IMPORTANT NOTICE

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

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

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

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

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

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

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

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

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

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

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STARHUB LTD

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

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

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by StarHub Ltd (the "**Issuer**" or "**StarHub**" and together with its subsidiaries, the "**StarHub Group**") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

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

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

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

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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

Arranger

DBS

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NOTICE

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

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

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

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

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

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

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the U.S. and include Securities in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

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

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

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

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

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

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Securities set out in the section "Subscription, Purchase and Distribution" on pages 169 and 170 of this Information Memorandum.

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent.

CORPORATE INFORMATION

Board of Directors	:	Steven Terrell Clontz (Chairman) Tan Tong Hai (Chief Executive Officer ("**CEO**")) Paul Ma Kah Woh Nihal Vijaya Devadas Kaviratne CBE Rachel Eng Yaag Ngee Teo Ek Tor Stephen Geoffrey Miller Lim Ming Seong Liu Chee Ming Nasser Marafih Takeshi Kazami
Company Secretaries	:	Veronica Lai Kwai-Yi Kong Pooi Foong
Registered Office	:	67 Ubi Avenue 1 #05-01 StarHub Green Singapore 408942
Auditors to the Issuer	:	KPMG LLP Public Accountants and Chartered Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Share Registrar	:	M & C Services Private Limited 112 Robinson Road #05-01 Singapore 068902
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Solicitors to the Arranger and the Trustee	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Solicitors to the Issuer	:	Allen and Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

Issuing and Paying Agent, Registrar, Transfer Agent and Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Securityholders	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

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

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled in accordance with the terms and conditions of the Notes (the "**Conditions of the Notes**"), each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period (as defined in the Trust Deed) or Zero-Coupon Note)) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the Floating Rate Period (as defined in the Trust Deed))).

Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s) at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero-Coupon Notes	:	Zero-Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
Custody of the Notes	:	Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary.
Status of the Notes	:	The Notes and Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchases	:	If so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.

Negative Pledge	:	So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not itself, and will not permit any Principal Subsidiary (as defined in the Conditions of the Notes) to create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues, whether tangible or intangible, real or personal (including any uncalled capital), to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto providing to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders. "**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.
Financial Covenants	:	The Trust Deed provides that so long as any of the Notes remains outstanding, the Issuer will ensure that as of each Test Date, the ratio of Total Net Debt to EBITDA will not be more than 4 to 1. For the purposes of the "Financial Covenants" provision: "**Cash**" means, at any time, cash on hand and demand deposits credited to an account in the name of any member of the StarHub Group with a licensed financial institution and to which that member of the StarHub Group is alone beneficially entitled, which is (a) not subject to a mortgage, charge, pledge, lien or any other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect, and (b) denominated and payable in a readily transferable and readily convertible currency; "**Cash Equivalent Investments**" means short term highly liquid investments (excluding equity investments) which are readily convertible into cash; "**EBITDA**" means, in relation to any Test Date, the total consolidated profit of the StarHub Group for the Reference Period relating to that Test Date: (a) before taking into account for that Reference Period: (i) Interest Expense; (ii) Taxes;

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

(iv) extraordinary and exceptional items;

(b) after excluding, to the extent included:

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

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

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

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

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

(a) moneys borrowed;

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

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

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

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

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

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

(h) shares which are expressed to be redeemable;

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

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

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

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

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

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

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

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

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

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

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

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

PERPETUAL SECURITIES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.
No Fixed Maturity	:	Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the terms and conditions of the Perpetual Securities (the "**Conditions of the Perpetual Securities**").
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at a fixed or floating rate.

Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five (5) business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. If a Dividend Pusher is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the "Reference Period" (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred: (a) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Junior Obligations (as defined in the Conditions of the Perpetual Securities) or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations (as defined in the Conditions of the Perpetual Securities); or

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

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

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

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

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

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

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

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

Form and Denomination of the Perpetual Securities	:	The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.
Custody of the Perpetual Securities	:	Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary.
Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer.

Subordination of the Subordinated Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal, distribution and any other amounts in respect of the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the claims of the Subordinated Perpetual Securities and in priority to (i) the other subordinated obligations of the Issuer that are expressed by their terms to rank junior to the claims of the holders of the Subordinated Perpetual Securities, and (ii) the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.
Set-off in relation to the Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under, or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount on trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

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

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

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

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

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

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

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

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

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

Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued. Upon the expiry of any such notice as is referred to in Condition 5(f) of the Perpetual Securities, the Issuer shall be bound to redeem the Perpetual Securities in accordance with Condition 5(f) of the Perpetual Securities.
Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for winding-up is limited to circumstances where payment of principal, distribution and any other amounts in respect of the Perpetual Securities has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (i) an order is made, an effective resolution is passed or, as the case may be, an application is made by the Issuer or any of its Principal Subsidiaries, for the winding-up of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of more than seven business days, the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Taxation	:	All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section "Singapore Taxation" herein.

Listing	:	Each Series of Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
Governing Law	:	The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

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

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

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

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

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

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

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

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

(b) Title

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

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

*For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions*

*"**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date.*

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

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

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

2. NO EXCHANGE OF NOTES AND TRANSFER OF REGISTERED NOTES

(a) No Exchange of Notes

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

(b) Transfer of Registered Notes

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

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

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

(d) Delivery of New Certificates

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

(e) Transfers Free of Charge

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

(f) Closed Periods

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

3. STATUS

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

4. NEGATIVE PLEDGE, FINANCIAL AND OTHER COVENANTS

(a) Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not itself, and will not permit any Principal Subsidiary (as defined below) to, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues, whether tangible or intangible, real or personal (including any uncalled capital), to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto providing to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant

Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

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

(b) Financial Covenant

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

5. RATE OF INTEREST

(I) INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

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

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

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day, and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day, or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest – Floating Rate Notes

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

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

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

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

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

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

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

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

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for

Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

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

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

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

(C) if on any Interest Determination Date, the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore Dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

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

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

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

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

and as adjusted by the Spread (if any);

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

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

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

(c) <u>Rate of Interest – Variable Rate Notes</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Minimum Rate of Interest

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

(e) Definitions

As used in these Conditions:

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

"**business day**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) INTEREST ON HYBRID NOTES

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

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

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

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

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

(c) Floating Rate Period

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

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

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

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

(IV) ZERO-COUPON NOTES

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

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

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

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

(b) Notification

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

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

6. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

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

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

(b) Redemption at Option of Noteholder

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

(c) Redemption at Option of the Issuer

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

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

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

(d) Purchase at the Option of the Issuer

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

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

(e) Purchase at the Option of Noteholders

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

Issuing and Paying Agent, or (in the case of Registered Notes) surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(f) Redemption for Taxation Reasons

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

(g) Purchases

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

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

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

(h) Early Redemption of Zero-Coupon Notes

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

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

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

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

(i) Cancellation

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

7. PAYMENTS

(a) Principal and Interest in respect of Bearer Notes

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

(b) Principal and Interest in respect of Registered Notes

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

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

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

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

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

(e) Unmatured Coupons and unexchanged Talons

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

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

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

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

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

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

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

8. TAXATION

(a) Payment after Withholding

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

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

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

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

(b) Interpretation

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

9. PRESCRIPTION

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

10. EVENTS OF DEFAULT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In these Conditions,

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

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

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

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

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

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

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

11. ENFORCEMENT

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

12. MEETING OF NOTEHOLDERS AND MODIFICATIONS

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

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

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

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

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

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

13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

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

14. FURTHER ISSUES

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

15. PROVISIONS RELATING TO THE TRUSTEE

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

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

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

16. NOTICES

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

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

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

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

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

17. GOVERNING LAW

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

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

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

ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

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

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

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

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

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

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

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

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

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

(b) Title

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

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

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

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

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

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

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

(a) No Exchange of Perpetual Securities

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

(b) Transfer of Registered Perpetual Securities

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

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

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

(d) Delivery of New Certificates

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

(e) Transfers Free of Charge

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

(f) Closed Periods

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

3. STATUS

(a) Senior Perpetual Securities

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

(b) Subordinated Perpetual Securities

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

(i) Status of Subordinated Perpetual Securities

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

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

(ii) Ranking of claims on winding-up

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

(iii) No set-off

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

4. DISTRIBUTION AND OTHER CALCULATIONS

(I) DISTRIBUTION ON FIXED RATE PERPETUAL SECURITIES

(a) Distribution Rate and Accrual

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

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

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

(b) Distribution Rate

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

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

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

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

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

For the purposes of these Conditions:

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

"**Swap Offer Rate**" means:

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

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

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

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

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

(c) Calculation of Reset Distribution Rate

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

(d) Publication of Relevant Reset Distribution Rate

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

(e) Determination or Calculation by Trustee

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

(f) Calculations in relation to Fixed Rate Perpetual Securities

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

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

(II) DISTRIBUTION ON FLOATING RATE PERPETUAL SECURITIES

(a) Distribution Payment Dates

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

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

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

(b) Rate of Distribution – Floating Rate Perpetual Securities

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

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

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

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

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

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

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

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

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

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

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

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

(C) if on any Distribution Determination Date, the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore Dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

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

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

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

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

and as adjusted by the Spread (if any);

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

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

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

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

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

(c) Definitions

As used in these Conditions:

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

"**business day**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) CALCULATIONS

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

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

(b) Notification

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

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

(IV) DISTRIBUTION DISCRETION

(a) Optional Payment

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

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

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

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

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

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

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

(b) No obligation to pay

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

(c) Non-Cumulative Deferral and Cumulative Deferral

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

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

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

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

(d) Distribution Stopper

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

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

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

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

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

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

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

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

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

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

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

(f) No default

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

5. REDEMPTION AND PURCHASE

(a) No Fixed Redemption Date

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

(b) Redemption at the Option of the Issuer

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

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

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

(c) Redemption for Taxation Reasons

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

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

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

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

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

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

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

(d) Redemption for Accounting Reasons

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

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

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

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

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

(e) Redemption for Tax Deductibility

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

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

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

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

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

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

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

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

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

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

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

(f) Redemption in the case of Minimal Outstanding Amount

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

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

(g) Purchases

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

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

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

(h) Cancellation

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

6. PAYMENTS

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

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

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

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

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

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

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

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

(e) Unmatured Coupons and unexchanged Talons

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

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

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

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

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

(f) Talons

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

(g) Non-business days

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

7. TAXATION

(a) Payment after Withholding

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

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

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

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

(b) Interpretation

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

8. PRESCRIPTION

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

9. NON-PAYMENT

(a) Non-payment when due

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

(b) Proceedings for Winding-Up

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

(c) Enforcement

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

(d) Entitlement of Trustee

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

(e) Right of Perpetual Securityholders or Couponholder

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

(f) Extent of Perpetual Securityholders' remedy

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

10. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS

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

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

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

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

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

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

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

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

12. FURTHER ISSUES

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

13. PROVISIONS RELATING TO THE TRUSTEE

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

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

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

14. NOTICES

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

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

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

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

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

15. GOVERNING LAW

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

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

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

ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

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

RISK FACTORS

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

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

LIMITATIONS OF THIS INFORMATION MEMORANDUM

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

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

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

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

RISKS RELATING TO THE STARHUB GROUP

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

Changes in domestic, regional and global economic conditions may have a material adverse effect on the demand for info-communication and related services and hence, on the financial performance and operations of the StarHub Group. For example, any further dislocations, liquidity disruptions or market corrections occurring in the global credit and equity markets and other related events may have a significant impact on the global credit and financial markets and economic growth as a whole, and consequently, consumer and business demand for info-communication and related services.

