StarHub

Progress is change + diversification

STARHUB LTD
Annual Report 2019

Strategy

10 D.A.R.E. Transformation Roadmap
12 Chairman's Message
16 StarHub at a Glance
18 In Discussion with Senior Executives
27 Significant Events
28 Value Creation
30 Awards and Industry Honours

Business Review

32 Consumer
38 Enterprise
42 Group Financial Review

Governance

48 Board of Directors
54 Directors' Particulars
56 Senior Executives
62 Corporate Governance
87 Corporate Information
88 Risk Management
92 Investor Relations

Sustainability

94 Sustainability Report

Financials

141 FY2019 Financial Statements
142 Directors' Statement
150 Independent Auditors' Report
158 Statements of Financial Position
159 Consolidated Income Statement
160 Consolidated Statement of Comprehensive Income
161 Statements of Changes in Equity
167 Consolidated Cash Flow Statement
168 Notes to the Financial Statements

Others

253 Interested Person Transactions and Material Contracts
254 Shareholding Information

COMPANY PROFILE

StarHub is a leading homegrown Singapore company that delivers world-class communications, entertainment and digital solutions. With our extensive fibre and wireless infrastructure and global partnerships, we bring to people, homes and enterprises quality mobile and fixed services, a broad suite of premium content, and a diverse range of communication solutions. We develop and deliver to corporate and government clients solutions incorporating artificial intelligence, cybersecurity, data analytics, Internet of Things and robotics. We are committed to conducting our business in a sustainable and environmentally responsible manner. Launched in 2000 and listed on the Singapore Exchange mainboard since 2004, StarHub is a component stock of the SGX Sustainability Leaders Index and the SGX Sustainability Leaders Enhanced Index.

VISION

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

MISSION

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

View our Report Online

Annual Report 2019
Go green and help reduce our carbon footprint.
Download via www.starhub.com/ir.

Progress is change + diversification

FY2019 was a watershed year for StarHub as we said Hello to Change. With sharpened focus and a singular objective to transform our businesses, StarHub's challenger spirit is now stronger than ever as we continuously break new boundaries through innovation and digitalisation.

The D.A.R.E Strategic Priorities

D — **Delivering market-leading customer experiences**

A — **Accelerating value creation from core businesses**

R — **Realising growth from new opportunities**

E — **Enhancing efforts to transform digitally**

Read more about our D.A.R.E. Transformation Roadmap on page 10.

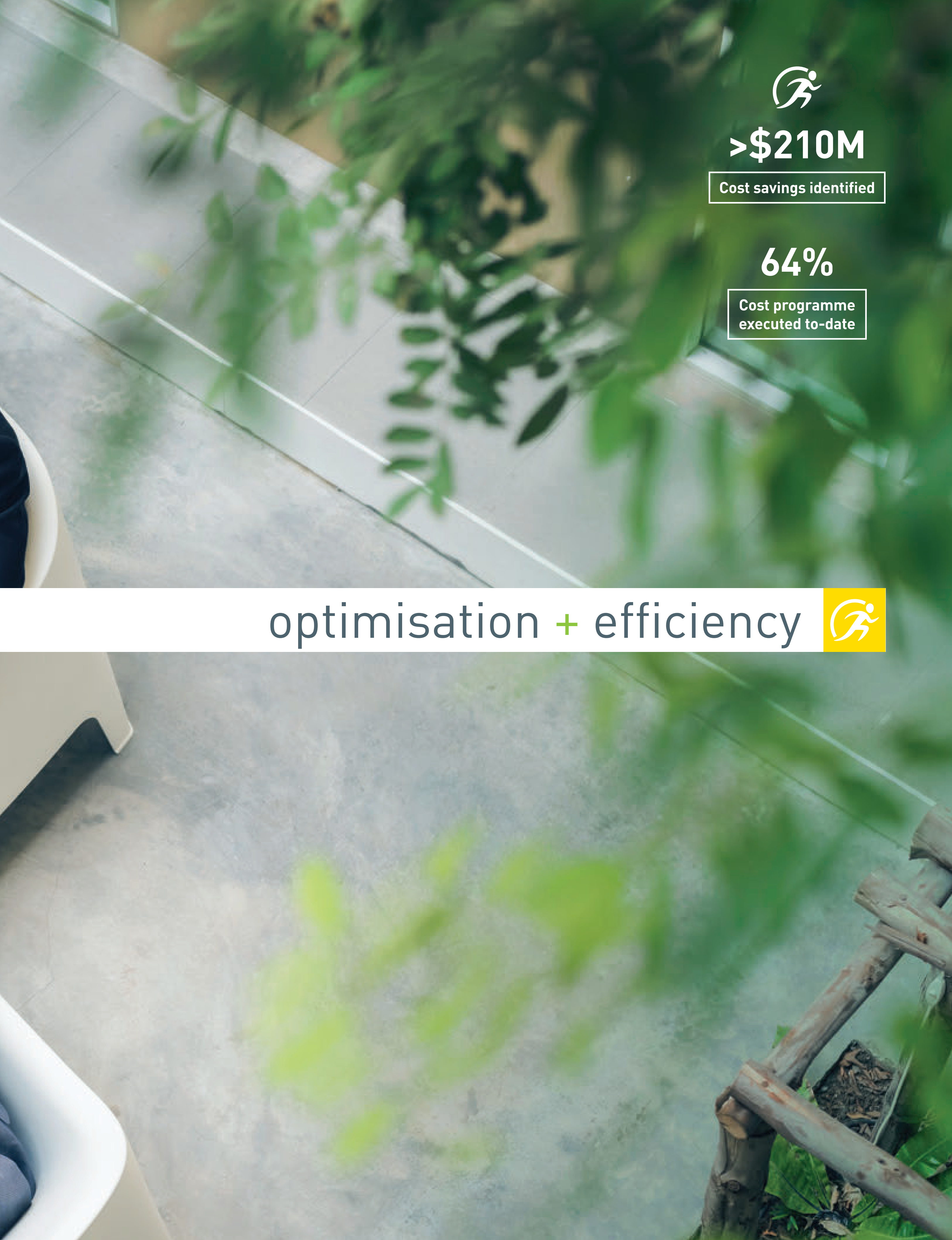
Satisfaction is

Delivering seamless customer experience through innovation.


130%
Improved Net Promoter Score following Hello Change brand promise
50% Faster
Halved customer digital journey for faster & simpler online transactions
transparency + simplicity

Value creation is

Maximising value from the core; enhancing the way we work.



>$210M

Cost savings identified

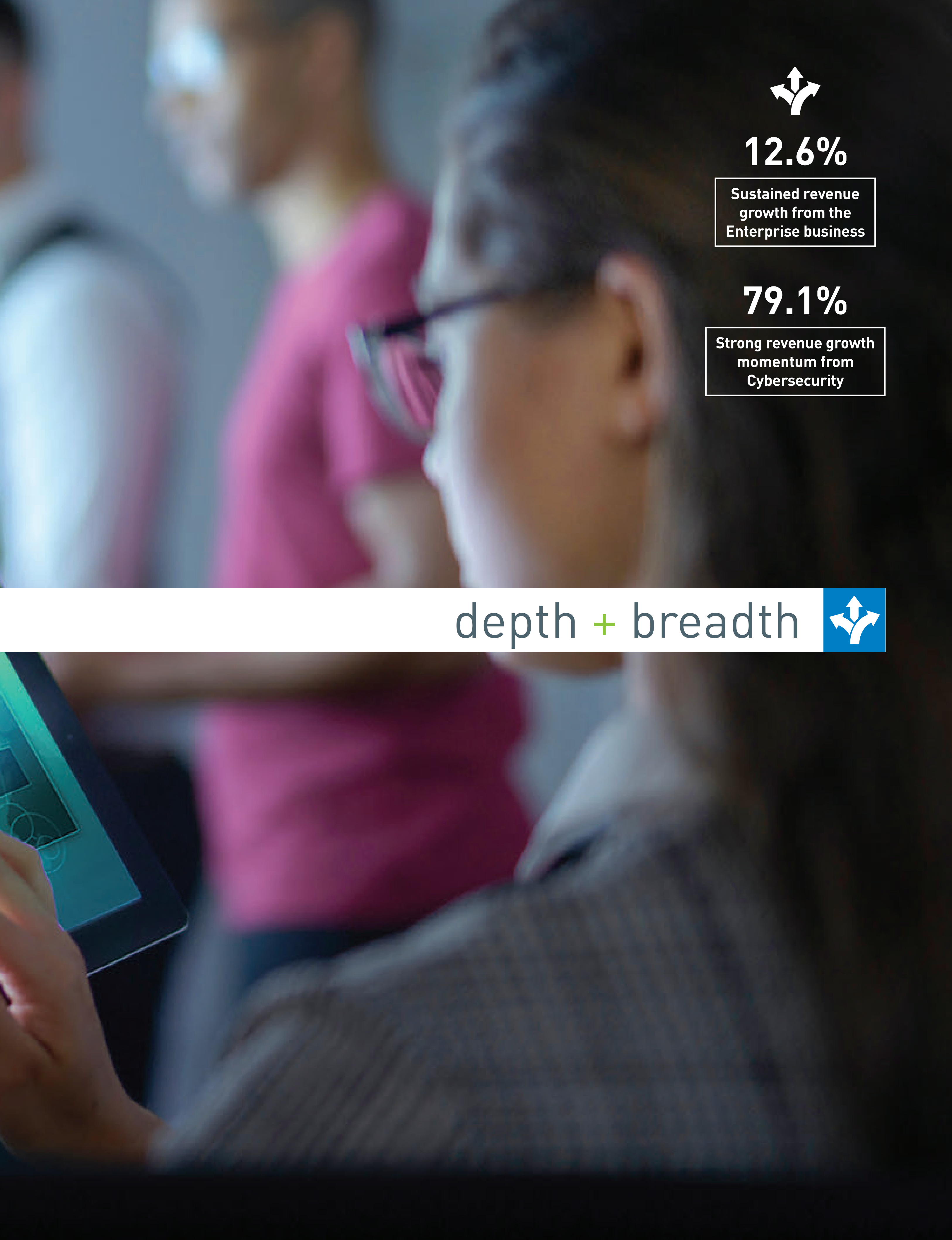
64%

Cost programme executed to-date

optimisation + efficiency

Growth is

Strengthening capabilities; capitalising new opportunities.



12.6%

Sustained revenue growth from the Enterprise business

79.1%

Strong revenue growth momentum from Cybersecurity

depth + breadth

Future is

Reaching further; executing smarter.

4.5 Stars

Improved rating of My StarHub app on Apple and Google Play

2x

Doubled online sales upon enhanced digital touchpoints

diversification + digitalisation

D.A.R.E.

TO TRANSFORM

Strategic Transformation For Greater Customer Experience, Efficiencies, Competitiveness & Agility

D.A.R.E. Enablers

Highly reliable, advanced and secure networks and platforms

Understanding & leveraging customer insights

Best-in-class performance

D.A.R.E. in Motion

D.A.R.E.	Strategy in Motion	Progress
Delivering market-leading customer experiences	- "Hello Change" brand promise - New entertainment experience (*Go Max* OTT offering) - Completion of cable-to-fibre migration - Improving customer experience - Ongoing digital innovation	- Significant 130% YoY improvement in Net Promoter Score[1] - Pay TV OTT subscribers grew 23% YoY - Halved customer digital journey for faster and simpler online transactions
Accelerating value creation from core businesses	- Driving operational efficiencies through digitalisation & simplification - Workforce optimisation - Renegotiate terms of expiring contracts for procurement savings	- Cost savings identified >$210M, 64% achieved - Streamlined customer experience processes by 75% following a process simplification initiative
Realising growth from new opportunities	- Accelerating cybersecurity business growth through Ensign - Submitted 5G joint-bid with M1 - Exploring synergistic and accretive M&A opportunities	- 79% YoY cybersecurity revenue growth - Currently broadcasting 'live' 5G signals from StarHub Green - Singapore's first 5G cellular-on-wheels (COW)
Enhancing efforts to transform digitally	- Enhanced My StarHub app - Promoting & enhancing digital sales channels - Launch of giga! in 2Q2019 - Launched SD-WAN - Deployed robotics process automation across operations	- My StarHub app achieved an improved rating to 4.5 stars; a top-rated app on Apple App and Google Play stores with over 500k monthly active users[1] - Online sales doubled YoY - giga! has achieved the highest NPS in the market with its end-to-end digital experience

[1] As at 31 December 2019.

Steven Terrell Clontz
Chairman

Dear Shareholders,
FY2019 was a transformative year as we deeply probed the "nooks and crannies" of our various businesses to chart a roadmap for operational efficiency and growth amidst sustained intense market competition.

As the market environment changes and as technology evolves, customers' needs and preferences will adapt, naturally. We do not just try to react. We must transform and re-invigorate our "challenger" spirit, and we have done exactly that.

To recapitulate, the StarHub Executive Leadership Team put in place a clear action plan and unveiled the three-year DARE transformation programme in late-FY2018 that began by targeting approximately $210 million of cost savings, most of which will be reinvested in revenue diversification and growth opportunities, as well as enhanced customer care and engagement platforms.

One year on, of the four pillars we have defined, we are pleased to report broad-based progress:

Deliver market-leading customer experiences: We introduced our "Hello Change" brand promise to revamp mobile and TV propositions with simplicity and value, and completed the massive cable-to-fibre migration. Our customers enjoy significantly better experiences over the last 12 months based on NPS scores that improved by 130%, reflecting vast improvements in our dealings with customers across multiple channels whether face-to-face or digitally.

As the market environment changes and as technology evolves, customers' needs and preferences will adapt, naturally. We don't just try to react. We must transform and re-invigorate our "challenger" spirit, and we have done exactly that.

Accelerate value creation from our core businesses: A cross-functional optimisation programme resulted in best-in-class capital expenditure investments, achieving 7.5% committed capex/revenue ratio. Our review of go-to-market strategies and contact centre functions brought about a workforce that is now at an optimised level for the size of our business. Coupled with other operational efficiencies, we achieved a 4.6% year-on-year decline in operating expenses, excluding our cybersecurity operations. Overall, 64% of our three-year $210 million cost-optimisation programme was delivered in FY2019. Such initiatives also contributed to a 50.5% year-on-year improvement in free cash flow to $218.6 million.

Realise growth from new opportunities: FY2019 was the first full year we consolidated contributions from Ensign InfoSecurity Pte. Ltd. ("Ensign") and combined it with D'Crypt Pte Ltd ("D'Crypt") under a single centre of excellence for cybersecurity and cryptography services, which generated 79.1% year-on-year revenue growth. Revenue from the growing Managed Services segment also crossed the $100 million mark for the first time.

Enhance efforts to transform digitally: For our customers, we have enhanced our My StarHub app, which achieved high user ratings on both Apple App and Google Play stores of 4.5 out of 5 stars. Online sales have doubled as we continue to encourage greater adoption of our online services and sales channels. In FY2019, we also launched giga!, Singapore's first all-digital mobile brand that continues to enjoy immense customer take-up rate at the highest industry net promoter score ("NPS"). On elevating operational efficiencies, we deployed RPA (Robotics Process Automation) across our business, rolled out a new Knowledge Management System and chatbot capability in our Contact Centres. Meanwhile, our SmartHub Data Analytics and Artificial Intelligence solutions enabled smart business decisions and delivered enhanced benefits to enterprise clients in Advertising, Hospitality and many other industries.

BUSINESS REVIEW & OUTLOOK

Consumer

Our Consumer business remains challenging, facing competition from infrastructure based Mobile Network Operators ("MNO") and Mobile Virtual Network Operators ("MVNOs"), while also having to navigate through changing consumer behaviour towards higher data usage. As the marketplace changes, we remain nimble, leaning in to customers' feedback on the ground and modifying our offerings accordingly.

Even as more MVNOs launch in the Singapore market, we continue to win market share via our StarHub-branded services, our digital brand giga! and our wholesale MVNO channels. Including giga!, four out of 10 digital brands available in the market today are powered by StarHub's advanced mobile network[1].

In FY2019, we completed the cable-to-fibre migration of our Pay TV business. While we expected near-term churn and negative ARPU impact, this was a necessary change to enable the transformation of our TV business – moving towards a variable cost structure and redefining the way our customers consume content in a world that is moving rapidly towards OTT video streaming

FY2019 Milestones

D.A.R.E. Progress

>$210M cost programme 64% executed to date, savings to be reinvested for transformation and growth initiatives

Hello Change

Strong reception for the Hello Change campaign resulting in a 130% improvement in NPS

Completed Migration

Successfully migrated all Pay TV and Broadband customers to fibre in October 2019 to enable greater speeds and seamless entertainment

Integrated Cybersecurity Capabilities

Strategic integration of D'Crypt into Ensign that will sharpen its competitive edge as one of Asia's largest integrated pure-play cybersecurity firms

[1] As at 31 December 2019.

CHAIRMAN'S MESSAGE

and download options. In fact, churn for Pay TV has reduced significantly in 4Q2019, signifying stabilisation as migrated customers are now on new two-year contracts. In FY2020, we have plans to offer more options to our customers, including new OTT services such as the Go Max offering. The cost of content will continue to receive a large amount of attention given that more of our content providers are going direct to consumers.

We expect our Broadband business to remain stable following the cable-to-fibre migration. We have launched a high-speed price plan targeted at the interactive video gamers who are showing significant interest. We plan to seek further growth in this niche segment through differentiated offers.

Enterprise

Our core Enterprise business enjoyed some growth this past year, thanks to new contracts from the large corporate customers for whom we provide Managed Services. Such customers tend to stay with their service providers over multiple years.

We believe the Enterprise business will be the main growth driver for StarHub, while the Consumer business will continue to generate healthy cash flow.

While we remain cautious on growth expectations for our Network Solutions business amidst pricing pressure from new market entrants offering fibre services, we expect higher take-up of emerging technologies, such as data analytics, Internet of Things ("IoT"), and data centre-related solutions. We are constantly reviewing and strengthening our portfolio of services and capabilities to provide a full suite of solutions to customers as we further position StarHub as a critical IT service provider.

For many enterprise customers, having top-notch cybersecurity capabilities has become a board-level agenda. According to the Infocomm Media Development Authority, Singapore's cybersecurity market was worth less than US$500 million in 2017 but is seen to grow at a CAGR of 15%, to US$889 million in 2022.

To this end, we have built very significant cybersecurity capabilities with our acquisitions over the past few years. This includes a deliberate decision to integrate D'Crypt into Ensign, allowing us to realise synergies from their complementary cybersecurity and cryptography capabilities that provide advanced digital security solutions to our enterprise customers. This strategic alignment will also sharpen our competitive edge and build scale to be one of the region's largest pure-play cybersecurity solution providers.

FY2019 is the first full year of consolidating the accounts from Ensign, from which we spearhead our cybersecurity offerings. While we expect Ensign's topline growth to continue its impressive growth trajectory, we are investing in the company's future growth through R&D investments and talent acquisition – both of which are critical components that will incur front-loaded operating expenses.

Having spent the first year laying strong foundations, Ensign seeks to maintain a delicate balance between growth and enhancing profitability by aggressively growing sales and reaping economies of scale.

Outlook

Overall, the Consumer business continues to navigate a tough market environment as we employ innovation and greater digitalisation to stabilise ARPUs and revenues. On the Enterprise business front, we will build on the strong FY2019 momentum to sell more services to existing customers and create new revenue streams in adjacent verticals. We believe the Enterprise business will be the main growth driver for StarHub, while the Consumer business will continue to generate healthy cash flows.

Moving into FY2020, 5G will be a key focus as licences are expected to be awarded in the middle of the year. This next-generation high-speed mobile network is expected to spawn new services and support new use cases, benefiting not just consumers but also premised-based industrial applications and mobile data intensive business applications.

Machines, vehicles, equipment, smart devices, will all be connected as part of the IoT ecosystem. Usage patterns, volumes, customer needs will alter significantly. New business models will be created, and we plan to capture these new revenue streams.

While 5G's high speed, low latency, and ability to support network slicing and prioritisation holds good promise for the Enterprise business, it will take longer to build up momentum as compared to the Consumer business.

The possibilities 5G will bring are exciting, but we are fully mindful of the investments required. Our 5G investment strategy involves a joint venture agreement with another MNO, delivering significant savings over the life of the project without compromising network quality of service and brand positioning.

To accelerate growth and broaden our corporate competencies, we will seek strategic investments, which may also provide some geographic diversification.

Dividend

We have proposed a final dividend of 2.25 cents for 4Q2019, which will bring the full-year dividend payout to 9.0 cents, in line with prior guidance. We remain committed to our dividend policy to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items), payable on a semi-annual basis. However, to provide greater visibility to the investment community, we have guided our intention to maintain a dividend

> What has stayed and will remain constant is StarHub's promise and passion to challenge the status quo and place customers at the heart of everything we do.

per share of 9.0 cents for FY2020 after taking into consideration short-to-mid term cash flow requirements, as well as results reaped from the ongoing transformation initiatives. We will continue taking a balanced and sustainable approach to paying dividends while remaining dedicated to rewarding shareholders for putting their faith in StarHub.

Sustainability

Despite business challenges, we have not lost sight of our wider mission to be a responsible corporate citizen. This is especially important as the ecosystem of investors and stakeholders place greater emphasis on ESG practices.

In terms of the way we conduct business, we bought 2,850 megawatts worth of Renewable Energy Certificates (REC), equivalent to about 2% of our electricity consumption in FY2019. We are also in the process of rolling out a Responsible Sourcing Policy in FY2020 that will form the governance structure for our supplier code of conduct.

We continue to play an active role in perpetuating good environmental practices. RENEW (REcycling the Nation's Electronic Waste), our flagship e-waste recycling programme, has seen a steady annual increase of over 36% in the amount of e-waste collected to reach 174 tonnes in FY2019. FY2019 also marks the sixth consecutive year we have supported the School Green Awards (SGA) in partnership with the Singapore Environment Council (SEC), to engage, enable and encourage our youths to lead in addressing the problem of climate change more effectively.

We remain committed to ameliorating the lives of communities around us. In FY2019, we were conferred the PA Community Spirit Award for supporting the Central Singapore CDC's Nurture Programme, bridging disadvantaged children and youths with greater access and exposure to learning opportunities.

Corporate Governance

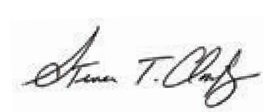
This year marks StarHub's 15th year as a company listed on the Singapore Exchange, and we continue to uphold best corporate governance standards, abiding by the recommendations of the Code of Corporate Governance, which includes board renewal.

In FY2019, we welcomed a new independent director, Lionel Yeo, to our board. Lionel brings with him years of top-level experience in the Civil Service. When he joined our board in early FY2019, he was providing strategic advice to Grab, one of the most prominent technology companies in our region. He has since taken on the role of CEO of the Singapore Sports Hub, with effect from February 2020. Lionel brings his unique experience and perspectives to help guide StarHub in this rapidly evolving and exciting marketplace.

Looking Ahead

FY2020 will mark our 20th anniversary – over the years, technologies have improved dramatically, the industry has evolved, and business models have changed. What has stayed and will remain constant is StarHub's promise and passion to challenge the status quo and place customers at the heart of everything we do, which we believe will translate into long-term value for our shareholders who have supported us through our ups and downs.

While the operating environment is undeniably challenging, it is also an opportunity for us to sharpen our focus and raise the bar through innovation. We will maintain a long-term view on the business, working hard on our transformation and growth initiatives to emerge stronger and better. We look forward to your continued support as we embrace change and diversification to progress ahead on this exciting new journey.



Steven Terrell Clontz
Chairman

STARHUB AT A GLANCE

As at 31 December 2019 unless otherwise stated.

$2.5B
Market Capitalisation

6.3%
Dividend Yield

$2.3B
Total Revenue

$178.6M
Net Profit

CONSUMER

Embracing Innovation as Singapore's Favourite Challenger Brand

20 Years
Solid track record

Singapore's Fastest Network
60% faster mobile data speeds than other networks (IMDA, November 2019)

MOBILE

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

giga!

giga! is StarHub's SIM-only digital brand launched in 2Q2019. Its seamless end-to-end digital experience, including e-KYC, has achieved the highest NPS scores amongst StarHub's consumer products.

PAY TV

Full suite of international and local TV channels, an OTT app StarHub Go and StarHub Go Streaming Box, to catch the latest drama, education or sports Programmes.

ENTERPRISE

Enhanced Capabilities – From Core Connectivity to Emerging Technology

>95%
Connected commercial buildings in Singapore

Fastest Local Connection
<1ms Round Trip Delay (RTD)
Low Latency Ethernet Lease Line

CONNECTIVITY

Data | Internet | Voice

Stay connected wherever your business is with StarHub's wide range of telco services for enterprises including mobility, internet connectivity, unified communications, SD-WAN and cloud connect solutions.

Wholesale Services

StarHub markets and sells capacity on our core fixed network to facilities-based and service-based operators, including three MVNOs, MyRepublic, redONE and VivoBee.

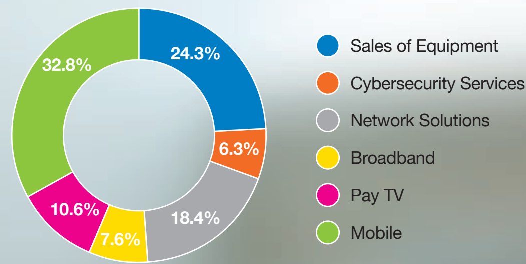
MANAGED SERVICES

Understanding the unique needs of each customer, StarHub offers one-stop integrated solutions and services ranging from managed network, data centre, cloud and mobility solutions for businesses to remain competitive in a digital economy.

36.0%
Return on Equity
FY2019

$218.6M
Free Cash Flow

FY2019 Revenue Mix



2.2M
Mobile subscribers

329K
Pay TV subscribers

501K
Broadband subscribers

StarHub Go Max *is a contractless all-in-one OTT pack offered on StarHub Go. It has over 80 channels and 10,000 shows across a wide variety of genres.*

BROADBAND

Experience StarHub's superfast, reliable high speed fibre-optic network at great value. Achieve modern living conveniences with smart homes and mesh solutions, and level up your gaming with our 2Gbps plan.

Turbo Gamer
2Gbps

Elevate your gaming experience with StarHub's Turbo Gamer 2Gbps plan that is bundled with the best gaming router in the market today (ROG Rapture GT-AC2900), exclusively at StarHub.

7
Data centre facilities island-wide

350
Subsea cables spanning over 880,000km worldwide

4
Digital brands on StarHub's network

Emerging Technology
StarHub is building a niche in providing integrated business solutions such as data analytics to enable smarter business decisions; artificial intelligence and facial recognition applications to enhance productivity; and Internet of Things for greater automation.

CYBERSECURITY SERVICES

Through its cybersecurity subsidiary, StarHub protects customers' digital infrastructure from cyber threats.

ENSIGN
INFOSECURITY

60%-owned by StarHub, Ensign offers the region's largest pure-play cybersecurity expertise and innovation. Ensign combines proprietary R&D and data analytics capabilities with access to telco network flow information for holistic cyber defence.

CHIEF EXECUTIVE

Peter Kaliaropoulos

"StarHub believes that using communications services at home and in the office should be simple, easy and affordable.

Q

Please share your expectations and aspirations for StarHub three to five years from now, and the active steps taken to achieve this.

A

As I reflect over the last 20 years since StarHub's entry into the market, technological innovation and elevated customer expectations have been the driving force impacting and transforming the way we operate.

Fixed and wireless; fast and secure communications delivering information; entertainment; cybersecurity; and an abundance of applications have positively improved personal lives and reshaped many industries in Singapore and globally.

Our industry has created a culture of instant gratification for consumers based on exchanging real-time information via one's fingertips or voice commands, transcending individuals' expectations and immersing them into new experiences; augmenting reality today with the benefits of the virtual world that is only a click away.

Businesses are bracing themselves for further disruption and new business models. Machine-to-machine communications complementing personal communications will create new business opportunities and efficiencies whilst disrupting the current operating models. Data Analytics and Artificial Intelligence will be the new norm for businesses of any size hoping to understand customers' behaviour to deliver better services and products by improving its own competitive advantage.

In the next few years, the pace of change and disruption, which underpins the ongoing evolution of our industry, will continue unabated. StarHub, confronted by and contributing to technological disruption, has the opportunity to create a better pathway for a brighter future.

StarHub believes that using communications services at home and in the office should be simple, easy and affordable. Inspiring our customers to embrace digital transformation should result in increased personal satisfaction, an improved business operation and an advanced society.

In the last 12 months, we have initiated our DARE transformation strategy to drive improvements in customer experiences, better efficiencies, invest in growth opportunities, re-energise our culture and introduce digital transformation of our own core business. There is an ongoing list of initiatives to make our business more relevant to our customers in the fiercely competitive Singapore market.

Over the next few years, our challenger spirit will drive us to identify business opportunities from adjacent segments to our traditional pure communications, across regional geographies. We are acutely aware that we require a solid foundation – strong capabilities and results – as we pursue new investments and growth opportunities.

Additional effort and focus will be spent exploring and leveraging technological innovation, and delivery of asset-light services to new market segments – especially for small enterprise clients and major customers. We will concurrently optimise cash flows from our consumer operations and make new investments through M&A to increase our operating footprint and introduce diversification of operations and services.

Over the horizon, I envision that StarHub will continue to be a great customer experience-driven brand in Singapore and a fully-integrated solutions provider to enterprise customers. We will invest in our 5G network and related applications, and diversify into regional markets delivering cybersecurity services, systems integration and enterprise ICT solutions.

Key ingredients to ensure our vision becomes a reality depends on our challenger spirit and employee engagement to drive innovation in everything we do, to serve customers with pride and delighting them wherever they may be located.

We have started our efforts to deliver the vision for the future.

Having identified the necessity of protecting businesses in a digital economy, and the gap in our suite of capabilities, we are growing our cybersecurity business into one of the region's largest pure-play cybersecurity companies with integrated capabilities from managed security services to cryptography. Today, Ensign's business spans Singapore, Hong Kong, Malaysia, Brunei, Myanmar and Thailand, and it will continue to expand its presence across Asia as it seeks to aggressively pursue topline growth and improve profitability.

We have submitted a joint bid to build a nationwide, advanced 5G network to allow new use cases for consumers and enterprises in Singapore in the emerging, hyperconnected, smart nation of the future. While multiple machine-to-machine communications can be supported by our network today, its proliferation will require the support of a low latency network that is only possible via advances in 5G network technologies.

We will continue to improve our processes and deepen digital transformation to deliver better customer experiences and efficiencies. Meanwhile, we are committed to a disciplined and prudent approach to capital management for long-term value creation for our shareholders and stakeholders.

Our future depends on how well we execute today and how quickly we pivot our business to take advantage of emerging opportunities around us. Backed by 20 years of experience and proven track record, I am confident that the StarHub team is driven and will continue to break new boundaries, creating better value for all stakeholders.

Simplicity in our vision creates a tougher execution challenge in the years ahead. We are aware of the challenges and tremendous hard work ahead of us. With strong teamwork, challenger spirit, genuine care for our employees and focus on customers, I believe we can create a bright future.

FINANCE

Dennis Chia

“We are committed to optimising operations through digitalisation and process simplification, while rationalising capex investments in our core business.

Q

StarHub has articulated the possibility of exceeding the identified $210 million cost savings in its three-year programme. Where are the additional savings coming from and what reinvestments have you identified?

A

The three-year $210 million cost programme is ongoing, and as we relook and refine our business processes and procedures, we continue to find new areas where we can further enhance or streamline that will allow us to exceed our target.

In terms of cost savings, we have made good headway in reducing our three largest cost items – staff costs, content costs and handset subsidies. We have optimised our workforce and are continuously reviewing handset subsidies offered in this competitive market. On content costs, we have moved most of our Pay TV content arrangements from a fixed cost to a variable structure, as we continue active talks with remaining content partners to do the same. Apart from tighter controls on expenditure across the company, we are also renegotiating new or expiring contracts with various partners and vendors to yield further cost savings.

Value creation from our core businesses and assets is just one of four key pillars of the DARE transformation programme. While we've seen some of these cost savings reflected in a year-on-year reduction in operating expenses, most of these savings are reinvested into initiatives that will allow StarHub to drive long-term sustainable growth and capture emerging opportunities. As at 31 December 2019, we expect to reinvest 17% of the identified cost savings into digitalisation and transformation business initiatives.

We will also be redirecting some cost savings into acquisitions of complementary businesses with innovative capabilities. This is in line with our intention to identify and invest in adjacent growth areas to stabilise and enhance our overall margins.

FY2020 Guidance

As at 20 February 2020

↑ 1% – 3% YoY	27% – 29% Margin	6% – 7% Of Total Revenue	9.0 cents Full year distribution
Service Revenue	**Service EBITDA**	**CAPEX Commitment**	**Dividend / Share**
		Excluding spectrum and 5G capex	Dividend policy: At least 80% of net profit attributable to shareholders (adjusted for one-time, non-recurring items); payable semi-annually

We believe by such strategic, well-placed investment of resources, we can remain ahead of the curve in the long-run amidst a challenging operating environment.

Q

What is the capex guidance for FY2020, and how much of this is going towards 5G? What are the capex requirements for the 5G roll out should the StarHub-M1 joint bid be awarded the licence?

A

Our capex guidance for FY2020 is expected to be between 6% and 7% of total revenue, excluding 5G capex and spectrum fees. We have on 17 February 2020 submitted a joint bid with another MNO for a nationwide licence, and the regulator is expected to award the licences by mid-2020. After which, should we secure one of the two licences, we will be able to communicate our views, strategies and capital expenditure guidance to the investment community.

We believe in the merits of sharing network infrastructure that will lower costs and enable more innovative solutions. In consideration of the regulator's rollout schedule, 5G capex will likely be progressive, spanning five years.

