Crypt

Enterprise Business revenue increased YoY by 13.9% in 1Q2020, mainly due to higher revenues from cyber security services, partially offset by lower revenues from voice services, internet services and domestic leased circuits as well as managed services.

Data & Internet service revenue in 1Q2020 was lower YoY due to the renewals of domestic leased circuits and IP transit at lower rates.

Managed services revenue for 1Q2020 was lower YoY due to lesser projects completed during the quarter as well as delayed customer spending for cloud, cryptographic and digital security projects due to the impact arising from COVID-19.

Voice services revenue in 1Q2020 was lower YoY, mainly due to lower domestic voice and international voice traffic and lower smart messaging revenues.

The growth in cyber security services in 1Q2020 was largely contributed by the consolidation of Ensign from 4Q2018 onwards and higher demand for these services.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar	
	2020	**2019**
	S$m	**S$m**
Operating Activities		
Profit before taxation	50.5	63.1
Adjustments for :		
Depreciation and amortisation	76.9	89.8
Income related grants	(0.9)	(0.1)
Share-based payments	0.7	1.1
Net finance costs	8.7	9.4
Share of loss of associate, net of tax	0.0	(0.4)
Others	0.1	0.2
Operating cash flow before working capital changes	136.2	163.1
Changes in operating assets and liabilities	27.2	(95.3)
Income taxes paid	(9.6)	(1.0)
Net cash from operating activities	**153.9**	**66.7**
Investing Activities		
Interest received	0.3	0.2
Proceeds from disposal of property, plant and equipment and intangible assets	0.1	0.1
Purchase of property, plant and equipment and intangible assets	(35.0)	(45.4)
Net cash used in investing activities	**(34.6)**	**(45.1)**
Financing Activities		
Repayment of lease liabilities	(8.7)	(7.5)
Grants received	0.2	0.2
Interest paid	(6.5)	(7.3)
Purchase of Treasury Shares	(2.9)	(1.5)
Net cash used in financing activities	**(18.0)**	**(16.1)**
Net change in cash and cash equivalents	**101.3**	**5.6**
Cash and cash equivalents at beginning of the period	116.9	165.3
Cash and cash equivalents at end of the period	**218.3**	**170.9**
Cash and cash equivalents comprise:		
Cash and bank balances	219.0	171.5
Restricted cash	(0.7)	(0.6)
	218.3	**170.9**

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 20	31 Dec 19	31 Mar 20	31 Dec 19
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	799.2	820.2	416.2	421.0
Intangible assets	656.9	672.3	101.0	108.8
Right-of-use assets	139.5	150.0	110.5	116.7
Subsidiaries	-	-	3,256.0	3,256.0
Associate	22.0	22.1	27.8	27.8
Investment in fair value through other comprehensive income	13.7	34.3	13.7	34.3
Amount due from related parties	8.6	8.5	8.6	8.5
Contract assets	81.6	77.6	0.2	0.6
Contract costs	5.7	7.0	0.4	0.4
	1,727.2	**1,792.1**	**3,934.4**	**3,974.1**
Current assets				
Inventories	70.9	98.3	5.8	5.5
Contract assets	310.7	334.1	24.2	27.5
Contract costs	32.3	32.5	1.5	1.5
Trade receivables	222.4	248.7	177.4	198.0
Other receivables, deposits and prepayments	89.6	88.7	36.1	33.1
Amount due from related parties	23.0	21.9	27.4	15.4
Cash and bank balances	219.0	117.6	175.3	74.5
	967.9	**941.8**	**447.6**	**355.5**
Less:				
Current Liabilities				
Contract liabilities	63.2	69.4	16.9	18.1
Trade and other payables	506.1	539.5	257.4	308.7
Amount due to related parties	33.0	41.1	233.9	150.9
Borrowings	407.6	407.6	407.5	407.5
Lease liabilities	27.1	26.6	15.4	15.8
Provision for taxation	91.8	92.1	30.4	26.0
	1,128.7	**1,176.3**	**961.5**	**927.0**
Net current (liabilities)/ assets	**(160.8)**	**(234.5)**	**(513.9)**	**(571.5)**
Non-current liabilities				
Contract liabilities	34.8	36.2	34.8	36.2
Trade and other payables	43.6	43.6	10.9	10.9
Borrowings	640.8	640.8	640.0	640.0
Lease liabilities	118.9	128.9	95.7	100.4
Deferred income	3.7	6.6	0.0	0.0
Deferred tax liabilities	121.3	121.4	70.6	70.6
	963.2	**977.5**	**852.0**	**858.1**
Net assets	**603.2**	**580.1**	**2,568.5**	**2,544.4**
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Perpetual Capital Securities	201.9	199.9	201.9	199.9
Reserves	37.8	18.6	2,067.0	2,044.9
Equity attributable to owners of the Company	**539.4**	**518.1**	**2,568.5**	**2,544.4**
Non-controlling interests	63.9	62.0	-	-
Total equity	**603.2**	**580.1**	**2,568.5**	**2,544.4**