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

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

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

In Singapore, the Info-communications Media Development Authority of Singapore (the "**IMDA**") has implemented the Next Generation Nationwide Broadband Network (the "**Next Gen NBN**"), allowing the benefits of the Next Gen NBN to be available to all industry players. The introduction of the Next Gen NBN has significantly altered the cost model of the industry, and has increased competition in the market. Competitive pressures from the Next Gen NBN may continue, and may make it more difficult for the StarHub Group to supply services based on its existing hybrid fibre co-axial ("**HFC**") network.

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

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

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

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

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

On 1 June 2016, the IMDA announced the new 4G Quality of Service ("**QOS**") standards for compliance to ensure mobile phone users experience an acceptable level of service quality in Singapore. These standards are imposed on the MNOs who are providing 4G services. Under the new standards, MNOs are required to ensure that their 4G networks cover at least 95% of outdoor areas starting July 2016. The 4G coverage requirement for outdoor areas will be increased to 99% from July 2017.

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

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

- The IMDA may choose to impose new obligations in regard to network coverage and reliability, and these obligations may apply to the networks operated by the StarHub Group.

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

- The Government has also indicated that it intends to implement additional legislation in relation to the cyber security obligations on Critical Infocomms Infrastructure providers, which may or may not impact the StarHub Group.

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

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

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

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

The info-communication market in Singapore is highly competitive and characterised by high penetration rates. The StarHub Group currently competes with other operators to attract and retain customers for its businesses.

Competition has increased with the deployment of the Next Gen NBN and the StarHub Group also faces competition from other operators in its provision of pay TV services in Singapore, including from the Internet Protocol Television ("**IPTV**") service provided by Singapore Telecommunications Limited ("**Singtel**") and Over The Top ("**OTT**") service providers. Competition in the pay TV market has intensified, with new players entering the market with competitive pricing packages. Such competition could place downward pressure on the StarHub Group's prices, market share, and customer numbers.

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

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

The IMDA may grant licences to additional info-communication operators that may compete with the StarHub Group. These new licensees may introduce additional telecommunications competitors or new pay TV or broadband ISPs. The StarHub Group may also be subject to competition from providers of new info-communication services as a result of technological development, evolving industry standards and the convergence of various info-communication services. Competition may also increase as a result of industry restructuring and the introduction of new operators.

Competitors of the StarHub Group may seek to offer bundled services with their other info-communication services which may compete directly with the StarHub Group's products and services. Such competitors may also enter into global or regional alliances which may give them a competitive advantage through greater access to a broader range of product offerings, increased leverage with suppliers and more competitive subscription agreements. They may also have significantly greater financial and marketing resources and, if successful, may erode the StarHub Group's market value.

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

The StarHub Group is exposed to information technology and cybersecurity risks

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

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

The StarHub Group is dependent on interconnection with its competitors' networks (including, Singtel, which is classified as a "Dominant Operator" by the IMDA) and associated infrastructure for the successful operation of its business. The StarHub Group has interconnection agreements with Singtel, NetLink Trust ("**NLT**") as well as other third-party operators. Singtel is currently required to provide interconnection services to the StarHub Group by the IMDA. There can be no assurance that the renewal of these interconnection agreements will be on similar terms as the existing interconnection agreements. If for any reason these interconnection arrangements were disrupted, whether because of accidents, technological difficulties, natural events, a failure by any of the StarHub Group's counter-parties to perform its contractual obligations or for any other reason, one or more of its services may be delayed, interrupted or stopped, the quality of its services may be adversely affected, its customer churn rates may increase or interconnection rates may increase, all of which could materially adversely affect its revenue and profitability.

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

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

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

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

The StarHub Group faces infrastructure risks

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

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

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

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

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

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

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

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

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

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

Expected benefits from investments and strategies may not be realised

The StarHub Group has made a strategic decision to invest significantly in handset subsidies to encourage more customers to use its mobile data services, which resulted in higher acquisition costs. In addition, it has as a consequence of higher mobile data demands, upgraded its network to support larger volumes of data traffic.

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

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

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

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

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

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

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

- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- devaluation of regional currencies;
- a prolonged period of deflation or inflation or circumstances leading to high real interest rates;
- changes in taxation;
- political instability in countries in the region;
- war, military conflict or acts of terrorism;

- health epidemics, such as the Severe Acute Respiratory Syndrome and Avian influenza; and
- other regulatory, political or economic developments in or affecting Singapore.

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

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

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

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

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

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

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

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

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

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

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

StarHub is majority-owned by a single shareholder

As of 31 March 2017, Temasek Holdings (Private) Limited ("**Temasek**") is deemed to have a 56.53% interest in the shares of StarHub. Temasek is wholly-owned by the Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore. No assurance can be given that Temasek's objectives will not conflict with StarHub's business goals and objectives or that any such conflict will not have an adverse effect on the financial condition and results of operations of the StarHub Group. Temasek also holds interests in certain companies which hold licences to operate telecommunications services in Singapore and which compete with the StarHub Group, including Singtel and M1.

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

Conflicts of interest

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

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

Concerns have been expressed relating to possible adverse health consequences associated with the operation of mobile communications devices due to potential exposure to electromagnetic energy.

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

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

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

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

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

RISKS RELATING TO THE SECURITIES GENERALLY

The Securities may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal, interest or distribution payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets;

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

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

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

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

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

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

Modification and waiver

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

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

Change of law

The Conditions of the Securities are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of this Information Memorandum.

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

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

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

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Similarly, holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the respective Global Securities or Global Certificates to take enforcement action against the Issuer in the event of a default under the relevant Securities but will have to rely upon their rights under the Trust Deed.

Limited liquidity of the Securities issued under the Programme

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

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

Fluctuation of market value of the Securities issued under the Programme

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

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

Interest rate risk

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

Inflation risk

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

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

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

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

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

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

Credit ratings may not reflect all risks

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

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

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

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

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

Risk of structural subordination of the Securities

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

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

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

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

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

RISKS RELATING TO THE NOTES

Noteholders are exposed to financial risk

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

Singapore tax risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and the MAS Circular FSD Cir 02/2013 titled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Notes subject to optional redemption may have a lower market value than Notes that cannot be redeemed

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer elects to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable Rate Notes with a multiplier or other leverage factor

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

Fixed/Floating Rate Notes

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

RISKS RELATING TO THE PERPETUAL SECURITIES

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

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

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

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

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

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

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

There are limited remedies for default under the Perpetual Securities

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

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

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

The Subordinated Perpetual Securities are subordinated obligations

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

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

Tax treatment of the Perpetual Securities is unclear

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

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

THE ISSUER

(A) HISTORY AND BACKGROUND

StarHub was incorporated with limited liability in the Republic of Singapore ("**Singapore**") on 7 May 1998 and listed on the SGX-ST on 13 October 2004.

StarHub is a component stock on the FTSE STI and the MSCI Singapore Free Index. As of 31 March 2017, StarHub's market capitalisation (excluding treasury shares) was approximately S$5.0 billion.

The StarHub Group is a fully-integrated info-communication and entertainment service provider based in Singapore. The StarHub Group offers a wide range of information, telecommunication and entertainment services to both the consumer and business markets in Singapore. It is a pioneer in the innovative Hubbing concept and is uniquely positioned in Singapore to deliver bundled, integrated and convergent info-communication and entertainment services to its customers. The StarHub Group operates a Long Term Evolution ("**LTE**") advanced ("**LTE-Advanced**") mobile network and an islandwide HFC network that delivers multi-channel standard definition ("**SD**") and high definition ("**HD**") cable TV services, as well as ultra-high speed residential broadband services. As of 31 March 2017, it also operates an extensive 6,000 fibre kilometres of optic fibre fixed network that connects approximately 1,600 commercial buildings in Singapore to provide a wide range of data, voice and wholesale services to corporate businesses and enterprises.

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

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

In 1999 and 2002, the StarHub Group acquired CyberWay Pte Ltd (now known as StarHub Internet Pte Ltd), and StarHub Cable Vision Ltd. (formerly known as Singapore Cable Vision Limited) ("**SCV**") respectively. These strategic acquisitions enabled the StarHub Group to add Internet, cable broadband and pay TV services to its mobile and fixed telecommunication services, making it the first "quadruple-play" (the service offering of mobile, pay TV, broadband and fixed services) in the Singapore telecommunication and media space.

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

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

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

In 2007, the StarHub Group launched its two-way high-speed packet access ("**HSPA**") service mobile network nationwide.

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

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

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

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

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

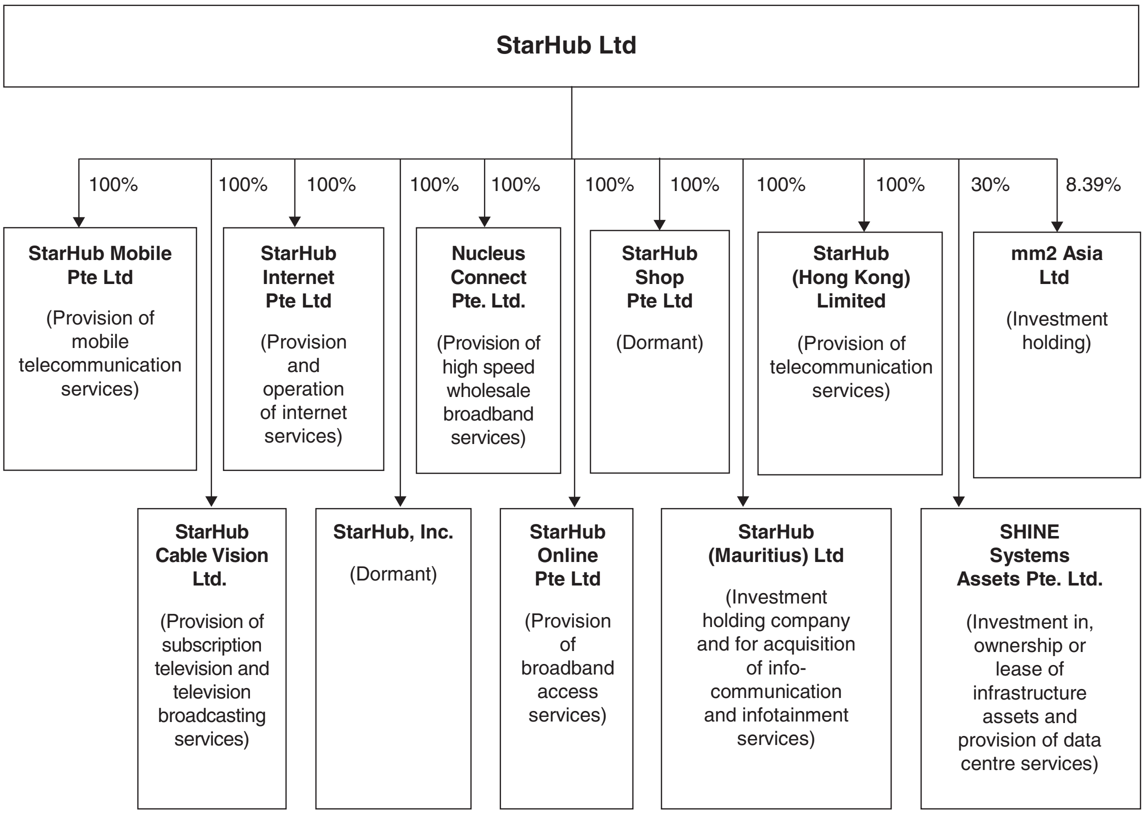
In March 2013, the StarHub Group offered its IPTV service to commercial customers. Known as "StarHub TV on Fibre", it offers businesses access to crystal clear HD content.