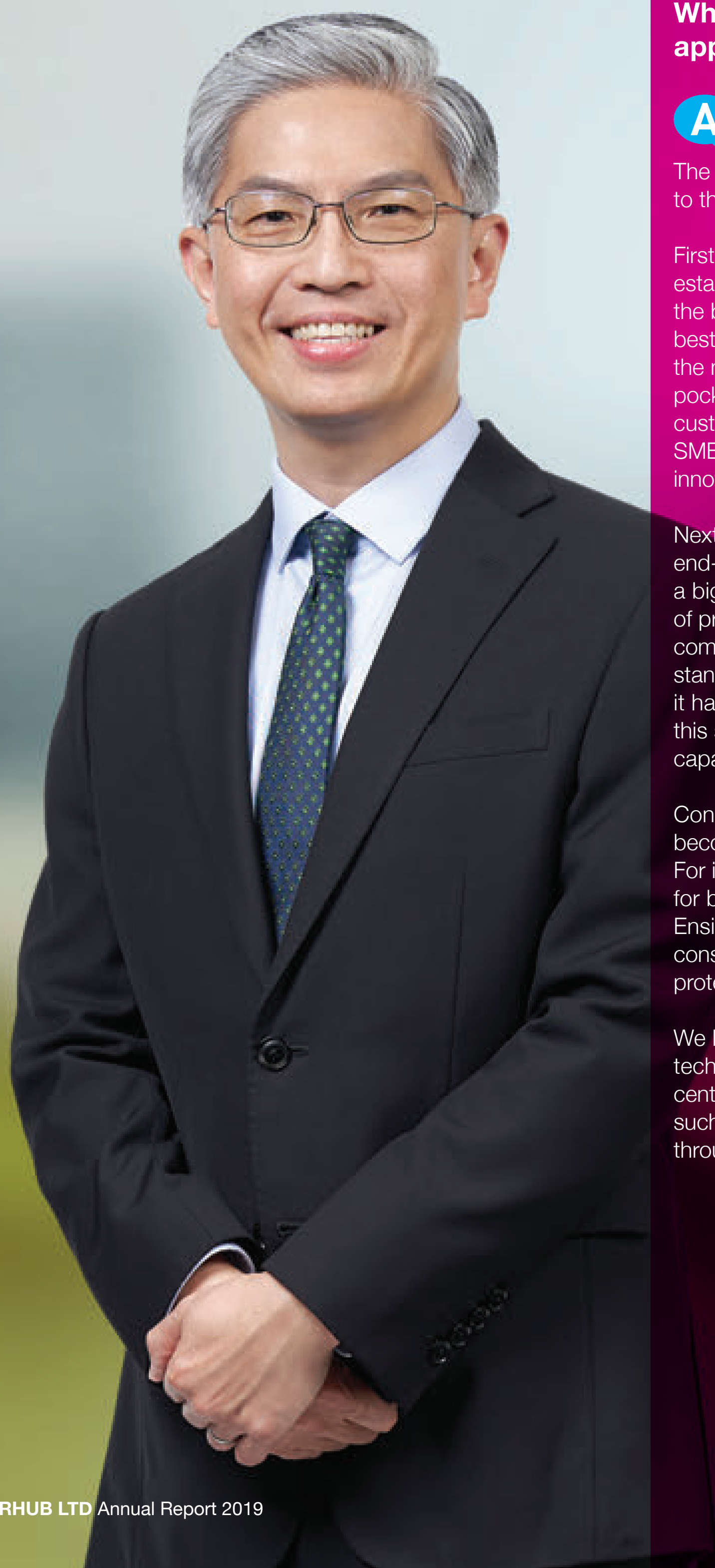
Q

How do you plan to fund the higher capex requirements and acquisitions for inorganic growth? Do you expect gearing to increase significantly in FY2020? Can dividends be sustained at the current level at least for the next few years?

A

As at 31 December 2019, we have a healthy net debt to EBITDA ratio of 1.51 times, while FY2019 free cash flow has improved 50.5% year-on-year to $218.6 million. With sufficient headroom and a healthy balance sheet, we are well-equipped to pursue growth opportunities as they arise.

While we are committed to our dividend policy – to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items) payable on a semi-annual basis – we have guided to a dividend of 9.0 cents for FY2020. Apart from demonstrating our commitment to enhance shareholder value, this dividend guidance takes into consideration short-to-mid term cashflow requirements, as well as results reaped from the ongoing business transformation initiatives. We continue to employ a prudent and disciplined approach to capital management, maintaining a long-term view on business growth and value creation.



ENTERPRISE

Charlie Chan

Q

What are your immediate priorities since your appointment in January 2020?

A

The overarching theme to bring our growing Enterprise business to the next level is to “Drive the core, accelerate our growth”.

First, we will work our “core” connectivity assets harder. We have established ourselves as the preferred challenger brand, driving the best value and providing customers with agile solutions that best suit their needs. While we acknowledge pricing pressures in the market for these traditional connectivity services, there are still pockets of viable growth opportunities in targeting underserved customer segments through differentiated offerings, such as the SME segment, amidst a government-led push for businesses to innovate and digitalise.

Next, we want to “accelerate our growth” by building innovative, end-to-end solutions for our clients that will help them capture a bigger share of the markets they operate in. The range of products and services under our Enterprise business is comprehensive but within this portfolio, our Managed Services stands out for registering the strongest growth. For the first time, it has crossed the $100 million revenue mark. We will build upon this strong growth momentum to step up the cross-selling of our capabilities, products and solutions.

Concurrently, we are bolstering our suite of capabilities to become a trusted one-stop solutions provider to our customers. For instance, cybersecurity has become a top-of-mind priority for businesses. Having a pure-play cybersecurity partner in Ensign provides us the ability to offer customers advanced consultative and design capabilities to thoroughly assess and protect against cyber threats.

We have also strengthened our capabilities in emerging technologies, such as data analytics, Internet of Things and data centre solutions, amongst looking into other new technologies such as 5G, SD-WAN, and SD-LAN that will enable differentiation through innovative and unique solutions.

CONSUMER

Johan Buse

Q

Are we seeing results from the new Hello Change brand promise? What is the status of the TV transformation?

A

In just one year, we have managed to achieve significant improvements after the Hello Change campaign was launched, promising simplicity and greater value to consumers.

For Mobile, we recorded a 130% year-on-year improvement in mobile net promoter score ("NPS"), reflecting higher customer satisfaction of our simplified mobile plans. To defend ARPUs amidst sustained intense market competition, we are pursuing higher-value customers with measured subsidies – the effectiveness of which is reflected in our improved postpaid ARPU and growth in subscriber base across 3Q2019 and 4Q2019.

On Pay TV, we completed the cable-to-fibre migration in October 2019 that gave customers island-wide access to greater speeds and a seamless entertainment experience that was coupled with refreshed entertainment passes offering customers the flexibility to toggle between passes with 24-hour notice.

The migration was the right opportunity for us to transform the Pay TV business model to one that will withstand the test of time and disruption from OTT players. We have since started moving towards an integrated OTT/IPTV platform, which better serves shifting patterns in the way consumers enjoy content. With all these changes, NPS for our Pay TV segment improved by 70% and our OTT subscriber base grew 23% year-on-year.

Meanwhile, we have converted most of our content agreements from a fixed model to a variable cost per subscriber model. As content cost is one of the main cost drivers for the Pay TV business, the variable model will result in a significant improvement in the segment's margins.

While we have achieved considerable success after one year of the Hello Change campaign, we continue to enhance customer experience and loyalty by working with strategic partners to deliver even more innovative and exciting offerings to our customers – such as a partnership with Perx Technologies to build in a digital loyalty programme in the enhanced My StarHub app; and extending the Amazon Prime membership to all our mobile customers.

NETWORK

Chong Siew Loong

Q

What does 5G network sharing mean for StarHub – are we compromising control and service differentiation for cost savings?

A

The upcoming 5G network is a new radio network infrastructure that will run on a new spectrum at 3.5GHz. With a joint bid that was submitted with another MNO on 17 February 2020, the cost of rolling out this new radio infrastructure will be shared, but there will be no compromise on radio coverage, network quality and the innovation that we offer to our customers.

The radio network is merely the infrastructure layer, which connects and enables the transmission of high-speed mobile signals to the devices. The value added by operators through its offerings and solutions will be the true differentiator amidst a crowded market. With greater speeds, lower latency as well as unique slicing and service prioritisation capabilities of the new 5G technology, the possibilities are endless. StarHub will strive to gain a key advantage by delivering such services and applications in value-added packages to both our consumer and enterprise clients.

Q

What are your thoughts on network virtualisation – is this something StarHub is looking into?

A

As businesses evolve digitally, network technologies have also advanced in tandem. We recognise the benefits of virtualising network functions, which optimises the utilisation of our network resources, thereby improving network efficiency, agility and responsiveness. Hence, we started on this digitalisation and virtualisation journey in 2017 and are making good progress on this front, having moved many of our network functions into Virtualised Network Functions (VNFs).

As we progress further on this journey, we would be able to eke out better efficiency and benefits from our investments, while information from different network functions can also be seamlessly exchanged digitally to enable better insights and the creation of new services and capabilities. As network traffic continues to grow, we learn to make better predictions on traffic patterns, as well as support a higher level of automation with the right level of security protocols, so as to increase the efficiencies of our networks.

CUSTOMER EXPERIENCE

Chris Lipman

Q

As a preferred Challenger telco brand, how is StarHub pushing new boundaries in terms of elevating customer experience?

A

We drew up a clear roadmap for FY2019, in line with our aspirations to be a clear market leader in providing seamless and innovative customer experience at every touchpoint.

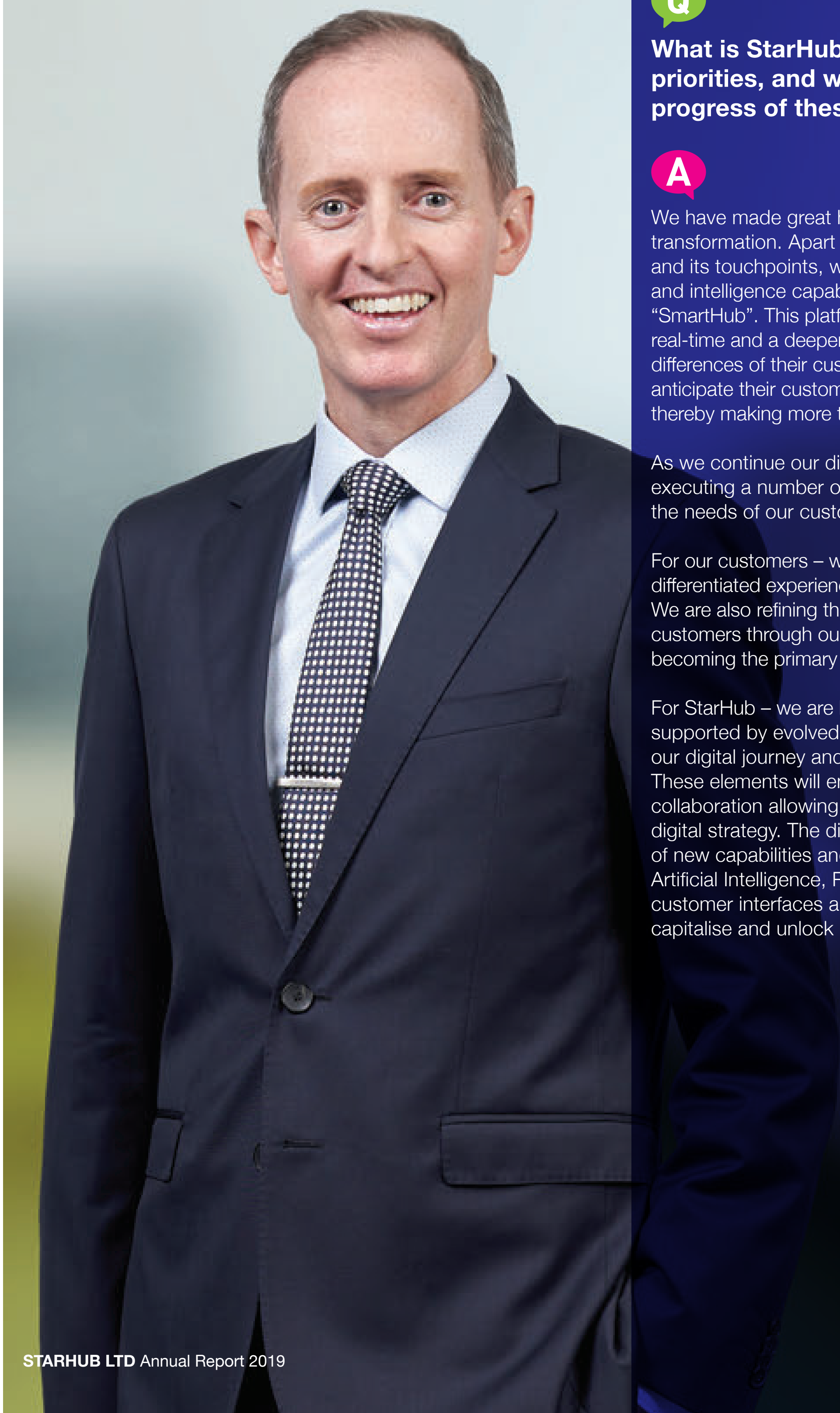
To achieve this, we needed to measure and track our progress over the year. Hence, we introduced several metrics in FY2019, including the measurement of our efficiency in meeting customers' requests for our call centre and HubTroopers – our dedicated team of technical experts in home networking and home entertainment solutions. We can now quantitatively track how quickly we can resolve customers' issues, which is closely correlated with customer satisfaction. Since then, we have exceeded our own targets set in the beginning of 2019 by 16%. This also contributed to a year-on-year 130% improvement in NPS that exceeds industry benchmarks.

In 2019, we streamlined our digital customer journey by 50%, which means customers halved the time spent to complete a transaction online via our simplified sales process. Our online capacity have been tripled and we are well-placed to handle a higher volume of transactions that includes coming up with data-driven, personalised offers, to drive greater value to customers.

This level of personalisation is made possible by leveraging proprietary data analytics that monitors customer sentiments through a new real-time and robust detractor analysis system. This gives us an accurate sense of customer sentiments on specific products, services and/or touchpoints, to make prompt and accurate business decisions.

We have seen tangible results from our strong commitment, including a significant reduction in call centre volumes due to our focus on addressing pain points and customers' willingness to use our enhanced digital touchpoints, while NPS for our sales service channels are at an all-time high.

Moving into 2020, we continue to look at ways to bring more convenience to customers through new customer channels and touchpoints, as well as deeper personalisation for a tailored customer journey. We are constantly looking at ways to serve customers better as lifestyles and preferences shift rapidly in today's digital age, and we continue to live by our mantra "Customer Happiness Is Everything".



DIGITAL

Adam Stewart

Q

What is StarHub's digital vision and top priorities, and where are we now on the progress of these initiatives?

A

We have made great headway in FY2019 on our digital transformation. Apart from digitalising our Consumer business and its touchpoints, we have also strengthened our analytics and intelligence capabilities through an enterprise solution, "SmartHub". This platform gives our enterprise customers almost real-time and a deeper understanding of the psychographic differences of their customers, allowing them to meet and anticipate their customers' needs and interaction preferences, thereby making more targeted business decisions.

As we continue our digital journey, we have drawn up and are executing a number of immediate priorities to meet and exceed the needs of our customers.

For our customers – we are creating "hyper-personalised" and differentiated experiences to change our digital interactions. We are also refining the way we engage and transact with our customers through our digital touchpoints, which is rapidly becoming the primary channel of choice for customers.

For StarHub – we are building best-in-class digital teams, supported by evolved IT capabilities and systems to further our digital journey and enhance efficiencies company-wide. These elements will enable greater agility and cross-functional collaboration allowing StarHub to accelerate execution of our digital strategy. The digital team will be spearheading delivery of new capabilities and innovation including facial recognition, Artificial Intelligence, Robotics Process Automation, emerging customer interfaces and new business models to further capitalise and unlock new growth value in the market quickly.

SIGNIFICANT EVENTS

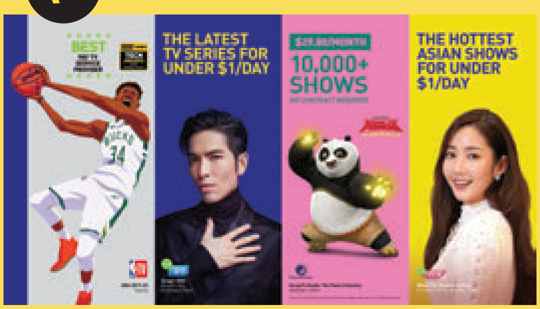
Accelerated innovative **Hello Change** strategy for customer-centric transformation.

2019 ACHIEVEMENTS

MAY

Adopted digital-first approach in My StarHub app revamp and new mobile brand giga!.

APRIL



Revolutionised Pay TV with the launch of StarHub Entertainment as part of the Hello Change brand promise; first to offer no-contract option, true simplicity and flexibility without hidden fees.

JUNE

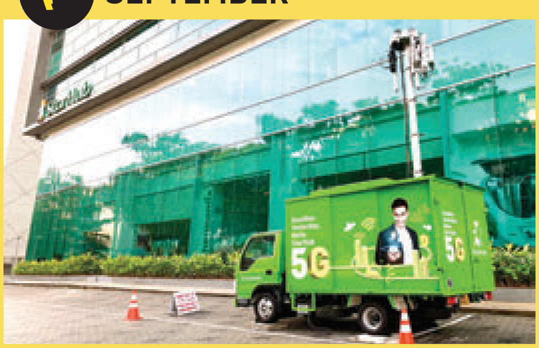
Customer satisfaction levels rose across StarHub's Mobile, TV and Broadband services according to the Customer Satisfaction Index of Singapore 2019 national study on the info-communications sector:

- Led on TV for six consecutive years;

- Equal first in Broadband and most improved;

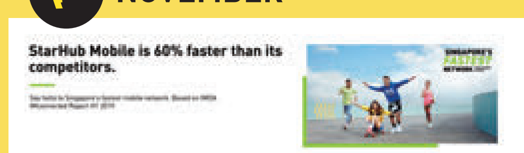
- Strong second in Mobile and most improved.

SEPTEMBER



- First to introduce 5G cellular-on-wheels vehicle.
- Completed migration of cable customers to superior, high-speed fibre services.

NOVEMBER



Rated Singapore's fastest telco in the Infocomm Media Development Authority IMconnected 1H2019 report; 4G peak speeds 60% faster than other networks.

VALUE CREATION

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

Resources

Financial Capital

Our financial strength is generated from the defensive Consumer business and fast-growing Enterprise business.

Physical Capital

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

Intellectual Capital

Our intellectual capital includes our intellectual property and knowledge, as well as our brand, which have been developed over 20 years to become a trusted brand with world-class info-communications and entertainment services.

Human Capital

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

Social Capital

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

Natural Capital

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

How we create value

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

Read more about the progress of our DARE transformation programme on page 10.

Mobile
Serving Singapore's mobile customers both locally and overseas, we differentiate ourselves by driving greater value to customers through transparent and innovative offerings.

Read about our Mobile business and successful Hello Change campaign on pages 32 to 37.

Pay TV
Hundreds of thousands of Pay TV customers rely on us to be informed and entertained. Our differentiated and simplified plans offer customers flexibility and a wide variety of content, as we transform the way we deliver content to our customers.

Read about our Pay TV business transformation on pages 32 to 37.

Broadband
Enabling digital lifestyles, our broadband customers are assured of the reliability and quality of our world-class networks.

Read about the latest developments of our Broadband business on pages 32 to 37.

Enterprise Fixed
Leveraging our high-quality networks and strategic partnerships, we provide fully-integrated network infrastructure capabilities to connect businesses in today's globalised world.

Read about our Enterprise Fixed business on pages 38 to 41.

Cybersecurity
Bolstering our suite of Enterprise capabilities, our pure-play cybersecurity business taps a strong pool of certified professionals to provide sophisticated cybersecurity solutions to enterprises, industries and governments.

Read more about our fast-growing cybersecurity business on pages 38 to 41.

Value created

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

Shareholders and Investors
$2.3B in FY2019 Total Revenue

7.3% growth in FY2019 Service EBITDA to $558.7M

12.6% growth in FY2019 Enterprise revenue to $575.2M

9.0 cents dividend per share for FY2019

FY2019 Free cash flow improved **50.5%** to $218.6M

Winner of the **Most Transparent Company** Award (Communications) – SIAS Investors' Choice Awards 2019

Customers
130% YoY improvement in Net Promoter Score

50% time saved to complete online transactions

4.5 out of 5 stars for enhanced My StarHub app on app stores

Employees
29,522 hours of training provided to our employees, reaching **71.3%** of our workforce

Society and Other Stakeholders
Commitment to **15** voluntary welfare organisations and non-profit organisations.

174 tonnes of e-waste collected through 440 RENEW bins provided nationwide.

23% reduction in direct fuel consumption from non-renewable sources.

Ranked **17th** out of 578 Singapore-listed companies in the Singapore Governance and Transparency Index (SGTI).

15 Materiality Topics and Sustainability Targets to help create a better world.

REINVESTMENT
Maintaining a long-term view on value creation for both shareholders and stakeholders, we are reinvesting our cost savings from the DARE programme in transformation and growth initiatives that will ensure StarHub's competitiveness in years to come.

AWARDS AND INDUSTRY HONOURS

Advertising/ Branding/ Customer Service/ Marketing

Association of Marketing and Communication Professionals' MarCom Awards 2019

Platinum:
StarHub Annual Report 2018

New York Festivals 2019

Silver:
Art Direction: Promotion/Open & IDs
[StarHub Golf]

Bronze:
Editing: Promotion/Open & IDs
[37th Hong Kong Film Awards]

Entertainment Program Promotion
[37th Hong Kong Film Awards]

Sound Design: Promotion/Open & IDs
[HubSports August 2018 Highlights]

Sports Program Promotion
[StarHub Home of Tennis]

Station/Image Promotion
[VOD Campaign Entertainment Awaits]

2019 PromaxBDA Asia Awards

Gold:
Best Leisure & Lifestyle Promo
[Chefs Challenge]

Silver:
Best Entertainment Campaign
[WWE - Enough Drama]

Best Out-of-House Station Image
[Lady First SG Season 7]

Best Promo Video on Social Media
[Copa America Flash Mob]

Singapore Retailers Association Excellent Service Award 2019

106 staff from StarHub's Consumer & Channel Sales retail team won 22 Star, 48 Gold and 36 Silver awards

[The Excellent Service Award recognises individuals who go beyond the call of duty in delivering exceptional service and creating memorable experiences for customers]

Corporate

Alliance of Public Private Cybercrime Stakeholders Appreciation 2019

Nine StarHub staff were commended by the Police for their positive contributions towards fighting two cybercrime cases.

StarHub, a partner of the Alliance of Public Private Cybercrime Stakeholders, received recognition for its effort and vigilance in detecting, deterring and preventing cybercrime.

AsiaOne Magazine & URS Media Consulting's Asia's Greatest Brands & Leaders Awards - Third Edition

Asia's Greatest CFO: Dennis Chia

Asia Pacific Counsel Awards 2019

M&A Team of the Year: StarHub's Legal & Secretariat team

Community Chest Awards 2019

Charity Platinum Award: StarHub

The Edge Singapore Billion Dollar Club 2019

Most Profitable Company in the Transport/Storage/Communications category, for three consecutive years

The Legal 500 GC Powerlist 2019: Southeast Asia

StarHub Chief Corporate Officer Veronica Lai

[The GC Powerlist highlights the very best General Counsel and senior in-house legal counsel from across Southeast Asia]

People's Association Community Spirit Awards 2019

Excellence Award for Community Partnership: StarHub

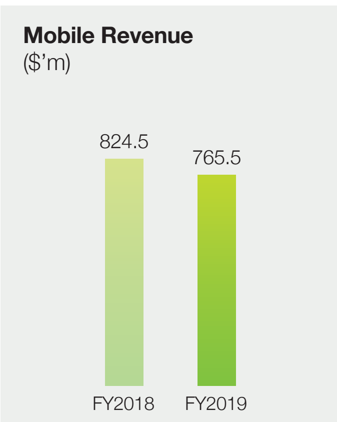
SIAS 20th Investors' Choice Awards

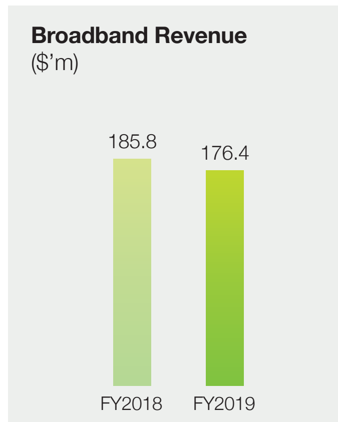
Winner:
Most Transparent Company Award [Communications category]

Runner Up:
Shareholder Communication Excellence Award [Big Cap category]

CONSUMER

What we achieved in FY2019





The Mobile, Pay TV, and Broadband sectors have attracted new players over the last few years, leading to intensified competition amidst rapid technological advancements and disruption. In line with our company-wide transformation journey, we are enhancing the way we engage our customers through refreshed offerings under the Hello Change brand promise, as well as optimising the way we work.

Our Consumer business has three main product lines, Mobile, Pay TV and Broadband. Our challenges and strategies for all three businesses evolve around two key themes: digitalisation and innovation.

On digital transformation, we seek to be more efficient and effective in engaging and transacting with our customers through our digital channels. We have enhanced our digital touchpoints – our website is now more user-friendly and our improved My StarHub app was rated 4.5 out of 5 stars on both the Apple App and Google Play stores. We halved the time customers require to complete a transaction online, and our online sales have doubled year-on-year.

On continuous innovation, we kept a close ear to the ground, listening to our customers whose lifestyles have changed and digitalised. We understand consumers' preference for simplicity, flexibility and great value – key elements that shaped our Hello Change campaign, which resonated soundly with the market over FY2019.

To better reward our subscribers in a more interactive way, we've introduced a new digital loyalty programme built into the enhanced My StarHub app. This new platform empowers StarHub to build highly configurable and personalised engagements quickly, reduces time-to-market, and provides customer insights and preferences that could be built into future customer engagement campaigns, instantly gratifying customers for their actions and deepening online and offline engagement levels.

True to the heart of our challenger spirit, improving the customer experience is our long-held obsession and we are glad to report that we have managed to do so even more following the introduction of the "Hello Change" campaign that brings new and disruptive offers to customers.

> In line with our company-wide transformation journey, we are enhancing the way we engage our customers through refreshed offerings under the Hello Change brand promise, as well as optimising the way we work.

ELEVATING CUSTOMER EXPERIENCE

BUSINESS REVIEW

CONSUMER

What we achieved in FY2019
Continued

> For the sixth consecutive year, we have emerged top for the Pay TV category; was an equal first and most improved for the Broadband category; and most improved for the Mobile category.

Apart from improved Net Promoter Score ("NPS"), we have seen a marked improvement in our scores for the Customer Satisfaction Index of Singapore (CSISG) in 2019[1], an established barometer of customer satisfaction. For the sixth consecutive year, we have emerged top for the Pay TV category; was an equal first and most improved for the Broadband category; and most improved for the Mobile category. Our retail operations have also been recognised for superior service, having won multiple awards from the Singapore Retailer Association in FY2019.

Moving into the future, 5G is no longer just a possibility but an eventuality – we have submitted our joint bid with another MNO for a nationwide licence on 17 February 2020. While there are details to finalise, such as licensing and operating arrangements, StarHub is excited on the innovative solutions that are enabled due to 5G capabilities, and will continue to be a frontrunner in this space.

Over two days in December, we unveiled a "pop-up" 5G showcase at our StarHub Green headquarters, providing a hands-on 5G experience to stakeholders and members of the public. We created four experiential zones to help customers visualise what 5G can do. First, cloud gaming, to show how smooth and responsive the gaming controls are over a streamed-game. Second, Fixed Wireless Access (FWA) at home, which will offer unprecedented speeds and "plug-and-play" capabilities without fibre set-up complexities we have to navigate today. The third demonstration, multi-party video conference, shows how seamless group video calls can possibly be with 5G's high speed and low latency capabilities. Last but not least, we showed how security personnel, armed with augmented reality glasses and backed by facial recognition technologies, can ensure better, quicker screening of visitors and thereby improve physical security.

The showcase was powered by Singapore's first 5G Cellular-on-Wheels ("COW") running on the 3.5Ghz trial spectrum. The 5G COW, running a mobile network ten times the norm now, is a continuation of StarHub's fine tradition: we were the first telco to put together a similar demonstration for both 3G and 4G as well.

December 2019 5G pop-up showcase with four experiential areas.

Mobile

Even as we actively pursue growth in other areas, StarHub's mobile business remains the largest revenue contributor. This is a market where we face growing competition but we have demonstrated resilience by continuing to delight customers with our innovative offerings as the preferred challenger brand.

We continue to invest in our network, which powers our customers' mobile experience – a ubiquitous influence in our lives today. Outshining the competition by a significant margin, we clocked the fastest mobile data speeds and is Singapore's fastest telco in Singapore for 2019[2].

We have placed customers at the heart of our new Hello Change mobile plans launched in December 2018, removing fees that are known to drive customers away,

1 Customer Satisfaction Index of Singapore – Retail and Info-Communications, 2019 Q1 Scores, 27 June 2019.
2 Infocomm Media Development Authority, IMconnected report (January 2019 to June 2019).

Strategy
Business Review
Governance
Sustainability
Financials

such as caller number display and international roaming surcharges that are now standard offerings in all our plans.

We are constantly refining our products and services so customers can enjoy simple and transparent offerings. In February 2019, recognising that mobile data consumption growth is unsatiated, we announced a new 50GB add-on plan for just $20 per month for all postpaid plans.

The positive results of what we changed in our mobile offerings were very apparent, very quickly: NPS for our mobile customers jumped 130% year-on-year.

In June 2019, we launched giga!, a distinct mobile digital brand that allows StarHub to compete deftly in this dynamic space, delivering a simple and seamless end-to-end digital experience appeals to digital natives. The process starts with an electronic-Know Your Customer process where the user is verified, and the SIM-card is then delivered straight to the customer's doorstep. We have seen good growth in giga!'s subscriber base since it was launched, its NPS is also the highest in the market, validating our move to target this new addressable market segment that is a result of changing consumer behaviour.

Concurrently, we are looking into ways we can create new revenue streams via value added services or collaborations that will enrich the customer experience. Cognisant of increased migration of prepaid customers to SIM-only plans, we beefed up the post-market support for our SIM-only customers, who tend to invest in top-end mobile phones for the best digital experience. In December 2019, we extended the SmartSupport service to SIM-only customers who can enrol for

the service via our My StarHub app. This is an affordable option for this segment of customers who are not eligible for handset subsidies to swap or repair faulty handsets, especially useful in unforeseen circumstances.

Overall, the mobile industry in Singapore recorded an erosion of ARPU across the board in FY2019. This was reflected in the decrease of our postpaid ARPU to $40 in FY2019 from $43 in FY2018 that contributed to an overall decline in FY2019 mobile revenue to $765.5 million from $824.5 million a year ago.

While there is a need to remain competitive, our immediate priority is to stabilise the performance of our mobile segment, and we have reaped results in the last quarter. Comparing 4Q2019 to 3Q2019, postpaid ARPU have lifted to $40 from $39 and mobile revenue rose to $190.9 million compared to $190.0 million.

> We continue to invest in our network, which powers our customers' mobile experience – a ubiquitous influence in our lives today.

Moving into FY2020, we seek to continue stabilising, or even improving, our performance indicators to remain resilient amidst the anticipated entry of the fourth operator. We will continue to defend our market share by offering the best value proposition for our subscribers.

CONSUMER

What we achieved in FY2019
Continued

A WHOLE NEW ENTERTAINMENT EXPERIENCE

Pay TV

It was a transition year for our Pay TV business as we migrated our customers from cable to fibre and transformed our business model to one that is sustainable in the long run.

While we experienced inevitable churn in our subscriber base, the migration was a necessary process for us to undertake. Upon completion of the migration, Pay TV customers are now able to fully benefit from higher broadband speeds, enhanced TV viewing experience, and enjoy the rich services that fibre enables. The infrastructure has been upgraded, but our commitment remains – delivering better experience, unique content and greater value for our customers.

In April 2019, in line with the Hello Change brand promise, we launched a revamped StarHub Entertainment experience with the debut of a simplified line-up of entertainment passes. Responding to evolving consumer trends, we are also offering no-contract options and free multi-screen viewing. From 50 "bundles" previously, we have organised our programming into seven "passes" and customers can choose to seamlessly switch between passes anytime, anywhere, with 24-hour notice. The refreshed plans have resulted in an improvement in Pay TV NPS over FY2019.

Our commitment to innovation is also shown in the quality and variety of our Pay TV content, which has been validated by various prestigious international awards such as the 2019 New York Festival Awards and the Promax Asia Awards. We are encouraged by our achievements and are inspired to do more.

The completion of the cable-to-fibre migration also enables us to move towards OTT offerings, such as the comprehensive *Go Max* package that provides an all-in-one access for customers to consume content wherever they want on the StarHub Go app. By nature of an OTT offering, non-StarHub customers can also enjoy 10,000 shows and over 80 channels available on the *Go Max* platform, giving us greater reach into a new customer segment as we continue to transform the delivery of our content and move towards OTT. We have since recorded a 23% YoY growth in our OTT subscriber base.

Upon completion of the migration, Pay TV customers are now able to fully benefit from higher broadband speeds, enhanced TV viewing experience, and enjoy the rich services that fibre enables.

From the cost perspective, the cable-to-fibre migration would mean that we are moving from a fixed fee as part of the service level agreement for the cable infrastructure, towards a new per-connection variable cost structure. Similarly, we continue to engage our content partners, converting more fixed cost contracts to a variable model.

Overall, due to promotional activities relating to the cable-to-fibre migration, we experienced a decline in FY2019 ARPU to $44 from $50 in FY2018, while Pay TV revenue declined to $248.0 million from $311.3 million a year ago. However, we are seeing signs of stabilisation in the last quarter of the year, with ARPUs trending upwards to $42 in 4Q2019 compared to $40 in 3Q2019, and increased revenue to $56.5 million from $56.1 million across the comparative periods. 4Q2019 average monthly churn rate also dropped significantly to 0.7% compared to 2.2% in 3Q2019.

While we were navigating new price plans and the major migration exercise in FY2019, StarHub continued to actively curate new, exciting programming to expand the already rich variety available, such as the launch of RED BY HBO, a dedicated Asian movie channel; and a new lifestyle channel, Tech Storm HD, which offers a rich line-up of content in a never-seen-before lifestyle tech genre.

We also continue to drive great value to subscribers – in September, StarHub Sports Pass and Sports Group subscribers were able to enjoy full coverage of the Rugby World Cup 2019 at no additional costs.

The following month, we announced an agreement with the National Basketball Association to bring up to seven live games per week through NBA TV, the NBA's 24/7 dedicated channel.

StarHub has always been known to offer exclusive experiences to deepen customer engagement, such as our week-long "It's Show Time" celebration of our new entertainment passes in May 2019 that was chockful of activities ranging from up-close opportunities with celebrities like Nie Yuan and Jasper Liu, limited edition channel merchandise, and exclusive offers for new and existing customers. Our annual flagship awards event, the StarHub Night of Stars, was held in November and was graced by 18 renowned artistes across the region, appealing to fans from different generations.

The Pay TV business has undergone plenty of changes because of technological advancements, competition from OTT players and piracy, as well as a shift in consumption habits. We believe content will remain relevant in the foreseeable future as customers continue to consume content. What is changing, is the way content is being delivered to consumers.

We have been meeting the challenges with a constant refinement of our programming, coupled with improvements in the way we offer content to subscribers. As a company, we are focused and committed to turnaround the Pay TV business, as part of StarHub's overall transformation. We maintain a long-term view of this business so as to ensure sustainable growth.

Broadband

Our Broadband business, by its utility nature, is relatively stable. When the migration from cable to fibre took place, we had a small sliver of Broadband users still using cable. Due to promotional activities relating to the migration exercise, broadband ARPU dipped to $29 in FY2019 from $32 in FY2018, and the broadband segment recorded a lower revenue of $176.4 million in FY2019 compared to $185.8 million a year ago. Similar to the Pay TV business, we are seeing signs of stabilisation, ARPU held steady at $27 across 3Q2019 and 4Q2019. Meanwhile, we have seen an increase in subscriber base to 501,000 in FY2019 from 482,000 in FY2018.

Over the year, we released new offerings to target higher-value customer segments, such as the gamers who demand greater speeds and lower latency.

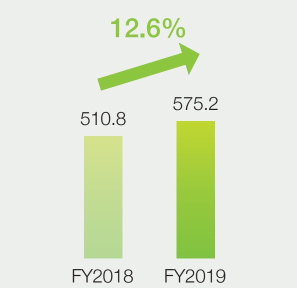
In August, ASUS Republic of Gamers (ROG) and StarHub jointly announced the exclusive launch of 802.11ac WiFi gaming router *ROG Rapture GT-AC2900*, which comes free with a two-year plan of the Turbo Gamer 2Gbps plan. The router features triple-level game acceleration, adaptive QoS, wtfast®, Dynamic Frequency Selection and MU-MIMO – to boost speeds and optimise internet routes between the home network and game servers for minimised ping times.