In 2014, the StarHub Group offered a market first – an integrated broadband plan combining two high-speed broadband technologies, namely cable and fibre, in a single plan ("**Dual Broadband**"). This plan allows customers wide and reliable in-home coverage.

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

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

Corporate Legal Structure (as of 31 March 2017)



On 10 June 2016, StarHub completed the subscription of an aggregate of 44,000,000 new ordinary shares in the capital of mm2 Asia Ltd. ("**mm2**"), a Singapore-incorporated company listed on the Catalist board of the SGX-ST, representing approximately 8.81% of mm2's issued and paid-up share capital as of 10 June 2016. Pursuant to a share split by mm2 of every one existing ordinary share in the capital of mm2 into two ordinary shares in the capital of mm2, with effect from 14 October 2016, the total number of ordinary shares in the capital of mm2 held by StarHub increased from 44,000,000 shares to 88,000,000 shares, representing approximately 8.39% of mm2's issued and paid-up share capital as of 14 October 2016.

Shareholders

As of 31 March 2017, the immediate holding company of StarHub is Asia Mobile Holdings Pte. Ltd. ("**AMH**"), which holds 55.87 per cent. of StarHub's issued share capital. Ooredoo Q.S.C. ("**Ooredoo**") has a 25 per cent. stake in AMH. AMH is a subsidiary of Asia Mobile Holding Company Pte. Ltd., which in turn is a wholly-owned subsidiary of STT Communications Ltd. STT Communications Ltd is a wholly-owned subsidiary of ST Telemedia, which in turn is a wholly-owned subsidiary of Temasek.

Temasek is the ultimate holding company of StarHub, and is deemed to have an interest in the shares of StarHub in which a subsidiary and other associated companies of Temasek have or are deemed to have an interest. As of 31 March 2017, Temasek is deemed to have a 56.53 per cent. interest in the shares of StarHub.

(B) PRINCIPAL BUSINESS GROUPS AND ACTIVITIES

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

(1) Enterprise Business Group

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

Enterprise Business Group

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

The EBG strategy is built upon digitising enterprises and business networks for its clients, through its current range of core products under Enterprise Fixed services and an enlarging spectrum of IT services and solutions including IT managed services, digital platforms and key industry solutions.

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

(i) Domestic Data

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

(ii) Domestic Voice

The StarHub Group provides a wide range of voice communication offerings, from high-quality IDD to wholesale transit delivery of international voice traffic, SIP and Unified Communication and Collaboration services. These includes hosted IPTEL, Call Center and Compliance Mobile Recording ("**CMR**") services. Other voice services include its "Audio and Multipoint Conferencing HD" services, including "Skype for Business" with the focus to deliver fixed mobile convergence ("**FMC**").

(iii) Managed Services, Cloud, Analytics and Security

Managed Services and Cloud Solutions: The StarHub Group partnered with Huawei, Microsoft and other technology partners to provide cloud computing services. This includes Infrastructure-as-a-Service, "Microsoft Office 365" productivity suite, Software-as-a-Service ("**SaaS**"), Device as a Service ("**DaaS**") and Software-as-a-Service Marketplace which allows users to manage and purchase SaaS applications (HRMS, Productivity, E-Commerce, CRM). Services purchased through this marketplace are provisioned in real-time on a streamline straight through processing platform. Managed services also includes network infrastructure, on-premise unified communication, systems and vertical hospitality solutions.

Analytics Services: The StarHub Group has also started leveraging on the data generated and collected from its networks, monetising them via big data analytics delivered through the SmartHub division.

Cyber Security: In 2016, the StarHub Group achieved another critical milestone when it setup the Cyber Security Operation Center of Excellence and Telco Centric Security Operation Centre to provide intelligent cyber threat services leveraging the Core network. The StarHub Group is able to build holistic Managed Security Services and to counter cyber attacks in partnership with other security technology partners. The StarHub Group has also built digital trust with the backing of its extensive range of security products, all designed to deliver seamless business outcomes.

Internet-of-things ("**IoT**"): The StarHub Group also provides managed solutions for IoT with specific focus in delivering solutions for "Connected Buildings", "Connected Vehicles" and "Connected Living". Working with best-of-breed partners, the StarHub Group enables Enterprises to leverage on IoT solutions to increase their efficiency and productivity riding on trusted network delivered by the StarHub Group.

(iv) International Connectivity and Voice Services

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

Enterprise Fixed services are currently the StarHub Group's second largest revenue contributor, making up 16.7 per cent. of the StarHub Group's total operating revenue in the financial year ended 31 December 2016 ("**FY 2016**"). Operating revenue from its Enterprise Fixed services increased by 3.9 per cent. to S$400.0 million in FY 2016 from S$384.9 million in the financial year ended 31 December 2015 ("**FY 2015**"). Total revenue from "Data and Internet" services, which made up 87.0 per cent. of the StarHub Group's Enterprise Fixed services revenue, increased by 4.9 per cent. to S$347.2 million in FY 2016 from S$331.1 million in FY 2015. Total revenue from "Voice" decreased by 1.8 per cent. to S$52.8 million in FY 2016 from S$53.8 million in FY 2015.

Business Division

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

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

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

Wholesale Division

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

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

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

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

(2) Consumer Business Group

The Consumer Business Group ("**CBG**") provides retail consumers with mobile, pay TV and broadband services.

The CBG falls under the purview of the Chief Marketing Officer ("**CMO**"). The CMO is instrumental in charting the StarHub Group's brand and product marketing strategies, ensuring overall marketing synergy and brand development across all product lines in the consumer segment. Customer value management also falls under his care. In addition, he oversees the Mobility, Pay TV and Broadband businesses as well as StarHub's Content and Local Production teams.

Mobility (Mobile Services)

The StarHub Group is currently the second largest mobile operator in Singapore. As of 31 December 2016, the StarHub Group's mobile customer base included approximately 2,307,000 customers, representing a market share of approximately 27.4 per cent. Its mobile business contributed 50.7 per cent. of the StarHub Group's revenue in FY 2016.

The StarHub Group provides a wide array of mobile telephony services to its customers in Singapore, including "Voice" (i.e. calls), "Short Message Service" ("**SMS**"), international roaming and data services (such as mobile broadband connectivity which allows users to surf the Internet, access their e-mail accounts or stream videos) and a wide range of value-added entertainment and information services. The StarHub Group also offers the "StarHub Go" service which allows StarHub users to access StarHub TV channels' entertainment and news programmes via their mobile devices. This service also allows non-StarHub customers to watch StarHub TV channels for a monthly fee.

Mobile phone services are provided either on a post-paid basis with customers receiving a monthly billing or on a pre-paid basis where customers top up their mobile phone credits before use. As of 31 December 2016, the StarHub Group's mobile services customer base consisted of a total of approximately 2,307,000 customers, of which approximately 1,387,000 were post-paid customers and approximately 920,000 were pre-paid customers. In comparison, as of 31 December 2015, the StarHub Group's mobile services customer base consisted of a total of approximately 2,188,000 customers, of which approximately 1,325,000 were post-paid customers and approximately 862,000 were pre-paid customers.

Operating revenue with respect to the mobile business for FY 2016 was S$1,214.6 million, a decrease of 2.0 per cent. as compared to FY 2015, and post-paid ARPU was S$70.00 while pre-paid ARPU was S$16.00. Despite intense competition within the Singapore mobile industry, churn rate for the StarHub Group's mobile business has been kept low at 0.9 per cent. and 1.0 per cent. in FY 2016 and FY 2015 respectively.

To provide its mobile customers with high levels of quality service in Singapore, the StarHub Group has undertaken various initiatives to upgrade its infrastructure and mobile service plans. StarHub's LTE-Advanced mobile broadband network offers peak data speeds of 300 Mbps. It enables StarHub to manage large volumes of data traffic and support the growing demand for mobile broadband access. In 2015, StarHub worked with Huawei and Nokia Networks to bring the most advanced mobile network to the Singapore market. In its Heterogeneous Networks ("**HetNet**") deployment, Huawei and the StarHub Group were awarded the "Best Innovation in Heterogeneous Networks" award at LTE Asia 2015. Separately, StarHub Group's network was ranked the world's fastest LTE network by an independent study done by OpenSignal. In 2016, it attained the same award for the second consecutive quarter.

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

The StarHub Group also offers a range of service plans targeted at different segments of the Singapore market. To cater to increasing customer demand for mobile data usage, the StarHub Group introduced Plus 3 data pack and Data Jump which allows customers to add between 3 and up to 20 gigabytes (GB) of extra data at a monthly fee of $6 and $10 respectively.

DataTravel roaming plans offer mobile post-paid customers 2 or 3 GB of data for a full 30 days of use whether within a single country or across selected multiple destinations. Pre-paid customers are also able to surf at Singapore data rates while travelling. Named "Happy Roam", this prepaid data roaming service covers 13 destinations.

In addition, the "Roam Manager" service, Singapore's first set of mobile telecommunication tools that provides users with pertinent roaming related information and data usage costs notifications, enabling such users to be aware of the roaming rates as well as their roaming usage and charges while travelling outside Singapore. The "Happy Travel SIM" prepaid card also allows tourists to enjoy special mobile phone benefits, stay connected through voice calls and SMS and access the Internet while travelling within Singapore.

For customers who opt not to acquire a subsidised mobile phone plan, the StarHub Group offers SIM Only plans which give value and greater choice to customers.

The StarHub Group also launched its cellular M2M service to help its enterprise customers deploy Internet of Things solutions. Its self-service platform allows customers to manage their activations and subscriptions securely and reliably to ensure that the service is applicable to a wide variety of usage scenarios – from wide-scale consumer services to the sensitive security and surveillance services in addition to typical scenarios of telemetry, fleet management and smart metres.

Pay TV

The StarHub Group is currently the leading pay TV operator in Singapore. As of 31 December 2016, the StarHub Group had a pay TV customer base of approximately 498,000 households, representing a market penetration of approximately 31.3 per cent. Operating revenue from its pay TV business contributed 15.8 per cent. of the StarHub Group's revenue in FY 2016.

The StarHub Group provides a wide range of pay TV services, offering a full suite of international TV channels of news, movies, entertainment, sports, music and education, and seven local "free-to-air" complimentary TV channels. In 2016, it offered over 210 pay TV channels, of which 57 per cent. of the channels were in HD, ranging from popular self packaged Chinese language TV channels such as Hub VV Drama and Hub E City to foreign language TV channels such as Colors, to enhanced channels such as FOX Movies Premium HD and Nat Geo Wild HD. Please refer to the section "Infrastructure and Networks – HFC Network" below for further details.

The StarHub Group's pay TV programming, which organises TV shows and channels based on daily, weekly or season-long schedules, is structured around the following key categories:

- *Education.* Educational content including Animal Planet, BBC Earth, Discovery Channel, HISTORY and National Geographic.

- *Chinese Entertainment.* Chinese language content to cater to the large Chinese community and Mandarin-speaking households in Singapore. The StarHub Group also offers two channels broadcast in Chinese dialects, namely the Cantonese TVBJ channel and the Hokkien Hub Ruyi VOD channel.

- *Sports.* Sports is a subscription driver for pay TV, both in the consumer and business markets. The StarHub Group carries the most number of sports channels offering the most comprehensive sports coverage in Singapore. It has 12 channels covering sports properties like La Liga, WWE, WTA and Formula 1. It also packages its own Hub Sports channels featuring a mixture of international and local sporting events. This includes Hub Sports Arena, the only free sports channel with one of the widest reach in Singapore. EPL is also offered on a cross carriage basis to its customers.

- *News.* The StarHub Group offers some of the most recognised and popular international news brand names in its news suite. BBC World News, CNBC and CNN provide 24-hour international news in English. Chinese news focusing on news developments in the Southeast Asian region are provided on news and information-cum-entertainment channels such as CTI TV and Phoenix Chinese Channel.

- *Kids.* The StarHub Group offers a wide variety of kids' channels in its programme line-up, like Cartoon Network, Disney Channel, Disney Junior and Nickelodeon.

- *Movies.* Movies represent a key component of the StarHub Group's pay TV offerings. The two premium movie channels that the StarHub Group currently offers are HBO and FOX Movies Premium, which showcase blockbusters from the major Hollywood studios. In addition, the StarHub Group has a Supreme Box Office Pack which includes channels like FOX Family Movies and HBO On Demand.

The StarHub Group uses data analytics to understand customers' viewing preferences to optimise its content line-up across multiple platforms to deliver a superior TV viewing experience.

As of 31 December 2016, the StarHub Group's pay TV ARPU was stable at S$51.00. The pay TV revenue for FY 2016 was 3.4 per cent. lower at S$377.8 million compared to S$391.0 million in FY 2015.

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

In 2015, the StarHub Group extended IPTV services to residential customers. This, together with the StarHub Go service, has enabled the StarHub Group's customers to enjoy all of the StarHub Group's info-communication content at any time on multiple service platforms, such as TVs, computers, tablets, laptops and smartphones.

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

Broadband Services

The StarHub Group is currently the second largest ISP in Singapore. As of 31 December 2016, the StarHub Group's residential cable and fibre broadband customer base totalled approximately 473,000 households, representing a market share of approximately 39.0 per cent. Its broadband business contributed 9.0 per cent. of the StarHub Group's revenue in FY 2016.

On both HFC and fibre platforms, the StarHub Group offers high-speed home networking of up to 1 Gbps and pay TV services. In addition, by leveraging on the Internet exchange and multiple undersea cables within its fixed network infrastructure, the StarHub Group is equipped to deliver high-quality international connectivity to broadband customers in Singapore.

Operating revenue from its broadband business was 8.2 per cent. higher at S$216.8 million as of 31 December 2016 as compared to S$200.3 million as of 31 December 2015. Overall broadband ARPU for FY 2016 was S$37.00 as compared to S$34.00 for FY 2015. The increase in broadband revenue and ARPU was mainly due to the higher mix of customers on fibre and take-up of higher speed cable plans, despite a 3,000 net churn in subscriber base YoY. Please refer to the section "Competitive Strengths of the StarHub Group – Hubbing" below for further details.

Cable/Fibre Broadband

The StarHub Group's suite of residential cable broadband Internet access services, delivered over its HFC network, offers peak speeds of 200 Mbps. Fiber broadband plans delivered over the Next Gen NBN network offers peak speeds of 1 Gbps and and enables StarHub to offer "smart" home telecommunication solutions to customers. A major feature of the fibre broadband plans is the good level of international bandwidth provided. The StarHub Group also offers unique Dual Broadband plans; combining cable and fibre broadband at one price. It enables full-home coverage via two independent Internet connections.

Sale of Equipment

An ancillary service to the StarHub Group's mobile business is the sale of mobile handsets, devices and accessories which are usually bundled and sold together with mobile subscription packages. The sales of these mobile handsets, devices, accessories and other equipment such as cable modems for the broadband services are reflected as operating revenue from the sale of equipment. In FY 2016, operating revenue from the sale of equipment contributed 7.8 per cent. of the StarHub Group's total revenue. Operating revenue from its sale of equipment for FY 2016 decreased by 17.9 per cent. to S$187.5 million as compared to S$228.3 million in FY 2015 primarily due to lower volume of handsets sold.

Operating Revenue

A summary of the operating revenue, which covers both the consumer and business markets, for each of the StarHub Group's lines of business for FY 2014, FY 2015, FY 2016, 1Q 2016 and 1Q 2017 are set out as follows:

Operating Revenue

	FY 2014 (audited) S$' million	**FY 2015 (audited) S$' million**	**FY 2016 (audited) S$' million**	**1Q 2016 (unaudited) S$' million**	**1Q 2017 (unaudited) S$' million**
Mobile	1,247.6	1,239.8	1,214.6	298.1	296.2
Pay TV	389.7	391.0	377.8	94.9	88.4
Broadband	201.9	200.3	216.8	53.5	53.7
Enterprise Fixed	378.3	384.9	400.0	95.8	98.7
Sale of Equipment	169.7	228.3	187.5	48.6	55.3
Total	**2,387.2**	**2,444.3**	**2,396.7**	**590.9**	**592.3**

(3) Sales and Distribution

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

Consumer Sales and Distribution

StarHub Shops. As of 31 March 2017, the StarHub Group has 10 retail outlets in key business areas and shopping districts in Singapore. These retail outlets offer the full-range of StarHub services and products.

Exclusive Partners. As of 31 March 2017, the StarHub Group has five exclusive partners covering a total of over 25 retail outlets in Singapore. Each of these partners has an exclusive relationship with the StarHub Group and is authorised to sell the StarHub Group's full suite of products in Singapore. These retail outlets are branded like the StarHub retail outlets and provide the same offers and promotions as the StarHub retail outlets. This allows the StarHub Group to extend retail visibility without incurring the associated fixed costs as these exclusive partners are compensated on a commission basis.

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

Direct Sales. The StarHub Group's direct sales team provides sales support for roadshows at various events. They also provide door-to-door sales support to residential customers.

Online Shop. The StarHub Group's Online Shop is an increasingly important distribution channel. Many cable/fibre broadband and mobile customer activities such as promotional sign-ups, re-contract and upgrade activities are conducted through the Internet.

Enterprise Business Sales and Distribution

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

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

(C) INFRASTRUCTURE AND NETWORKS

The StarHub Group provides its services predominantly over its fixed network, mobile, broadband and IP platforms. It operates an extensive, high capacity nation-wide fibre-optic network that delivers multi-channel pay TV services, fixed network services, voice services, Internet access services and global managed services. Through Nucleus Connect, the StarHub Group operates the active infrastructure of the Next Gen NBN. With its fixed platforms being modernised with IP, it can bring the rigours of high availability traditional telecommunication engineering and reliability to low-cost IP-based modern network solutions for the StarHub Group's customers. Its mobile network has been fully upgraded to LTE-Advanced.

Next Gen NBN

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

Through the Next Gen NBN, the StarHub Group is actively involved in leveraging the network to both the corporate and consumer markets in Singapore, with a focus on driving the take-up of services through the Next Gen NBN and expanding its portfolio of info-communication and value-added services for its customers. The StarHub Group also intends to remain focused on offering quality info-communication content across all available platforms, so that its customers can further experience the benefits and value of Hubbing through convergent and innovative services. The Next Gen NBN allows the StarHub Group to service businesses outside of the approximately 1,600 commercial buildings currently linked to its existing fibre-optic network, providing growth opportunities in business solutions, especially with the rapidly growing SMB market.

Nucleus Connect

Nucleus Connect, a wholly-owned subsidiary of StarHub, is the only operating company officially appointed by the IMDA to operate and manage the active network of the Next Gen NBN.

In May 2010, Nucleus Connect launched its two Central Offices which housed highly advanced optical network equipment that empowers the Next Gen NBN based on Gigabit Passive Optical Network and Optical Ethernet access technologies. These offices are also intended to become the site of the world's first Open Access Platform that offers RSPs non-discriminatory access to the network of the Next Gen NBN, as well as transparent prices and terms and conditions. In 2011, Nucleus Connect was accorded the "Most Innovative Telecom Project" award at the Telecom Asia Awards.

Nucleus Connect's network performance consistently exceeds service-level agreements in terms of network availability, mean time to repair and quality of service. The Network Operations Centre monitors the entire network's performance and health from one central point with a state-of-the-art monitoring system, while the Technical Helpdesk provides RSPs a single point-of-contract for prompt responses and round-the-clock service support throughout the year.

Currently, Nucleus Connect works with over 20 RSPs on several large-scale projects that involve network connectivity, IPTV, camera surveillance and solutions, as well as on the deployment of services to various government sites including ministries and statutory boards.

Mobile Network

The StarHub Group's mobile customers enjoy wide coverage throughout Singapore. The StarHub Group delivers mobile "Voice" and data services through its 3G and LTE-Advanced networks. The 2G network has ceased operations from April 2017.

The StarHub Group also makes regular mobile network improvements, for instance by upgrading its 4G radio network to be more energy efficient. The StarHub Group enhanced its base transceiver stations ("**BTSs**") with the Nokia Solution, which uses single radio access networks technologies.

Between January and December 2016, the StarHub Group's LTE mobile network and 3G mobile network achieved as high as 99.73 per cent. and 99.95 per cent. respectively in the IMDA's tests that measure street level coverage, and 99.99 per cent. in the IMDA's tests that measure 3G call success rate, with as low as 0.13 per cent. of dropped calls recorded. IMDA's tests also gave the StarHub Group's mobile network a pass grade of greater than 99 per cent. for in-tunnel and in-building coverage.