With this packaged offering, we are glad to report significant traction in adding more higher-value broadband subscribers as we strive to improve the performance for this traditionally stable segment with more targeted packages and offerings.

ENTERPRISE

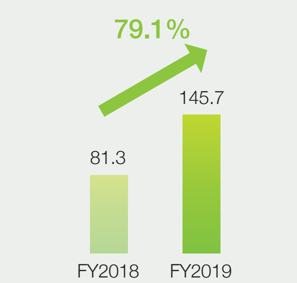
What we achieved in FY2019

Enterprise Revenue
($'m)



Managed Services Revenue
($'m)

Cybersecurity Services Revenue
($'m)



Singapore's economic structure has evolved over the years. No longer can this economy compete solely on price. The way to grow is to gain a clear advantage in gaining new technologies, coming up with new business ideas and solutions, and to be a trusted and reliable partner, growing alongside customers in this growing digital economy.

Companies are quick to position themselves to capture this growth. They can be start-ups with new business models, or established companies investing in new systems to enhance the way their operations are run. Regardless, there is an overall impetus to invest in new technologies and architecture so as to stay relevant in this new digital age.

The digital economy cannot reach its full potential without top-notch info-communications infrastructure supporting it. StarHub, as a long-trusted service provider in this space, is ready to support our customers as we win new businesses in our respective markets.

In FY2019, we maintained our strong growth trajectory with a 12.6% growth in Enterprise revenue to $575.2 million. Notably, Managed Services contributed over $100 million in segment revenue for the first time, and our cybersecurity business maintained its double-digit growth to contribute $145.7 million in revenue, 79.1% higher than the $81.3 million reported last year.

The Enterprise business has continued to deliver growth as we seek to leverage our strong expertise in core connectivity services and accelerate growth of our Managed Services segment that is seeing demand in adjacent verticals such as data analytics, Internet of Things and data centre services.

We are also excited at the advent of 5G and the vast opportunities that it will bring. We believe 5G's unparalleled speed, ultra-low latency, prioritisation and network slicing capabilities will enable innovative solutions offered to our Enterprise customers as we continue to play an active role in industry trials to explore new possibilities brought about by the new technology.

" The way to grow is to gain a clear advantage in gaining new technologies, coming up with new business ideas and solutions, and to be a trusted and reliable partner, growing alongside customers in this growing digital economy.

DRIVE THE CORE, ACCELERATE THE GROWTH

ENTERPRISE

What we achieved in FY2019
Continued

Alongside our industry partners, such as Nanyang Polytechnic, U Mobile Malaysia, the National University of Singapore and A*STAR, we are conducting active trials to create our own ecosystem to explore possible applications and use cases for enterprises, particularly relating to Industry 4.0, 5G roaming, healthcare, retail, urban solutions, education and research, among others, as we continue to seek collaborative opportunities to drive innovative 5G-enabled solutions to our customers.

Accelerating Growth Through Managed Services

The Managed Services segment has built a strong reputation as a preferred challenger brand, offering fuss-free, end-to-end integrated solutions ranging from connectivity to emerging technology such as data analytics that enable smart business decisions. This is reflected in a 12.6% growth in Managed Services segment revenue in FY2019 of $111.2 million, compared to $98.8 million in FY2018.

During the year, StarHub won a couple of notable projects such as providing managed Wifi and analytics for the newly-opened Jewel at Changi Airport; we also set up the infrastructure and provided managed Wifi, managed LAN and unified communication solutions for Great Eastern Life at Paya Lebar Quarter (PLQ 3).

Besides managing networks, StarHub's enterprise team has acquired capabilities in key emerging technologies, and have won over customers by providing them with various types of IT services and applications – often bundled together in a way that makes better business sense and value for them. We are seeing greater demand for our SmartHub analytics solution, which we provide to the National Heritage Board in FY2019 to analyse visitor profiles, behaviours and visitation patterns for their annual Night Festival. We are also proud to be a partner of Moove Media, the out-of-home advertising arm of the ComfortDelGro Group, in being able to create a dashboard that provides its clients with commuter insights through data science, artificial intelligence and learning algorithms powered by our innovative big data analytics modelling.

Reaching Out To The Underserved

When an economy pushes towards digitalisation, big MNCs are typically the ones to embrace new technologies earlier. SMEs, by contrast, are less well-resourced to do so.

The IMDA had in January 2019 launched the Go Digital scheme that offers grants to help SMEs digitalise their businesses so that they can be more efficient and competitive. This commitment has been further strengthened and expanded to 13 more sectors under the Industry Transformation Map in the recently announced Budget 2020. There are also other grants, such as the Productivity Solutions Grant to fund digital solutions, equipment and consultancy services for enterprises.

StarHub, as a homegrown name in the info-communications space, has amassed a wide range of digital solutions for SMEs ranging from online accounting, online HR, payroll, digital marketing to cybersecurity. This suite of cloud-based solutions is rolled into the StarHub Smart Business Software-as-a-Service platform that is a fast and affordable option for SMEs to digitalise its business. The Go Digital scheme will end in 2022, which will give more SMEs ample time to explore and get themselves ready to adopt new digital applications.

The IT journey isn't just limited to large enterprises. SMEs, the backbone of Singapore's economy, are a vast market of users that can derive very significant efficiencies and savings in the way they run their business if they adopt digitalisation in a whole-hearted manner.

Reaching out to SME customers at the annual SMEICC conference.

StarHub's new hyperscale data centre in partnership with AirTrunk.

Strengthening Capabilities

We are constantly investing in new digital service capabilities, which allows us to expand the variety of services we can offer. In January 2019 we became the first local PEPPOL (Pan-European Public Procurement Online) Access Point (AP) provider certified by the IMDA. What this means is StarHub is the first to be able to help Singapore organisations tap onto the widely-used European standard for Singapore's nationwide e-invoicing framework.

The wide array of services can only be delivered if the networking infrastructure is reliable and scalable. In April, we announced an innovative Software-Defined Wide Area Network ("SD-WAN") solution through its partnership with the Next Generation Enterprise Network Alliance (ngena). Through a common platform that integrates ngena's 24 international partner networks, we are able to provide end-to-end managed SD-WAN services to serve enterprises with geographically-diversified operations – a common trait in our globalised world today.

We are also cognisant of the growing demand for high-powered computing facilities that supports the relentless pace of enterprise digital evolution. Hence, we entered into a strategic partnership with AirTrunk, a hyperscale data centre specialist. With this partnership, StarHub will offer data centre services from AirTrunk's new 60-Megawatt hyperscale data centre campus in Loyang, starting from mid-2020.

The hyperscale data center plays a critical role in delivering ultra-low latency applications securely through edge computing in the 5G era. With this investment in the hyperscale data centre, StarHub is well-positioned to capture emerging opportunities 5G can bring to the Enterprise business.

Cybersecurity

As smartphones, PCs, all manners of electronic equipment are linked within one big internet, the threat of cyberattacks has increased considerably. For many companies, cybersecurity is no longer a subset of IT spending, but a boardroom agenda. StarHub, for years, has invested considerably to beef up our expertise in this area, so that our customers can be better protected.

Recognising opportunities in the cybersecurity space, StarHub has over the years grown its cybersecurity business inorganically. Ensign InfoSecurity Pte. Ltd. ("Ensign") was a merger between Quann, the cybersecurity arm of Certis, and StarHub's organically-grown security infrastructure company, Accel. With the strategic integration of cryptography specialist, D'Crypt Pte Ltd, into Ensign in August 2019, Ensign is now the only Singapore-based pure-play cybersecurity company that can harness combined and advanced capabilities across the value chain, and is well-positioned to provide sophisticated end-to-end solutions to enterprises, industries and governments.

Being the first year of Ensign's operations as a combined entity, it was imperative for the company to build strong foundations that will support its strong growth trajectory in the long-term. Apart from investing in talent acquisition to build a strong pool of qualified professionals, Ensign unveiled its Security Operations Centre (SOC) in September 2019 to improve the efficacy of cybersecurity analysts through highly contextualised and actionable Singapore-centric and global cyber threat intelligence; advanced cyber threat analysis and data enrichment; and automation.

During the year, while our cybersecurity business continued its double-digit growth momentum on the topline, the initial investments in human capital and R&D, had impacted its bottomline, resulting in a loss position for FY2019.

Moving forward, Ensign seeks to aggressively grow its market share and lift revenue growth, while reaping economies of scale to improve profitability. Notably, D'Crypt has a number of contracts in FY2020 that we expect will contribute positively to the cybersecurity business.

Gaining Momentum

For many customers, it can be hard to keep up with the rapid changes in the IT and info-communications market. Our message to them is this – we are here to help. We are a trusted brand, with the necessary capabilities and commitment to provide the suite of IT services to help them digitalise. We understand that each customer has unique requirements and we are nimble in providing a tailored solution for their business needs.

Over the years, we have invested considerably to build up a strong core networking infrastructure. While this core business of providing connectivity remains stable, we believe many of our customers will be happy to engage us to provide adjacent technologies and applications as well. With the local telcos getting ready to introduce 5G mobile networks, the list of possibilities as a result of the combination of these networks can only lengthen.

On top of fast-growing markets, such as cybersecurity, we believe there will be a lot of market potential in the emerging technologies segment. The coming years will see new applications and services, ranging from Internet of Things systems, artificial intelligence and big data analytics. The potential of these new areas is promising, and there is no one dominant market leader in Singapore today as the industry continues exploring the vast possibilities that may be further perpetuated by 5G. With our comprehensive suite of solutions, strong talent pool with a passion to drive innovation and differentiated value for our customers, we believe we are well-positioned to capture our fair share of this new growth market.

GROUP FINANCIAL REVIEW

1.1 Revenue

	Year ended 31 December					
	2019 $m	**2019 %**	**2018 $m**	**2018 %**	**Incr/(Decr) $m**	**Incr/(Decr) %**
Mobile revenue	**765.5**	**32.8**	824.5	34.9	(59.0)	(7.2)
Pay TV revenue	**248.0**	**10.6**	311.3	13.2	(63.3)	(20.3)
Broadband revenue	**176.4**	**7.6**	185.8	7.9	(9.4)	(5.1)
Enterprise Business	**575.2**	**24.7**	510.8	21.6	64.4	12.6
- Network solutions[1]	**429.5**	**18.4**	429.4	18.2	0.0	0.0
- Cybersecurity services[2]	**145.7**	**6.3**	81.3	3.4	64.4	79.1
Total service revenue	**1,765.1**	**75.7**	1,832.4	77.6	(67.3)	(3.7)
Sales of equipment	**565.5**	**24.3**	529.6	22.4	35.9	6.8
Total	**2,330.6**	**100.0**	2,362.0	100.0	(31.4)	(1.3)

Numbers may not add up due to rounding

(1) Includes Data & Internet, Managed Services and Voice services

(2) Includes service revenue from Ensign Infosecurity Pte. Ltd. ("Ensign") and D'Crypt Pte Ltd ("D'Crypt")

The Group's total revenue of $2,330.6 million was $31.4 million or 1.3% lower year-on-year (YoY), mainly due to lower revenues from Mobile, Pay TV and Broadband, partially mitigated by higher revenues from Enterprise Business and Sales of equipment.

Mobile service revenue was lower by 7.2% YoY, 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%, 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%, 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%, 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%, mainly due to higher volume of handsets sold.

1.2 Operating Expenses

	Year ended 31 December			
	2019 $m	**2018 $m**	**Incr/(Decr) $m**	**%**
Cost of sales	**995.3**	1,034.3	(39.0)	(3.8)
Other operating expenses	**921.1**	974.3	(53.3)	(5.5)
Cybersecurity services[1]	**169.4**	81.1	88.3	108.9
Total	**2,085.8**	2,089.7	(3.9)	(0.2)

Numbers may not add up due to rounding

[1] includes cost of sales and other operating expenses from Ensign and D'Crypt

The Group's total operating expenses in 2019 was lower by $3.9 million YoY. The decrease was 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 for 2019 was at 89.5%, compared to 88.5% last year.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

	Year ended 31 December			
	2019 $m	**2018 $m**	**Incr/(Decr) $m**	**%**
Cost of equipment sold	**507.1**	483.2	23.9	4.9
Cost of services	**403.0**	441.6	(38.6)	(8.7)
Traffic expenses	**85.2**	109.5	(24.3)	(22.2)
Cost of sales (excluding Cybersecurity services)	**995.3**	1,034.3	(39.0)	(3.8)
Cost of sales (Cybersecurity services)	**78.5**	40.7	37.8	92.8
Total	**1,073.8**	1,075.0	(1.2)	(0.1)

Numbers may not add up due to rounding

Cost of Sales (excluding Cybersecurity services)
Cost of sales in 2019 decreased YoY by $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 2019 was primarily due to higher volume of handsets sold.

The decrease of 8.7% YoY for cost of services in 2019 was due to lower TV content costs, post-paid and pre-paid 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 $10.6 million in 2019.

The decrease of 22.2% YoY for traffic expenses in 2019 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 in 2019 was in line with higher cybersecurity services revenue generated.

(ii) Other operating expenses

	Year ended 31 December			
	2019 $m	**2018 $m**	**Incr/(Decr) $m**	**%**
Staff costs	**224.1**	251.8	(27.7)	(11.0)
Operating leases	**35.8**	116.4	(80.6)	(69.2)
Marketing and promotions	**97.7**	101.3	(3.5)	(3.5)
Loss allowance for trade receivables	**17.8**	13.9	3.9	27.9
Repairs and maintenance	**113.6**	100.9	12.7	12.6
Other expenses	**89.3**	110.3	(20.9)	(19.0)
Depreciation and amortisation	**342.6**	279.7	62.9	22.5
Other operating expenses (excluding Cybersecurity services)	**921.1**	974.3	(53.3)	(5.5)
Other operating expenses (Cybersecurity services)	**91.0**	40.4	50.6	125.1
Total	**1,012.0**	1,014.7	(2.7)	(0.3)

Numbers may not add up due to rounding

The Group's other operating expenses in 2019 was lower by $2.7 million YoY. As a percentage of total revenue, other operating expenses was 43.4% in 2019, compared to 43.0% last year.

Other operating expenses (excluding Cybersecurity services)
Analysis of major variances in other operating expenses (excluding Cybersecurity services) is provided below:

Staff costs
Staff costs was 11.0% lower YoY in 2019, 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 2019.

Operating leases
Operating leases in 2019 was 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 $16.3 million or 14.0% in 2019 due to the reversal of cable duct lease rental provision.

Marketing and promotions
Marketing and promotions expenses was lower by 3.5% YoY in 2019, as a result of efforts towards carrying out more targeted promotional activities.

Loss allowance for trade receivables
Loss allowance for trade receivables was higher by 27.9% YoY in 2019, 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
Repairs and maintenance expense was higher by 12.6% YoY in 2019, mainly due to a one-off $10.9 million provision for contracted maintenance costs for submarine cables that are no longer in use.

Other expenses
Other expenses in 2019 was lower by $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
Depreciation and amortisation expense was higher in 2019, 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 2019 was primarily due to the increase in staff costs, depreciation and amortisation and other expenses from Cybersecurity services.

1.3 Profitability

	Year ended 31 December			
	2019 $m	**2018 $m**	**Incr/(Decr) $m**	**%**
Total revenue	**2,330.6**	2,362.0	(31.4)	(1.3)
Operating expenses	**(2,085.8)**	(2,089.7)	(3.9)	(0.2)
Other income	**11.0**	1.2	9.9	nm
Profit from operations	**255.9**	273.4	(17.5)	(6.4)
Finance income	**1.6**	3.2	(1.6)	(50.3)
Finance expenses	**(38.3)**	(30.3)	8.1	26.7
	219.1	246.3	(27.2)	(11.0)
Share of loss of associate, net of tax	**(0.5)**	(1.0)	(0.4)	(45.3)
Profit before taxation	**218.6**	245.3	(26.8)	(10.9)
Taxation	**(40.0)**	(44.9)	(4.9)	(10.9)
Profit for the year	**178.6**	200.5	(21.9)	(10.9)
Service EBITDA	**558.7**	520.8	37.9	7.3
Service revenue	**1,765.1**	1,832.4	(67.3)	(3.7)
Service EBITDA as a % of service revenue	**31.7%**	28.4%	3.3% pts	

nm - not meaningful
Numbers may not add up due to rounding

Profit from operations of $255.9 million in 2019 was $17.5 million lower YoY. Losses from Cybersecurity services was $21.8 million in 2019 compared to a profit of $0.2 million last year. Excluding Cybersecurity services, profit from operations would have been $277.7 million, which is $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.

In 2019, service EBITDA margin at 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 2019 would have been 27.8%, 0.7% points lower YoY compared to last year.

Finance income was lower YoY in 2019 whilst finance expenses was higher in 2019, 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 2019 compared to last year.

Profit before taxation of $218.6 million in 2019 was lower by $26.8 million YoY as a result of lower profit from operations. Taxation expenses was lower at $40.0 million.

Profit for the year in 2019 was $178.6 million.

1.4 Liquidity and Resources

	Year ended 31 December	
	2019 $m	**2018 $m**
Profit before taxation	218.6	245.3
Non-cash items & net finance expenses adjustments	402.5	323.1
Operating cash flow before working capital changes	621.1	568.4
Changes in operating assets and liabilities	(101.1)	(81.7)
Income tax paid	(71.9)	(68.6)
Net cash from operating activities	448.2	418.1
Net cash used in investing activities	(222.9)	(334.7)
Net cash used in financing activities	(273.7)	(263.3)
Net change in cash and cash equivalents	(48.4)	(179.9)
Cash and cash equivalents at beginning of the year	165.3	345.2
Cash and cash equivalents at end of the year	116.9	165.3
Free Cash Flow[1]	**218.6**	**145.3**

Numbers may not add up due to rounding

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

The Group's net cash from operating activities of $448.2 million was $30.1 million higher YoY. The increase was primarily due to higher cash flow from operations, partially offset by a higher working capital needs and higher income tax paid.

In 2019, the negative working capital changes of $101.1 million was primarily attributed to higher inventories, higher contract costs and higher contract assets, lower trade and other payables and lower net balances due to related parties, partially offset by lower trade receivables and lower other receivables, deposits and prepayments.

Net cash used in investing activities of $222.9 million was $111.8 million lower YoY due to lower CAPEX payments, net proceeds received from the dilution of interest in D'Crypt in September 2019 and investments made in January 2018 for D'Crypt as well as Ensign in October 2018.

The Group's CAPEX payments amounted to $229.5 million in 2019, representing 9.8% of total revenue. CAPEX payments were lower YoY by $43.3 million in 2019 mainly due to a decrease in purchase of PPE.

Free cash flow of $218.6 million in 2019 was higher YoY by $73.3 million, primarily due to higher cash from operating activities coupled with lower CAPEX payments.

Net cash used in financing activities was higher YoY at $273.7 million in 2019 due to the repayment of lease liabilities and bank loans and higher interest paid, partially offset by higher proceeds from bank loans and lower dividends declared and paid for FY2019.

The resulting net cash generated was a deficit of $48.4 million in 2019, leading to a lower cash and cash equivalents balance (excluding restricted cash) of $116.9 million.

1.5 Financial position

	As at 31 December	
	2019 $m	**2018 $m**
Non-current assets	**1,792.1**	1,722.8
Current assets	**941.8**	930.7
Less: Current liabilities	**1,176.3**	892.0
Less: Non-current liabilities	**977.5**	1,173.4
Net assets	**580.1**	588.1
Shareholders' equity	**580.1**	588.1
Attributable to owners of the Company	**518.1**	508.1
Non-controlling interests	**62.0**	80.0

Numbers may not add up due to rounding

As of 31 December 2019, the Group's total non-current assets of $1,792.1 million was $69.3 million higher when compared to $1,722.8 million as of 31 December 2018. The increase was primarily due to higher ROU assets from the impact of *SFRS(I) 16 Leases* adoption and higher contract assets. This was partially offset by a decrease in PPE, intangible assets and investment in fair value through other comprehensive income.

Total current assets as of 31 December 2019 increased by $11.1 million to $941.8 million mainly from higher balances in inventories, contract assets and contract costs, partially offset by lower balances in trade receivables, other receivables, deposits and prepayments, as well as cash and cash equivalents.

Total current liabilities increased by $284.3 million to $1,176.3 million as of 31 December 2019 mainly due to the reclassification of borrowings from non-current to current liabilities coupled with increase in lease liabilities due to the adoption of *SFRS(I) 16 Leases*. This is partially offset by a decrease in trade and other payables, amount due to related parties and provision for taxation.

The Group is presently in discussions with several banks to refinance its 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.

The decrease in total non-current liabilities by $195.9 million to $977.5 million as of 31 December 2019 was primarily due to the reclassification of borrowings to current liabilities coupled with lower deferred tax liabilities, partially offset by higher trade and other payables, deferred income, contract liabilities and lease liabilities (as explained above).

The Group's shareholders' equity increased by $10.0 million to $518.1 million as of 31 December 2019 (excluding non-controlling interests of $62.0 million). The increase was mainly due to higher retained profits.

Following the disposal of D'Crypt in September 2019 to Keele Investments Pte. Ltd. ("Keele"), D'Crypt became an indirect subsidiary of Ensign as a result of the rights accorded to Ensign through the purchase of Preference Shares of Keele. The Group now holds 60% of the economic interest in D'Crypt through its shareholding and interest in Ensign.

The non-controlling interests represent the balance of 40% effective economic interest in Ensign attributable to minority shareholders.

Gearing
The Group's unsecured borrowings was higher by $20.0 million as of 31 December 2019.

On account of a lower cash and cash equivalent balance, net debt was $68.4 million higher at $930.8 million as of 31 December 2019 compared to $862.4 million as of 31 December 2018. As a ratio of the past 12 months' EBITDA, the Group's net debt was lower at 1.51 times as of 31 December 2019 compared to 1.52 times as of 31 December 2018.

An experienced and committed Board

Our Board leads and guides the strategic direction, to drive growth and deliver long-term sustainable value for all StarHub stakeholders.

1

2

3

4

5

6


7


8


9


10


11


12

1. Steven Terrell Clontz
Non-Executive Chairman
Member: S N

2. Paul Ma Kah Woh
Independent Director
Member: A R

3. Nihal Vijaya Devadas Kaviratne CBE
Lead Independent Director
Member: N A S

4. Teo Ek Tor
Independent Director
Member: E N

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

6. Michelle Lee Guthrie
Independent Director
Member: S E

7. Nayantara Bali
Independent Director
Member: S R

8. Ng Shin Ein
Independent Director
Member: A S

9. Lionel Yeo Hung Tong
Independent Director
Member: E

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

11. Nasser Marafih
Non-Executive Director
Member

12. Naoki Wakai
Non-Executive Director
Member

Key to Committee Membership

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

Skills

83% | 75% | 58% | 58% | 58%

- Financial Expertise
- M&A/Business Development/ Entrepreneurship
- Cybersecurity
- Digital Economy
- Business Enterprise Relationship

Independence

58% | 42%

- Independent Directors
- Non-independent Directors

OUR BOARD MEMBERS

Steven Terrell Clontz
Non-Executive Chairman

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

Terry is Senior Executive Vice-President, International, at Singapore Technologies Telemedia Pte Ltd (ST Telemedia). He is also a Director of PSA International Pte Ltd, Cloud9 Technologies, LLC, STT GDC Pte. Ltd., Armor Defense Inc., Commerce Parent, Inc, Commerce Topco, LLC and CenturyLink, Inc. He served as the CEO of StarHub for 11 years before retiring on 1 January 2010. Terry is a well-regarded veteran in the telecommunications and media industry with over 45 years of extensive experience. He brings with him invaluable knowledge of the telecoms and media industry and extensive management expertise. During his 11 years at the helm of StarHub, Terry led StarHub in a number of major milestones including the transformation of StarHub from being Singapore's third mobile player in 2000 to a fully-integrated "quad-play" service provider; merging StarHub with the then Singapore Cable Vision in 2002; bringing StarHub public in 2004 on the Main Board of the Singapore Exchange; and advancing StarHub's market position to become Singapore's second largest mobile operator in 2005. Terry began his career in the USA. From 1996 to 1998, he served as the President and CEO of IPC Information Systems Inc., based in New York. Prior to that, Terry held senior executive positions at BellSouth International, Inc. He was the President of BellSouth International (Asia-Pacific), Inc. between 1991 and 1994. Terry holds a Bachelor of Science (Physics Major) from the University of North Carolina, USA.

Paul Ma Kah Woh
Independent Director

Date of Appointment: 23 September 2015
Last Re-elected: 30 April 2019

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.

Nihal Vijaya Devadas Kaviratne CBE
Lead Independent Director

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

Nihal serves on the boards of DBS Bank Ltd, DBS Group Holdings Ltd and Olam International Limited in Singapore and GlaxoSmithKline Pharmaceuticals Limited in India. He is the Chairman of Caraway Pte. Ltd., a subsidiary of Olam International Limited. He was appointed to the Advisory Board of Bain & Company for SEA/Indonesia from August 2013, and was appointed a member of the Global Corporate Resilience Advisory Council of McKinsey & Company, Inc. effective January 2018. Nihal held various senior level management positions in the Unilever group across Asia, Europe and Latin America over forty years. Nihal was cited in the Queen's 2004 New Year Honours List in the UK and was awarded the CBE (Commander of the Order of British Empire) for services to UK business interests in Indonesia. He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the "25 leaders at the forefront of change". Nihal holds a Bachelor of Arts (Honours) with a major in Economics from Bombay University, India and has attended various management development programmes in India, Australia, the UK and the USA, including the Advanced Executive Programme conducted by Kellogg School of Management, Northwestern University and the Advanced Management Program at the Harvard Business School, USA.

Teo Ek Tor
Independent Director

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

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

Stephen Geoffrey Miller
Non-Executive Director

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

Stephen is the President & Group Chief Executive Officer of 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.

Michelle Lee Guthrie
Independent Director

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

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.

OUR BOARD MEMBERS

Nayantara Bali
Independent Director

Date of Appointment: 6 August 2018
Last Re-elected: 30 April 2019

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

Ng Shin Ein
Independent Director

Date of Appointment: 17 September 2018
Last Re-elected: 30 April 2019

Shin Ein is the Managing Director of Blue Ocean Associates Pte Ltd, a personal family office focused on asset allocation, financial and strategic investments. She leads a network of family offices and other investors in providing strategic and growth capital for companies and advise portfolio companies on strategy, innovation and business development. Shin Ein is also the Co-founder 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.

Lionel Yeo Hung Tong
Independent Director

Date of Appointment: 10 January 2019
Last Re-elected: 30 April 2019

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.

Lim Ming Seong

Non-Executive Director

●●●●

Date of Appointment: 14 December 2000

Last Re-elected: 30 April 2019

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

Nasser Marafih

Non-Executive Director

●●●●

Date of Appointment: 9 July 2007

Last Re-elected: 19 April 2018

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

Naoki Wakai

Non-Executive Director

●●●●

Date of Appointment: 30 August 2017

Last Re-elected: 19 April 2018

Wakai-san is the President and 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.

DIRECTORS' PARTICULARS

Present Principal Commitments and Listed Company Directorships

Steven Terrell Clontz, 70

●●●●

Principal Commitments
- Commerce Parent, Inc. (Director)
- Commerce Topco, LLC (Director)
- Armor Defense Inc. (Director)
- Virgin Mobile Latin America, Inc. (Director)
- Cloud9 Technologies, LLC (Director)
- STT GDC Pte. Ltd. (Director)
- PSA International Pte Ltd (Director)
- Singapore Technologies Telemedia Pte Ltd (Senior Executive Vice-President, International)
- Temasek International (USA) (Advisor)
- U Mobile Sdn. Bhd. (Executive Committee Chairman)

Listed Company Directorships
- CenturyLink, Inc. (Director)

Paul Ma Kah Woh, 73

●●●●

Principal Commitments
- Mapletree Investments Pte Ltd (Director)
- Mapletree North Asia Commercial Trust Management Ltd (Non-Executive Chairman)

Listed Company Directorships

–

Nihal Vijaya Devadas Kaviratne CBE, 76

●●●●

Principal Commitments
- DBS Bank Limited (Director)
- Bain & Company South East Asia / Indonesia (Advisory Board Member)
- DBS Foundation Ltd. (Director)
- Caraway Pte. Ltd. (Chairman)
- McKinsey & Company, Inc. (Member of the Global Corporate Resilience Advisory Council)
- The Bombay Mothers and Children Welfare Society (Governing Board Member)
- St Jude India ChildCare Centres (Founder)

Listed Company Directorships
- DBS Group Holdings Ltd (Director)
- Olam International Limited (Director)
- GlaxoSmithKline Pharmaceuticals Limited (Director)

Teo Ek Tor, 67

●●●●

Principal Commitments
- PrimeFounders Pte Ltd (Director)
- PrimePartners Group Pte Ltd (Chairman)
- PrimePartners Corporate Finance Pte Ltd (Chairman)
- Aris PrimePartners Asset Management Pte Ltd (Chairman)
- WhiteRock Medical Company Pte Ltd (Chairman)
- Prime Agri Limited (Chairman)
- Ensign InfoSecurity Pte. Ltd. (Director)
- Food Ventures Pte. Ltd. (Director)

Listed Company Directorships

–

Stephen Geoffrey Miller, 57

●●●●

Principal Commitments
- Singapore Technologies Telemedia Pte Ltd (President & Group CEO and Director)
- Asia Mobile Holdings Pte. Ltd. (Director)
- STT GDC Pte. Ltd. (Director)
- Armor Defense Inc (Director)
- 2nd Watch, Inc. (Director)

Listed Company Directorships
- TeleChoice International Limited (Director)

Michelle Lee Guthrie, 55

●●●●

Principal Commitments
- Hoppr Ltd (Director)

Listed Company Directorships
- Catapult Group International Limited (Director)

Nayantara Bali, 54

Principal Commitments
• ANV Consulting Pte Ltd (Director)

Listed Company Directorships
• Torrent Pharmaceuticals Ltd. (Director)

Ng Shin Ein, 46

Principal Commitments
• Blue Ocean Associates Pte Ltd (Managing Director)

Listed Company Directorships
• Yanlord Land Group Limited (Director)
• Avarga Limited (Director)

Lionel Yeo Hung Tong, 48

Principal Commitments
• SportsHub Pte. Ltd. (CEO and Director)
• Raffles Institution (Member, Board of Governors)

Listed Company Directorships
–

Lim Ming Seong, 73

Principal Commitments
• Singapore Technologies Telemedia Pte Ltd (Director)
• STT Communications Ltd (Director)
• Amplus Communications Pte Ltd (Director)
• STT GDC Pte. Ltd. (Director)
• U Mobile Sdn. Bhd. (Director)
• Aegis Medical Care Pte. Ltd. (Director)

Listed Company Directorships
• CSE Global Limited (Chairman)
• First Resources Limited (Chairman)

Nasser Marafih, 59

Principal Commitments
• Ooredoo Group (Director and Advisor to Board Chairman)

Listed Company Directorships
• Ooredoo Q.P.S.C. (Director)

Naoki Wakai, 55

Principal Commitments
• NTT Singapore Pte Ltd. (President & CEO)
• NTT Singapore Solutions Pte. Ltd. (Head)

Listed Company Directorships
–

SENIOR EXECUTIVES

Standing from left:

Veronica Lai
Corporate Services

Chris Lipman
Customer Experience

Chong Siew Loong
Network

Seated from left:

Anubhav Kela
Transformation

Johan Buse
Consumer

Peter Kaliaropoulos
Chief Executive

Standing from left:

Kee Yaw Yee
Information Services

Tim Goodchild
Government & Strategic Affairs and International Business

Adam Stewart
Digital

Seated from left:

Charlie Chan
Enterprise

Dennis Chia
Finance

Catherine Chia
Human Resource

OUR TEAM

Peter Kaliaropoulos
Chief Executive

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

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

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

Dennis Chia
Finance

Dennis oversees StarHub's financial health, develops and executes strategies through financial management and ensures that business decisions are financially sound. He is also responsible for 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.

Charlie Chan
Enterprise

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.

Johan Buse
Consumer

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

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

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

Veronica Lai
Corporate Services

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

With over two decades of experience in the info-communications 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 a member of the Management Committee of the Global Compact Network Singapore and 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.

Chong Siew Loong
Network

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

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

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

OUR TEAM

Kee Yaw Yee
Information Services

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

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

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

Chris Lipman
Customer Experience

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

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

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

Catherine Chia
Human Resource

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

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

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

Anubhav Kela
Transformation

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

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

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

Tim Goodchild
Government & Strategic Affairs

Tim is responsible for managing StarHub's relationship with the regulators, and for providing regulatory support to StarHub's lines of business. He has close to 30 years' experience in telco regulatory issues. In addition, he oversees the International Business team which is responsible for international product management, carrier sales, inter-carrier agreements and international network strategy and execution.

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.

Adam Stewart
Digital

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.

CORPORATE GOVERNANCE STATEMENT

StarHub continues to uphold high standards of corporate governance. We firmly believe that a robust and sound governance framework is vital in providing a solid foundation for our long-term sustainability and the ongoing success of our business, and value creation for our stakeholders. On delivering this commitment, we embrace the principles of transparency, accountability and integrity – integrating them into the way we do business, deliver our corporate strategy and engage with our stakeholders.

Underpinning sustainability of our business and value creation through transparency, accountability and integrity.

Corporate Governance Report 2019

StarHub is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST). We have complied in all material respects with the principles and provisions of the revised Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 6 August 2018, and have also made improvements in certain areas, for the financial year ended 31 December 2019 (FY2019). This report describes our corporate governance framework, practices and policies for FY2019 with reference to the principles and provisions of the Code.

1. BOARD MATTERS

A. THE BOARD'S CONDUCT OF AFFAIRS

The Board's Role

The Board oversees the business performance and affairs of the Group. The Board leads, directs and works closely with Management to ensure the alignment of interests of the Board and Management with that of shareholders.