In September 2015, an independent study using crowd sourcing technology by OpenSignal ranked the StarHub Group's LTE network as the fastest LTE network in the world. This was made possible by the deployment of carrier aggregation and small cell technologies in both indoor and outdoor environment and through the continual tuning of the mobile network to enhance the experience for the StarHub Group's mobile customers.

Huawei and the StarHub Group were awarded the "Best Innovation in Heterogeneous Network" in the LTE Asia 2015 event. This places the StarHub Group in a strong position to provide HetNet when it is commercially deployed islandwide. The StarHub Group has previously implemented HetNet at Marina Bay in late-2015 in conjunction with events such as the National Day Parade, Formula 1 Singapore Grand Prix and the New Year Countdown Party.

In April 2017, the StarHub Group successfully acquired new frequency spectrum at 700 MHz (FDD) and 2500 MHz (TDD). The 700 MHz band will enable the StarHub Group to deploy higher-performance mobile broadband services over greater distances (better indoor penetration) than the services it offers today. In addition, deploying Narrow Band Internet of Things (NB-IoT) in this 700 MHz frequency bands is ideal as these frequency bands have excellent propagation characteristics for connecting indoor sensors and devices. As for the 2500 MHz (TDD) Band, today one in two mobile handsets within the StarHub Group's mobile networks are TDD capable. The number of devices that support TDD will continue to increase when users upgrade their mobile handsets. In the second half of 2017, the StarHub Group will start to deploy LTE-TD (i.e. 4G TDD) at high-traffic sites in order to offer faster services and a better user experience.

Solar Powered BTS and Mobile "Greenergy" Vehicle

In support of the "Green" environmentally friendly initiative, the StarHub Group launched Singapore's first solar-powered BTS in 2009 at its corporate office at Ubi Avenue and followed up with additional sites since 2010.

The StarHub Group's Mobile "Greenergy" vehicle is a transportable cellular BTS that provides temporary coverage in areas affected by BTS failure or to provide additional capacity within Singapore. It can also be used as a rapid emergency deployment asset, on occasions where accidents and disasters could affect the current mobile communications infrastructure within specific areas in Singapore. It is powered by four solar-panels and a bank of rechargeable batteries, which allows it to power up mobile communications within an area of 500 metres for at least eight hours continuously.

International Roaming

The StarHub Group's international roaming coverage spans more than 485 networks in more than 200 countries. This includes 4G roaming coverage in more than 60 countries.

Fixed Network

The StarHub Group also offers a wide range of data and "Voice" fixed network services which it packages to address its customers' specific needs. Please refer to the section "Principal Business Groups and Activities – Fixed Network Services" above for further details. These services are provided over the StarHub Group's fixed network platform.

The StarHub Group's fixed network is a fibre optic network based on SDH and PCTN technologies. This network delivers high-quality circuits with ring protection to corporate customers who require good quality of service and stringent service level agreements. The fibre optic fixed network, built over the past 17 years, now extends to more than 6,000 kilometres of fibre and directly connects approximately 1,600 commercial buildings in Singapore as of 31 December 2016. The fibre network, along with digital microwave links, provides high capacity backhaul to the StarHub Group's 3G and 4G BTS. It also connects the StarHub Group's domestic core network with its extensive international network. Additionally, the StarHub Group owns the backhaul fibre and co-locate network terminating equipment used in most submarine cable landing stations in Singapore.

Fibre-to-the-Home

As part of the StarHub Group's ongoing efforts to improve its residential services, it has started to roll out its own Fibre-to-the-Home service in selected parts of Singapore, including Sengkang, Punggol and Buangkok. With its own fibre network, it will be able to have better control in providing end-to-end service quality.

International Networks

The StarHub Group's international network provides international connections with overseas carriers to support both its voice and non-voice services. It is directly connected to more than 65 carriers in 20 countries including the U.S., Australia, Japan, China, Hong Kong, Taiwan, Korea, India, Bangladesh and the United Kingdom. This set up will provide connections from Singapore to the rest of the world.

With fixed data coverage in Asia Pacific and the rest of the world, the StarHub Group has more than 1 terabits per second ("**Tbps**") of International capacity and it also holds a Section 214 Authorisation in the U.S. and a Public Non-Exclusive Telecommunication Service licence and a Unified Carrier licence in Hong Kong.

Submarine Cables

The StarHub Group's international connectivity networks rides on a multitude of submarine cables. Some of these submarine cables are cable systems which the StarHub Group owns or have invested in as a consortium operator (the Asia Pacific Cable Network 2 (the "**APCN2**"), the Japan U.S. Cable Network ("**JUS**"), the AAG, the Asia Submarine Express (the "**ASE**") and the Asia-Pacific Gateway ("**APG**") while others, used for diversity, are largely capacities on cable networks which the StarHub Group have purchased which includes the indefeasible rights to use (including the South East Asia Middle East Western Europe 3 and 4 (SMW3/4), East Asia Crossing (EAC), Pacific Crossing – 1 (PC1), Unity and TGN cable systems).

The StarHub Group invests in selected international submarine cable systems to provide it with an efficient cost structure to support the growing demands in international capacity resulting from the growth of data traffic. These investments include the APCN2, the AAG, the ASE and the APG.

APCN2

The APCN2 is a 19,000-kilometre ring cable system linking China, Hong Kong, Japan, Korea, Malaysia, the Philippines, Singapore and Taiwan in a ring configuration. As APCN2 is the main high capacity submarine cable interconnecting these countries, the cable consortium members have deployed 100G technologies in this cable system, which is essential to cater to the increasing bandwidth demand from fixed and mobile broadband services.

AAG

The AAG is a 20,000-kilometre high-bandwidth optical fibre submarine cable system linking the Southeast Asian region directly to the U.S. The StarHub Group was appointed as its landing party in Singapore and the AAG was landed at StarHub's first landing station in Changi in May 2008. The landing of the AAG allowed the StarHub Group to meet the demands of broadband reliant enterprises that require high-quality, resilient connectivity throughout Asia and the U.S. It enhanced the StarHub Group's international connectivity through collaborations with members of the AAG consortium and placed it firmly on the map as a credible provider of international connectivity and services between the Southeast Asian region and the U.S.

The AAG is the only cable system in Singapore that links directly to the U.S. Built by a 19-member consortium at an overall cost of US$500.0 million, the AAG also connects Brunei, Hong Kong, the Philippines, Thailand and Vietnam. Designed to provide multi-terabits per second bandwidth, the AAG also utilises Dense Wavelength Division Multiplexing technology, which enables it to provide upgradeable future-proof and scalable transmission facilities that support Internet and e-commerce traffic.

Besides providing additional bandwidth capacity, the AAG also provides an alternative and more secure link for data traffic from the Southeast Asian region to the U.S. This route was designed to avoid the volatile and hazardous Pacific Ring of Fire, thus mitigating the effects of natural disasters which have previously damaged submarine cable systems, resulting in major disruptions to international Internet links.

ASE

In 2011, the StarHub Group invested in the ASE, an undersea cable system. The ASE was constructed to provide a direct, high-speed data link between Singapore and Japan. Designed to avoid disaster-prone areas such as the Bashi Channel located south of Taiwan, the 7,200-kilometre undersea cable network also connects to Hong Kong, Japan and the Philippines. This collaborative project is with regional telecommunication companies such as Japan-based NTT Communications Corporation and Philippines-based The Philippine Long Distance Telephone Company.

The ASE incorporates the latest 100G optical networking technologies and can carry more than 15.0 Tbps of data. The ASE will take the shortest possible route to link Singapore to Japan to minimise network latency, which is crucial for servicing many businesses with time-critical transactions needs.

APG

In 2009, the StarHub Group joined a consortium comprising major Asian telecommunications companies that agreed to jointly plan and develop a proposal to build an international submarine cable system in the Asia Pacific region.

The cable system, known as the Asia-Pacific Gateway ("**APG**") was launched in 2016. It is a 10,900-kilometre submarine cable network system that links nine countries and regions in Asia-Pacific with a capacity exceeding 54 Tbps, the highest of any network in Asia. APG has connection points in China, Hong Kong, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand and Vietnam.

HFC Network

The StarHub Group operates a two-way HFC network and is enabled with downstream frequency spectrum from 50.0 to 750.0 MHz and upstream frequencies from 5.0 to 42.0 MHz. The StarHub Group's pay TV, interactive broadcast and broadband services are carried over this two-way HFC network which currently passes over 99.0 per cent. of all homes in Singapore. The HFC network is operated through 23 hubs and has deployed more than 1,900 nodes. Each node serves between 100 to 800 homes in Singapore (depending on the density of the respective type of housing) to provide comprehensive coverage to all residential properties in Singapore.

The StarHub Group's HFC network broadcasts more than 200 SD and HD turnaround channels, seven local playout channels, and approximately 10,000 hours of Video On-Demand content delivered over multiple platforms including Digital Cable, IPTV, mobile and broadband. The StarHub Group is also equipped with a state-of-the-art Video On-Demand platform with advanced User Interface to deliver online content. The Digital Cable platform is based on the Digital Video Broadcasting Standard for compression, encryption, multiplexing, modulation and transmission.

Hubtricity

In 2017, the StarHub Group announced the opening of its 58,000 square feet innovation centre and converged command cockpit named "Hubtricity", which is housed within the STT MediaHub. The new facility acts as a foundation to accelerate service innovation and co-creation with partners and customers. In so doing, the StarHub Group will help transform Singapore into a vibrant and connected Smart Nation, enhancing people's everyday lives, strengthening enterprise capabilities and deepening Singapore's international connectivity.

(D) COMPETITIVE STRENGTHS OF THE STARHUB GROUP

The StarHub Group believes that it possesses a number of competitive strengths that position it well to execute its business plan and strategies. The StarHub Group's vision is to be Singapore's first choice for information, communications and entertainment services.

Fully-Integrated Service Provider

The StarHub Group's operations provide a comprehensive range of info-communication and entertainment services, including mobile, pay TV, broadband and fixed network services. As of 31 December 2016, it provided at least one post-paid info-communication and entertainment service to approximately 60.4 per cent. of households in Singapore. The StarHub Group is the first info-communication and entertainment service provider in Singapore and has been providing a complete suite of end-to-end fixed network, mobile, broadband and pay TV services in Singapore over its advanced integrated network platforms since 2002. Together with its wide range of pay TV premium branded content broadcast in SD and HD over a high-quality cable network, the StarHub Group provides businesses and individual consumers with a comprehensive suite of info-communication and entertainment services and solutions.

In addition, the StarHub Group has for many years been providing a complementary range of value-added content services.

Hubbing

The StarHub Group is a fully-integrated info-communication and entertainment service provider based in Singapore which provides a wide range of information, communications and entertainment services across its complementary mobile, pay TV, broadband and fixed network business lines. In the highly competitive Singapore info-communication and entertainment market, the StarHub Group differentiates itself from its competitors via its Hubbing strategy.

Hubbing is the term adopted by the StarHub Group to describe the bundling, integration and convergence of multiple products and services into packages, with one integrated loyalty programme. It is the over-arching strategy of the StarHub Group. The Hubbing strategy was established in July 2002 following the StarHub Group's acquisition of SCV. The aim of Hubbing is to be a "one-stop" shop for both the StarHub Group's consumer and business customers. In addition, the Hubbing strategy reinforces the mission statement of the StarHub Group, which is to provide every person, home and business with world-class multimedia services and content. The Hubbing strategy is the key driver of the StarHub Group's customer and revenue growth. Through Hubbing, it can realise multiple revenue streams from single customer accounts and provide a suite of service offerings.

The Hubbing strategy has resulted in a wide range of benefits to the StarHub Group, including increased customer loyalty and value, improved cost efficiencies, increased cross-selling between its products and services and strengthened brand equity. The StarHub Group's ability to execute the Hubbing strategy is a significant advantage over its competitors in Singapore.

The complementary nature of different services offered by the StarHub Group creates opportunities for cross-selling and upselling. To effectively cross-sell and up-sell its products and services, the StarHub Group introduced a range of Hubbing initiatives to enhance its understanding of its customer base and to maximise the value of each service contract with its customers. Such Hubbing initiatives include:

- *Hub Club Privileges and Subscription Discounts*. Customers who subscribe for any three of post-paid mobile, pay TV, broadband and fixed line services, and who register as StarHub's "Hub Club" members are able to enjoy exclusive privileges as well as monthly subscription discounts on all of the three integrated services.

- *Hubbing Bundles*. The StarHub Group offers, different hubbing bundles to cater to the different needs of its customers. For example, "HomeHub Go" allows its customers to enjoy integrated services (mobile, pay TV, broadband, mobile broadband and fixed line services) at a single monthly subscription fee, while "SurfHub" allows for customers to enjoy integrated broadband and mobile services.

- *"One-Stop" Shop Experience*. The StarHub Group's retail outlets and exclusive partners' retail outlets offer the entire suite of StarHub telecommunication products and services, making it a "one-stop" shopping experience for its customers.

- *Content Hubbing*. The StarHub Group's customers can access the information, communication and entertainment services of their choice over multiple service platforms.

Differentiated Products and Services

A key driver of the StarHub Group's growth has been its ability to consistently differentiate itself from its competitors through products and services innovation. The StarHub Group was the first to introduce several innovative products and services throughout its operating history. In the last five years, the StarHub Group's innovations include:

- *"Dual Broadband".* The StarHub Group has the unique value proposition in providing both cable and fibre broadband high speed connections as a single bundle. This unique plan was launched in May 2014 and provides customers an unparalleled WiFi coverage and service level as home broadband has become a necessity.

- *"DataTravel".* In December 2016, the StarHub Group launched a data roaming plan that offers its mobile postpaid customers either 2 or 3 GB of data for a full 30 days of use whether within a single country or across multiple destinations. "Happy Roam" roaming for pre-paid customers was also launched in August 2015, which allows customers to surf overseas at local data rates and eliminates the need for change of SIM cards for multi-city trips.

- *"JuniorProtect Plus".* In March 2017, the StarHub Group launched a service which provides parents peace of mind by allowing parents to define, track and monitor the mobile usage of their children. This includes blocking sites, limiting data usage, time-based curfews for usage and location trails.

- *"Cybersecurity".* In May 2016, the StarHub Group announced a joint investment of S$200 million with several industry partners over the next five years to grow the cyber security ecosystem in Singapore. Via the newly-launched Cyber Security Centre of Excellence ("**COE**"), the StarHub Group develops unique data analytics modelling for strategic use in surveillance and cyberwatch which are deployed at various locations. The COE is supported by the Economic Development Board.

- *"DataAnalytics".* The StarHub Group's SmartHub data analytics unit develops unique situationally representative models for use in surveillance, retail targeting and building analytics that can be tailored for specific purposes with high confidence levels.

Regional Connectivity

The StarHub Group has over the last few years built its international broadband capacity and invested in relatively major submarine cable systems such as the APCN2, the AAG, the ASE and the APG. The AAG in particular is an important strategic asset of the StarHub Group and its launch placed the StarHub Group firmly on the map as a credible provider of international connectivity and services between the Southeast Asian region and the U.S. The StarHub Group is now able to deliver seamless direct links to many countries across Asia and to the U.S. more reliably and efficiently, while at the same time supporting the expected growth in demand in broadband capacity both domestically and internationally. Please refer to the section "Infrastructure and Networks – Submarine Cables" above for further details.

The StarHub Group believes that the strategic investments in the selected international submarine cable systems provides it with an efficient cost structure to support the growing demands in international capacity as data traffic grows due to the growth of mobile smart devices (such as smartphones and tablets) in Singapore and fixed broadband access with the commercial availability of the Next Gen NBN. These submarine cable systems are also efficient and of higher capacity using advanced 100G optical networking technology. With these new cables, the StarHub Group can incorporate designs using traffic engineering to route data traffic on different cables to achieve efficiency and diversity and meet the demands of broadband-heavy enterprises that require high-quality, resilient connectivity throughout Asia and the U.S. These submarine cables also provide a direct link from Singapore to the respective countries via efficient routes, being the shortest possible routes and/or routes which avoid disaster-prone areas, which minimise network latency and enhance network reliability, factors which are crucial for servicing many businesses with time-critical transactions needs and reliability requirements.

Strategic Partnerships

The StarHub Group believes in forging strategic partnerships to drive an efficient business model.

In March 2016, the StarHub Group signed a Memorandum of Understanding ("**MOU**") with Singapore Press Holdings Limited ("**SPH**"). Under this MOU, the two companies will collaborate in areas of advertising sales, creation and carriage of content, data analytics and marketing. The StarHub Group brings into this partnership its product offerings and experience in running the TV business, while SPH contributes its expertise in news and content production. Through this strategic partnership, customers can look forward to more localised content, across platforms. It is also expected that this co-operation on the media sales front will give businesses more integrated advertising solutions to reach out to their target audiences more effectively.

In May 2016, the StarHub Group announced a joint investment of S$200 million with several industry partners over the next five years to grow the cyber security ecosystem in Singapore. Via the newly-launched Cyber Security Centre of Excellence ("**COE**"), the StarHub Group aims to grow its bench of expertise and competencies in this fast-growing area. The COE is supported by the Economic Development Board.

The StarHub Group had four industry partners at the start: Blue Coat, Cyberbit, Fortinet, and Wedge Networks. Just four months after launch, the StarHub Group added Coronet; an Israel-based company that was founded in 2014, but has already won acclaim as a leading provider of technology and solutions to ward off wireless threats.

To deepen the pipeline of cyber security talent, the StarHub Group is also partnering with four institutes of higher learning ("**IHLs**"), including Nanyang Polytechnic, Republic Polytechnic, Temasek Polytechnic and Singapore University of Technology and Design. In conjunction with these IHLs and the Cyber Security Agency of Singapore, the StarHub Group aims to train 300 specialists in this field over the next five years.

In 2014, the StarHub Group formed a strategic go-to-market partnership with a leading software-defined data centre provider, IO, to offer a tier-3 data centre service powered by IO to the enterprise customers who require highly secure and reliable data centre services. Since then, the StarHub Group has also built its own data centre in the west working with ST Telemedia. This complements the IO data centre in the east. On a global basis, it works with partners such as NTT, BT, Vodafone and its Conexus partners in the region to provide connectivity solutions. It also supports global telecom operators with its domestic services.

The StarHub Group also separately maintains direct relationships with certain major handset and equipment vendors such as Apple South Asia Pte Ltd and Samsung.

On the pay TV front, the StarHub Group's technology partners include NAGRA, MVI and Samsung. NAGRA, a partner for over 10 years, provides the conditional access systems for the StarHub Group's digital pay TV system. Samsung and Technicolor provide the StarHub Group with the high-quality HD interactive boxes. The StarHub Group's content strategic partners include TVB International, BBC, HBO, Fox Networks Group and Scripps Network.

In March 2016, StarHub Mobile Pte Ltd, a subsidiary of StarHub, signed a MOU with China Mobile International Limited ("**CMI**"), to accelerate strategic cooperation in five major scopes – device collaboration; data business services; mobile business through global roaming cooperation and information sharing; network resources to maximise efficiency; and co-developing new business opportunities in relation to innovation and IoT. In this strategic partnership, CMI acted as the principal party being supported by CMCC to collaborate with StarHub Mobile Pte Ltd.

In December 2016, StarHub Mobile was invited to join CMI for its "Hand-in-Hand Program", a multilateral roaming quality enhancement project with 14 leading MNOs to jointly optimise network performance for improving customer roaming experience.

In September 2011, the StarHub Group and Vodafone agreed to form a strategic partnership with a view to bringing world-class and innovative mobile services to the StarHub Group's business and consumer customers. The StarHub Group has been the exclusive partner of Vodafone in Singapore since 1 January 2012 and the partnership has enhanced the StarHub Group's ability to cater to the growing demand among businesses in Singapore for sophisticated voice and data communications solutions as well as roaming services, in particular data roaming services on smartphones and mobile broadband. As a result of the partnership, the StarHub Group's and Vodafone's MNC customers have the benefit of global enterprise services such as communications expenditure tracking, procurement services and single account management services. The StarHub Group's business and consumer customers also have the benefit of Vodafone's extensive global mobile network for a seamless and quality roaming experience when travelling outside Singapore. In November 2016, the StarHub Group and Vodafone renewed the strategic partnership for a further three years. The StarHub Group's mobile customers are to benefit from advanced mobile voice and data roaming propositions, including high-speed data and Vodafone's 4G networks.

In addition, the StarHub Group has partnered several industry leaders to offer a range of business solutions, both on-premise and cloud-based. These solutions are available on the StarHub Group's own fibre network, the Next Gen NBN and mobile network. They include connectivity, converged collaboration/communication, security, productivity, data analytics, machine-to-machine and retail solutions. Partners include STT Connect, Huawei, Nokia, Technicolor, Vmware, Autodesk, Fortinet, HP, Amazon, Justlogin, Deskera, Avaya, Parallels and Microsoft.

In July 2011, the StarHub Group partnered with Microsoft to launch Office 365 in Singapore, giving local businesses access to the StarHub Group's next-generation cloud productivity services. Office 365 brings together Microsoft Office, Microsoft SharePoint Online, Microsoft Exchange Online and Microsoft Lync Online in an always-up-to-date service, at a fixed monthly subscription. The StarHub Group has since expanded to be Microsoft's Cloud Service Provider. With the StarHub Group's investment in Data Analytics, it now offers "Smart solutions" providing valuable insights and intelligence to enterprises. This capability has also allowed it to launch its Cyber Security solution using machine learning to detect cyber threats.