The Board's key roles and responsibilities are:

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

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

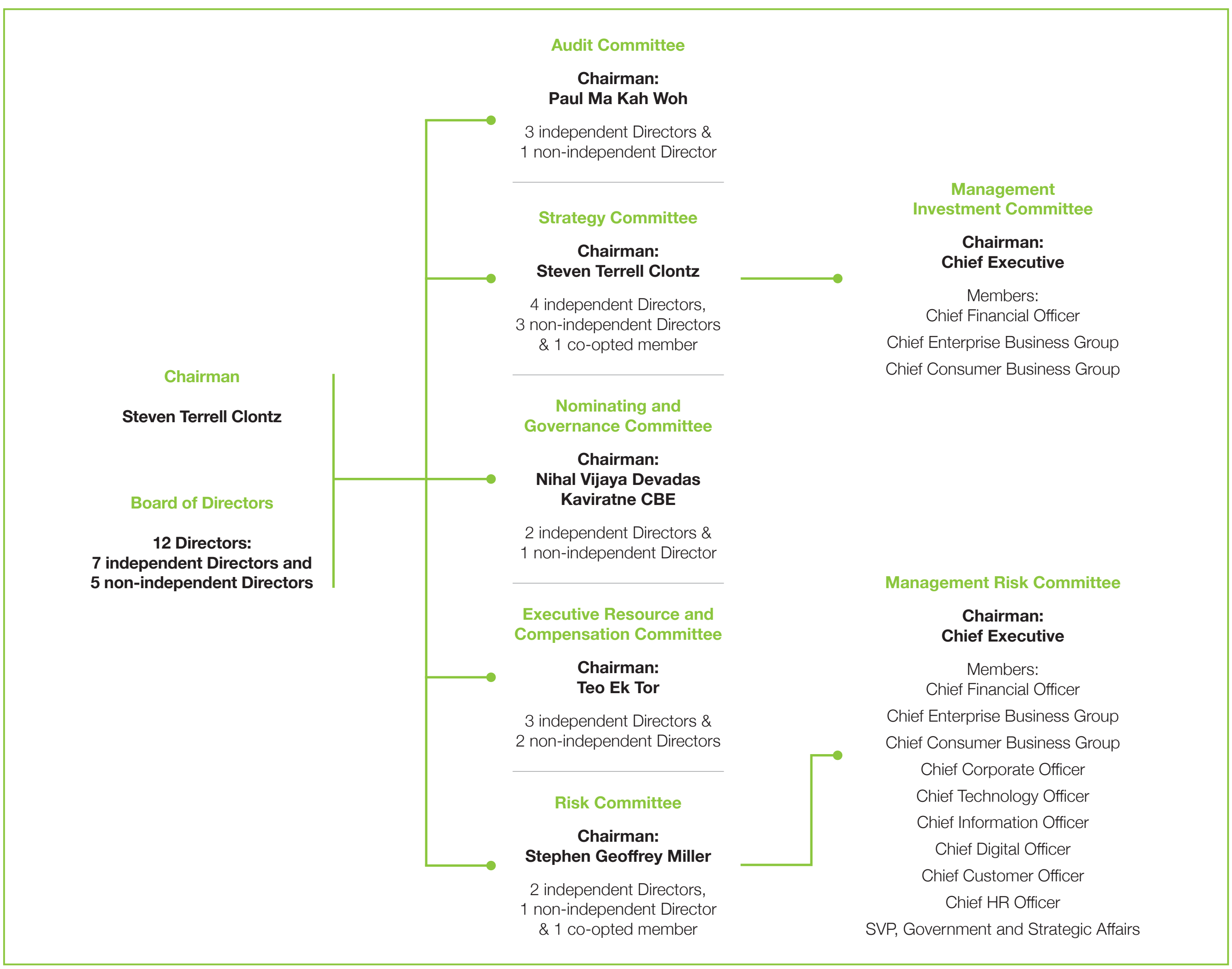
The Board has established a framework on approval and authorisation limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the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

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

In furtherance of their duties, the Directors are given access, when necessary, to independent professional advice at StarHub's expense. At least once a year, non-executive Directors (NED) meet to discuss, *inter alia*, Management's performance without the presence of Management. In FY2019, a NED meeting and an independent Directors' meeting were held, as chaired by the lead independent Director, Mr Nihal Vijaya Devadas Kaviratne CBE.

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

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



Note: Composition reflected is as at 9 March 2020.

CORPORATE GOVERNANCE

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

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

Board Meetings

For FY2019, the Board held a total of five meetings, including the full-day annual Board Strategy offsite meeting to review and discuss in detail the Group's strategic direction, and to consider the Group's budget for the upcoming financial year. It was attended by Senior Management and external guests, and provided a key opportunity to discuss, challenge and develop the Group's strategy. Additional Board meetings were also convened to consider urgent proposals or matters which required the Board's approval.

Board and Board Committee meetings for the upcoming financial year are scheduled in advance before the end of the current financial year to enable Directors to plan ahead and attend the meetings according to the respective meeting schedules. StarHub's Constitution allows meetings to be held via audio and video conferencing to facilitate the decision-making process.

Directors' attendance at Board and Board Committee meetings, the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM) held in FY2019, is set out in the table below:

Table 1 (Directors' Attendance at Board/General Meetings During FY2019)

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

Notes:

(1) Ms Nayantara Bali was appointed as a RC member with effect from 14 February 2019.
(2) Ms Ng Shin Ein was appointed as a SC member with effect from 31 January 2019.
(3) Mr Lionel Yeo Hung Tong was appointed as an independent Director with effect from 10 January 2019 and an ERCC member with effect from 24 January 2019.

Further information on the provision of relevant information to the Board can be found in the Access to Information section on page 65 of this report.

Board Orientation and Continual Training & Development
The onboarding of newly-appointed Directors is an important process which enables the Directors to participate effectively in Board affairs. All newly-appointed Directors participate in a comprehensive orientation programme that is bespoke for the Group's business and operations, including the opportunity to meet with the Chief Executive and Senior Management, to be given an overview of the Group's business activities, strategic directions, financials, policies, governance practices, corporate culture as well as key regulatory, legal and industry developments which affect the Group. The Company Secretaries assist to facilitate the newly appointed directors' understanding of their Board and Board Committee membership details, director fees, statutory and other duties and responsibilities. Arrangements are also made for newly-appointed Directors without prior experience as a director of a listed company on the SGX-ST to undergo mandatory training conducted by the Singapore Institute of Directors on their roles and responsibilities. In FY2019, the orientation programme included site visits to MediaHub, a convergence hub for the Group's fixed, Mobile and Pay TV networks, and CuriosityLab, the Group's social media analytics lab.

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

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

The Board recognises that ongoing professional development is important for the Directors to serve effectively and contribute to the Board. The Directors are encouraged to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. To this end, the Company Secretaries arrange internal briefings as well as external seminars for the Directors (including those conducted by the SGX-ST and the Singapore Institute of Directors in conjunction with the SGX-ST). In addition, the Company Secretaries and members of Senior Management also provide regular updates to the Directors during Board meetings, as well as through emails and the StarHub Board Portal, on key industry, technology, legal, regulatory and accounting updates which affect the Group. In FY2019, a Network & Technology briefing was conducted to assist the Board to gain a better understanding and appreciation for the more technical aspects of StarHub's operations, specifically its various network structures and capabilities. The professional development programmes attended by the Directors included the following:

- ACRA-SGX-SID Audit Committee Seminar 2019;
- SID Business Future Series 2: Cyber Security for Directors; and
- SID Focus Series: When You Unknowingly Break the Trust.

In addition, the Directors are free to conduct independent or collective discussions with Management and subject matter experts on any areas of interest or concern.

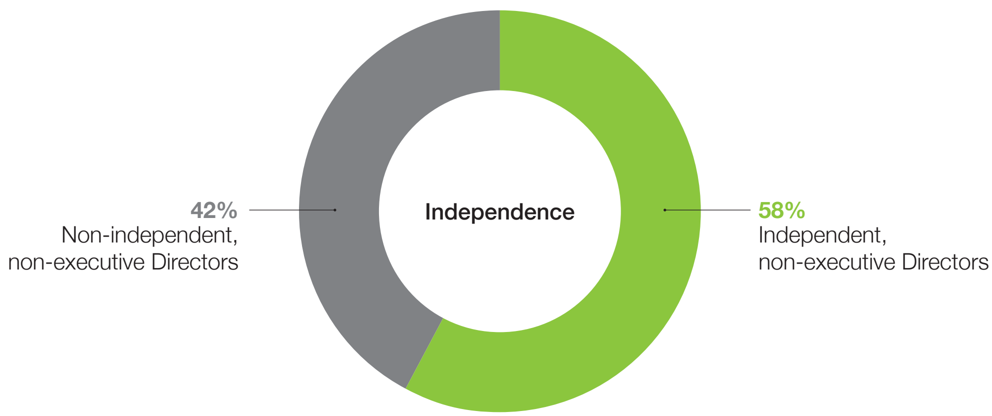
Access to Information
At least five business days prior to each Board or Board Committee meeting, Management provides the Directors with timely and relevant information pertaining to matters on the agenda, save for sensitive matters to be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are encrypted with passwords to safeguard their security. Quarterly reports by the Chief Executive on the state of the business, as well as regular analysts' reports and media articles on StarHub and the industry, are circulated to the Board for their information. Other related business reports and updates are also provided to the Board regularly and upon request by the Board. Collectively, this enables the Directors to keep abreast of key issues and developments in the business and the industry as well as challenges and opportunities for the Group, thereby facilitating sound decisions.

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

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

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

B. BOARD COMPOSITION AND GUIDANCE



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

Board Composition & Size
The Board comprises 12 NEDs, the majority of whom are independent Directors (ID). The Chairman, Mr Steven Terrell Clontz, is not an ID within the meaning of the Code and SGX-ST Listing Rule 210(5)(d)(i), given his executive position at Singapore Technologies Telemedia Pte Ltd, a related corporation of StarHub.

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

The Board consists of Directors who are business leaders and professionals of high calibre and integrity, with a broad range of core competencies and experience in enterprise and banking, accounting and finance, investment, risk management, legal, regulatory, technology, cybersecurity, business and industry knowledge, management and strategic planning experience, as well as customer-based experience and knowledge. Collectively, the Board constantly seeks to identify areas of focus and maintain an optimal mix of expertise, experience (both local and international), knowledge and diversity of gender, age, background, geography and ethnicity. In this regard, the NGC has developed a skills matrix as one criterion for Director appointments, which is reviewed by the Board on an annual basis.

As part of StarHub's ongoing renewal of the Board, Mr Lionel Yeo Hung Tong was appointed to the Board as an ID in FY2019. The Board has a lead ID – Mr Nihal Vijaya Devadas Kaviratne CBE, who is also the NGC Chairman, has been serving as the lead ID since 1 October 2018. His role includes:

- ensuring he is available to shareholders for consultation and direct communication, where they have concerns on matters where contact via the normal channels of the Chairman, the Chief Executive or the Chief Financial Officer (CFO) has failed to resolve or is inappropriate;
- serving as a liaison between the Chairman and the IDs; and
- having the authority to call for and lead meetings of IDs without the presence of Management and provide feedback to the Chairman as appropriate. An IDs' only meeting was held in FY2019.

Board Diversity
StarHub firmly believes that a well-balanced and diverse Board will contribute positively in overseeing the delivery of the Group's strategy, bringing fresh perspectives and providing constructive challenges to Management. The immense network of contacts across various industries has proven invaluable to StarHub. Since FY2018, the Board has a 25% female representation on the Board. The continual Board refresh also reflects an improved age diversity.

The individual profiles of the Directors can be found in the Board of Directors and Directors' Particulars sections on pages 48 to 53 and pages 54 to 55 of the Annual Report respectively.

C. CHAIRMAN AND CHIEF EXECUTIVE

StarHub has a clear division in responsibilities between the leadership of the Board and Management. The Chairman and the Chief Executive are separate persons, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions. No single individual has unfettered powers of decision-making within the Group.

The Chairman, Mr Steven Terrell Clontz, is a NED and unrelated to the Chief Executive. He:

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

The Chief Executive, Mr Peter Kaliaropoulos, leads the Management and has full executive responsibility for the day-to-day running of the Group's business operations as well as the effective implementation of the Group's strategies and policies.

D. BOARD MEMBERSHIP

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

Nominating and Governance Committee

Membership

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

The NGC comprises three NEDs, the majority of whom, including the NGC Chairman, are IDs. During FY2019, the NGC held two meetings.

Key Responsibilities

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

Process and Criteria for New Board Appointment and Re-election

In proposing candidates for appointment or re-election as Directors, the NGC considers several factors, including (a) the composition, the diversity and the need for progressive renewal of the Board, (b) each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and (c) potential conflicts of interest. This ensures that the Board composition reflects an appropriate mix having regard to skills, experience, expertise, diversity and independence, which enables the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are also subject to the approval of StarHub's industry regulator, the Infocomm Media Development Authority of Singapore.

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

Board Independence

The NGC assesses the independence of each Director annually, and as and when circumstances require. Evaluation of director candidates' independence is an important factor for NGC's annual review of the composition of the Board. To facilitate the assessment, StarHub has adopted an annual verification procedure on director independence, conflicts of interest, interested person transactions and other commitments that could compromise a Director's independence. Directors are required to provide sufficient information for the evaluation of his/her independence, including their professional engagements, positions and directorships, and notify the Board of any changes in such information.

Directors' independence is assessed based on the independence criteria under the Code and SGX-ST Listing Rule 210(5)(d), as well as other factors and circumstances that may potentially affect the status or perception of a Director's independence, in the overall evaluation from the standpoint of both StarHub and the Directors.

When assessing objectivity and independent judgement, the NGC and the Board consider, *inter alia*, the approach, character and attitude of each Director and the value each Director brings, including whether such Director:

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group;
- has been employed by StarHub or any of our related corporations during the financial year in question or in any of the previous three financial years;
- has an immediate family member who is employed or has been employed by StarHub or any of our related corporations for the past three financial years, and whose remuneration is determined by the ERCC; or
- has any material contractual relationship with the Group other than as a Director.

The NGC also has the discretion to consider that a Director is not independent even in the absence of specific relationships or circumstances described in the Code and SGX-ST Listing Rule 210(5)(d), and similarly provides its views to the Board for the Board's determination. The NGC has considered and is of the view that as of 31 December 2019, all the IDs are sufficiently independent and are able to objectively exercise their judgement in the best interests of the Group.

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

Where a Director's tenure exceeds nine years, his/her independence is carefully reviewed and monitored. As of 31 December 2019, two IDs, namely Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Teo Ek Tor, have served on the Board for more than nine years. After careful rigorous review, the NGC recommends[1], and the Board is of the firm view[1] that (a) Mr Kaviratne and Mr Teo have each demonstrated the essential independence of mind and objectivity of judgement to act honestly and in the best interests of the Group in the discharge of their Directors' duties; and (b) their independence is not compromised due to their long service history, and no other factors or circumstances have been identified that could impair their independence. Therefore, the NGC and the Board have considered Mr Kaviratne and Mr Teo to be independent.

The individual independent status of the Directors can be found in the Board of Directors section on pages 48 to 53 of the Annual Report.

Board's Time Commitment

Directors with multiple board representations and/or other principal commitments (as defined in the Code) must ensure that they are able to devote sufficient time and attention to the affairs of StarHub to adequately carry out their duties as Directors of StarHub. The NGC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of StarHub and have properly discharged their duties in FY2019, and will continue to do so in FY2020. Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director may hold, the NGC is of the view that all Directors have fully discharged their duties as Directors of StarHub based on the time and attention devoted by each Director, their individual abilities and their respective contribution of skills, knowledge and experience as well as their commitment to the affairs of StarHub.

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

The attendance record can be found on page 64 of this report and the principal commitments and directorships in any listed companies currently held by the Directors can be found in the Directors' Particulars section on pages 54 to 55 of the Annual Report.

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

E. BOARD PERFORMANCE

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

For FY2019, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd (Aon) as independent external consultants to facilitate the annual evaluation of the performance of the Board and the Board Committees. The evaluation process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular the following:

- Adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, knowledge and experience of the Board;
- Information management and Board processes, including level and timeliness of information provided to the Board, and appropriate thresholds for escalating information surrounding material strategic or operational issues to the Board;
- Sustainability & Environmental, Social and Governance (ESG), including appropriate consideration for a holistic view of material stakeholder and ESG objectives for StarHub's long-term sustainability;
- Managing StarHub's performance;
- Effectiveness of Board Committees;
- Chief Executive performance and succession planning;
- Director development and management; and
- Risk management.

As part of the evaluation process, detailed questionnaires were completed by each Director and one-on-one Director interviews were conducted, with feedback on the key areas.

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

2. REMUNERATION MATTERS

A. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The ERCC ensures the due implementation of a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors.

Executive Resource and Compensation Committee

Membership

- Mr Teo Ek Tor, ERCC Chairman and ID
- Mr Stephen Geoffrey Miller, NED
- Ms Michelle Lee Guthrie, ID
- Mr Lionel Yeo Hung Tong, ID
- Mr Lim Ming Seong, NED

The ERCC comprises five NEDs, the majority of whom, including the ERCC Chairman, are IDs. During FY2019, the ERCC held four meetings.

Key Responsibilities

- Ensure the implementation of a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors
- Succession planning for the Chief Executive, the CFO and other key management personnel. Potential candidates for immediate, medium and long-term needs are identified each year
- Assessing and approving candidates for key executive appointments
- Overseeing the development of Management and reviewing succession plans for key positions in the Group

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

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

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

- The performance of the Group and the relevant individual;
- Industry practices and compensation norms; and
- The need to attract key management personnel in order to ensure the continual development of talent and the renewal of strong leadership for StarHub.

The ERCC ensures that the remuneration paid to the Chief Executive and key management personnel is closely linked to the achievement of business and individual performance targets. The performance targets are determined by the ERCC based on realistic yet stretch levels each year to reward the Group, division and individual performance that supports strategic priorities of the business and promote activities that help the business to successfully implement its strategy with emphasis on both short and long-term quantifiable objectives.

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

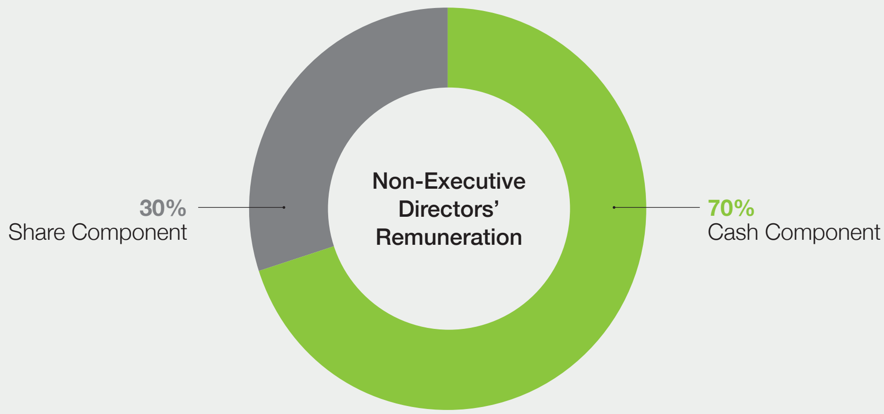
No ERCC member or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to such individual, or where there are conflicts of interests. The Chief Executive is present at all ERCC discussions on the compensation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

The ERCC has access to expert professional advice on the remuneration policies of the Board and executives. The ERCC has appointed Aon as its remuneration consultant for FY2019 and is satisfied that the independence and objectivity of Aon is not affected by any relationship between StarHub and Aon.

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

B. DISCLOSURE ON REMUNERATION

Non-Executive Directors' Remuneration
The payment of board remuneration in shares and cash has been a practice at StarHub. NEDs receive 70% of their board remuneration in cash and the remaining 30% in share awards granted pursuant to the StarHub Restricted Stock Plan. This remuneration structure aligns NEDs' interests with those of shareholders and the long-term interests of the Group.



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

- **Share Component**
  Pursuant to the StarHub Restricted Stock Plan, the share awards are granted as fully-paid StarHub shares without any vesting conditions attached. Nonetheless, in order to align NEDs' interests with those of shareholders, NEDs who receive the share awards are required to hold a minimum number of StarHub shares with a value equivalent to the lower of (a) their prevailing annual basic retainer fee or (b) the aggregate of 100% of the total number of StarHub shares awarded for the financial year ended 31 December 2011 and each subsequent financial year thereafter, and 50% of the total number of StarHub shares awarded from the financial years ended 31 December 2007 to 31 December 2010. NEDs can only dispose of all their StarHub shares one year after ceasing to be a Director. The number of StarHub shares to be awarded to a participating NED will be determined by reference to the volume weighted average price of a StarHub share on the SGX-ST over the 14 trading days commencing on the ex-dividend date that immediately follows the forthcoming AGM. The number of StarHub shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining StarHub shares.

In FY2019, the Chief Executive and NEDs voluntarily agreed to a 10% salary and fee reduction. The Senior Management (including the top five key management personnel (who are not Directors or the Chief Executive)) also voluntarily agreed to a 5% salary reduction, to demonstrate its continual support to the Group's strategic transformation plan and to focus on investing for growth in new business opportunities.
In addition, the NEDs have voluntarily agreed to contribute up to an additional 10% of their fees towards the StarHub Cares COVID-19 Fund, an initiative of StarHub and its employee volunteers to provide support and assistance to the community amidst the COVID-19 outbreak. The Senior Management has also volunteered to contribute up to one month of its annual bonus in support of this worthy cause.

The total NEDs' remuneration for FY2019 amounts to $1,524,707.00, and will be subject to shareholders' approval at the upcoming AGM in FY2020.

Table 2 (Annual Fees for the Board and the Board Committees for FY2019)

Annual Fees for the Board[1]		
Board Chairman		$165,000
Lead Independent Director		$78,000
Non-Executive Director		$65,000
Additional Annual Fees for the Board Committees[1]		
Type of Committee	**Chairman**	**Member**
Audit Committee	$43,000	$25,000
Strategy Committee	$30,000	$16,000
Nominating and Governance Committee	$30,000	$16,000
Executive Resource and Compensation Committee	$30,000	$16,000
Risk Committee	$30,000	$16,000

(1) The annual retainer fees above do not reflect the NED voluntary fee reductions of up to 20% for supporting the Group's strategic transformation plan and contributing to the StarHub Cares COVID-19 Fund. The total Directors' remuneration for the NEDs of StarHub for FY2019 as set out below however, takes into account such voluntary fee reductions.

Breakdown of Directors' Remuneration
The following shows the composition of Directors' remuneration for FY2019:

	Non-Executive Directors' Remuneration		
Name of Non-Executive Directors	**Cash-based ($)**	**Share-based ($)**	**Total[a] ($)**
Steven Terrell Clontz	164,360.00	70,440.00	234,800.00
Paul Ma Kah Woh	96,600.00	41,400.00	138,000.00
Nihal Vijaya Devadas Kaviratne CBE	136,885.00	58,665.00	195,550.00
Teo Ek Tor	80,640.00	34,560.00	115,200.00
Stephen Geoffrey Miller[b]	85,960.00	36,840.00	122,800.00
Michelle Lee Guthrie	85,680.00	36,720.00	122,400.00
Nayantara Bali[c]	70,604.80	30,259.20	100,864.00
Ng Shin Ein[d]	79,083.20	33,892.80	112,976.00
Lionel Yeo Hung Tong[e]	61,174.40	26,217.60	87,392.00
Lim Ming Seong	93,240.00	39,960.00	133,200.00
Nasser Marafih	74,480	31,920.00	106,400.00
Naoki Wakai[b][f]	55,125.00	–	55,125.00
Directorship on Subsidiary			
Teo Ek Tor[g]			55,000.00

(a) The total remuneration of the NEDs takes into account the voluntary fee reductions of up to 20%.
(b) Fees are payable to Director's employer company.
(c) Ms Nayantara Bali was appointed as a RC member with effect from 14 February 2019.
(d) Ms Ng Shin Ein was appointed as a SC member with effect from 31 January 2019.
(e) Mr Lionel Yeo Hung Tong was appointed as an ID with effect from 10 January 2019 and an ERCC member with effect from 24 January 2019.
(f) Mr Naoki Wakai had declined the share award. He will only receive the cash component of his remuneration. Mr Wakai does not hold any StarHub shares.
(g) Fees are payable to Mr Teo as a NED of Ensign InfoSecurity Pte. Ltd., a subsidiary of StarHub, in respect of the period from 1 January 2019 to 31 December 2019.

Details of the share awards granted by StarHub to the NEDs under the StarHub Restricted Stock Plan can be found in the Directors' Statement section on pages 144 to 147 of the Annual Report.

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

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

Chief Executive and Key Management Personnel Remuneration

- **Fixed Component**
- **Variable Cash Component**
- **Share-based Compensation**
- **Market-Related Benefits**

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

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

Annual Variable Bonus
The AVB is a cash-based incentive for the Chief Executive and key management personnel that is linked to the achievement of annual performance targets.

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

While the performance objectives are different for each executive, they are assessed on the same principles across the following broad categories of targets:

- Business outcomes (50% weightage); and
- Customer, Process and People outcomes (50% weightage).

The target AVB for the Chief Executive and key management personnel is pre-set at a fixed percentage of their annual base salary, and subsequently adjusted based on the Group's performance at the end of each financial year. The final AVB payout can range from 0 to 2.25 times of the target AVB.

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

Under the EIP, a notional EVA bank account is set up for each key management personnel, into which the annual EVA performance bonus declared and earned by him for each year is credited. One-third of the accumulated EVA performance bonus, comprising the EVA performance bonus declared for the current financial year and the balance brought forward from preceding financial years, is paid out in cash each financial year. The remaining two-thirds are carried forward in each individual's EVA bank account, payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met.

The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years. This mechanism encourages the Chief Executive and key management personnel to work for sustainable EVA generation and adopt strategies that are aligned with the long-term interests of the Group.

Based on the ERCC's assessment that the actual performance of the Group in FY2019 had met the pre-determined targets, the resulting annual payout under the EIP was adjusted accordingly to reflect the performance level achieved.

- **Share-based Compensation**

StarHub Performance Share Plan (PSP)
The PSP serves as a long-term incentive to motivate key management personnel to strive for superior performance and to align their interests with that of shareholders.

Pursuant to the PSP, the ERCC has decided to grant contingent awards of StarHub shares on an annual basis, conditional on meeting targets set for a three-year performance period. The performance measures used in PSP grants during FY2019 are:

1. Absolute Total Shareholder Return (Absolute TSR) against Cost of Equity hurdles (i.e. measure of Wealth Added);
2. Relative Total Shareholder Return (Relative TSR) against selected peers from the MSCI APAC Telco index; and
3. Transformation KPIs reflective of the strategic growth objectives of StarHub.

A minimum threshold performance is required for any StarHub shares to be released to the recipient at the end of the performance period. The actual number of StarHub shares released will depend on the achievement of set targets over the performance period. For the performance measure of Absolute TSR, the achievement factor ranges from 0 to 1.5 times of 30% of the conditional award. For the performance measure of Relative TSR, the achievement factor ranges from 0 to 1.5 times of 30% of the conditional award. For the performance measure of Transformation KPIs, the achievement factor ranges from 0 to 1.5 times of 40% of the conditional award.

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

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance levels for PSP awards granted in FY2017 based on the performance period from 2017 to 2019.

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

Pursuant to the RSP, the ERCC has decided to grant contingent awards of StarHub shares on an annual basis, conditional on the achievement of annual Return on Invested Capital targets. The objective of the RSP is aligned to the overall financial performance of the Group and wealth creation for shareholders. The RSP acts as a medium-term incentive mechanism that drives business performance while retaining StarHub's key talent to drive shareholder value.

A minimum threshold performance is required for any StarHub shares to be released to the recipient at the end of the performance period. The actual number of StarHub shares released will depend on the achievement of the pre-determined target performance levels over the performance period, to be determined by the ERCC at the end of the performance period and capped at 1.0 times of the conditional award. The StarHub shares will be released in three equal tranches of 33⅓% per tranche over three consecutive years.

The Group has attained an achievement factor which is reflective of meeting the pre-determined target performance levels for RSP awards granted in FY2019 based on the performance period of 2019. The resulting shares vested were adjusted accordingly to reflect the performance level achieved.

- **Market-related Benefits**
The benefits provided are comparable with local market practices.

Remuneration of the Chief Executive and Top Five Key Management Personnel
The details of the remuneration of the Chief Executive and the top five key management personnel (who are not Directors or the Chief Executive) are set out in Table 3 below (in bands of $250,000 and percentage terms) for the services rendered by them to the Group for FY2019.

Table 3

	Fixed[2] ($)	Variable[3] ($)	Benefits[4] ($)	Share-based Compensation[5] ($)	Total[1] ($)
Chief Executive					
Peter Kaliaropoulos	971,580	1,230,950	83,021	972,608	3,258,159[6]
Total paid, including shares vested based on actual performance					2,467,162

Top 5 Key Management Personnel

	Fixed[2] (%)	Variable[3] (%)	Benefits[4] (%)	Share-based Compensation[5] (%)	Total[1] (%)	Remuneration bands[7] (%)
Dennis Chia	38	36	3	23	100	D
Johan Buse	39	34	3	24	100	C
Chong Yoke Sin[a]	91	–	9	–	100	A
Veronica Lai	46	32	3	19	100	B
Chong Siew Loong	44	32	3	21	100	B
Total including contingent shares granted but not vested, subject to performance[6]					$4,985,510	
Total paid, including shares vested based on actual performance					$4,358,680	

(1) The total remuneration of the Chief Executive and the top five key management personnel takes into account the respective 10% and 5% voluntary salary reductions described below.
(2) Fixed refers to base salary, AWS and fixed allowances earned for FY2019. The base salary was reduced by 10% with effect from 1 October 2018 for Mr Peter Kaliaropoulos and by 5% with effect from 1 January 2019 for Mr Dennis Chia, Mr Johan Buse, Dr Chong Yoke Sin, Ms Veronica Lai and Mr Chong Siew Loong.
(3) Variable refers to any applicable one-off incentive payments as well as incentives paid and accrued for the year pursuant to the AVB scheme and EIP for FY2019.
(4) Benefits are stated on the basis of direct costs to StarHub, and include non-cash benefits such as leave, medical scheme and club membership.
(5) Share awards granted under the RSP and the PSP are subject to pre-determined performance targets set over one-year and three-year performance periods respectively. The figures shown are based on the fair value of the StarHub shares at 100% of each of the RSP and PSP conditional awards, which may not be indicative of the actual value at vesting which can range from 0% to 100% of the RSP conditional award and 0% to 150% of the PSP conditional award. Over the last five financial years ended 31 December 2015 to 31 December 2019, the average number of StarHub shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted.
(6) Refers to total remuneration including contingent shares granted but not vested, subject to performance.
(7) Remuneration bands:
"A" refers to remuneration between $250,001 and $500,000 per annum
"B" refers to remuneration between $750,001 and $1,000,000 per annum
"C" refers to remuneration between $1,250,001 and $1,500,000 per annum
"D" refers to remuneration between $1,500,001 and $1,750,000 per annum
(a) Dr Chong Yoke Sin stepped down as Chief Enterprise Business Group with effect from 3 August 2019. During her employment with StarHub from 1 January 2019 to 2 August 2019, the total compensation (including fixed and variable remuneration, benefits-in-kind and contingent shares granted but not vested, subject to performance) for services rendered to the Group was within remuneration band "A". The total compensation paid (including shares vested based on actual performance) was within remuneration band "A".

If any key management personnel of StarHub (including the Chief Executive) is involved in fraud or misconduct, which results in a re-statement of StarHub's financial results or financial loss to StarHub, the Board may reclaim the unvested components of remuneration from such individual under all incentive plans for the relevant period, to the extent such incentive has been earned but not yet released or disbursed. The Board, taking into account the ERCC's recommendation, may decide whether, and to what extent, such recoupment is appropriate, based on the specific facts and circumstances of the case. No such fraud or misconduct occurred in FY2019.

During FY2019, there was no employee of the Group who was a substantial shareholder of StarHub or an immediate family member of a Director, the Chief Executive or a substantial shareholder of StarHub, and whose remuneration exceeds $100,000 per annum.

3. STRATEGIC MATTERS

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

Strategy Committee

Membership

- Mr Steven Terrell Clontz, SC Chairman and non-executive Chairman of the Board
- Mr Nihal Vijaya Devadas Kaviratne CBE, lead ID
- Mr Stephen Geoffrey Miller, NED
- Ms Michelle Lee Guthrie, ID
- Ms Nayantara Bali, ID
- Ms Ng Shin Ein, ID
- Mr Lim Ming Seong, NED
- Mr Peter Kaliaropoulos, Chief Executive and co-opted SC member

Resigned with effect from 12 August 2019

- Mr Nikhil O. J. Eapen, co-opted SC member

The SC comprises seven NEDs and the Chief Executive as an additional co-opted member. During FY2019, the SC held three meetings.

Key Responsibilities

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

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

The SC is assisted by the Management Investment Committee, comprising the Chief Executive, CFO, Chief Enterprise Business Group and Chief Consumer Business Group.

As part of the SC's key functions, the SC guides Management on the strategic planning process to ensure that the Group's strategic plan is developed with measurable goals and time targets, and is appropriately implemented. It reviews both organic and inorganic growth opportunities, and evaluates the impact of external developments and factors on the Group's strategy and execution, such as emerging or evolving competitive activity, disruptive technologies and regulatory developments, thereby enabling the Group to adjust its strategic plan as necessary.

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

4. ACCOUNTABILITY AND AUDIT

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

For FY2019, the Board has received written assurance from the Chief Executive and the CFO that the financial statements give a true and fair view of the Group's operations and finances. For the quarterly financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the requirements of the SGX-ST Listing Manual. StarHub recognises that prompt and full compliance with statutory reporting requirements is imperative in maintaining shareholder confidence and trust.

The Chief Executive updates the Board through quarterly reports on the state of the business, including key performance and financial highlights, The issues and priorities which Management is focused on, and the longer-term challenges which Management is addressing to ensure we stay committed on value creation for our customers, employees and shareholders. Other related business reports and updates are also provided to the Board regularly and upon request by the Board, to keep the Board informed of the key business initiatives and the latest market developments and trends as well as challenges and opportunities for the Group.

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

A. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is principally responsible for the governance of risk management and internal controls of the Group. The RC and the AC work closely to assist the Board in monitoring and reviewing the Group's risk management system and internal controls to safeguard shareholders' interests and the Group's assets.

Risk Committee

Membership

- Mr Stephen Geoffrey Miller, RC Chairman
- Mr Paul Ma Kah Woh, ID
- Ms Nayantara Bali, ID
- Mr Peter Kaliaropoulos, Chief Executive and co-opted RC member

The RC comprises three NEDs who are independent of Management, and the Chief Executive who is a co-opted member. During FY2019, the RC held two meetings.

Key Responsibilities

- Review the type and level of business risk that the Group undertakes in achieving its business strategy, and the appropriate risk management framework and policies for managing StarHub's risk
- Provide oversight in the design, implementation and monitoring of the risk management framework, the system of internal controls (including operational, compliance and information technology controls), and to ensure action plans to mitigate the identified risks are put in place
- Review the adequacy and effectiveness of StarHub's risk management system and system of internal controls (including operational, compliance and information technology controls)
- Review the adequacy and effectiveness of policies and procedures for timely risk identification and remediation (including disclosure requirements for regulatory compliance)
- Provide guidance on sustainability topics to be identified as material to the business and ensure the alignment and integration of our sustainability strategy and approach with our business model
- Provide guidance on cybersecurity, data ethics and governance to ensure appropriate controls and measures are in place
- Set and instill in StarHub an appropriate risk-aware culture for effective risk governance

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

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

Further details on StarHub's approach to sustainability can be found in the Sustainability Report on pages 94 to 140 of the Annual Report.

Risk Management System and Internal Controls
StarHub's Enterprise Risk Management programme is centred on being inclusive and multi-disciplinary, focusing on risks and opportunities that are pertinent to the Group's business activities and that are aligned to the Group's strategic priorities. The Group seeks to embed risk management in its decision-making processes and key business activities at all levels and adopts a comprehensive and practical approach to mitigating the Group's risks.

To improve risk management and mitigation, the RC has identified certain top risks of the Group for tracking and monitoring. These risks include strategic, operational, regulatory, legal, information technology, human resource and financial risks. In consultation with the Board and other Board Committees, the identified risk areas are mapped and allocated to the corresponding Board Committees for oversight, further assessment and mitigation. The RC maintains an overview and provides overall guidance on the identified top risks, which are subject to in-depth discussions at quarterly MRC meetings and bi-annual RC meetings.

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

For FY2019, the Board has received written assurance from:

- the Chief Executive and the CFO that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the Chief Executive, the CFO, MRC members as well as other key management personnel that the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations.

Based on the risk management system and internal controls established and maintained by the Group, the reviews performed by Management as supported by audit findings of the external and internal auditors and the relevant written assurance from the Chief Executive, the CFO, MRC members and other key management personnel, the Board (with the concurrence of the RC and the AC) is of the opinion that as at 31 December 2019, the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as the risk management objectives which the Group considers relevant and material to its current business environment and scope of operations. The Group also has an event and crisis management process in place which is regularly reviewed by the MRC.

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

Further details on StarHub's approach to enterprise risk management can be found in the Risk Management section on pages 88 to 91 of the Annual Report.

B. AUDIT COMMITTEE

The AC oversees the effective governance of the Group's financial reporting and internal controls to ensure quality and integrity of its financial statements and the adequacy of related disclosures. The AC also has oversight of the performance of both the internal audit function and the external auditors.

Audit Committee

Membership

- Mr Paul Ma Kah Woh, AC Chairman and ID
- Mr Nihal Vijaya Devadas Kaviratne CBE, lead ID
- Ms Ng Shin Ein, ID
- Mr Lim Ming Seong, NED

The AC comprises four NEDs, with the majority (including the AC Chairman) being IDs. During FY2019, the AC held four meetings and a private session with the external auditors and internal auditors without Management being present.

Key Responsibilities

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

The AC members are appropriately qualified to discharge their responsibilities and collectively have strong accounting and related financial and legal management expertise and experience. They keep abreast of changes to accounting standards and issues which affect the Group through, *inter alia*, consultation with the external and internal auditors and seminars (including those organised by the Singapore Institute of Directors).

The AC has explicit authority to investigate any matter within its Terms of Reference, with full access to and co-operation from Management. The AC also has full discretion to invite any Director or executive to attend its meetings, and to require Management to provide it with reasonable resources to enable it to discharge its functions properly. After each AC meeting, the AC Chairman reports to the Board on the matters which have been discussed.

Key Audit Matters (KAMs)
The significant areas of audit focus in relation to the financial statements for FY2019 are (a) revenue recognition, (b) acquisition of Ensign InfoSecurity Pte. Ltd. and its subsidiaries (Ensign) – purchase price allocation, (c) disposal of D'Crypt Pte Ltd (DPL) and (d) impairment assessment of goodwill and investments in subsidiaries. During FY2019, the AC received updates from Management on the status of these areas, reviewed and discussed with the external auditors on the results of their audit, including their findings on the key areas of audit focus.

In assessing the KAMs, the AC took into consideration the appropriateness of:

- Revenue recognition policies and assumptions adopted;
- Methodologies used, and adjustments made to provisional fair values of the identified assets and liabilities of Ensign on completion of the purchase price allocation exercise;
- Accounting treatment and judgement involved on the disposal of DPL; and
- Assumptions and estimates made in goodwill impairment assessment and valuation of investment in subsidiaries.

Significant matters that were discussed with Management and the external auditors have been included as KAMs in the Independent Auditors' Report on pages 150 to 154 of the Annual Report.

External Auditor
The AC has performed a review of the independence and objectivity of the external auditors, as well as the volume and type of non-audit services provided by the external auditors to StarHub and the Group during FY2019.

The audit and non-audit fees paid/payable to KPMG LLP (KPMG) for FY2019 are $0.6 million and $0.8 million respectively, as disclosed in Note 25.3 to the Financial Statements for FY2019. The non-audit fees as a percentage of the total fees paid to KPMG for FY2019 would be 58%. The non-audit services included tax compliance and advisory, transaction analysis system implementation work[2] for a subsidiary and sustainability audit. These constitute permissible non-audit services under the Accountants (Public Accountants) Rules – Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities. Excluding the system implementation work contracted by the subsidiary prior to its acquisition by StarHub, which has a cost incurred of $0.4 million in FY2019, the non-audit fees as a percentage of the total fees paid to KPMG would have been 42%.

The AC has evaluated the potential threats to KPMG's independence and objectivity arising from the provision of non-audit services by KPMG to the Group, and the appropriate safeguards that were put in place to mitigate such threats. Such safeguards included:

(a) having the non-audit services undertaken by a separate and different KPMG team from the audit team, with no overlap of lead partners on the respective team;

(b) StarHub taking management responsibility and decision for the results of the work performed by KPMG;

(c) obtaining the AC's approval prior to engaging KPMG to provide any non-audit service that results or may result in the aggregate non-audit fees exceeding 50% of the Group's total audit and non-audit fees to KPMG for the relevant financial year. When giving its approval, the AC had to be satisfied that the provision of non-audit services does not impinge on the independence of the auditors; and

(d) reporting to the AC on a quarterly basis, the nature and extent of non-audit services procured, and the fees to be incurred, both for individual non-audit services and in aggregate, relative to the total audit and non-audit fees of the Group.

In addition, the AC has requested information on and reviewed KPMG's policies and processes for maintaining independence and monitoring compliance with relevant requirements, and KPMG has confirmed its independence as auditors of the Group.

[2] Relates to the remaining phase of a system implementation work, contracted prior to the acquisition of the subsidiary, Ensign InfoSecurity Pte. Ltd., on 4 October 2018.

Based on the independence review, the AC is satisfied that the nature and extent of such non-audit services provided to the Group would not compromise the independence and objectivity of KPMG and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. Accordingly, and having regard to the adequacy of the resources and experience of the external auditors and the audit engagement partner and staff assigned to the audit, the AC has recommended to the Board that KPMG be nominated for re-appointment as the Group's external auditors at the forthcoming AGM of StarHub. To further maintain the independence of KPMG, the AC ensures that the audit partner in-charge of the Group is rotated every five years. None of the Directors (including the AC members) or Senior Management is or has in the past two years been a former partner, director or employee of the Group's external auditors.

The AC has also reviewed the appointment of different auditors for its subsidiaries pursuant to Rule 716 of the SGX-ST Listing Manual. The Board and the AC have confirmed that they are satisfied that the retention of Deloitte & Touche LLP (Deloitte) as the auditors of Ensign would not compromise the standard and effectiveness of the audit of the Group. Deloitte, through its member firms, has provided non-audit services to the Group during FY2019. The non-audit services, which are mainly provided to the Group (other than Ensign), included strategic analysis and advisory, human resource consultancy and CRM system development work, where Deloitte's expertise and experience with the Group were relevant to ensure efficiency and effectiveness. The Audit and Risk Committee of Ensign has carried out a review of Deloitte's independence, and it is satisfied with Deloitte's independence. Deloitte has further confirmed its independence, within the meaning of regulatory and professional requirements. Appropriate safeguards were also established to address any potential independence threats arising from the provision of non-audit services to Ensign as well as the Group. Such safeguards included (a) assigning a separate and different Deloitte team from the audit team for the provision of non-audit services to Ensign and/or the Group, (b) undertaking an independent internal quality control review with respect to the audit of Ensign and (c) obtaining the AC's approval before any engagement of Deloitte to perform non-audit services where the total non-audit fees exceed or may exceed 50% of the Group's total audit and non-audit fees for the relevant financial year. Further, StarHub's auditor, KPMG, reviews the audit work of Deloitte as part of its overall review of the StarHub subsidiaries' audited financial statements in order to express an opinion on the Group's consolidated statements.

Details of the aggregate amount of external auditors' fees paid for FY2019 and the breakdown for the audit and non-audit services are set out in Note 25.3 to the Financial Statements of the Annual Report.

C. INTERNAL AUDIT

The internal audit function of the Group for FY2019 was carried out by PricewaterhouseCoopers Risk Services Pte. Ltd., an independent firm. The internal auditor is guided by the Standards for the Professional Practice of Internal Auditing, prescribed by the Institute of Internal Auditors.

The internal auditor reports to the AC functionally, and to the Chief Executive and the CFO administratively. The appointment, termination and remuneration of the internal auditor are approved by the AC. The internal auditor has unfettered access to all of StarHub's documents, records, properties and personnel, including access to the AC. During FY2019, the AC met with the internal auditor once without the presence of Management.

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

The AC reviews the adequacy, effectiveness, scope and independence of the internal audit function annually. For FY2019, the AC is satisfied that StarHub maintained an effective internal audit function that is adequately staffed and independent of the audited activities, and that the internal auditor has appropriate standing within StarHub to perform its function effectively.

5. SHAREHOLDER RIGHTS AND ENGAGEMENT

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

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

A. CONDUCT OF GENERAL MEETINGS

All shareholders are entitled to attend and vote at StarHub's general meetings and are afforded the opportunity to participate effectively in the general meetings. If shareholders are unable to attend, they are allowed to appoint up to two proxies to attend, speak and vote in their place at general meetings. Under StarHub's Constitution and pursuant to the Companies Act (Cap. 50), shareholders who are nominee companies, custodian banks or Central Provident Fund agent banks may appoint more than two proxies to attend, speak and vote at the upcoming AGM and at subsequent general meetings.

Notices of general meetings, together with the annual reports or circulars, are generally issued to all shareholders (including foreign shareholders) at least 14 days prior to the scheduled meetings. This provides ample time for shareholders to review the documents ahead of the meetings and appoint their proxies to attend the meetings if they wish. As part of StarHub's commitment towards more environmental-friendly and sustainable practices, StarHub makes our annual reports and circulars available online at the StarHub IR website. Printed copies of StarHub's annual reports and circulars are made available upon request.

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

To enhance transparency and efficiency in the voting process and results, electronic poll voting is conducted. The results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET on the same day of the general meeting. Minutes of general meetings are made available on the StarHub IR website.

B. ENGAGEMENT WITH SHAREHOLDERS

StarHub remains committed to providing timely, fair, relevant and accurate information regarding the Group's performance, progress and prospects as well as major industry and corporate developments and other relevant information to shareholders and the investment community to enable them to make informed investment decisions.

StarHub solicits and considers the views of shareholders via (a) periodic analyst and media briefings throughout the year, (b) regular meetings between the Chief Executive, the StarHub IR team and institutional investors through international road shows and conferences organised by major brokerage firms and the SGX-ST and (c) third-party perception studies on StarHub.

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

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

Dividends were declared on a quarterly basis in FY2019, and shareholders were informed of the dividend payments in the respective quarterly and full year financial results announcements via SGXNET. In determining the dividend, the Board balances the need for a satisfactory return to shareholders against StarHub's investment requirement to ensure sustainable growth. StarHub is committed to its dividend policy to pay out at least 80% of net profit attributable to shareholders (adjusted for one-off, non-recurring items) as dividends, payable on a semi-annual basis. Taking into consideration short-to-mid term cash flow requirements, as well as benefits reaped from the ongoing business transformation initiatives, StarHub intends to maintain a dividend per share of 9.0 cents for FY2020.

C. ENGAGEMENT WITH STAKEHOLDERS

StarHub also recognises the important contribution and support of our other stakeholders, including customers, employees, regulators, suppliers and communities whom we do business with and work, in our efforts to address and achieve sustainability. Our main stakeholders were identified through a stakeholder mapping exercise and reviewed annually to assess their potential impact to our operations. We promote and manage our stakeholder relations through regular and proactive engagement with our stakeholders, at the corporate level and functional divisions across the Group. In FY2019, the Group's key areas of focus in relation to the management of stakeholder relationships include building trusted relationships with major stakeholders through timely engagement, offering accurate information and providing prompt response to address queries and feedback.

Further details on StarHub's communication with our shareholders and other stakeholders can be found in the Investor Relations section and Sustainability Report on pages 92 to 93 and 94 to 140 of the Annual Report respectively.

6. OTHER CORPORATE GOVERNANCE PRACTICES AND POLICIES

A. INTERESTED PERSON TRANSACTIONS

Interested person transactions (IPTs) entered into by any of the Group entities are governed by the Shareholders' Mandate for Interested Person Transactions (IPT Mandate) as approved by shareholders annually at StarHub's EGM, as well as the disclosure and shareholder approval requirements under Chapter 9 of the SGX-ST Listing Manual.

StarHub has established review procedures to ensure that all IPTs are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of StarHub and its minority shareholders. Under the review procedures, the IPT terms and pricing are to be (a) consistent with StarHub's usual business practices and policies and no more favourable to the interested persons than those extended to unrelated third parties and (b) fair and reasonable. StarHub will also consider factors such as specification compliance, track record, experience and expertise, as well as preferential rates or discounts for bulk purchases. An authorised senior officer who does not have any conflict of interests in relation to the IPT will determine whether the IPT terms and pricing are fair and reasonable. Where possible, competitive quotations or tenders for purchase transactions are procured. StarHub has also put in place procedures to identify the interested persons and record and monitor the IPTs entered into by the Group.

All IPTs are subject to review and approval by the appropriate approving authority, including the AC, based on pre-determined threshold limits under the IPT Mandate. If any Director, AC member or authorised reviewing officer has a conflict of interests in relation to an IPT, he or she will abstain from reviewing that particular transaction.

The IPTs are reviewed by the internal auditors on a quarterly basis, and the quarterly audit reports on all such IPTs are provided to the AC. IPT disclosures are made via SGXNET announcements on a quarterly and annual basis at the same time as the Group's quarterly and full-year results announcements.

In FY2019, there were no IPTs or related party transactions that can be classified as financial assistance to entities other than StarHub's subsidiary companies as well as associated company, SHINE Systems Assets Pte. Ltd..

StarHub does not provide loans to Directors as a matter of corporate policy and therefore no loans have been provided by StarHub to the Directors in FY2019.

Further details on StarHub's IPTs for FY2019 can be found in the Interested Person Transactions and Material Contracts section on page 253 of the Annual Report.

B. SECURITIES DEALINGS

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

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

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

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

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

For the issue of new StarHub securities, while the SGX-ST Listing Manual permits the Board to seek a general mandate from shareholders to allot and issue up to 20% of StarHub's total issued share capital other than on a *pro rata* basis to existing shareholders, the Board has continued to voluntarily limit such mandate to 15% only. In addition, for the specific mandate from shareholders to allot and issue StarHub shares under the RSP and the PSP, the Board has limited the aggregate number of StarHub shares available for grant under the RSP and the PSP to 8% of StarHub's total issued share capital (instead of the permitted 15% under the SGX-ST Listing Manual), taking into account any outstanding unvested share awards.

C. WHISTLE BLOWING POLICY

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

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

The Group's Whistle Blowing Policy aims to encourage the reporting of such matters in good faith, by lending confidence that employees and other persons making such reports will be treated fairly and accorded due protection against reprisals. The Group's Whistle Blowing Policy is available on StarHub's intranet and corporate website for easy access by all employees and the public. In FY2019, the Whistle Blowing Policy was expanded to included sustainability issues to encourage more transparent and strategic alignment with the Group's sustainable practices.

D. EMPLOYEE CODE OF CONDUCT AND RULES ON BUSINESS CONDUCT

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

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

These policies and procedures cover (a) business conduct (including employees' compliance with anti-corruption and anti-bribery laws), (b) conduct in the workplace, (c) protection of StarHub's assets, proprietary and confidential information as well as intellectual property, (d) conflicts of interest, (e) non-solicitation of customers and employees and (f) workplace health and safety. In parallel, the Purchasing Procedure and Request for Proposal/Tender Procedure cover internal controls on tenders, vendor selection and purchasing to ensure transparency, objectivity and compliance. Given the importance of sustainability, StarHub also adopted the Responsible Sourcing Policy, which is aligned with the UN principles for universally-recognised principles on human rights, including labour rights, the environment and corruption.

The Employee Code of Conduct and Ethics, the Corporate Gift and Hospitality Policy, the Purchasing Procedure and the Request for Proposal/Tender Procedure are available on StarHub's intranet, while the Supplier Code of Conduct and the Responsible Sourcing Policy, are available on StarHub's intranet and corporate website for easy access by all employees and the public.

E. DOCUMENT CLASSIFICATION POLICY

StarHub's confidential information is one of its most important assets. To this end, StarHub has established a Document Classification Policy to guide employees on how to properly classify and apply the adequate level of protection on the information and documents they are entrusted with that relate to the Group's business, activities and operations. This helps to safeguard such information and documents, and ensures that only appropriate persons have access on a need-to-know basis.

F. COMPLIANCE LEAVE POLICY

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

G. CYBERSECURITY AND DATA PRIVACY

As StarHub moves rapidly towards digitalisation, cybersecurity and data protection have become a key strategic priority for the business. Appropriate cybersecurity and data protection frameworks have been put in place to safeguard our networks/systems and customer data and sensitive and/or confidential information from risks of cybersecurity threats and security breaches, as well as to ensure the Group's compliance with all applicable laws, including the Cybersecurity Act 2018, the Personal Data Protection Act 2012 and sector-specific cybersecurity requirements imposed by the Infocomm Media Development Authority.

As part of StarHub's ongoing efforts to enhance the security of our sensitive and confidential information, we are in the process of implementing a Laptop Encryption Solution which ensures that sensitive and confidential information relating to StarHub will continue to be protected if any laptop belonging to employees is lost or stolen. This measure enhances the security of confidential and commercially sensitive documents stored in such laptops.

Further details on StarHub's approach to cybersecurity and data privacy can be found in the Improving Customer Experience section of the Sustainability Report on page 122 of the Annual Report.

ACCOLADES AND AWARDS

As a testament to our unwavering commitment to continually uphold high standards of corporate governance, StarHub has been the proud recipient of numerous accolades and awards from the investment community over the years.

WINNER:
MOST TRANSPARENT COMPANY AWARD
(COMMUNICATIONS)

RUNNER-UP:
SHAREHOLDER COMMUNICATIONS EXCELLENCE AWARD
(BIG CAP)
20th Investors' Choice Awards, Securities Investors Association (Singapore)

ASIA'S GREATEST CFO
Asia's Greatest Brands & Leaders Awards 2019, AsiaOne Magazine & URS Media Consulting

M&A TEAM OF THE YEAR
Asia Pacific Counsel Awards 2019

MOST PROFITABLE COMPANY
(TRANSPORT/STORAGE/COMMUNICATIONS)
Billion Dollar Club 2019, The Edge Singapore

CORPORATE INFORMATION

Board of Directors
Steven Terrell CLONTZ (Chairman)
Paul MA Kah Woh
Nihal Vijaya Devadas KAVIRATNE CBE
TEO Ek Tor
Stephen Geoffrey MILLER
Michelle Lee GUTHRIE
Nayantara BALI
NG Shin Ein
Lionel YEO Hung Tong
LIM Ming Seong
Nasser MARAFIH
Naoki WAKAI
●●●●

Audit Committee
Paul MA Kah Woh (Chairman)
Nihal Vijaya Devadas KAVIRATNE CBE
NG Shin Ein
LIM Ming Seong
●●●●

Strategy Committee
Steven Terrell CLONTZ (Chairman)
Nihal Vijaya Devadas KAVIRATNE CBE
Stephen Geoffrey MILLER
Michelle Lee GUTHRIE
Nayantara BALI
NG Shin Ein
LIM Ming Seong
Peter KALIAROPOULOS
●●●●

Nominating and Governance Committee
Nihal Vijaya Devadas KAVIRATNE CBE (Chairman)
Steven Terrell CLONTZ
TEO Ek Tor
●●●●

Executive Resource and Compensation Committee
TEO Ek Tor (Chairman)
Stephen Geoffrey MILLER
Michelle Lee GUTHRIE
Lionel YEO Hung Tong
LIM Ming Seong
●●●●

Risk Committee
Stephen Geoffrey MILLER (Chairman)
Paul MA Kah Woh
Nayantara BALI
Peter KALIAROPOULOS
●●●●

Company Secretaries
Veronica LAI Kwai-Yi
KONG Pooi Foong
●●●●

Registration Number
199802208C
●●●●

Registered Address
67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942
Tel: (65) 6825 5000
Fax: (65) 6721 5000
●●●●

Share Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
●●●●

Auditors
KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: ONG Chai Yan
(appointed w.e.f. 1 January 2016)
●●●●

Subsidiaries
StarHub Mobile Pte Ltd
StarHub Cable Vision Ltd.
StarHub Online Pte Ltd
StarHub Shop Pte Ltd
StarHub, Inc.
StarHub (Hong Kong) Limited
StarHub (Mauritius) Ltd (In Members' Voluntary Liquidation)
Nucleus Connect Pte. Ltd.
Ensign InfoSecurity Pte. Ltd. and its subsidiaries
●●●●

Associated Companies
SHINE Systems Assets Pte. Ltd.
Vectra Corporation Limited
●●●●

Investor Relations
For enquiries, contact the Investor Relations team
at email: ir@starhub.com
●●●●

RISK MANAGEMENT

Our Approach to Enterprise Risk Management

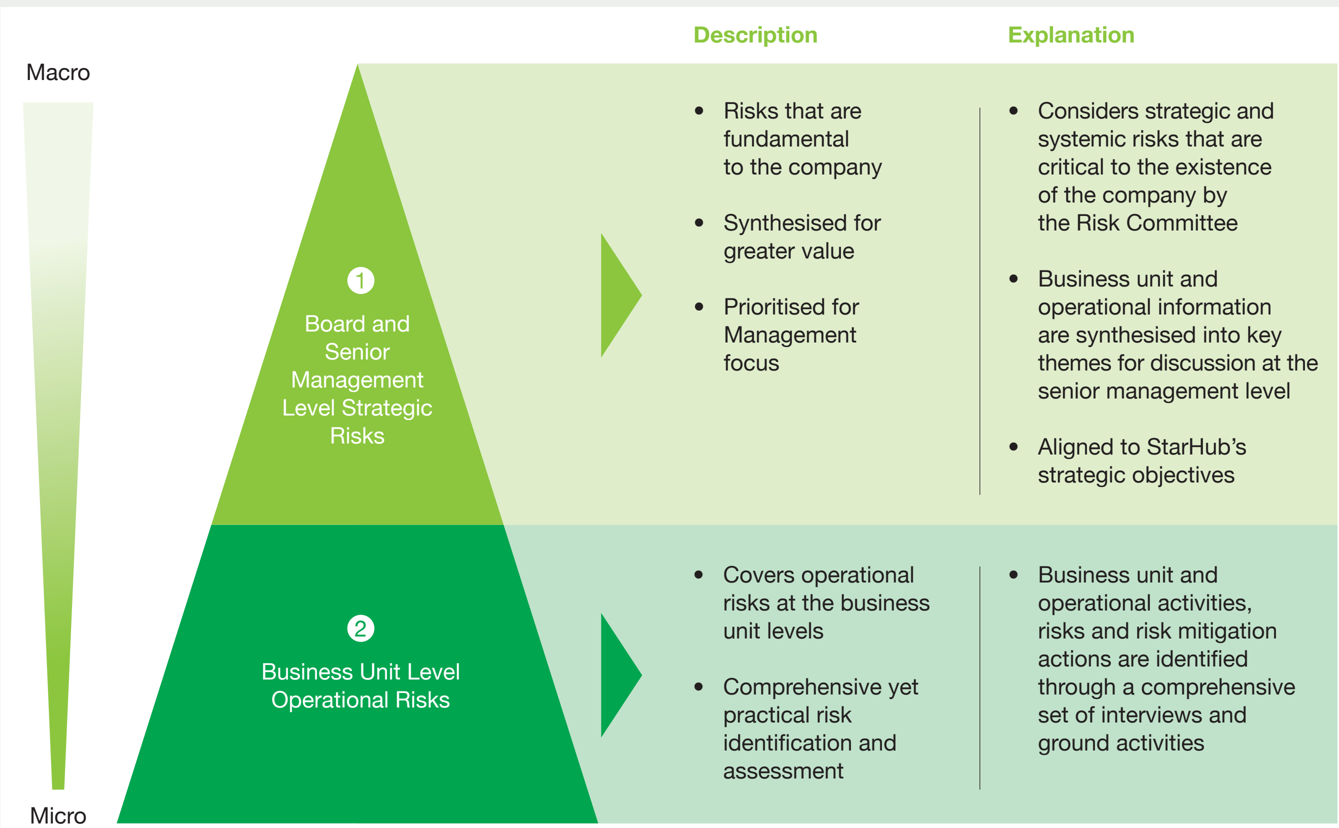
StarHub's Enterprise Risk Management (ERM) program is centered on being inclusive, multi-disciplinary and focuses on risks and opportunities that are pertinent to our business activities that are aligned to our company's strategic objectives. The Group seeks to embed risk management in its decision-making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

StarHub's Enterprise Risk Management Framework

Through our Enterprise Risk Management framework, we seek to:

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

These are illustrated in the diagram below:



StarHub's Risk Appetite Statement

- StarHub operates with an appetite for appropriate risk-taking where there is a preference for conservative options, a practice that is embedded in our operations.
- While StarHub continues to drive business excellence, innovation and growth, it takes a holistic view of the risks involved in doing so, while meeting regulatory and statutory requirements.
- StarHub balances the expectations of stakeholders and the need to take some level of prudent and educated risks in business, which is fundamental to the company's sustainable growth.

StarHub's Top Risks

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

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

StarHub's Risk Management universe can be categorised in the table below (in no particular order):

Key Risk	Risk Description	Mitigation
Best In-Class Customer Experience	StarHub continues to compete within a challenging industry, seeking to retain and attract customers in the telecommunications, media and technology space as consumers have rising expectations of network capacity, coverage speeds, superior customer service and overall value for money. StarHub continues to strive to provide innovative products and offerings for all customers as a preferred challenger brand.	StarHub's focus is to be a leader in providing a superior customer experience across all service lines. • To help gauge StarHub's performance across customer touchpoints, StarHub adopts the Net Promoter Score (NPS) metric to measure satisfaction across a customer's journey. • StarHub has a new rewards system built into the enhanced My StarHub app to deepen customer engagement and loyalty through an interactive interface that in turn drives traffic to the app. Loyal customers enjoy discounts, with rewards claimable at over 150 participating outlets across the country. • StarHub utilises data analytics to gain insights and to better understand customer profiles, needs and behaviors. Through these insights, StarHub conducts targeted marketing and promotional activities to reward loyal customers and ensures that its offerings exceed customer needs and expectations.
Establish credibility as a Trusted Provider	StarHub needs to ensure availability and resilience of its network infrastructure and systems. We are committed to providing the best services to our customers. Additionally, our business relies on information systems. There are threats that StarHub faces such as cybersecurity (DDoS) and data breach threats. StarHub needs to ensure that our network security is as robust as possible. As custodians of customer data, StarHub needs to ensure adequate and effective data privacy and security measures are in place.	• StarHub has policies, guidelines and procedures in place to ensure that network infrastructure and information systems are up-to-date, reliable and secure. • StarHub ensures strict compliance with the regulator, Infocomm Media Development Authority's (IMDA) Resiliency Codes of Practices and is subjected to rigorous independent external audits on its network infrastructure. StarHub is also compliant to ISO 22301 to ensure resiliency of our critical network infrastructure. • StarHub has a centralised Personal Data Protection Office with defined Personal Data and Protection procedures and guidelines to ensure strict compliance with legislations from the Singapore Personal Data Protection Act and to mitigate breach of data and privacy risks. Our Information System Policy is also benchmarked to international standards such as ISO 27001.

RISK MANAGEMENT

Key Risk	Risk Description	Mitigation
Opportunities in new and adjacent businesses	The increasingly saturated telecommunications market has seen a need for StarHub to venture out into new business areas to remain relevant and competitive. Such initiatives are challenged by crowded markets, competition from other potential investors, legal and regulatory restrictions, and other socio-political factors. With the acquisition of new businesses, StarHub faces the challenge of identifying suitable targets, integrating newly acquired businesses into our operations, and generating synergies from these acquisitions.	• StarHub has ventured into areas such as cybersecurity, data analytics, digital solutions, Over-The-Top (OTT) and ICT Managed Services to generate alternative sources of revenue. For instance, StarHub's SmartHub Analytics-as-a-Service offering enables businesses to leverage big data analytics to gain valuable customer insights for better decision-making. • StarHub is constantly on the lookout for new investment opportunities to augment its existing business and to find new sources of revenue. • To mitigate risks associated with the acquisition of businesses, StarHub has implemented systematic processes in the evaluation and decision-making of investment leads. These are augmented with clear post-integration plans, with business and corporate involvement.
Increasing competition and technological disruption	StarHub operates in a highly competitive environment – apart from competing with incumbent Mobile Network Operators (MNO) with an expected launch of a new market entrant in 2020, StarHub also faces competition from multiple Mobile Virtual Network Operators (MVNO). It also competes with OTT providers in the media distribution space.	StarHub differentiates itself through superior network performance, providing innovative products, solutions and enterprise offerings that protect and enable organisations with cybersecurity solutions and digital telco-centric technologies. • StarHub's simplified Hello Change plans for its Mobile and Pay TV businesses have been well received. For instance, the Mobile business has recorded a 130% year-on-year increase in NPS reflecting higher customer satisfaction. Meanwhile, StarHub's Broadband business has launched a differentiated offering targeted at gamers, a niche customer segment. • To remain nimble in a dynamic market, StarHub has launched its own digital brand, giga!, whose unique end-to-end digital experience (including e-KYC) has achieved the highest NPS across all its products. • StarHub continues to enhance and refine its enterprise propositions by offering end-to-end digital solutions tailored to customers' unique needs. It is also leveraging a growing demand for emerging technology to capture greater market share in adjacent verticals such as data centre solutions, Internet of Things and data analytics.

Key Risk	Risk Description	Mitigation
People and talent management	With increasing competition for talent from new entrants in the telecommunications sector, StarHub continues to face the key risk of attracting and retaining talent. The increased pace of technological disruption, digitalisation of business processes and the ventures into new business environments have resulted in the need to attract and retain human talent with the skill sets and capabilities required to drive the business forward.	• StarHub benchmarks its Human Resource practices by taking part in multi-industry studies to identify key areas for improvement. Additionally, StarHub has its own internal employee experience surveys with follow-up focus group discussions to better understand and address employee concerns. • StarHub continues to place strong emphasis on attracting, hiring and retaining talent with competitive remuneration packages, recognition awards and talent development programs. • StarHub has a defined learning and development roadmap for its employees. Employees are encouraged to take charge of their own development by enrolling in personal development courses conducted by internal and external training providers, aligned with their own development roadmap. • StarHub has a robust succession plan in place to ensure leadership continuity and the transfer of key necessary knowledge and information.
StarHub as a Critical Information Infrastructure	As owners of Critical Information Infrastructure (CII), StarHub is exposed to the spectrum of cybersecurity-related threats prevalent in the digital era. A cyber incident on StarHub's CII could potentially cause: ▶ Disruptions to StarHub's network; ▶ Interruptions to services provided to customers; ▶ Leakage of sensitive and/or confidential information; ▶ Significant regulatory fines and penalties. StarHub relies on certain key vendors and suppliers on providing equipment as well as the maintenance of our network. This poses a significant amount of risk as any restriction on these will result in a disruption for StarHub.	• StarHub has implemented security policies, procedures and systems based on international standards such as the ISO 27001, and local statutory requirements such as the Telecommunications Act, Broadcasting Act, and the Cybersecurity Act 2018. We will continue to benchmark ourselves against relevant frameworks to minimize the risk of security incidents. • StarHub regularly conducts rigorous penetration testing and vulnerability assessments on its networks and systems to ensure that vulnerabilities are detected and resolved in a timely and effective manner. • StarHub has defined business continuity management procedures and disaster recovery plans and conducts regular crisis exercises to ensure operational readiness in the event of a disruption. • StarHub constantly keeps itself updated on the local requirements of the government and advisories from regulators. These in turn allow us to develop plans to mitigate any significant risks which may arise.
Evolving regulatory and legal landscapes	StarHub's business is subjected to the fast-moving regulatory landscape that reflects the dynamic nature of the telecommunications industry. Apart from complying with prevailing legislations and regulatory requirements, radical regulatory and legislative changes may result in a significant impact to StarHub's business.	• StarHub's regulatory team reviews regulatory requirements on a consistent basis and proactively engages IMDA where necessary. • StarHub's regulatory team has regular engagements with internal business units to provide advice on IMDA requirements and to monitor compliance with existing obligations.

INVESTOR RELATIONS

FY2019 was the year when the new senior management team under Chief Executive, Peter Kaliaropoulos, focused squarely on executing bold new plans put in motion in late FY2018.

StarHub is on a mission to transform and embark on a new chapter, and one of the top priorities of the investor relations ("IR") team is to communicate this change and how the Group is navigating the current challenging operating climate. We are proactive in keeping our shareholders and the wider investment community updated on key business plans and strategies.

INVESTMENT COMMUNITY TOUCHPOINTS

Timely disclosure on SGXNet that are also uploaded on the IR website, ir.starhub.com

★

Quarterly results update call with analysts

★

Full year briefing with analysts supported by webcast for participation by retail and institutional investors

★

One-on-one meetings with analysts and investors

★

Quarterly non-deal roadshows

★

Investor conferences

★

Dialogue with shareholders during Annual General Meeting

★

Prompt responses to investor queries received in IR mailbox, ir@starhub.com

Proactive, open and consistent

We remain steadfast in our commitment to communicate in an honest and open manner. We believe that this forthright, unvarnished approach is what underpins investors' trust in the company.

Our IR engagement programme remains comprehensive and dynamic. We conducted more than 210 engagements across various platforms and formats ranging from one-on-one meetings to large-scale investment conferences. We also continue to engage sell-side analysts who issue regular reports. We are currently well covered by 19 analysts based in Singapore, Hong Kong, Malaysia, India, and the United Kingdom.

The format and venues differ but the intent is consistent – to give our management team the opportunity to interact directly with the investment community, so that our strategies can be communicated clearly; our financial and operational performances better explained; queries can be addressed; and trust can be strengthened.

Communicating our strategies

Through various two-way communication channels with the investment community, and an annual independent IR perception study conducted, we have gathered and understood key feedback and concerns.

While we cannot control the difficult operating environment, we have communicated our plans and strategies to navigate macro challenges and build upon our strengths to pursue long-term sustainable growth.

DARE Transformation Progress

The DARE strategic transformation programme is one of such strategies. We have been careful to explain to investors that we have identified over $210 million in potential savings to be executed between FY2019 and FY2021, but most of these savings will be reinvested into growth initiatives, such as our digital transformation and to drive operational efficiencies. These initiatives are necessary to allow StarHub to remain ahead of curve in a very dynamic industry, as we maintain a long-term view on value creation.

Challenging Consumer Business

The Consumer business took short-term impact and recorded declining revenues and ARPUs in FY2019 due mainly to the cable-to-fibre migration and also pricing pressures from intense market competition. While the migration had caused some business impact, it is a necessary change to enable the transformation of our Pay TV business to a variable cost model and to offer innovative OTT content to customers.

Meanwhile, the Mobile business continues to gain traction for its simplified Hello Change plans that have seen a 130% YoY improvement in Net Promoter Score that signifies greater customer satisfaction.

With the completion of the migration in October 2019, ARPUs and average monthly churn rate for the Pay TV and Broadband business have since stabilised across 3Q2019 and 4Q2019. Similarly, mobile ARPUs have also stabilised quarter-on-quarter ("QoQ") across the same periods.

Growth Visibility

On growth drivers, we have communicated to the investment community that we see potential in our Enterprise business, particularly for the Managed Services segment that is seeing more demand for emerging technology such as data analytics, internet of things and data centre solutions.

Demand for these emerging technology will also be driven by the highly-anticipated 5G due to the scale that it can support with its superior speed and lower latency. We continue to collaborate with industry partners to remain at the forefront of 5G trials and potential use cases.

Meanwhile, our cybersecurity business was impacted by initial investments in human capital and R&D in our first year of consolidating their books. These investments are necessary for it to build a strong foundation, as it continues its strong revenue trajectory to reap economies of scale and enhance profitability.