In January 2017, M1 and StarHub Mobile Pte Ltd signed a MOU to study potential further collaboration in mobile infrastructure sharing, with a focus on sharing radio access network, backhaul and access assets.

Customer Service Experience

The StarHub Group's customer service experience team aims to offer its customers quality sales and post-sales service while maintaining operational efficiency and cost effectiveness. Its customer care and services are integrated across all its lines of business. The key components of its organisation include public accessible StarHub Shops to service walk-in customers at multiple locations, dedicated call centres with multiple contact channels which operate round-the-clock and provide technical, billing and general enquiry support.

Since 2001, the StarHub Group's retail and customer service staff have been consistently recognised for their excellent service and awarded SPRING Singapore's Excellent Service Awards, a national award by the Singapore Retailers' Association that recognises individuals from all industries in Singapore who have delivered quality service. Additionally, its customer service staff won accolades from the Call Centre Awards organised by Contact Centre Association of Singapore. The StarHub Contact Centre won a Gold award for the best in-house Contact Centre (above 100 seats) in the 2013 Contact Centre Association of Singapore Award.

The StarHub Group has established and consistently achieved high performance targets for its customer service representatives to ensure that its customers experience quality service at every point of contact with them. The StarHub Group has been recognised in the Customer Satisfaction Index of Singapore ("**CSISG**"), organised by Singapore Management University's Institute of Service Excellence. In 2016, the StarHub Group's CSISG results had the second-highest score for both Broadband and Mobile services, and the highest score for Pay-TV services. The attributes measured include product, pricing, value-added services and loyalty programmes.

Since 2013, the StarHub Group has been using the NPS framework, with increasing Net Promoter System ("**NPS**") and Agent Satisfaction results to drive customer loyalty. Through a series of weekly feedback sessions, customer voices are collated and analysed for improvements to be made and the results are shared with members of the senior management team. This allows an avenue for its frontliners to be in a more credible position to be its customers' advocates.

New consumer touchpoints to provide differentiated service experience

The StarHub Group has made significant investments in manpower, skills enablement and building new customer service touch points to enhance the overall customer experience.

A Platinum hotline was launched in May 2011 for the StarHub Group's preferred customers based in Singapore. The consultants manning the Platinum hotline are cross-trained to provide effective "one-stop" assistance for the StarHub Group's Platinum customers. The StarHub Group's field force named "Hub Troopers" have been offering solutions specially designed to serve the unique needs of customers and their family members in home networking and management, home security, home entertainment and home office needs so that customers can always enjoy the digital lifestyle. Hub Troopers are also co-located within the StarHub Stores to provide face to face consultations and address technical queries.

For Mid-Market customers (Top SMB Account), a team of qualified account managers services premier clients directly. The StarHub Group created "My Business Account", an online service portal with self-service functions, to enable its customers to check and modify their existing services with the StarHub Group at the customer's convenience.

Retail and Service Transformation

The StarHub Group began its retail and service transformation journey in 2013, integrating the customer service and sales support platform at redesigned StarHub Stores and revamping 'StarHub.com' portal with customised landing pages for customers. This has increased traffic and improved online sales. Additionally, the creation of a mobile application, My StarHub, was successful in driving customer self-service.

The StarHub Group launched "StarHub Community", an online community platform where customers can engage with each other and with its staff on StarHub products or service-related matters. Here, they are able to access a wealth of user-generated trouble-shooting tips, solutions, general information and more. The StarHub Community has grown from strength to strength and saw its millionth unique visitor in January 2014. It has won industry recognitions including Gold for best use of Brand Advocacy in the Loyalty & Engagement Awards 2013. In 2014, StarHub Community won the Silver award for Best Use of Social and Bronze for the same category in 2015.

In 2015, the StarHub Group began the next transformational phase to meet changes in the industry and customers' lifestyles. Its vision is to deliver "Simplicity of Choice" for both customers and the StarHub Group's team of frontliners. The goal is to improve the StarHub Group's service, customer loyalty, and thereby, profitability.

In 2016, it continued to simplify processes at all touch points for both sales and service transactions. it introduced e-appointments for existing and new customers at retail stores, created Hub Trooper kiosks at some StarHub retail stores for personalised solution sales, and offered seamless customer experiences through the launch of "click and collect" for mobile e-commerce sales. Further enhancements were also made to My Account Manager to meet customers' needs for more self-service options.

At the contact centre, the StarHub Group introduced guided workflows via an e-Butler tool to facilitate its staff's interactions with customers over the phone. This tool also retrieved relevant information from various sources to enable its staff to resolve customers' concerns promptly during the call interaction. Additionally, it sharpened the image and professionalism of its Hub Troopers when they visit customers' home for installations or service calls. They are equipped with tablets which removed manual work orders during fulfilments. Post visits, work orders were closed in real-time so that staff at other touchpoints were kept informed.

In 2017, the StarHub Group launched a Digital & Social Analytics Hub, called Curiosity. Located at its headquarters in Ubi, Digital and Social data are mined from various sources to generate actionable customer insights to improve its offerings and customer experience. Not only is it using this for itself, it is also extending this out to its clients in collaboration with its Enterprise Business Group teams.

Widely Recognised Brand

The StarHub Group is a locally established brand that has successfully developed strong brand recognition in Singapore over the past 17 years. Research conducted regularly by market research firms that generates insights to help companies drive competitive brand, product and customer experience strategies, has shown that the StarHub brand has grown from strength to strength. The StarHub brand is well known in the info-communication industry in Singapore to be innovative, and for providing value-for-money products and services and excellent customer service. As a testament to the brand, the StarHub Group has won various awards throughout the years including Advertiser of the Year at the Institute of Advertising Singapore Hall of Fame in 2006, consistent Gold wins at the Effies Awards organised by Effie Worldwide, Inc. from 2006 to 2009 and wins in various categories at the Cannes Lion International Festival of Creativity in 2011.

For three consecutive years from 2014 to 2016, at the Singapore Hall of Fame Awards organised by The Institute of Advertising Singapore, the StarHub Group was conferred many awards including the most prestigious "Brand of the Year" award. In 2014, it also secured Gold for "Marketing Campaign of the Year" at the International Business Awards and "Best Partnership in a Loyalty Programme" at the Loyalty & Engagement Awards.

In the Marketing Excellence Awards 2015, it won several awards including "Excellence in Corporate Social Responsibility: GOLD", "Excellence in Viral Marketing: GOLD" and "Excellence in Loyalty Marketing: SILVER".

Please refer to the section "Key Awards" below for further details.

The integrated nature of the StarHub Group's business, cutting across various media, means that it has plenty of opportunities to market the StarHub brand across many different platforms.

The Singapore Sports Hub is one such platform to make the StarHub Group even more visible, with its appointment as the StarHub Group's Founding Partner and the Official Telecommunications Partner. To reach out to a growing number of tennis fans, the StarHub Group also became the Official Broadcast Partner for the Women's Tennis Association (WTA) Tour and Official Telecommunications Partner of the BNP Paribas WTA Finals Singapore. By showing the matches on its various platforms, it is making this sport more accessible to more people.

The StarHub Group's branding strategy continues to be one of its key strengths in the highly competitive info-communication industry. The StarHub Group will continue to leverage on its strong branding position to differentiate itself from its competitors and to continue to expand its reach to both consumers and businesses.

Advanced Integrated Networks

The StarHub Group has advanced integrated networks with its mobile, broadband cable and fixed networks being integrated physically and operationally. These integrated networks provide an ideal platform for fixed and mobile convergence. The StarHub Group has integrated all its network operations to create operating efficiencies and cost savings. Its network has been recognised for its high-quality of service in a variety of performance tests conducted by the IMDA regularly.

Experienced Management Team and Talent Development

The StarHub Group believes that its experienced management team and employees are the bedrock of its current and future successes. Many of its executives have extensive experience in the info-communication industry and media industry and the StarHub Group believes that it has the management strength and leadership to expand its operations and implement its business strategies. Please refer to the section "Directors and Management – The Management of StarHub" below for further details.

The StarHub Group's talent management strategy involves strengthening its executive pool of leadership by creating a pipeline of future executives and leaders through identification and development of talent at various levels of the organisation. The StarHub Group's talent development structure encompasses three supporting pillars: Self-Discovery, Coaching, Career Development and Talent Engagement. The identified individuals go through a leadership development programme to heighten self-awareness in areas such as their personality, motivation, emotional quotient and thinking style to build their strengths and bridge development gaps. The process includes coaching development to accelerate the individuals' progress, networking, engaging them on stretch assignments, opportunities for leadership roles in corporate projects and job rotation opportunities to the various business segments and divisions of the StarHub Group.

In addition to internal talent identification and development, the StarHub Group continues to build talents from external sources through partnerships with institutions of higher learning, namely, the National University of Singapore, the Nanyang Technological University, the Singapore Management University and the Singapore University of Technology and Design, all polytechnics and Institute of Technical Education to provide internship programmes and collaborate on industry projects to promote capability development and nurture young talents.

(E) KEY AWARDS

The StarHub Group has received several awards and certifications, including:

- Ranked 8th in the 2016 Corporate Knights' Global 100, a list of the world's most sustainable companies. It is the highest-ranking Singaporean company to receive the award.

- Sixth consecutive win in the HWM + HardwareZone.com Tech Awards 2016 for "Best Pay TV Service (Singapore)".

- Third consecutive win in the 2016 SIAS Investors' Choice Award for the "Most Transparent Company Award (Telecommunications & Utilities Category)".

- Third consecutive win in the Hall of Fame Awards 2016 for "Brand of the Year".

- Third consecutive win in the Singapore Corporate Awards 2016 for "Best Investor Relations".

- Second consecutive win in the NetworkWorld Asia Readers' Choice Product Excellence Awards 2016 for "IP Services Infrastructure".

- Won silver for "Best Managed Board" in the Singapore Corporate Awards 2015.

- CEO won "IT Leader of the Year" award in 2015 by Singapore Computer Society.

- Ranked Global Top 50 in the IR Magazine Global Top 50 Awards in 2014 and 2015.

- Second consecutive win in the Asia Communication Awards 2015 for "The Green Award" (won for its RENEW programme).

- Won Gold in the Best In-House Contact Centre category in the 13th CCAS Contact Centre Awards 2013.

(F) INSURANCE

The StarHub Group has procured general classes of insurance such as industrial all risks, comprehensive general liability, crime, terrorism (property damage), marine open cover, errors and omissions, cyber security, directors and officers liability and motor vehicles. Separate cover, for example, Contractor's All Risks insurance are taken up for special projects. It also has employee benefits insurances such as work injury compensation, term life, personal accident and business travel. The StarHub Group believes that its insurable risks are covered with adequate insurances provided by reputable insurance companies, with commercially reasonable deductible amounts and coverage terms.

(G) EMPLOYEES

The StarHub Group employed 2,907 employees as of 31 March 2017. The StarHub Group also employs temporary employees from time to time.