StarHub will also prudently seek synergistic and accretive inorganic growth opportunities to diversify revenue streams and geographical presence.

Capex & Dividend
With the impending 5G capex requirements, investors are concerned about rising leverage and the sustainability of our dividend. On 5G capex, StarHub believes the joint venture with another MNO will lower costs that will give rise to innovative solutions to drive greater customer value.

We continue to maintain a disciplined approach to capital management, and investors are comforted by our prudent variable dividend policy (at least 80% of net profit attributable to shareholders, excluding one-time, non-recurring items, payable semi-annually). Nonetheless, having considered short-to-mid term cash flow requirements, as well as results reaped from the ongoing business transformation initiatives, StarHub has maintained its dividend guidance for 9.0 cents per share for FY2020, to be paid semi-annually.

Recognition
We are pleased to continue receiving recognition for our efforts by prominent awards, as we continue to raise the bar as a forerunner of transparency and corporate governance. Please see the table below for more details.

Raising the Bar
StarHub's Board of Directors uphold impeccable corporate governance standards. The Board provides guidance and oversight to the experienced senior leadership team, who, in turn, are well supported by the team of committed StarHubbers of all levels.

We have in place a comprehensive set of sustainability practices, as we do our part as a responsible corporate citizen and show our care for the community. We believe by doing so, our shareholders will benefit as well.

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

RECOGNITION

WINNER: MOST TRANSPARENT COMPANY AWARD (COMMUNICATIONS) **RUNNER-UP: SHAREHOLDER COMMUNICATIONS EXCELLENCE AWARD (BIG CAP)** 20th Investors' Choice Awards, Securities Investors Association (Singapore)	**ASIA'S GREATEST CFO** Asia's Greatest Brands & Leaders Awards 2019, AsiaOne Magazine & URS Media Consulting	**M&A TEAM OF THE YEAR** Asia Pacific Counsel Awards 2019	**MOST PROFITABLE COMPANY (TRANSPORT/STORAGE/ COMMUNICATIONS)** Billion Dollar Club 2019, The Edge Singapore

FY2019 IR CALENDAR

February	March	May	June	August	November
FY2018 results briefing (with webcast)	CLSA ASEAN Forum, Bangkok	1Q2019 results and update call	Citi ASEAN C-Suite Investor Conference, Singapore	1H2019 results and update call	3Q2019 results and update call
Singapore investor roadshows		Singapore investor roadshows		Singapore investor roadshow	Singapore investor roadshow
		SGX Corporate Day New York & Boston			Morgan Stanley 18th Annual Asia-Pacific summit, Singapore
		Nomura Investment Forum Asia, Singapore			

SUSTAINABILITY CONTENTS

INTRODUCTION

96 About this Report
97 FY2019 Performance Highlights
98 Sustainability at StarHub
98 Board Statement on Sustainability
99 Our Sustainability Strategy
100 Materiality
101 Sustainability Targets
102 Supporting the United Nations Sustainable Development Goals
104 Sustainability Governance

ENVIRONMENT

105 Addressing Environmental Challenges
106 Managing Public E-Waste
107 Addressing Climate Change and Resource Management
110 Promoting Environmental Awareness

SOCIAL

111 Investing in Our People
112 Talent Management
114 Workplace Equality, Diversity and Inclusion
115 Employee Health and Safety
116 Investing in Our Community

GOVERNANCE & MARKETPLACE

120 Being a Responsible Business
120 Business Conduct and Ethics
121 Supply Chain Management
121 Online Safety
122 Public Health and Safety
122 Improving Customer Experience
122 Cybersecurity and Data Privacy
123 Responsible Marketing and Selling
124 Product and Service Quality
125 Engaging with Our Stakeholders

APPENDIX

128 StarHub Value Creation Scorecard
129 Membership and Associations in 2019
129 Materiality Assessment
132 Independent Limited Assurance Report
136 GRI Content Index

INTRODUCTION

ABOUT THIS REPORT
102-52

The StarHub Board of Directors (the Board) is pleased to present StarHub's Sustainability Report 2019. This is our ninth annual sustainability report and highlights our commitment and progress on integrating sustainability practices across our operations. Through this report, we provide an account of our ambitions, performance and challenges.

Reporting Period and Scope

The information in this report covers all our business units, StarHub Shops (excluding Exclusive Partners unless otherwise stated), data centres, subsidiaries and associated companies (excluding D'Crypt Pte Ltd and Ensign InfoSecurity Pte. Ltd. (Ensign) – new subsidiaries acquired in 2018), during our financial year 2019 (1 January to 31 December 2019).

Reporting Framework
102-54

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, which is the most widely used reporting framework that is applicable to StarHub's business operations. The GRI content index can be found at the end of this report. Please go to pages 136-140.

We have followed the GRI principles for defining the content and quality of this report. We have determined this report's content using the principles of stakeholder inclusiveness, sustainability context, materiality and completeness. To ensure the quality of this report, we have applied the principles of accuracy, balance, clarity, comparability, reliability and timeliness.

This report also adheres to the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rule 711A on preparing an annual sustainability report and describes our sustainability practices with reference to the primary components set out in SGX-ST Listing Rule 711B.

External Assurance
102-56

StarHub has sought an independent, limited assurance for a selection of our key Environmental, Social and Governance (ESG) disclosures in this report to provide our readers with greater confidence on the accuracy of the information included. Please go to pages 132-135 for the assurance statement and scope of data assured. The findings from the assurance process were shared with StarHub's Board.

Feedback
102-53

We welcome your comments and feedback on how we can continue to progress on our sustainability journey. Please contact us at: starhubcsr@starhub.com.

FY2019 PERFORMANCE HIGHLIGHTS

ENVIRONMENT

174 tonnes
of electronic waste (e-waste) collected through 440 RENEW (REcycling the Nation's Electronic Waste) bins provided nationwide

2%
of energy procured from renewable sources

23%
reduction in direct fuel consumption from non-renewable sources

400,000
students and teachers participated in the SEC - StarHub School Green Awards (SGA), which was designed to raise awareness on environmental issues

SOCIAL

29,522 hours
of training provided to our employees, reaching
71.3%
of our workforce

25%
of Board members are **female**

42%
of our workforce are **female**

>$1M
donated to
15 voluntary welfare organisations (VWOs) and non-profit organisations

GOVERNANCE & MARKETPLACE

Winner
of the **Most Transparent Company** Award for the Communications category

Runner Up
for the **Shareholder Communication Excellence** Award for the Big Cap category at the Securities Investors Association Singapore (SIAS) 20th Investors' Choice Awards

Ranked 17th
out of 578 Singapore-listed companies in the Singapore Governance and Transparency Index (SGTI)

106
StarHub Consumer & Channel Sales personnel received the Singapore Retailers Association Excellent Service Award

Rated **Singapore's Fastest Telco** in Infocomm Media Development Authority's (IMDA) IMconnected 1H2019 report; 4G peak speeds
60% faster
than other networks

SUSTAINABILITY AT STARHUB

StarHub recognises that the world is changing rapidly. Innovations and new technologies are driving changes that impact all of us in a myriad of ways. The services we provide are important engines of growth for the economy, and help to connect people, businesses and entire systems. At the same time, we also understand the unintended consequences that can arise if we do not manage our business activities with all our stakeholders in mind.

As an info-communications company, we are in a unique position to leverage technology to drive positive change. This is why we have made it our mission to help foster a society where everyone can benefit from digital transformation. Our commitment to be a responsible and sustainable business is at the very heart of this.

In 2018, we began a strategic transformation plan to integrate sustainability within our wider business strategy and objectives. As part of this process, we redefined what sustainability means to us through a set of five clear ambitions. These ambitions are based on the material ESG factors that drive long-term value for our business and our stakeholders.

Board Statement on Sustainability

The Board is committed to responsible and sustainable practices across all our operations. The Board considers sustainability to be an integral part of StarHub's long-term strategic direction, and has the overall responsibility for overseeing the management and monitoring of material ESG topics across the business. To assist the Board, our Board Risk Committee provides guidance to Management on our material sustainability topics and ensures the implementation of our sustainability strategy with our business objectives.

Every year, the Board reviews potential ESG topics to determine which are material to our business. This year, we have conducted a refreshed materiality assessment and identified 15 relevant ESG topics, which were reviewed and approved by the Board.

Nurturing our next generation.

Our Sustainability Strategy:

ENVIRONMENT

Addressing Environmental Challenges

Material topics:

Climate Change Adaptation

Energy and Greenhouse Gas (GHG) Emissions

Waste Management

Water Use

SOCIAL

Investing in Our People

Material topics:

Employee Health and Safety

Talent Management

Workplace Equality, Diversity and Inclusion

Investing in Our Community

Material topics:

Investing in Local Communities

GOVERNANCE & MARKETPLACE

Being a Responsible Business

Material topics:

Business Conduct and Ethics

Public Health and Safety

Online Safety

Supply Chain Management

Improving Customer Experience

Material topics:

Product and Service Quality

Cybersecurity and Data Privacy

Responsible Marketing and Selling

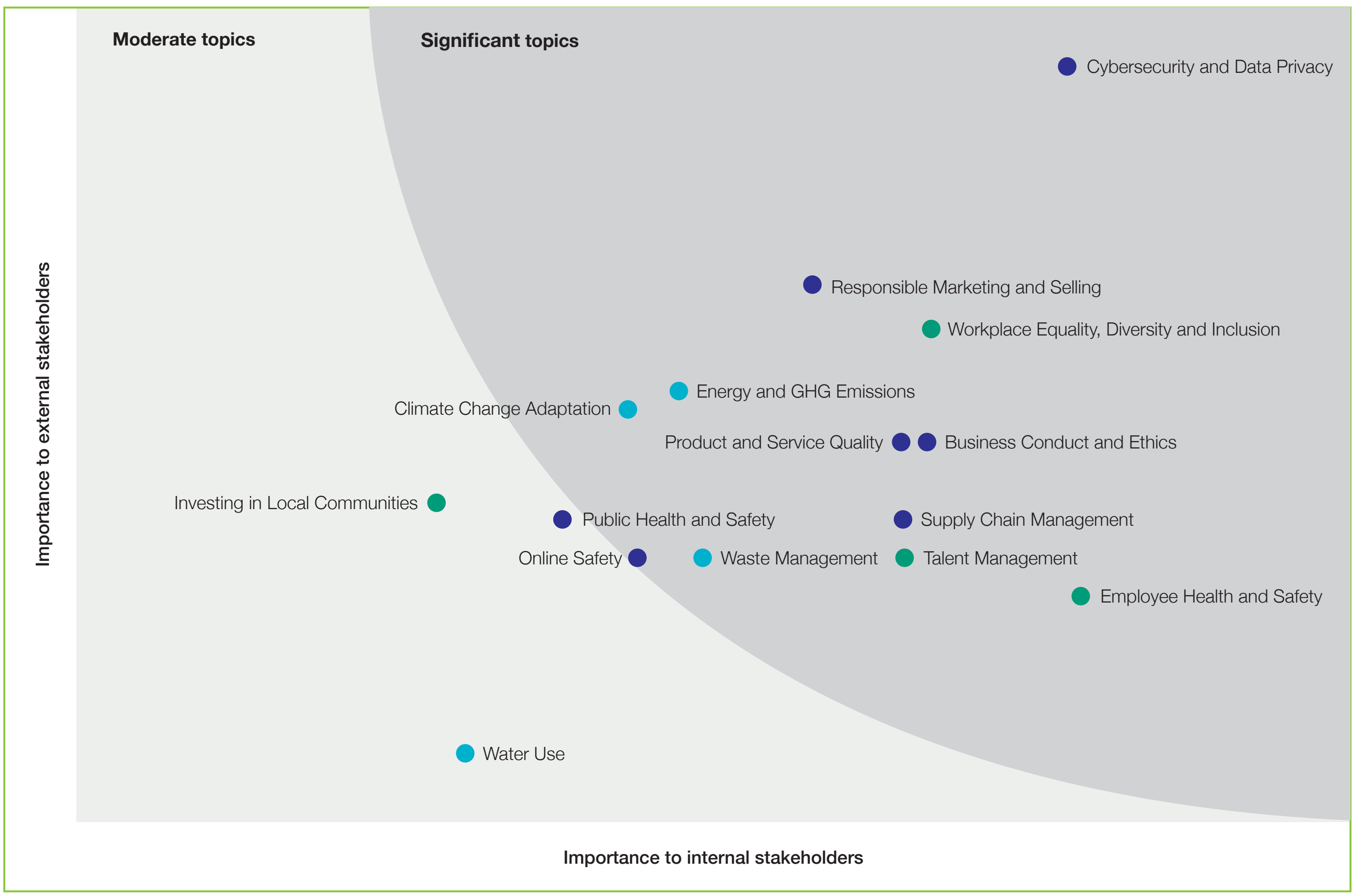
This strategy guides our approach to embedding sustainable business practices in every part of our business and creating long-term value for all stakeholders. It is underpinned by action plans, with key performance indicators and targets, that drive continuous performance improvement. Collaboration and engagement with stakeholders is also a key part of our approach to ensure we deliver on our commitments. Monitoring and reporting our progress against this strategy forms the basis of our sustainability report, which is important for the accountability and transparency that our stakeholders expect of us.

Materiality

102-15, 102-46, 102-47, 103-1

In 2019, we worked with specialist sustainability consulting firm Corporate Citizenship to refresh our materiality assessment. The aim of this exercise was to ensure that as an organisation, we continue to focus our efforts on the sustainability topics that are most important to the long-term success of our business and of the greatest significance to our stakeholders. The stakeholders we consulted include customers, employees, suppliers, media, investors, government and regulators, and non-governmental organisations (NGOs). For details of our approach to materiality, please go to page 129 of this report.

StarHub's Materiality Matrix



Significant topics:
Topics that are most important to internal and external stakeholders. These form the focus of StarHub's sustainability strategy and reporting.

Moderate topics:
Topics that are of relatively lower significance but still form part of StarHub's overall responsible business practices. These are managed and reported as part of our general sustainability approach.

- Environment
- Social
- Governance & Marketplace

Our new list of priority sustainability topics reflects the changing trends and evolving stakeholder expectations in our industry. The latest materiality assessment highlighted Supply Chain Management as a new priority topic, and also indicated that Workplace Equality, Diversity and Inclusion, Climate Change Adaptation, as well as Energy and GHG Emissions are topics with increasing importance.

Sustainability Targets

The five multi-year sustainability targets, forming the main approach of our sustainability strategy, that we will commit to in 2020 are:

1. Increasing our renewable energy capacity to 10% by 2022.
2. Maintaining e-waste collection of at least 174 tonnes through our RENEW programme in 2020.
3. Formalise the Responsible Sourcing Policy and implement the Supplier Self-Assessment Questionnaire to cover all our key suppliers with a spend of at least $1 million per year.
4. Maintain strict compliance with relevant radio frequency (RF) radiation safety standards set by local regulators.
5. Enhancing our corporate social responsibility (CSR) with a focus on climate change, through employee engagement and working with our beneficiaries. Driving participation to do good together as a Group.

The short-term targets for 2020 in relation to each identified material ESG topic are set out in the respective sections of this report.

Apart from the above targets, we will be determining our GHG emissions baseline in 2020, with a view to set a Science Based Targets initiative-approved target, aligned with Temasek's vision to reduce GHG emissions.

Supporting the United Nations Sustainable Development Goals (SDGs)

Adopted in 2015, the SDGs represent an ambitious global agenda to achieve a sustainable future by 2030. The SDGs are universal and every country, including Singapore, is committed to sustainable development. StarHub is also committed to playing our part in meeting the global sustainable development agenda.

While our business will touch on all 17 interrelated SDGs, we have identified eight priority goals in which we believe we have an opportunity to make the biggest impact through our core business operations, products and services, as well as leveraging our strengths to collaborate and partner with others.

SDG	StarHub's Material ESG Topics
Goal 5 Achieve gender equality and empower all women and girls	• Workplace Equality, Diversity and Inclusion
Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Talent Management • Employee Health and Safety • Supply Chain Management • Product and Service Quality
Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	• Online Safety • Cybersecurity and Data Privacy • Product and Service Quality
Goal 10 Reduce inequality within and among countries	• Workplace Equality, Diversity and Inclusion • Investing in Local Communities • Supply Chain Management
Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable	• Product and Service Quality • Climate Change Adaptation • Waste Management
Goal 12 Ensure sustainable consumption and production patterns	• Energy and GHG Emissions • Water Use • Waste Management • Supply Chain Management • Public Health and Safety
Goal 13 Take urgent action to combat climate change and its impacts	• Climate Change Adaptation • Energy and GHG Emissions
Goal 17 Strengthen the means of implementation and revitalise the global partnership for sustainable development	Partnership Programmes for: • Waste Management • Climate Change Adaptation

The SDGs in Action

Goal 12 – Responsible Consumption and Production

Responsible consumption and production are important for preserving the health of our planet and ensure we do not deplete the natural resources we rely on. StarHub is constantly exploring new ways to adopt responsible consumption and production practices.

Since the implementation of our strategic transformation plan in 2018, which includes our operational efficiency programme, we marked a year-on-year reduction in water consumption of more than 10%.

Go to page 109 for more details.

StarHub also launched the 'Skip the Bag' initiative across all our shops in a bid to reduce packaging waste. We encourage customers to 'Go Green with StarHub' by not taking a StarHub carrier bag for their purchases.

Go to page 109 for more details.

Since 2012, we have been running RENEW, our flagship e-waste recycling programme in collaboration with partners from the private sector, government and the local community. We have achieved an annual increase of more than 36% in the amount of e-waste collected in recent years, bringing the total amount to 174 tonnes in 2019.

Go to page 106 for more details.

Goal 13 – Climate Action

Rising GHG emissions and the impact of climate change are being felt more acutely, worsening at a much faster rate than anticipated. To avoid catastrophic consequences, a coordinated global response to climate change is required. Singapore has recently pledged to peak its absolute GHG emissions by 2030, halve its 2030 peak emissions by 2050, and achieve net zero emissions as soon as it is viable in the second half of the century. StarHub is also committed to doing our part to support this initiative.

In line with our commitment to increase our renewable energy usage to 10% by 2022, we have purchased 2,850 megawatt-hours of Renewable Energy Certificates (RECs). This increased the proportion of our energy consumption from renewable sources to nearly 2% in 2019, thereby reducing our carbon emissions[1].

Go to page 107 for more details.

To ensure our operations are resilient to the impact of climate change, including rising sea levels, floods and intense storms, we conducted an infrastructure audit. The results confirmed the ability of our network, operations and facilities to withstand extreme weather events.

Go to page 107 for more details.

StarHub also partnered with the Singapore Environment Council (SEC) to support the SGA for six consecutive years, to help advance the climate change agenda. The programme has saved 380,000 tonnes CO_2e of GHG emissions in the last five years.

Go to page 110 for more details.

1 Based on the GHG Protocol market-based reporting method.

Sustainability Governance

102-18, 102-19, 102-20

The Board has overall responsibility for overseeing StarHub's sustainability efforts. Our sustainability governance structure extends from the Board, to the Board Risk Committee, Management Risk Committee, Corporate Sustainability Advocate function and cross-functional representatives.

Sustainability Governance Structure

1

THE BOARD

Reviews and considers sustainability issues as part of its strategic formulation. This includes the determination, target-setting and monitoring of material ESG factors, as set out in this report.

2

BOARD RISK COMMITTEE

Provides guidance on sustainability topics to be identified as material to the business, and ensures the alignment and integration of our sustainability strategy and approach with our business practices.

3

MANAGEMENT RISK COMMITTEE

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

4

CORPORATE SUSTAINABILITY ADVOCATE FUNCTION

Responsible for developing, implementing and coordinating programmes and initiatives with the support of cross-functional representatives.

ENVIRONMENT

ADDRESSING ENVIRONMENTAL CHALLENGES

Environmental issues, such as climate change and the amount of waste generated by society, continue to gain prominence on the global sustainability agenda and increasingly pose serious threats to businesses and communities. As a responsible organisation, StarHub is committed to reducing our impact on the environment. We also recognise the role we play in helping our employees, customers and communities to adopt environmentally conscious behaviours.

Green learning experience out and about.

Our commitments are supported by our environmental stewardship strategy, which focuses on three key areas:

OUR ENVIRONMENTAL STEWARDSHIP STRATEGY

1 Managing Public E-waste

Tackling public e-waste, by providing e-waste collection points and encouraging recycling.

2 Addressing Climate Change and Resource Management

Striving for energy-efficient operations and adopting energy-saving technologies, while consistently monitoring and implementing initiatives to reduce energy and water consumption and waste generation.

3 Promoting Environmental Awareness

Raising awareness and promoting actions to combat climate change and protect the environment through community engagement.

Managing Public E-waste

103-1, 103-2, 103-3

TARGET:
Maintaining e-waste collection of at least 174 tonnes through our RENEW programme in 2020.

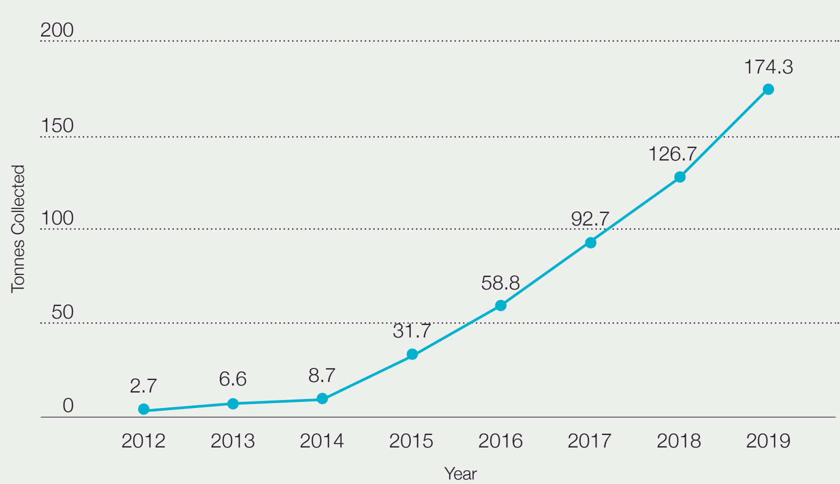
About 60,000 tonnes of e-waste are generated in Singapore annually[2]. The incineration of e-waste results in the loss of valuable resources and releases GHG emissions into the atmosphere, thereby contributing to climate change. Toxic substances from e-waste may also leak into the environment if not managed properly. As a business dealing with electronic products and services, StarHub has an important role to play in supporting the reduction of e-waste sent to landfills, which are a result of our operations and the actions of the wider community.

To encourage the recycling of e-waste, we initiated our flagship e-waste recycling programme, RENEW, in 2012, to provide avenues for consumers to recycle their e-waste. Since 2014, the amount of e-waste collected through our RENEW programme has increased exponentially, at more than 36% year-on-year. Since the launch of the programme, we have cumulatively collected more than 500 tonnes of e-waste. In 2019 alone, we collected 174 tonnes of e-waste, which was 38% more than in 2018. As of 31 December 2019, StarHub provided 440 designated bins across 395 locations nationwide for e-waste collection.

As part of our commitment to support Singapore's move towards a Zero Waste Nation, StarHub has previously set a target to increase the volume of e-waste collected annually to 125 tonnes by 2022 through our RENEW programme. We are pleased to report that we have met our target three years ahead of the deadline and will continue building on this momentum. Under the new Resource Sustainability Act, the government has legislated for a regulated e-waste management system based on the Extended Producer Responsibility (EPR) approach, administered by the National Environment Agency (NEA). Under this approach, producers will bear the responsibility for the collection and treatment of used products from customers in the form of one-for-one take-back or in-store collection from July 2021 onwards. As such, StarHub will not be expanding the network of e-waste bins. Instead, we will be working with NEA to support the transition to the upcoming implementation of the EPR and explore ways to integrate our RENEW programme into the new approach by 2021.

A pledge to the environment, RENEW e-waste recycling bins deployed at all our major retail stores.

RENEW - amounts of e-waste recycled



The top five items recycled through RENEW in 2019 are:

Cables	22 tonnes
Laptops	13 tonnes
Modems/Routers	11 tonnes
Mobile phones	3 tonnes
CPU Computers	2 tonnes

2 Source: towardszerowaste.sg as of 23 December 2019.

Addressing Climate Change and Resource Management

103-1, 103-2, 103-3, 302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4

TARGETS:
Continue to ensure climate resilience through annual review of flood prone areas for all our network operations and facilities in 2020.

Increasing our renewable energy use from 2% of our total energy consumption in 2019 to 4% in 2020.

Artist's impression of StarHub's Hyperscale Data Centre @ Loyang.

The Intergovernmental Panel on Climate Change report released in 2018 highlighted the need to limit the increase in global temperatures to 1.5°C above pre-industrial levels, to avoid the serious consequences of climate change. To achieve this target, man-made GHG, which are the main contributors to climate change, need to be drastically reduced. Singapore has pledged to peak its absolute GHG emissions by 2030, halve its 2030 peak emissions by 2050, and achieve net zero emissions as soon as viable in the second half of the century. A carbon tax was introduced in 2019 on large direct emitters, which indirectly led to an increase in our energy costs.

Energy and GHG Emissions

To ensure the resilience of our business due to the impact of climate change, including regulatory changes, it is imperative that innovative and adequate measures are put in place to increase our energy efficiency and reduce our GHG emissions.

Our technical centres, including our data centres and base stations, form part of our key infrastructure and are the basis of our products and services. They also contribute to the majority of our energy consumption. As the increasing demand for data by our customers leads to higher energy consumption, we are focusing on operating our technical centres in an energy-efficient manner and adopting energy-efficient technologies. This includes increasing our use of renewable energy. In 2019, with the purchase of 2,850 megawatt-hours of RECs, we raised our use of renewable energy to 2%, thereby reducing our carbon emissions[3]. We aim to increase the proportion of our energy consumption from renewable sources to 10% by 2022.

In 2019, we completed the implementation of our Smart BTS (Base Station) Energy initiative. It automatically switches off part of the radio resources at our base stations during low traffic periods without affecting mobile services. This system improves the energy efficiency of the base stations by 2% to 4%.

We have been monitoring our environmental performance to manage our resources and allow better decision-making. While total energy consumption has increased slightly by 1.6%, which was driven by increased customers' usage of our network of base stations and technical centres, our direct fuel consumption for our backup generators and transport fleet has declined substantially to 5,740 gigajoules, marking a reduction of 23% from 7,470 gigajoules in 2018, and 42% from 9,876 gigajoules in 2015.

Climate Change Adaptation

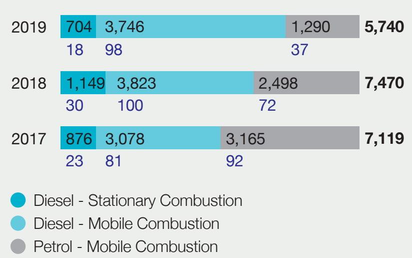
In 2020, we will be launching our new StarHub Data Centre @ Loyang – a state-of-the-art hyperscale facility which is built in line with the industry's highest certified standards. It is designed with low power usage effectiveness ratio and uses indirect evaporative cooling, which will require less energy compared to our existing data centres.

As a low-lying island state, Singapore is vulnerable to the effects of climate change, including rising sea levels and floods from intense storms, which in turn, can impact our operational continuity. In 2019, we established our Climate Risk Framework by including annual review of our facilities against the list of flood prone areas, into our Facility Management Policy. Through the identification of flood-risk, appropriate control measures will be implemented to effectively mitigate our physical climate risk. In March 2019, an independent infrastructure audit was conducted and found no significant issues with the resilience of our network, operations and facilities. StarHub is also ISO 22301:2012 certified, which fulfils requirements for controls of Business Continuity Management, including measures to improve climate change adaptation.

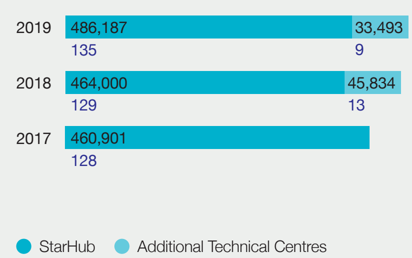
3 Based on the GHG Protocol market-based reporting method.

SUSTAINABILITY REPORT

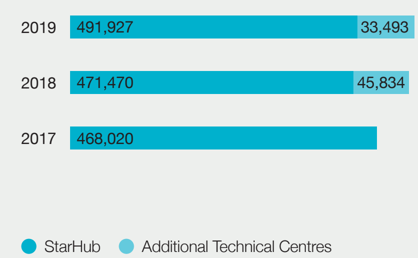
Fuel Consumption
gigajoules | thousand litres



Electricity Use[1]
gigajoules | million kilowatt-hour

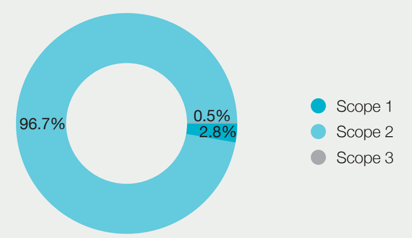


Energy Consumption
gigajoules



Energy Intensity[2] [6]
gigajoules per $million revenue

Emission Sources
tonnes CO_2e



Emissions Intensity[5] [6]
tonnes CO_2e per $million revenue

GHG EMISSION SOURCES

Scope 1	2019[3]	2018	2017
Stationary combustion	49	81	61
Mobile combustion	349	436	426
Fugitive emissions (refrigerant gases)	1,290	1,721	–
Total Scope 1 Emissions (tonnes CO_2e)	**1,688**	**2,238**	**487**
Scope 2			
Purchased Electricity	59,062[4]	59,188	54,145
Total Scope 2 Emissions (tonnes CO_2e)	**59,062[4]**	**59,188**	**54,145**
Scope 3			
Electricity consumption by Exclusive Partners	201	179	190
Employee business travel (air)	112	111	–
Total Scope 3 Emissions (tonnes CO_2e)	**313**	**290**	**190**
Total Emissions (tonnes CO_2e)[5]	**61,063**	**61,716**	**54,822**

(1) Purchased electricity data reported cover approximately 95% of our base stations. As we were not billed directly for the electricity consumption at some of our base stations, a portion of our consumption cannot be accounted for.
(2) Energy intensity includes fuel consumption, electricity purchased and electricity consumption by our Exclusive Partners.
(3) The CO_2 equivalent emissions for fossil fuel sources are calculated based on the United Kingdom Greenhouse Gas Inventory that is compiled according to the Intergovernmental Panel on Climate Change (2006) Guidelines. The CO_2 equivalent emissions for purchased electricity is calculated based on the 2018 emissions factor published in the Singapore Energy Statistics 2019 by the Energy Market Authority.
(4) Based on the GHG Protocol market-based reporting method. The scope 2 emissions derived using location-based method amount to 60,256 tonnes CO_2e.
(5) GHG emissions intensity include scope 1, scope 2 and scope 3 emissions.
(6) The revenue information is based on Singapore dollars rounded to the nearest million.
– indicates data not available

Water Use
303-3

TARGET:
Detect and manage leaks promptly to minimise water wastage in 2020.

Besides energy, we also use water in our offices, shops and data centres, which is drawn from municipal sources. Through our Employee Code of Conduct and Ethics, employees are required to make prudent and effective use of the Group's resources. Where possible, water-efficient fittings are used to reduce our water consumption, which is monitored on a monthly basis through internal reporting to detect leaks and prevent wastage. Any significant increase in water consumption will trigger an inspection to determine the cause. Our utility bills indicate that our water use across the Group, excluding our shops and certain data centres for which we were not billed based on consumption, totalled 21,783 cubic metres in 2019. This marks a reduction of more than 10% year-on-year since 2018.

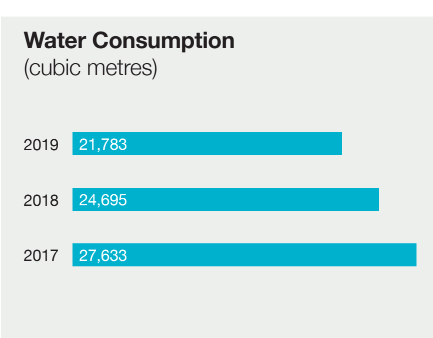
Encouraging environmentally friendly habits through the 'Skip the Bag' initiative at our retail stores.

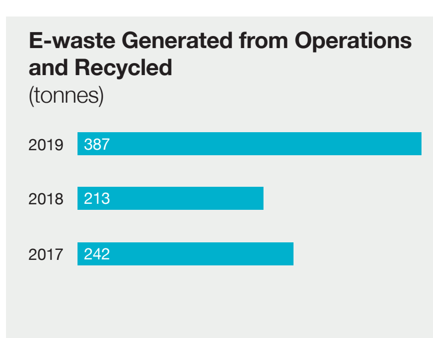
Waste Management
306-2

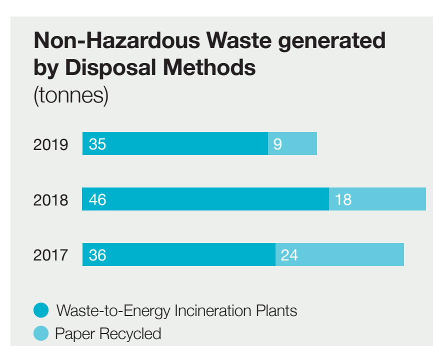
StarHub handles and disposes of electronic equipment and devices daily as part of our services. In 2019, we generated 387 tonnes of e-waste from our operations. Guided by our Housekeeping Safe Work Procedure, we collect our e-waste and ensure it is recycled by licensed e-waste contractors.

StarHub also aims to reduce the use of materials and the generation of other non-hazardous waste. To cut down our use of paper, we have limited the number of printed copies of our annual reports and Extraordinary General Meeting circulars. In an effort to go green and align with Singapore's Smart Nation vision of digital transformation, customers who sign up for a new service or renew their contracts will receive electronic bills by default. A monthly fee of $1 per billing account will apply if the customer opts in to receive paper bills, with the exception of customers aged 60 and over. We have also implemented paperless processes at our retail stores, including the use of electronic redemption vouchers and sales agreements, in a bid to reduce paper consumption and improve customer experience.

To reduce packaging waste, we implemented the 'Skip the Bag' initiative across all our shops, where customers are encouraged not to take a bag and 'Go Green with StarHub'. E-posters are put up in our shops and tent cards are placed around our retail counters to raise awareness of the initiative.







Promoting Environmental Awareness

103-1, 103-2, 103-3

Protecting the environment requires contributions from businesses, the government and the public. At StarHub, we undertake multiple initiatives within the community to raise awareness on environmental issues.

Our community initiatives in 2019 include:

Students' environmental outreach projects on display at the SEC-StarHub School Green Awards.

SEC-StarHub School Green Awards
StarHub is a partner of the SEC and has supported the SEC-StarHub School Green Awards for the past six years. The programme is designed to help advance the climate change agenda by instilling the right values in our future generation, and to raise public awareness of climate issues through various environmental outreach projects.

Between 2015 and 2019, schools in Singapore collectively achieved tremendous results in terms of resource savings, including electricity, water and paper. Collectively, they reduced GHG emissions by 380,000 tonnes CO_2e. In 2019, there was significant participation in the SGA, with nearly 400,000 students and teachers involved and also reaching out to about 500,000 members of the public. This brings the total outreach number to almost one million – 16% of Singapore's total population.

The SEC-StarHub E-waste Challenge was introduced in 2018 as part of the SGA to raise awareness of e-waste recycling. In 2019, a record number of 61 schools took part in the challenge and collected 3,411 kilogrammes of e-waste, far exceeding the 1,161 kilogrammes of e-waste collected in 2018. The e-waste recycling drive collected a total of almost 40 tonnes of e-waste from 445 schools since the start of the programme.

Urban farming workshop with children from the Nurture Programme at the Edible Garden City.

Fostering Urban Farming
As part of our staff and community engagement programme, an urban farming workshop was organised at Edible Garden City, an organisation which champions the grow-your-own-food movement. The workshop was attended by 53 StarHub employees including our Chief Executive, together with 100 children from lower-income families from the Nurture Programme at the Central Singapore Community Development Council. The aim of the outdoor learning experience was to equip children with basic gardening skills and an understanding of the adverse impact of large-scale commercial farming. We wanted to provide insights on how urban farming plays a large part in reducing energy use and carbon emissions, while boosting the resilience of Singapore's food supply.

SOCIAL

INVESTING IN OUR PEOPLE

Our employees play a vital role in ensuring that we execute our business strategy and achieve our objectives. We must stay nimble as we face increased competition for talent, as well as demands for greater flexibility, real-time learning and purpose in the workplace. Attracting and retaining the best talent, supporting their professional growth and looking after their health, safety and well-being are all priorities for StarHub.

Cross-functional staff hackathons for business and corporate culture innovations.

StarHubbers hard at work to define and explore new ways of working.

Talent Management

103-1, 103-2, 103-3, 401-2, 401-3

TARGETS:
100% of identified high-potential talent to have development plans in place in 2020.

Learning and development activities to reach at least 70% of our employees in 2020.

Our industry is undergoing rapid transformation, which requires us to constantly assess the critical skills that are needed for our business to succeed. We are focused on attracting and retaining highly-skilled individuals, engaging our employees to maximise their potential, and providing training and development opportunities to build a high-performing organisation.

We use alternative recruitment channels, such as hackathons, to tap into a larger talent pool, especially for tech-based roles. We offer employees competitive remuneration packages commensurate with their job responsibilities, level of experience and performance. Full-time employees are entitled to additional benefits, such as subsidised Mobile, Pay TV and Broadband subscriptions, plus additional leave, including birthday leave, examination leave, eldercare leave and volunteerism leave. We also offer comprehensive health screening packages, and additional insurance for medical, dental, life and accident cover.

In accordance with the Ministry of Manpower (MOM) guidelines, StarHub employees are entitled to maternity, paternity and shared parental leave. Eligible working fathers are entitled to two weeks of paid paternity leave and up to four weeks of shared parental leave. To facilitate parents returning to work, StarHub provides paid child care leave, nursing rooms and child care facilities at our headquarters in StarHub Green. In 2019, 103 of our employees took parental leave with 97% returning to work afterwards.

We also had a retention rate of 99% for those employees that returned to work after taking parental leave in 2018.

StarHub is also committed to the development of all talents within the organisation. For employees who have been identified as high-potential talents, individual development plans will be co-designed with the employee to plan developmental assignments for their career progression and growth. For all other employees, we will continue to curate and ensure they have access to programmes for their professional development, in the domains of technical skills and personal effectiveness.

We continue to invest in our leaders by building management and leadership skills, through our People Leadership programmes, enabling them to engage and motivate teams to perform effectively. In 2019, we introduced an annual Talent and Succession Planning framework and process. This involves a talent and succession review at divisional and Senior Leadership Team levels to identify future leaders of StarHub. Once these individuals have been identified, we create action-oriented plans for accelerated and targeted development. In 2020, the focus will be on leadership development and include psychometric assessments, mentoring, stretched assignments including completion of business missions, as well as planned rotation or job swaps.

Building our employees' skills and capabilities through continuous learning and development programmes is essential for employee retention, and also helps them stay up-to-date on the latest industry developments. StarHub has identified cybersecurity, robotics, virtualisation and mobile network engineering as key skills and capabilities to help our employees better carry out their roles. Learning opportunities are provided through classroom training, on-the-job training as well as digital learning platforms such as LinkedIn Learning. In addition, we offer a range of sponsored training courses, including professional certifications, such as VMware and Red Hat for StarHub's Integrated Network Engineering team.

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

The intent of these initiatives is to encourage all employees to build and develop skills for their personal development and growth, while developing the overall human capital within StarHub.

We invested $848,702.60 in training in 2019 and received $114,784.93 in training subsidies from various government agencies. These include the IMDA Company-Led Training funding. In total, we provided 29,522 hours of training for our employees. Through our learning and development programmes, we reached out to 71.3% of our workforce.

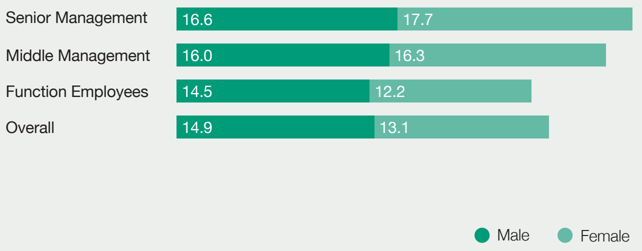
Our employees receive regular performance and career development reviews as part of StarHub's performance management system. Personal targets are set by supervisors and employees under five categories: Financial, Business, Customer, Process and People. Behavioural goals are also set according to StarHub values and behaviours.

We have signed a Memorandum of Understanding (MOU) in 2016 with the Singapore Industrial and Services Employees' Union (SISEU), in which employees can take part in recreational and social activities organised by the union. We maintain a collaborative partnership and have open and timely dialogues with SISEU while continuing to work diligently to ensure our employees' skills stay relevant as we undergo our business transformation.

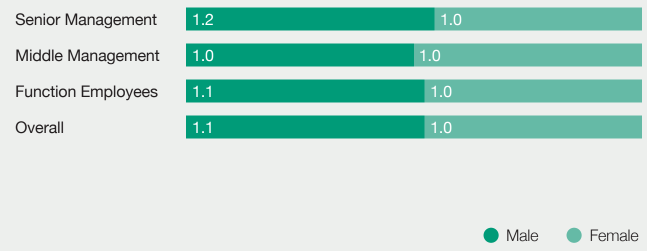
Workforce Snapshot 2019

102-8, 401-1, 404-1, 405-1, 405-2

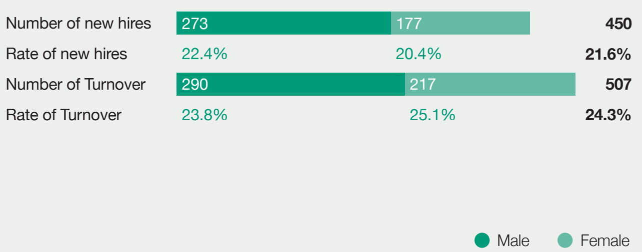
Average Training Hours per Employee Category and Gender



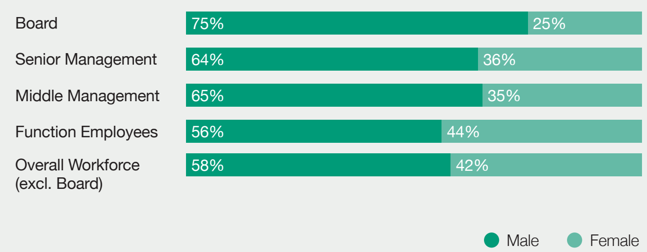
Ratio of Base Salary



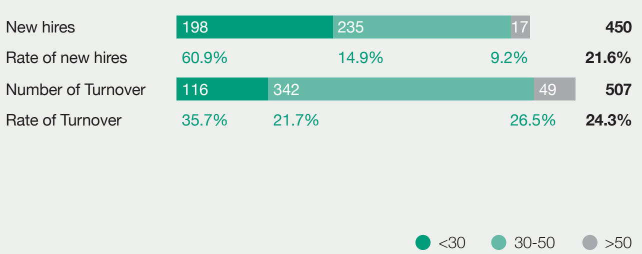
New Employee Hires and Turnover by Gender[(1)] [(2)]



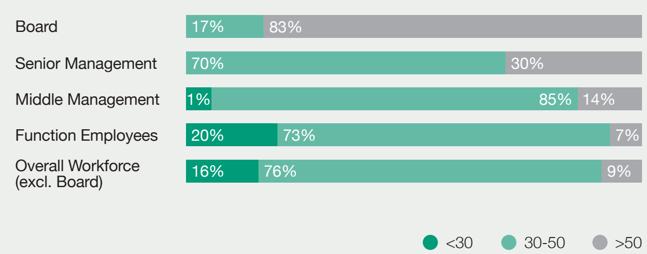
Gender Diversity by Employee Category[(1)]



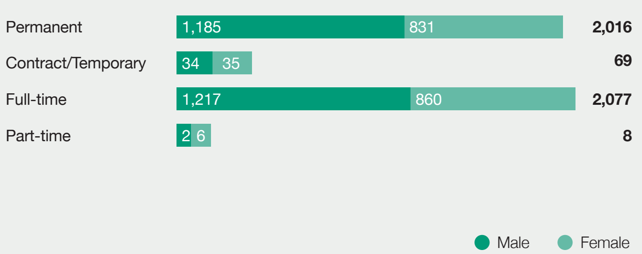
New Employee Hires and Turnover by Age Group[(1)] [(2)]



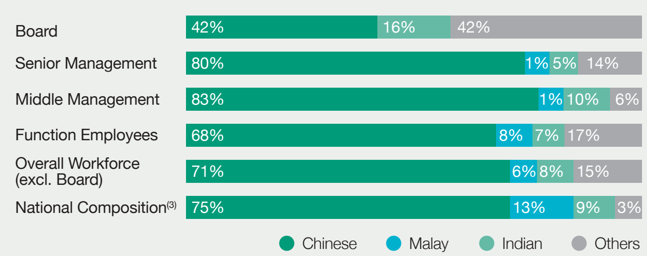
Age Diversity by Employee Category[(1)]



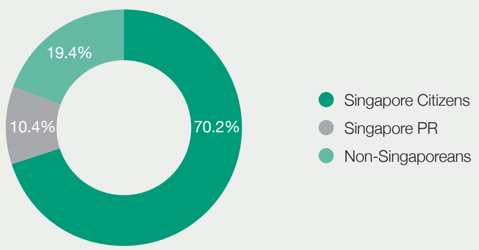
Number of Employees by Employment Contract, by Gender[(1)]



Ethnic Diversity by Employee Category[(1)]



Proportion of Local Employees



(1) Numbers and rates are reported based on year-end headcount as recommended in GRI 102-8.

(2) Turnover includes both voluntary and involuntary turnover and refers to the employees who left the company during the reporting period.

(3) Ethnic Composition of the Resident Population 2019 End June published by the Department of Statistics Singapore.

Workplace Equality, Diversity and Inclusion

102-8, 103-1, 103-2, 103-3, 405-1, 405-2, 406-1

TARGET:
Maintain zero reported incidents of discrimination in 2020.

StarHub understands the importance of having a diverse and inclusive workforce which provides the organisation with different perspectives and skills. We aim to promote a diverse and inclusive workplace and foster a culture where all employees are treated fairly and with respect.

Management regularly reviews HR policies and practices relating to hiring, diversity and inclusion, equal opportunity, training and performance management. We adhere to fair employment practices, strive to provide a safe, non-discriminatory work environment and continually strengthen our workplace policies to provide a level playing field for our employees. Fair remuneration is a component of our HR policies, which include merit-based hiring, reward for performance, diversity and equal opportunity. StarHub promotes meritocratic employment, development, recognition and reward. We are proud that currently, 42% of our workforce and 25% of our Board members are female.

As a signatory to the Tripartite Alliance for Fair Employment Practices (Tafep) — a national initiative in Singapore to promote the adoption of fair employment practices — StarHub prohibits any kind of discrimination in employment or transactions. In 2019, no incidents of discrimination were reported directly to StarHub or through Tafep.

StarHubbers dressed to their best at our Dinner and Dance 2019.

Employee Health and Safety

103,1, 103-2, 103-3, 403-9

TARGET:
Maintain zero work-related fatalities in 2020.

The health and safety of our employees is a key priority for StarHub. It is both a business imperative and our responsibility as an organisation to ensure all employees, contractors and suppliers are safe in the workplace. As such, we seek to create an environment that promotes the health, safety and well-being of our employees.

We continue to demonstrate our commitment to Workplace Safety and Health (WSH) by engaging employees to review WSH procedures and practices, taking preventative measures and increasing employee awareness of such risks. For employees with roles that require WSH domain knowledge, StarHub provides company-sponsored training support to improve their skills and capabilities to deal with WSH-related issues on the job. Examples of training support include first-aid, work-at-height and incident management processes to respond to emergencies.

Internal communication channels have been set up for employees to report unsafe work practices. Our external partners may also report any WSH-related issues through their StarHub counterpart or escalate the issue directly to the MOM. As an organisation, we report workplace health and safety-related incidents to MOM. StarHub continues to be a certified bizSafe Level 3 organisation, which is awarded by the Workplace Safety and Health Council Singapore (WSH Council) based on an independent audit.

We adopt the WSH Council's calculation methodology for our health and safety indicators. In 2019, there were no incidence of work-related fatalities. However, there were an increase in the Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate. This is due to traffic accidents involving our transport fleet vehicles. We have investigated the nature of these accidents and concluded that the accidents were caused by third parties. Going forward, we will continue to promote safe driving practices and ask our employees to be extra vigilant on the road.

The workers who are not employees are not included in the reporting of our safety performance because the safety reporting will be done by their direct employers. Although the safety statistics of our contractors are not tracked, StarHub is responsible and accountable for ensuring a safe and healthy working environment. Under the local incident reporting regulations, it is StarHub's duty to report any dangerous occurrence that has happened at our workplace.

WORKPLACE SAFETY AND HEALTH PERFORMANCE

Key Indicators	2019	2018	2017
Workplace Fatalities			
Number of Workplace Fatalities	0	0	0
Accident Frequency Rate (AFR)[(1)]			
Number of Workplace Accidents	3	1	0
AFR	0.7	0.2	0
Accident Severity Rate (ASR)[(1)]			
Number of Man-days Lost	52	1	0
ASR	13	0.1	0
Workplace Injury Rate (WIR)[(1)]			
Number of Workplace Injuries	3	1	0
WIR	144	45	0
Occupational Disease			
Number of Occupational Disease Cases	0	0	0

(1) Accident Frequency Rate is given as the number of MOM reportable incidents per million working hours. Accident Severity Rate is given as the number of man-days lost per million working hours. Workplace Injury Rate is given as the number of MOM reportable incidents per 100,000 employed persons. The number of employed persons is based on the year-end headcount and the number of hours worked is estimated based on the year-end headcount with a standard 42.5 hours work week, taking into account the 16.61 days of paid annual leave, 4.22 days of paid sick leave and 11 days of public holidays per employee in 2019.

INVESTING IN OUR COMMUNITY

103-1, 103-2, 103-3

We are committed to being a valued partner of the communities in which we operate. StarHub recognises that the use of our products and services affects people's lives. In many cases, the impact is positive, with individuals having increased access to information and services. On the other hand, new technology requires new skills, which can be challenging for disadvantaged groups to develop, such as those with disabilities or at-risk youths. Such skills are now essential for everyday life, especially in terms of employability. We are committed to supporting disadvantaged groups in the areas of digital inclusion and employability through community investment.

StarHub supports people with disabilities at the SPD Charity Show 2019.

TARGET:
Enhancing our CSR with a focus on climate change, through employee engagement and working with our beneficiaries.

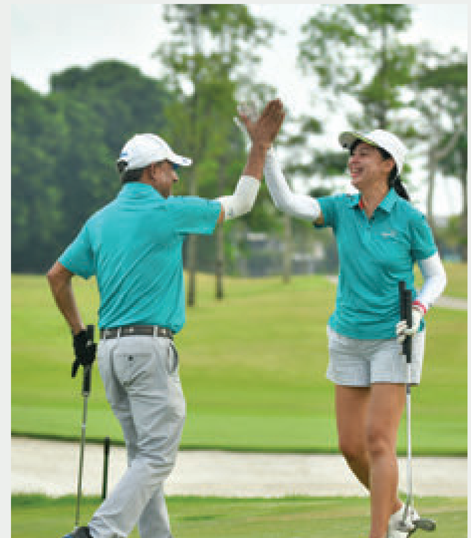
We work with several organisations that equip underprivileged youths, families and people with disabilities with digital, employability and essential life skills. Our support comes in the form of funds, access to information and communication technology, as well as voluntary employee time.

In 2019, StarHub contributed a total of $1,032,305 to 15 VWOs and non-profit organisations. As a firm believer of using our assets to do good for society, our donations included airtime sponsorships totalling $400,000 in 2019, of which $300,000 went towards supporting the World Wildlife Fund for Nature's Earth Hour 2019, and $100,000 was provided to Singapore's 2019 National Day celebrations.

In addition, all employees are entitled to two days of volunteer leave. We are pleased to report that our employees collectively contributed 616 hours of their time in 2019, almost twice as much compared to the previous year, with 6.9% of our workforce using their volunteering leave allowance. The range of CSR activities held in 2019 included ComChest Heartstring Walk with seniors from the Loving Heart Multi-Service Centre, Edible Garden workshop with children from the Nurture Programme, and *longkang* fishing with the students from Metta School. We aim to increase employee participation in community activities and will ramp up our initiatives to make a greater impact together as a Group.

StarHubbers and Metta School students experience the fun of *longkang* fishing.

StarHubbers march-on at the Community Chest Heartstrings Walk 2019.


Gender parity on the golf course.

StarHubbers and business partners tee off at the StarHub Open charity golf event, in support of Community Chest beneficiaries.


Top golfers and participants bring home ceramic trophies designed and produced by Metta Alumni.

Community Chest, The StarHub Open and Heartstrings Walk

The StarHub Open, our annual charity golf event, raised $180,000 in 2019 in partnership with 240 of our corporate clients to support social and digital inclusion causes. Through our partner, Community Chest, we donated these funds to three VWOs, namely Metta School, Shine Children & Youth Services, and Singapore Anglican Community Services, which help people with intellectual or developmental disabilities and mental health issues live independently. Beneficiaries receive life and vocational skills training which prepares them for employment opportunities and helps them integrate into the community. To further support Metta School and make the event more meaningful, the winning golfers received championship trophies specially designed and produced by the Metta Alumni.

In relation to the donation, StarHub was recognised for its support as a Gold Partner and was invited to take part in the Community Chest Heartstrings Walk. A total of 50 seniors from the Loving Heart Multi-Service Centre, including some with mobility difficulties, successfully completed the 4-kilometre trail around Marina Bay promenade, with the support of 70 StarHub employees and our Chief Executive.

The Care Corner Youth Services

Since 2017, StarHub has partnered with Care Corner Youth Services, which reaches out to at-risk youths, between nine and 21 years old, who lack meaningful engagement at home and in school. The aim is to create a safe and encouraging environment to help empower them. This year, therapeutic spaces were introduced to allow them to express themselves in a nurturing environment, with support from dedicated adult role models. We contributed $50,000 to the programme in 2019, and during the course of 66 sessions, the programme reached out to 659 participants aged between nine and 14 years old.

A total of 25 StarHub employees kicked off the first CSR activity of 2019 by throwing a Chinese New Year celebration for the Care Corner youths at the Teck Ghee Youth Centre, who enjoyed entertainment programmes performed by our volunteers. StarHub also led a session and shared tips on responsible social media and smartphone usage. At the end of the event, the youths were presented with Chinese New Year goodies, mandarin oranges and vouchers.

Celebrating Chinese New Year at the Care Corner CROSSROAD Youth Centre.

At the end of the year, we engaged with the Youth Rangers from Care Corner to paint a mural at our headquarters in StarHub Green, which showcased their artistic flair. Our Customer Service Experience team organised the programme, including the design concept to the painting of the colourful artwork, lunch and logistics.

StarHubbers join forces with Care Corner Youth Rangers to complete wall mural at StarHub's office.

Showcasing the talents of Metta School students with customised Year-End Festive Gifts for our business partners.

Giving a Meaningful Gift

In support of Metta Welfare Association's efforts to empower Singaporeans with special needs, StarHub worked with Metta School to produce customised year-end festive gifts for our corporate customers. The gifts consisted of handmade cookies baked by apprentices at Metta School and a hand-painted glass bowl with a batik inspired design created by Metta School alumni.

Chief Executive Peter Kaliaropoulos and CFO Dennis Chia present $100,000 cheque to Central Singapore CDC Mayor Denise Phua in support of Nurture Programme.

Central Singapore CDC's Nurture Programme

Since 2011, we have supported the Nurture programme, led by the Central Singapore CDC, contributing up to $1.5 million to the initiative from our StarHub Sparks Fund. In 2019, we contributed $100,000 towards the opening of six new Nurture centres, helping 427 underprivileged children. Through interactive and activity-based lessons, the programme aims to complement the efforts by the Ministry of Education and various self-help groups to assist children in two main areas: build up their confidence as communicators and develop their problem-solving skills. The programme also aims to encourage values that inspire them to give back to the community. StarHub will continue this long-standing partnership with the Central Singapore CDC to empower and provide children with special needs or disadvantaged backgrounds with equal access to learning opportunities.

With our efforts and contribution, we were conferred the Community Partnership Excellence Award at the People's Association Community Spirit Awards 2019.

Success Story #1

Muhammad Walhasri Bin H. Hassan,
aged 10, from Nurture at Jalan Kayu

During the Problem Solving module, Wahalsri would often show little interest in the class activities as he was academically weaker in Mathematics. However, under the influence of his peers and encouragements from the volunteers, he started to adopt a growth mindset as the lessons progressed.

While he was aware that he was not good in Mathematics, he was no longer ashamed and believed he would be able to do it if he puts in effort. Through much perseverance, he had a taste of success when he was able to solve a problem. Following the experience, Walhasri began to actively participate in class discussions and even proactively approached volunteers for assistance when he faced challenges.

Success Story #2

Crystal Ng Chu Ting,
aged 11, from Nurture at Kreta Ayer

Crystal used to have a negative attitude towards life. However, the Nurture lessons, such as 'Examining Assumptions' and the weekly focus on 'Gratitude' made her realise the importance of being selfless. She now shows greater care and concern for her friends and has a more positive outlook.

Crystal continued to attend the Nurture lessons in 2019 and also said she would like to join the programme again next year.

GOVERNANCE & MARKETPLACE

BEING A RESPONSIBLE BUSINESS

Acting responsibly is integral to maintaining the trust and confidence of our stakeholders. We are committed to conducting all our business activities with the utmost integrity. This involves implementing an effective governance structure and fostering a culture of ethical business conduct.

Beyond our own business operations, we have put in place responsible procurement practices to manage our supply chain impact. We also aim to raise awareness and implement suitable measures to protect the safety of our online users, especially vulnerable groups such as children, and safeguard public health from the potential adverse effects of RF emissions.

Business Conduct and Ethics

102-16, 102-17, 103-1, 103-2, 103-3, 205-3, 206-1

TARGET:
Ensure strict compliance with local legal and regulatory requirements pertaining to fraud, corruption and unethical actions in 2020.

As a public company listed on the Mainboard of the SGX-ST, StarHub has to bear responsibility and be accountable to a wide range of stakeholders. Maintaining high standards of business conduct and ethics are paramount to the long-term success of our business.

We do not tolerate ethical or legal violations, including corruption. We adhere to the listing requirements, as well as the revised Code of Corporate Governance issued by the Monetary Authority of Singapore on 6 August 2018 and comply with all applicable laws in Singapore. We have put in place an Employee Code of Conduct and Ethics (Employee Code), which sets out the standards of behaviour and business conduct that employees are expected to follow when executing their tasks. Our Employee Code is supplemented by other policies which reinforce some of the business conduct and procedures that employees are expected to follow when dealing with customers, business associates and other stakeholders. These include the Corporate Gift and Hospitality Policy, the Insider Trading Policy and the Supplier and Vendor Policy. All our policies are communicated to our employees when they first join and can also be readily accessed from our intranet.

Our Whistle Blowing Policy provides employees and external parties with accessible channels through which they may, in confidence and without the risk of reprisal, raise concerns in good faith on any possible improprieties in our business activities. Reporting channels include a dedicated whistle blowing channel to the Audit Committee Chairman and the General Counsel.

Employees found in breach of our Employee Code or other applicable policies will be subjected to appropriate disciplinary and legal actions, including dismissal. There were no incidents of corruption in 2019.

We also respect and comply with relevant legislation, licence obligations and codes of practice relating to anti-competitive behaviour for our business. There were no legal actions taken against StarHub for anti-competitive behaviour in 2019.

As a testament to our commitment to responsible corporate governance, StarHub maintained its position amongst the top 20 companies out of 578 Singapore-listed companies, which were ranked in SGTI[4] in 2019. Our ISS[5] score was 5 out of 10 in 2019 (where a smaller number indicates lower governance risk).

For more details, please go to the Corporate Governance report on pages 62 to 86.

[4] SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies.
[5] Institutional Shareholder Services Inc. is a global leading provider of corporate governance and responsible investment solutions for institutional investors through objective governance research.

Supply Chain Management

103-1, 103-2, 103-3, 102-9, 204-1

TARGET:
Implement the Supplier Self-Assessment Questionnaire to cover all our key suppliers with a spend of at least $1 million per year in 2020.

We recognise that being a responsible business also requires us to integrate sustainability practices into our procurement and supply chain management processes. StarHub has an extensive and complex supply chain, spanning across widespread geographies and sectors. Due to the nature of our global supply chain, our business is exposed to additional risk areas which we need to manage in order to build resiliency, reduce the risk of disruption, enhance efficiencies and safeguard our reputation.

Our main suppliers include major handset and hardware manufacturers, as well as software and infrastructure solution providers. With a supply chain spend of close to $1.8 billion in 2019, local suppliers made up about 93% of our total procurement spend[6]. Out of the 2,156 suppliers which we purchased from, 88% of our total supplier base were local.

In 2017, we began our supply chain risk assessment process. We completed a segmentation exercise, which allowed us to identify high-risk suppliers using a weighted approach based on relevant factors for each supplier category. Through this exercise, we identified 47 high-risk suppliers, which StarHub will be conducting further due diligence on.

Last year, we updated our Supplier Code of Conduct (Supplier Code), outlining the standards of practice we require of our suppliers in the areas of human rights, labour, environment and anti-corruption. To embed the Supplier Code, we included it in the Terms and Conditions that we issue to our suppliers with each PO, as a first step. By accepting the PO, suppliers agree to adhere to the standards set out in the Supplier Code. With the formal governance structure established in 2019, we are in the process of implementing our Responsible Sourcing Policy, pursuant to which we reserve the right not to procure goods and services from suppliers who do not adhere to our Supplier Code.

Going forward, we will conduct further due diligence on the high-risk suppliers previously identified. In the first phase of our implementation, they will be required to report their compliance with the Supplier Code annually by completing StarHub's Supplier Self-Assessment Questionnaire online. The subsequent phase(s) will include a self-assessment of the remaining suppliers at least once every three years. Through this exercise, we aim to ensure that our suppliers are continuously aligned with our values and the requirements, as set out in the Supplier Code.

Online Safety

103-1, 103-2, 103-3

TARGET:
Continue to encourage and promote the appropriate and safe use of online technology in 2020.

The internet has fundamentally changed the way people live, work, learn and interact with one another. As technology continues to evolve and end-users engage online in new and different ways, new threats will emerge. As a responsible service provider, StarHub encourages and promotes the appropriate and safe use of online technology.

We provide information to educate our customers about online threats. For example, we post information on our website, community forums and social media platforms to educate our customers on safe online practices. Topics are identified through customer feedback, trending issues, internal stakeholders or other external parties. We also comply with requests from government agencies to block access to harmful websites.

We also offer JuniorProtect, an internet parental control service to protect children online. By subscribing, parents are able to, amongst other things, manage children's data usage and screen time, block unsafe content with easy pre-set filters and source reports and alerts on their web activities.

6 Supply chain procurement spend includes all procurement conducted during 2019, with or without Purchase Order (PO), except for those related to content acquisition. Suppliers are classified as local if the purchase is made from an entity located in Singapore, as these entities contribute to Singapore's economy, for example, through employment and taxes.

Public Health and Safety

103-1, 103-2, 103-3

TARGET:
Maintain strict compliance with relevant RF radiation safety standards set by local regulators in 2020.

Despite the lack of conclusive evidence, there are concerns from customers, regulators and the general public on the perceived health risks associated with RF emissions from mobile devices and base stations. StarHub recognises the need to address such concerns.

We work closely with the relevant government agencies to stay up-to-date on the latest research and findings on RF emissions risks and aim to address customer feedback related to the various aspects of StarHub's operations which may impact public health.

We comply strictly with RF emissions and safety standards implemented by the regulators. RF emissions from StarHub's mobile equipment are also well within the guidelines developed by the International Commission on Non-Ionizing Radiation Protection and adopted by the World Health Organization. We work closely with the IMDA, the NEA and other mobile network operators in Singapore to carry out radiation measurements to verify that StarHub's equipment complies with Public Health and Safety standards in Singapore.

We seek to maintain strict compliance with relevant Public Health and Safety standards in Singapore, and no incidents of non-compliance were detected in 2019.

IMPROVING CUSTOMER EXPERIENCE

The success of our business depends on building strong, long-lasting relationships with our customers. Our Hello Change campaign was launched in 2018, highlighting our brand promise to put our customers first in everything we do. We are continuously enhancing our customer service to provide a seamless experience across all touchpoints. Our approach requires us to uphold the highest levels of cybersecurity and data privacy, responsible marketing and selling, as well as product and service quality.

Cybersecurity and Data Privacy

103-1, 103-2, 103-3, 418-1

TARGET:
Ensure strict compliance with local regulatory requirements pertaining to data privacy in 2020.

To maintain our customers' trust in our business, it is vital that we have in place adequate systems and processes to prevent cyber breaches and leaks, and respect customers' right to data privacy.

At the most basic level, StarHub complies with all applicable laws, including the Cybersecurity Act and the Personal Data Protection Act (PDPA), as well as sector-specific cybersecurity requirements imposed by the IMDA. Audits are performed to verify our compliance on an ongoing basis.

We have implemented cybersecurity and internal data protection frameworks, which govern how StarHub employees should protect our systems against cyber threats and treat customer data. These internal policies guide compliance with regulatory requirements and best practices.

Our Security Team references the ISO 27001 standard to create and ensure a robust information security management system at StarHub. These include implementing relevant policies such as the Information Security Policy, the Vendor Security Policy and the Mobile Device Security Policy. Employees are required to comply with these policies, which are supplemented with procedures, guidelines and checklists to ensure the confidentiality, integrity and availability of our assets.

We recognise that the cybersecurity environment is constantly evolving, with new threats appearing almost daily. StarHub actively monitors ongoing trends in cybersecurity to ensure we stay updated on developments and are well-equipped to handle incidents and threats to our systems. StarHub's subsidiary, Ensign, one of Asia's largest cybersecurity companies, works on various cybersecurity initiatives for StarHub, including active surveillance and monitoring of cyber threats, the conduct of vulnerability assessments, penetration tests and undertaking incidence response.

We have a Data Protection Office to oversee StarHub's Data Protection Policy and ensure we comply with the PDPA. The Data Protection Office, together with the Legal and Regulatory departments, monitor upcoming legislative changes. Our Internal Audit function serves as the monitoring arm to provide assurance to Management on the effectiveness of our control measures.

We conduct an annual review of our employees' eligibility to access restricted areas (including data centres) based on their job responsibilities. We also set specific targets for security incidents, where compliance with these critical Key Risk Indicators is monitored by our Enterprise Risk Management team. In 2019, all incidents detected were mitigated. These incidents include Distributed Denial-of-Service attacks, failed logins, vulnerability scans, trojans and malware, as well as hacking tool activities.

We continue to ensure strict compliance and invest in cyber defence to safeguard customer data.

Responsible Marketing and Selling

103-1, 103-2, 103-3, 417-3

TARGET:
Maintain strict compliance of regulations and/or voluntary codes concerning marketing communications in 2020.

Marketing and advertising our products and services responsibly, and ensuring clarity in our pricing and billing, are critical to maintaining the loyalty of our customers.

We comply with all applicable local regulations and guidelines such as the Television and Radio Advertising and Sponsorship Code. Our Data Protection Office oversees the compliance with our Do-Not-Call (DNC) Policy, which guides and ensures that we comply with the PDPA – DNC Registry provisions. Targeted marketing messages will only be sent to mobile numbers in Singapore where consent has been obtained and any messages sent will be prefixed with the appropriate tag to ensure the clear intent of our communication. Our Customer Communication Guidelines supplement our DNC Policy and serve as further guidance to our materials related to customer communication.

In 2019, we accelerated our Hello Change strategy, which forms part of our commitment to do things differently by simplifying and improving services for all our customers. We introduced free caller number display and no hidden fees with our Hello Change Mobile plans. We also simplified our TV plans by introducing Entertainment Passes, providing better value and flexibility, and refreshed our StarHub Rewards programme to give customers rewards instantly.

When new products and services are launched, our customer service staff are trained to clearly communicate our pricing structure and contract terms to our customers. Customers may also access the My StarHub app or our website to manage their subscriptions and pay their bills.

There have been no incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications in 2019.

As an info-communications company, we are aware of our ability to promote social cohesion through our products and services and consider cause-related marketing an important element of responsible marketing.

In celebration of Singapore's Bicentennial and 54th birthday, we released a music video to pay homage to three of our nation's founding mothers. Titled #WeWillGetThere, the campaign spotlights the spirit of togetherness - regardless of race, language, religion, gender, class or ability.

StarHub's pop-up 5G showcase at StarHub Green, powered by Singapore's first 5G Cellular-on-Wheels.

Product and Service Quality

103-1, 103-2, 103-3

TARGET:
Minimise instances of service disruptions in 2020.

In a highly competitive market, it is crucial that we provide customers with the highest level of product and service quality and reliability, in order to enhance their user experience and gain their loyalty. It is also important that we keep up-to-date on the latest innovations and remain agile in the face of disruptive industry trends.

One of our key areas of focus is ensuring continuous investment in infrastructure upgrades. This will ensure that we improve the resilience of our network services, upgrade our networks to deliver faster speeds and become more efficient to enhance connectivity for the Internet of Things age and the next generation of mobile services (5G).

5G is expected to be a key connectivity infrastructure in Singapore, capable of supporting the transformation of many industry sectors. With its high-speed, low-latency and private networking capabilities, 5G will create massive opportunities for new applications and services that will impact our society and how everyone lives, works, learns and plays.

In October 2019, the IMDA launched a Call for Proposal (CFP) to facilitate the roll out of 5G mobile networks from 2020, with full-fledged 5G standalone capability, to cover at least half of the country by the end of 2022. StarHub, in collaboration with M1, has submitted a proposal for a resilient and secure 5G network design to boost Singapore's Smart Nation initiatives.

To be a forerunner in 5G, StarHub is conducting research to discover the 5G solutions that will be viable for our unique local market and best serve the needs of our customers. We are collaborating with businesses, institutes of higher learning and public agency partners to carry out trials and proof-of-concepts within the 5G ecosystem of technology. The objective of the cross-industry collaboration is to co-create innovative, highly relevant and sustainable 5G use cases across all six national strategic clusters: (i) Maritime Operations; (ii) Urban Mobility; (iii) Smart Estates, (iv) Industry 4.0; (v) Consumer applications; and (vi) Government applications.

In 2019, StarHub commenced 5G trials and the broadcast of 'live' 5G signals from our headquarters in StarHub Green. In addition, we launched Singapore's first 5G Cellular-on-Wheels vehicle that can be deployed to handle spikes in mobile usage at major events and hosted a pop-up 5G showcase to enable the public to experience first-hand the benefits of 5G.

StarHub has set up a 5G Centre of Excellence team, with the following charter:

- Devise a new business model for Consumer (B2C), Enterprise (B2B) and Wholesale/Mobile Virtual Network Operator (MVNO) segments;
- Create the go-to-market programme, including partnerships such as an innovation lab with key front-running enterprise verticals to co-create differentiated business solutions and a technological test-bed to showcase thought-leadership through public-related events and think tanks; and
- Formulate the overall 5G investments strategy, viable long-term B2B and B2C business models. This will be set up in compliance with the IMDA 5G CFP requirements.

As a testament of our drive to provide customers with the highest level of product and service quality and reliability, StarHub achieved the fastest mobile data speeds according to the IMDA's 1H2019 IMconnected report.

In other areas, we continuously develop our customer service to provide a seamless experience across all touchpoints. We take customer feedback very seriously as it is a key mechanism for us to understand consumer preferences. In turn, we aim to enhance our product and service offerings. We collect feedback from customers through surveys and across various touchpoints. We use the Net Promoter System index to gauge customers' overall satisfaction with our products and services, as well as measure customers' loyalty. We also follow up with those who have submitted unfavourable ratings for our products or services to swiftly address their concerns. In 2019, 106 employees from StarHub's Consumer & Channel Sales team were recognised for their exceptional service to customers at the Singapore Retailers Association's Excellent Service Award, bringing home 22 Star, 48 Gold and 36 Silver awards.

In 2019, StarHub received two fines totalling $58,000 from the IMDA due to disruption of StarHub's services on two separate occasions – 10 February 2018 and 23 March 2018. Following the incidents, we strengthened our due diligence in our operating procedures to address the issue and prevent future recurrence. Our aim is to minimise instances of service disruptions in the future.

ENGAGING WITH OUR STAKEHOLDERS

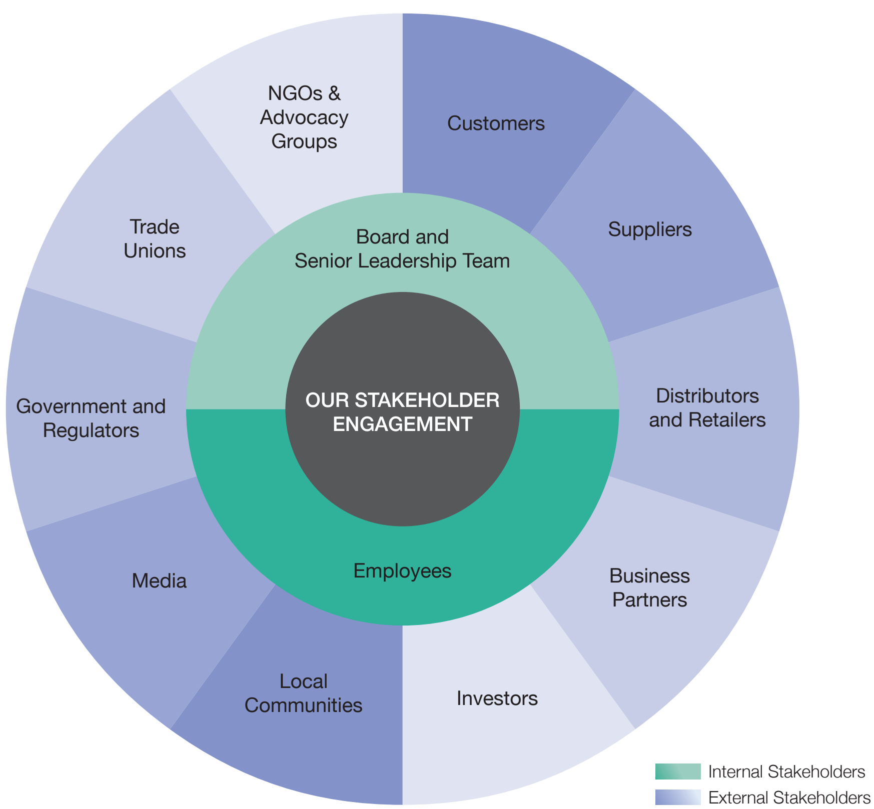
102-21, 102-40, 102-42, 102-43, 102-44

We strive to continue creating value for all our stakeholders. Our interactions and engagements with them are essential to our long-term success and by promoting open dialogue, we create an environment in which our stakeholders can have their say and share ideas on how we can do things differently or work together to improve and instill best practices.

Through a stakeholder mapping exercise, we have identified our main stakeholders based on the potential for StarHub to impact their part of the value chain, as well as their potential to impact our business.

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

In 2019, our engagement efforts won us the first place in the Most Transparent Company Award for the Communications category and second place in the Shareholder Communication Excellence Award for the Big Cap category at the SIAS 20th Investors' Choice Awards. The table on the next page illustrates our key engagement efforts during the reporting period.



Summary of Stakeholder Engagement Efforts in 2019

Stakeholder Group	Engagement Method & Frequency	Stakeholders' Expectations	StarHub's Response
Customers	• Customer surveys (ongoing) • Social media (ongoing) • GreenR Community Online Forum (regularly) • Customer Service outlets (ongoing) • Sustainability Report (annually)	• Seamless, high-quality coverage • Simplicity and clarity of StarHub's fees and contracts • Cybersecurity and data protection	• Ongoing investments in infrastructural upgrades • Continued to deliver on our Hello Change brand promise • Active and ongoing monitoring of cybersecurity trends to stay updated on latest developments
Employees	• Internal social media platforms such as StarHub Community and HubbaVoice (ongoing) • Intranet (ongoing) • Emails (regularly) • Workshops (regularly) • Employee communications session (bi-annually) • Video address by Chief Executive (bi-annually) • Employee engagement activities, such as fundraising (regularly) • Sustainability Report (annually)	• Career and talent development • Pay and benefits • Work-life balance	• Introduced an annual Talent and Succession Planning framework and process • Finalised plans to introduce a flexi-benefit scheme in 2020 to cater to employees' needs at different life stages
Suppliers	• Company website (ongoing) • Face-to-face meetings (regularly) • Emails (regularly) • Teleconference (regularly) • Sustainability Report (annually)	• Procurement process • Compliance with terms and conditions of purchasing policies, including StarHub's Supplier Code of Conduct	• Communicating our Supplier Code of Conduct online • Establishing a Responsible Sourcing Policy • Developing a supplier self-assessment questionnaire to guide compliance
Business partners	• Face-to-face meetings (regularly) • Teleconference (regularly) • Sustainability Report (annually)	• Business opportunities partnerships	• Explored partnerships to seek mutually beneficial business opportunities
Media	• Media events • Media releases (regularly) • Media responses (timely) • Annual Report (annually) • Sustainability Report (annually)	• Exposure and access to company developments and news as well as breaking stories on products, services, entertainment and related content	• Provided dedicated media contacts, and offering timely and accurate information on company affairs of public interest

Stakeholder Group	Engagement Method & Frequency	Stakeholders' Expectations	StarHub's Response
Investors	• Briefing for earnings announcements (quarterly) • Financial reports and disclosures (regularly) • Annual Report (annually) • Announcements via SGXNet (timely) • Annual General Meeting (annually) • Combined analyst and media briefing for Full Year results announcements, with webcast available for public participation (annually) • Combined analyst and media results update call (quarterly) • Investor conferences (regularly) • Investor meetings and non-deal roadshows (regularly) • Sustainability Report (annually) • IR contact – email and phone number listed on IR website	• Transparency, timely information on business performance, strategy, views on operating landscape and business outlook • Timely response to queries	• Continued to actively engage the investment community, including face-to-face investor meetings, prompt response to email and phone queries, regular update meetings with research analysts • Provided timely and comprehensive information to the market, and remained committed to best corporate governance and disclosure practices
Government and regulators	• Face-to-face meetings (regularly) • Consultation sessions (regularly) • Calls for Proposals (regularly) • Sustainability Report (annually)	• Compliance with regulations, including providing a resilient service for our customers	• Complied with regulatory requirements imposed by the regulators, including relevant audits on our infrastructure
Trade Unions	• Face-to-face meetings (regularly) • Informal/formal consultations (regularly) • Sustainability Report (annually)	• Access to employees for promoting membership, open and honest dialogue with management	• Signed a MOU with SISEU
Local communities	• Community outreach programmes • Corporate sponsorships • Sustainability Report (annually)	• Addressing social needs, including digital inclusion and employability	• Regularly reviewing community needs • Partnering with VWOs • Investing in community projects to support underprivileged youths and families
NGOs & Advocacy groups	• Meetings (regularly) • Conferences (regularly) • Sustainability Report (annually)	• Responsible business practices • Reducing environmental impact • Disclosing information about our sustainability performance	• Developed plans to set science-based carbon reduction targets • Supported the opening of GRI Regional Hub

APPENDIX

StarHub Value Creation Scorecard

Performance Indicators	FY2019	FY2018	FY2017
Environmental			
GHG emissions (tonnes CO_2e)	**61,063**	61,716	54,822
GHG emissions intensity (tonnes CO_2e per $million revenue)	**26.2**	26.1	22.8
Energy intensity (gigajoules per $million revenue)	**225**	219	195
Water consumption (cubic metres)	**21,783**	24,695	27,633
General waste (non-hazardous) (tonnes)	**35**	46	–
Internal e-waste recycled (tonnes)	**387**	213	242
Paper recycled (kilogrammes)	**8,910**	17,797	24,230
Electricity used (million kilowatt-hours)	**144.4**	141.6	128.0
Social			
Employees			
Permanent employees	**2,016**	2,216	2,541
Local employees (Singapore citizens)	**70%**	73%	75%
New hires	**450**	358	332
Female employees	**42%**	41%	42%
Female managers (% of Senior level)	**36%**	37%	36%
Female managers (% of Middle level)	**35%**	36%	36%
Female Heads of Department (% of HODs)	**37%**	36%	30%
Average training hours per employee	**14**	19	17
Training expenditure per employee ($)	**421**	618	994
Employee turnover rate[(1)]	**24%**	32%	20%
Number of reported work injuries	**3**	1	0
Fatal accidents	**0**	0	0
Community			
Employee volunteerism participation	**7%**	3%	7%
Community investment and donations to charities ($million)	**1.0**	0.8	0.7
Governance & Marketplace			
Revenue ($million)	**2,331**	2,362	2,401
Net profit ($million)	**179**	201	250
Dividends paid to shareholders ($million)	**186**	277	294
Suppliers			
Share of local suppliers as % of total supplier payments[(2)]	**93%**	86%	93%
Proportion of local suppliers[(2)]	**88%**	89%	84%

(1) Figures include voluntary and involuntary turnover, including all employees who left the company during the reporting period.

(2) Figures for all procurement spend during the reporting period, with or without PO, excluding those related to content acquisition. Suppliers are classified as local if the purchase is made from an entity located in Singapore.

(3) All financial information is reported based on Singapore dollars.

– indicates data not available

Membership and Associations in 2019

102-12, 102-13

As part of our stakeholder engagement efforts, we constantly look for opportunities to participate in relevant external initiatives and industry associations. In 2019, StarHub was actively involved with the following organisations:

Organisation
Advertising Standards Authority of Singapore
American Chamber of Commerce in Singapore
Asia Pacific Network Information Centre
Asia Video Industry Association
Association of Certified Fraud Examiners
Association of Chartered Certified Accountants
British Chamber of Commerce Singapore
Chartered Financial Analyst
Chartered Secretaries Institute of Singapore
Chartered Institute of Management Accountants
CONEXUS Mobile Alliance
Consumers Association of Singapore
Contact Centre Association of Singapore
CPA Australia
International Council of Electronic Commerce Consultants
Global Compact Network Singapore
Global Reporting Initiative (GRI) Regional ASEAN Hub-Founding Consortium
GSMA
Information Systems Audit and Control Association
Institution of Engineering and Technology
Institute of Singapore Chartered Accountants
Promax Asia
Project Management Institute
Singapore Academy of Law
Singapore Advanced Research & Education Network
Singapore Business Federation
Singapore Chinese Chamber of Commerce & Industry
Singapore Computer Society
Singapore Corporate Counsel Association
Singapore Hotel Association
Singapore Institute of Directors
Singapore Institute of Management
Singapore International Chamber of Commerce
Singapore National Employers' Federation
Wireless Broadband Alliance
Intelligent Transportation Society Singapore
SGTech – Smart Nation Chapter

Materiality Assessment

102-15, 102-46, 102-47

We followed the principle of materiality as set out in the GRI Standards, undertaking a five-stage approach.

Topic Identification:
Conducted desk-based research and a benchmarking exercise to identify any new topics that may have emerged since StarHub's latest materiality assessment in 2017. This stage filtered out topics that were not relevant and produced a list of 15 topics that were taken forward for prioritisation.

Topic Prioritisation:
Launched an internal and external stakeholder survey to prioritise (using the Likert scale of 1-5) and rank the list of 15 topics based on what are most important for StarHub to manage.

Interviews:
Conducted interviews with the Senior Leadership Team at StarHub and key external stakeholders to gather additional context and insights into the important issues facing StarHub and the industry.

Results Analysis:
Consolidated the information gathered and analysed the results to produce a preliminary matrix.

Validation:
Validated the materiality results with the Senior Leadership Team and Board of Directors.

During the materiality assessment, we aimed to get balanced views from representatives of our most important stakeholder groups, namely StarHub employees, enterprise customers, government/regulators, investors, media, NGOs and suppliers. In the future, we will continue to review our material topics on a regular basis.

Description and Boundary of StarHub's material sustainability topics
103-1

Topic	Description	Suppliers	Infrastructure	Operations	Products	Customers
Environmental						
Climate Change Adaptation	Building our business and infrastructure resilience against the impact of climate change, including physical and regulatory risks.	X	X	X	X	
Energy and GHG Emissions	Improving energy efficiency within our operations, increasing the use of renewable energy and reducing our GHG emissions.	X	X	X	X	
Waste Management	Enabling the reduction, reuse and recycling of waste, especially e-waste, within our operations and the community.	X	X	X	X	X
Water Use	Reducing the amount of water consumed in our operations and improving water efficiency.		X	X		
Social						
Employee Health and Safety	Creating a work environment that promotes the health of our employees and ensures their safety.	X		X		
Investing in Local Communities	Investing in the communities where we operate, particularly in supporting disadvantaged groups in the areas of digital inclusion and employability.			X		X
Talent Management	Attracting highly-skilled individuals, engaging our employees and providing training and development opportunities to build a high-performing organisation.			X		
Workplace Equality, Diversity and Inclusion	Promoting a culture of diversity and equal opportunity, free from discrimination on the basis of age, race, gender identity, sexual orientation, disability, religion, family or marital status.			X		

Topic	Description	Suppliers	Infrastructure	Operations	Products	Customers
Governance & Marketplace						
Business Conduct and Ethics	Conducting our business activities responsibly, upholding the highest standards of ethics and integrity.	X		X		X
Cybersecurity and Data Privacy	Ensuring adequate systems and processes are put in place to prevent cyber breaches and leaks, respecting the rights to data privacy of our employees and customers.	X	X	X	X	X
Online Safety	Creating awareness and implementing measures to protect the safety of our online users, especially vulnerable groups such as children.					X
Product and Service Quality	Maintaining the highest level of product and service quality and reliability to establish trust and enhance customer experience.				X	
Public Health and Safety	Adhering to best-practice safety standards and regulations, while staying up-to-date with the latest research and findings on RF emissions risks.					X
Responsible Marketing and Selling	Marketing and advertising our products and services responsibly and ensuring clarity of our pricing and billing.			X		X
Supply Chain Management	Implementing responsible procurement practices and managing our supply chain impact through supplier engagement and collaboration.	X				

To the Directors of StarHub Ltd

Conclusion

We were engaged by the Board of Directors of StarHub Ltd (the Company) to provide limited assurance on the accompanying StarHub Sustainability Report 2019 for the year ended 31 December 2019 (the Report), as set on pages 94 to 131, and the selected Global Reporting Initiative Sustainability Reporting Standards disclosures (Selected GRI Disclosures) as identified below.

Based on the evidence we obtained from the procedures performed as described in the *Auditors' Responsibilities* section of our report, nothing has come to our attention that causes us to believe that:

(a) the Report has not described the sustainability practices on a comply-or-explain basis with reference to the following components as listed under Rule 711B of the Singapore Exchange's (SGX) Listing Manual;

- Material environmental, social and governance factors;
- Policies, practices and performance;
- Targets;
- Sustainability reporting framework; and
- Board statement;

(b) the Selected GRI Disclosures as identified in the table below, are not presented, in all material respects, in accordance with the relevant topic-specific disclosures requirements in the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards); and

(c) the Selected GRI Disclosures as identified in the table below, are not calculated, in all material respects, in accordance with the relevant topic-specific disclosures requirements in the GRI Standards.

Material topic	GRI Standards topic-specific disclosure		Selected GRI Disclosures
Energy	GRI 302-1 GRI 302-2	Energy consumption within the organisation and outside of the organisation	525,420 gigajoules (GJ)
	GRI 302-3	Energy intensity	225 GJ per $million revenue (including Exclusive Partners)
Water	GRI 303-1	Water withdrawal by source	21,783 cubic metres
Emissions	GRI 305-1	Direct (Scope 1) GHG emissions	1,688 tonnes CO_2e
	GRI 305-2	Energy indirect (Scope 2) GHG emissions (location-based)	60,256 tonnes CO_2e
	GRI 305-2	Energy indirect (Scope 2) GHG emissions (market-based)	59,062 tonnes CO_2e
	GRI 305-3	Other indirect (Scope 3) GHG emissions	313 tonnes CO_2e
	GRI 305-4	GHG emissions intensity	26.2 tonnes CO_2e per $million revenue
Effluents and Waste	GRI 306-2	Waste by type and disposal method	Internal e-waste recycled: 387 tonnes Paper recycled: 9 tonnes Non-hazardous general waste disposed: 35 tonnes
Employment	GRI 401-1	New employee hires and employee turnover	See tables below

Gender	Male	Female	Total
Number of new hires	273	177	450
Rate of new hires	22.4%	20.4%	21.6%
Number of turnover	290	217	507
Rate of turnover	23.8%	25.1%	24.3%

Age Group	<30	30-50	>50	Total
Number of new hires	198	235	17	450
Rate of new hires	60.9%	14.9%	9.2%	21.6%
Number of turnover	116	342	49	507
Rate of turnover	35.7%	21.7%	26.5%	24.3%

Material topic	GRI Standards topic-specific disclosure		Selected GRI Disclosures
Training and education	GRI 404-1	Average hours of training per year per employee	see table below
Workplace Equality, Diversity and Inclusion	GRI 405-1	Percentage of individuals within the organisation's governance bodies and overall employee profile in each of the following diversity categories: i. Gender ii. Age group iii. Other indicators of diversity (e.g. ethnic group)	see tables below
	GRI 405-2	Ratio of the basic salary and remuneration of women to men for each employee category	see table below

GRI 404-1:

	Male	Female
Senior Management	16.6	17.7
Middle Management	16.0	16.3
Function Employees	14.5	12.2
Overall	14.9	13.1

GRI 405-1:

Gender	Male	Female
Board	75%	25%
Senior Management	64%	36%
Middle Management	65%	35%
Function Employees	56%	44%
Overall Workforce (excl. Board)	58%	42%

Age Group	<30	30-50	>50
Board	0%	17%	83%
Senior Management	0%	70%	30%
Middle Management	1%	85%	14%
Function Employees	20%	73%	7%
Overall Workforce (excl. Board)	16%	76%	9%

Ethnic Group	Chinese	Malay	Indian	Others
Board	42%	0	16%	42%
Senior Management	80%	1%	5%	14%
Middle Management	83%	1%	10%	6%
Function Employees	68%	8%	7%	17%
Overall Workforce (excl. Board)	71%	6%	8%	15%

GRI 405-2:

Ratio of Base Salary	Female	Male
Senior Management	1.0	1.2
Middle Management	1.0	1.0
Function Employees	1.0	1.1
Overall Workforce (excl. Board)	1.0	1.1

Material topic	GRI Standards topic-specific disclosure		Selected GRI Disclosures	
Workplace Health and Safety	GRI 403-9	Work-related injuries and fatalities	**Work-related injuries and fatalities**	**2019**
			Workplace Fatalities	
			Number of Workplace Fatalities	0
			Accident Frequency Rate (AFR)	
			Number of Workplace Accidents	3
			AFR	0.7
			Accident Severity Rate (ASR)	
			Number of Man-days Lost	52
			ASR	13
			Workplace Injury Rate (WIR)	
			Number of Workplace Injuries	3
			WIR	144
			Occupational Disease	
			Number of Occupational Disease Cases	0
Procurement practices	GRI 204-1	Proportion of spending on local suppliers	Share of local suppliers as a percentage of total supplier payments: 93% Proportion of local suppliers as a percentage of total suppliers: 88%	

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Singapore Standard on Assurance Engagement 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (SSAE 3000). Our responsibilities are further described in the *Auditors' Responsibilities* section of our report.

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of Management

Management is responsible for:

– preparing and presenting the Report in accordance with the GRI Standards and Rule 711B of the SGX Listing Manual, and the information and assertions contained within it;

– determining StarHub's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues;

– establishing and maintaining appropriate internal control systems that enable the preparation and presentation of the Report and the selected GRI disclosures that are free from material misstatement, whether due to fraud or error;

– preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities; and

– ensuring that staff involved with the preparation and presentation of the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant reporting units.

The directors' responsibilities include overseeing the Company's sustainability reporting process.

Auditors' Responsibilities

Our responsibility is to carry out a limited assurance engagement in accordance with SSAE 3000 and to express a conclusion based on the work performed. SSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. The extent of our work performed depends on our professional judgement and our assessment of the engagement risk.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of StarHub's processes for determining the material issues for StarHub's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Visits to offices and data centres operating in Singapore selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Inquiries about the design and implementation of the systems and methods used to collect and report on the GRI Disclosures, including the aggregation of the reported information.
- Comparing the GRI Disclosures presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been appropriately included in the GRI Disclosures.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Restriction on use

This report has been prepared for the Directors of StarHub Ltd for the purpose of providing an assurance conclusion on the Report and Selected GRI Disclosures and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of StarHub Ltd, or for any other purpose than that for which it was prepared.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 March 2020

GRI Content Index

102-55

This report has been prepared in accordance with the GRI Standards: Core option. The table below presents our GRI content index, which specifies each of the GRI Standards used in the report with references to where the information can be found. Where we were not able to meet the GRI Standards reporting requirements, we have included our reasons for the omission in the table below.

GRI STANDARD DISCLOSURE	GRI DISCLOSURE	REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	**Organisational Profile**	
	102-1 Name of the organisation	StarHub Ltd
	102-2 Activities, brands, products, and services	16-17
	102-3 Location of headquarters	Singapore
	102-4 Location of operations	230
	102-5 Ownership and legal form	254-255
	102-6 Markets served	16-17, 199-201, 230
	102-7 Scale of the organisation	16-17, 42-47, 113
	102-8 Information on employees and other workers	113
	102-9 Supply chain	121
	102-10 Significant changes to the organisation and its supply chain	No significant changes
	102-11 Precautionary Principle or approach	88-91
	102-12 External initiatives	129
	102-13 Membership of associations	129
	Strategy	
	102-14 Statement from senior decision-maker	98
	102-15 Key impacts, risks, and opportunities	88-91, 100, 129
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	120
	102-17 Mechanisms for advice and concerns about ethics	120
	Governance	
	102-18 Governance structure	62, 104
	102-19 Delegating authority	
	102-20 Executive-level responsibility for economic, environmental, and social topics	

GRI STANDARD DISCLOSURE	GRI DISCLOSURE	REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	**Stakeholder Engagement**	
	102-40 List of stakeholder groups engaged	125-127
	102-41 Collective bargaining agreements	32% of our workforce are general members of SISEU.
	102-42 Identifying and selecting stakeholders	125
	102-43 Approach to stakeholder engagement	125-127
	102-44 Key topics and concerns raised	126.127
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	199-201
	102-46 Defining report content and topic Boundaries	130-131
	102-47 List of material topics	100, 130-131
	102-48 Restatements of information	No information was restated
	102-49 Changes in reporting	No changes in reporting
	102-50 Reporting period	96
	102-51 Date of most recent report	StarHub Sustainability Report 2018, published March 2019
	102-52 Reporting cycle	96
	102-53 Contact point for questions regarding the report	96
	102-54 Claims of reporting in accordance with the GRI Standards	96
	102-55 GRI content index	136-140
	102-56 External assurance	96, 132-135
TOPIC SPECIFIC DISCLOSURES		
ENVIRONMENTAL		
Climate Change Adaptation		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	107
	103-3 Evaluation of the management approach	107
Energy and GHG Emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	107-108
	103-3 Evaluation of the management approach	107-108
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	107-108
	302-2 Energy consumption outside of the organisation	107-108
	302-3 Energy intensity	107-108
	302-4 Reduction of energy consumption	107-108

GRI STANDARD DISCLOSURE	GRI DISCLOSURE	REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURE		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	108
	305-2 Energy indirect (Scope 2) GHG emissions	108
	305-3 Other indirect (Scope 3) GHG emissions	108
	305-4 GHG emissions intensity	108
Water Use		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	109
	103-3 Evaluation of the management approach	109
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	109
Waste Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	109
	103-3 Evaluation of the management approach	109
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	109 Organisational defaults of the waste disposal contractor was used in the determination of the waste disposal method
SOCIAL		
Talent Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	112
	103-3 Evaluation of the management approach	112
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	113 Data is not broken down by region since all employees are based in Singapore
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	112
	401-3 Parental leave	112
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	113

GRI STANDARD DISCLOSURE	GRI DISCLOSURE	REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURE		
Workplace Equality, Diversity and Inclusion		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	114
	103-3 Evaluation of the management approach	114
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	113-114
	405-2 Ratio of basic salary and remuneration of women to men	113
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	114
Employee Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	115
	103-3 Evaluation of the management approach	115
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	115 Omission: Occupational Health and Safety data for contractors are not currently tracked by StarHub. We aim to begin tracking this data in the future
Investing in Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	130
	103-2 The management approach and its components	116-119
	103-3 Evaluation of the management approach	116-119
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	116-119
GOVERNANCE AND MARKETPLACE		
Business Conduct and Ethics		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	131
	103-2 The management approach and its components	120
	103-3 Evaluation of the management approach	120
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	120
GRI 206: Anti-competitive Behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	120

GRI STANDARD DISCLOSURE	GRI DISCLOSURE	REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURE		
Supply Chain Management		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	131
	103-2 The management approach and its components	121
	103-3 Evaluation of the management approach	121
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	121
Online Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	131
	103-2 The management approach and its components	121
	103-3 Evaluation of the management approach	121
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	121
Public Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	131
	103-2 The management approach and its components	122
	103-3 Evaluation of the management approach	122
Cybersecurity and Data Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	131
	103-2 The management approach and its components	122
	103-3 Evaluation of the management approach	122
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	122
Responsible Marketing and Selling		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	131
	103-2 The management approach and its components	123
	103-3 Evaluation of the management approach	123
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	123
Product and Service Quality		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	131
	103-2 The management approach and its components	124-125
	103-3 Evaluation of the management approach	124-125

FINANCIAL STATEMENTS 2019

FINANCIAL CONTENTS

142 Directors' Statement
150 Independent Auditors' Report
158 Statements of Financial Position
159 Consolidated Income Statement
160 Consolidated Statement of Comprehensive Income
161 Statements of Changes in Equity
167 Consolidated Cash Flow Statement
168 Notes to the Financial Statements

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 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.

<table>
<tr><td colspan="2">Revenue recognition ($2,330.6 million)
(Refer to note 3.11 ‘Significant accounting policies’ and note 24 ‘Revenue’)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>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.</td><td>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.</td></tr>
<tr><td colspan="2">Findings
We found that there are processes in place to capture revenue for financial reporting.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT (continued)

MEMBERS OF THE COMPANY
STARHUB LTD

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.

INDEPENDENT AUDITORS' REPORT (continued)

MEMBERS OF THE COMPANY
STARHUB LTD

<table>
<tr><td colspan="2">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')</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>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.</td><td>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.</td></tr>
<tr><td colspan="2">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.</td></tr>
</table>

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Report other than the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we have obtained prior to the date of this auditors' report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

MEMBERS OF THE COMPANY
STARHUB LTD

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	
			(Restated)		
		2019	2018	2019	2018
	Note	$m	$m	$m	$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

		Group	
	Note	2019 $m	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 2019 $m	Group 2018 $m	Company 2019 $m	Company 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 %	Effective equity interest held by the Group 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

Current

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.

Non-current

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

	2019		2018	
Group and 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.

22 RESERVES

	Group		Company	
	2019 $m	**(Restated) 2018 $m**	**2019 $m**	**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

INTERESTED PERSON TRANSACTIONS AND MATERIAL CONTRACTS

(PURSUANT TO SGX-ST LISTING MANUAL RULE 907 AND RULE 1207(8))

	Nature of relationship	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) 1 January 2019 to 31 December 2019 S$m	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) 1 January 2019 to 31 December 2019 S$m
Transactions for the Sale of Goods & Services			
CapitaLand Limited & its associates	Associates of StarHub Ltd's controlling shareholder	0.2	–
SembCorp Industries Ltd & its associates		0.9	–
Singapore Technologies Telemedia Pte Ltd & its associates		35.4	–
Singapore Airlines Limited & its associates		2.5	–
Singapore Power Limited & its associates		1.2	–
Singapore Telecommunications Limited & its associates		17.0	–
Singapore Technologies Engineering Ltd & its associates		0.4	–
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	5.9	–
		63.5	–
Transactions for the Purchase of Goods & Services			
Mapletree Industrial Trust & its associates	Associates of StarHub Ltd's controlling shareholder	10.2	–
SembCorp Industries Ltd & its associates		14.8	–
Singapore Technologies Engineering Ltd & its associates		0.5	–
Singapore Telecommunications Limited & its associates		59.4	–
Singapore Technologies Telemedia Pte Ltd & its associates		48.2	–
Temasek Holdings (Private) Limited and its associates (other than those disclosed above)	Controlling shareholder of StarHub Ltd and its associates	9.3	–
		142.3	
Sale of Business and Subscription of Preference Shares			
Keele Investments Pte. Ltd. and Ensign InfoSecurity Pte. Ltd.	Associates of StarHub Ltd's controlling shareholder	–	145.0
		–	145.0

During the financial year ended 31 December 2019, there were no material contracts entered into by StarHub Ltd or any of its subsidiaries involving the interests of the Chief Executive, any Director or controlling shareholder.

SHAREHOLDING INFORMATION

AS AT 9 MARCH 2020

Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Total number of issued shares excluding treasury shares	:	1,730,516,827
Total number of treasury shares held	:	1,134,616
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	:	0.07
Total number of subsidiary holdings (as defined in the SGX-ST Listing Manual)	:	Nil

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 - 99	229	0.85	10,103	0.00
100 - 1,000	4,489	16.66	3,549,125	0.21
1,001 - 10,000	17,011	63.15	77,989,897	4.50
10,001 - 1,000,000	5,181	19.23	196,529,231	11.35
1,000,001 and above	29	0.11	1,453,573,087	83.94
Total	26,939	100.00	1,731,651,443	100.00

SUBSTANTIAL SHAREHOLDERS

	Number of shares		
Name	Direct interest	Deemed interest	% of issued share capital[5]
Temasek Holdings (Private) Limited	-	974,529,075[1]	56.31
Singapore Technologies Telemedia Pte Ltd	-	965,845,290[2]	55.81
STT Communications Ltd	-	965,845,290[2]	55.81
Asia Mobile Holding Company Pte. Ltd.	-	965,845,290[2]	55.81
Asia Mobile Holdings Pte. Ltd.	965,845,290	-	55.81
Ooredoo Q.P.S.C.	-	965,845,290[3]	55.81
OIH Investment LLC	-	965,845,290[3]	55.81
Nippon Telegraph and Telephone Corporation	-	171,490,520[4]	9.91
NTT Communications Corporation	171,490,520	-	9.91

Notes:

(1) Temasek Holdings (Private) Limited (Temasek) is deemed to have an interest in 974,529,075 shares of StarHub in which Singapore Technologies Telemedia Pte Ltd (ST Telemedia) group and other associated companies of Temasek have direct or deemed interests.

(2) ST Telemedia is deemed to have an interest in 965,845,290 shares of StarHub held by Asia Mobile Holdings Pte. Ltd. (AMH), a subsidiary of Asia Mobile Holding Company Pte. Ltd. (AMHC), which is in turn a wholly-owned subsidiary of STT Communications Ltd, a wholly-owned subsidiary of ST Telemedia. AMHC holds approximately 75% of the total issued share capital of AMH.

(3) OIH Investment LLC (OIH) and Ooredoo Q.P.S.C. (Ooredoo) (formerly known as Ooredoo Q.S.C.) are deemed to have an interest in 965,845,290 shares of StarHub held by AMH. OIH holds approximately 25% of the total issued share capital of AMH. OIH is a wholly-owned subsidiary of Ooredoo.

(4) Nippon Telegraph and Telephone Corporation (NTT) is deemed to have an interest in 171,490,520 shares of StarHub held by NTT Communications Corporation, a wholly-owned subsidiary of NTT.

(5) The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

SHAREHOLDING INFORMATION

AS AT 9 MARCH 2020

TWENTY LARGEST SHAREHOLDERS

No.	Name of shareholder	No. of shares held	% of issued share capital[(1)]
1	Asia Mobile Holdings Pte. Ltd.	965,845,290	55.81
2	NTT Communications Corporation	171,490,520	9.91
3	Citibank Nominees Singapore Pte Ltd	97,066,126	5.61
4	DBS Nominees (Private) Limited	71,104,608	4.11
5	DBSN Services Pte Ltd	22,982,385	1.33
6	Raffles Nominees (Pte) Limited	21,007,486	1.21
7	HSBC (Singapore) Nominees Pte Ltd	16,106,382	0.93
8	Oh Yung Hsing Andrew (Hu Rongxin Andrew)	10,653,000	0.62
9	United Overseas Bank Nominees (Private) Limited	9,988,255	0.58
10	OCBC Securities Private Limited	9,183,643	0.53
11	OCBC Nominees Singapore Private Limited	8,371,309	0.48
12	Phillip Securities Pte Ltd	8,140,958	0.47
13	UOB Kay Hian Private Limited	4,488,690	0.26
14	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,332,452	0.25
15	Maybank Kim Eng Securities Pte. Ltd.	4,100,020	0.24
16	Chen Chun Nan	3,850,000	0.22
17	Yeo Kok Pin	3,544,000	0.20
18	Choo Piang Wong	3,320,000	0.19
19	Merrill Lynch (Singapore) Pte. Ltd.	2,688,452	0.16
20	BPSS Nominees Singapore (Pte.) Ltd.	2,584,717	0.15
Total		1,440,848,293	83.26

(1) The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

SHAREHOLDING HELD IN HANDS OF THE PUBLIC

Based on the information available to StarHub as at 9 March 2020, approximately 33.66% of the total number of issued shares (excluding treasury shares) of StarHub is held by the public. Accordingly, Rule 723 of the SGX-ST Listing Manual is complied with.

This page has been intentionally left blank.

STARHUB LTD
Reg. No.: 199802208C
67 Ubi Avenue 1, #05-01 StarHub Green,
Singapore 408942

T 6825 5000
F 6721 5000

www.starhub.com

Printed with Soy Ink

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C104136