The StarHub Group believes that its people play a key role in driving business growth. The StarHub Group adopts a people-focused approach in promoting merit-based hiring and remuneration, teamwork, creativity, excellence, safe and healthy working conditions, reward and recognition for performance, people development, career growth and work-life balance. The StarHub Group promotes workplace diversity and offers equal opportunity based on merit irrespective of gender, age, racial, ethnic or cultural background.

The StarHub Group's Learning & Development Framework aims to build and maintain an engaged and motivated workforce, build leadership pipeline for the future, and identify and equip employees with critical technical skills to meet current and future business challenges. The StarHub Group's employees have access to a range of in-house and external learning opportunities to help them upgrade their competencies and equip them with critical skills in order to stay competitive. These opportunities include functional skills training, certification courses, executive management programmes, coaching and mentoring, and sponsorship opportunities for conferences, seminars and industry networking events. The organisation also adopts several government initiatives programmes on skills upgrading and re-skilling to ensure that its employees' skills are aligned and kept relevant with the changing technologies.

For instance, they will be encouraged to embrace a digital mindset through picking up digital skills in data analytics, cyber security and social media, as well as cultivate a mindset for change and innovation to drive customer centricity in the future economy.

The StarHub Group generally enjoys a healthy relationship with its workforce and believes that it has an amicable and collaborative relationship with the Singapore Industrial & Services Employees' Union ("**SISEU**"). The StarHub Group presently has no collective agreement arrangement with SISEU. There are no anticipated or foreseen issues, conflicts or disruptions to the StarHub Group's business operations given its healthy relationship with its workforce.

(H) INTELLECTUAL PROPERTY

The StarHub Group relies on a combination of patent, trademark, service mark and domain name registrations, copyright protection and contractual restrictions to protect its technologies, brand name and logos, marketing designs and Internet domain names.

StarHub is the registered owner in Singapore of various trademarks including but not limited to "StarHub", "StarHub IDD 008", "Smart TV", "Hubstation", "MaxMobile", "HUBBING", "Hub Troopers", "Hub Club", "MaxInfinity", "Hubalicious", "Crowdtivate", "HubTreats", "iHub", the Chinese Name of StarHub – "星和" as well as the "StarHub" logo and "HUB" logo.

StarHub has various trademark applications pending in Singapore, such as "SmarTAM", "VV DRAMA", "HUB SPORTS" and the "HUB 娱家", "HUB 都会", "HUB sensasi" and "HUB Varnam" logos, to name a few.

StarHub has renewed its Singapore patent for its Set-Top Device which was originally granted to it on 31 December 2007.

StarHub has registered, amongst others, the Internet domain name "starhub.com".

SCV owns various registered trademarks, amongst others, "StarHub Cable TV", "SuperSports" logo, "StarHub Online" and "MaxOnline". StarHub Mobile Pte Ltd also owns various registered trademarks, amongst others, "Conexus" as well as the "Conexus Mobile Alliance".

(I) LITIGATION

Save as disclosed in this Information Memorandum or otherwise announced, the StarHub Group is not and has not been involved in any legal or arbitration proceedings that may have or have had during the 12 months preceding the date of this Information Memorandum, a material effect on its financial position and is not aware that any such proceedings are pending or threatened which are material in the context of the issue and offering of the Securities.

(J) MATERIAL LICENCES

The StarHub Group holds a number of licences, including:

Entity	Type of Licence	Authority
StarHub Ltd	FBO licence	IMDA
StarHub Ltd	SBO (individual) licence	IMDA
StarHub Mobile Pte Ltd	FBO licence	IMDA
StarHub Mobile Pte Ltd	FBO licence (3G)	IMDA
StarHub Internet Pte Ltd	SBO (individual) licence	IMDA
StarHub Internet Pte Ltd	SBO (class) licence	IMDA
StarHub Cable Vision Ltd.	FBO licence	IMDA
StarHub Cable Vision Ltd.	Subscription nationwide TV service licence	IMDA
StarHub Cable Vision Ltd.	Broadcasting (Class Licence Notification)	IMDA
StarHub Cable Vision Ltd.	SBO (class) licence	IMDA
StarHub Online Pte Ltd	SBO (individual) licence	IMDA
Nucleus Connect Pte. Ltd.	FBO licence	IMDA

StarHub and SCV are both currently designated as Public Telecommunication Licensees under Section 6 of the Telecommunications Act. They are each required to comply with the conditions of their respective licences, the Telecommunications Act, the Code of Practice for Competition in the Provision of Telecommunication Services 2012 issued by the IMDA (the "**Telecom Competition Code**") and directions of the IMDA. As a Public Telecommunication Licensee, each of StarHub and SCV are entitled to certain privileges, such as having the power (subject to the giving of prior notice and payment of compensation should any damage or disturbance be caused) to enter private or State land for purposes of erecting telecommunication installations or plants in the manner set out in the Telecommunications Act.

(K) PRIVACY AND PERSONAL DATA PROTECTION

The StarHub Group takes customers' privacy and protection of customer data very seriously. In line with its privacy policy, the StarHub Group does not send promotional and marketing messages via phone calls, text messages and faxes to customers who have registered their phone numbers with the Do Not Call (DNC) Registry except for those who had given specific consent to receive such messages. Further, the StarHub Group's personal data protection web portal allows customers to provide or easily withdraw their consent for various communication platforms (e.g. call or SMS) from the StarHub Group and its partners. The StarHub Group's detailed Personal Data Protection Policy is available on the StarHub website.

REGULATORY ENVIRONMENT

The following is a general summary of the Singapore laws and regulations relating to provision of telecommunications and broadcasting services in Singapore. It is for general information only, and does not purport to be an exhaustive or comprehensive description of those laws and regulations.

(a) Overview of telecommunications and broadcasting services in Singapore

The provision of telecommunications services in Singapore is regulated primarily under the Telecommunications Act and the provision of broadcasting services in Singapore is regulated primarily under the Broadcasting Act.

The IMDA is the regulatory authority principally responsible for administering the Telecommunications Act and the Broadcasting Act, as well as regulating and promoting the info-communication and broadcasting industry in Singapore. The IMDA is a statutory board that was established under the Info-communications Media Development Authority Act (No. 22 of 2016) of Singapore (the "**IMDA Act**").

(b) Telecommunications Licensing Framework

Upon full liberalisation of the telecommunications market on 1 April 2000, the IMDA released guidelines with respect to the licensing framework under the Telecommunications Act to facilitate the entry of new players and the expansion of the scope of operations by existing licensees. There is no pre-determined number of licences to be awarded.

The IMDA issues the following two broad categories of licences:

(i) FBO licence; and

(ii) SBO licence.

Further authorisation may be required from other government agencies for the deployment or provision of certain types of systems or services. FBOs are individually licensed while SBOs may be individually licensed or class-licensed. A class licence is a licensing scheme where the terms and conditions are published by the IMDA. Anyone who provides the services within the scope of the class licence is required to comply with the terms and conditions of the class licence and register with the IMDA.

There are no foreign equity limits imposed on any telecommunications licensee. Under the terms of their licences, FBOs must obtain prior approval from the IMDA for any change in their management and board of directors whilst SBOs are required to notify the IMDA.

(c) Broadcasting Licensing Framework

The licensable broadcasting services include free-to-air TV and radio services, subscription TV and radio services, specialised interest TV and radio services and Video On-Demand services.

ISPs and Internet Content Providers are subject to a class licence and are required to comply with the Broadcasting (Class Licence) Notification.

The Broadcasting Act imposes specific obligations on broadcasting licensees in terms of management control and shareholding control. Under the Broadcasting Act, the CEO of a broadcasting company (which includes a holding company of a broadcasting company) and at least half of its directors shall be citizens of Singapore, unless otherwise approved by the IMDA. No person or party is allowed to be a substantial shareholder of a broadcasting company without first obtaining the approval of the Minister.

In addition, no person or party is allowed to become a 12.0 per cent. controller or an indirect controller of a broadcasting company without first obtaining the approval of the Minister. In addition, no person shall, without the prior consent of the IMDA, receive any fund from any foreign source for the purposes of financing, directly or indirectly, wholly or in part, any broadcasting service owned or operated by any broadcasting company.

(d) Telecom Competition Code

The Telecom Competition Code sets out the IMDA's regulatory principles and contains provisions relating to duties of licensees to their end-users, required co-operation amongst licensees to promote competition, interconnection, infrastructure sharing, sector-specific competition rules and enforcement mechanisms. The IMDA has the authority to review and amend the Telecom Competition Code and to grant exemptions from or suspend the Telecom Competition Code.

Classification of FBOs

The Telecom Competition Code distinguishes between licensees that are subject to competitive market forces (non-dominant licensees) and those whose conduct is not constrained adequately by competitive market forces (dominant licensees). The IMDA will classify a licensee as either a dominant licensee or non-dominant licensee.

A licensee would be classified as dominant if:

(i) it is licensed to operate facilities used for the provision of telecommunication services in Singapore that are sufficiently costly or difficult to replicate such that requiring new entrants to do so would create a significant barrier to rapid and successful entry into the telecommunication market in Singapore by an efficient competitor; or

(ii) it has the ability to exercise significant market power in any market in which it provides telecommunication services pursuant to its licence.

A dominant licensee must comply with special requirements set out in the Telecom Competition Code although there are procedures by which a dominant licensee can seek reclassification or an exemption from these special requirements. The IMDA has designated SCV as a dominant licensee under the Telecom Competition Code in regard to certain wholesale broadband services.

Duties to End-Users under the Telecom Competition Code

Licensees must include in their service agreements with their business and residential end-users certain provisions such as compliance with minimum quality of service standards, accurate and timely billing, fair dispute resolution procedures and protection of end-user service information.

Interconnection Obligations under the Telecom Competition Code

- Minimum Interconnection Duties

  In order to ensure seamless any-to-any communication throughout Singapore, FBOs and SBOs that use switching or routing equipment to provide telecommunication services to the public are required to satisfy the minimum interconnection duties set out in the Telecom Competition Code ("**Minimum Interconnection Duties**"). The IMDA will allow non-dominant licensees to interconnect, without the IMDA's prior approval, on any terms agreed between the non-dominant licensees, so long as they satisfy the Minimum Interconnection Duties. The Telecom Competition Code also specifies additional obligations that licensees must fulfil even in the absence of an interconnection agreement, such as publicly disclosing its network interfaces (necessary to allow the deployment of telecommunication services and equipment that can interconnect and inter-operate with its network), complying with mandatory technical standards, facilitating number portability and rejecting certain discriminatory preferences.

- Interconnection with dominant licensees

  The Telecom Competition Code also sets out the interconnection obligations of dominant licensees. A licensee that seeks to interconnect with a dominant licensee ("**Requesting Licensee**") can choose any of three options in order to enter into an interconnection agreement. First, the Requesting Licensee can accept the provisions specified in the dominant licensee's Reference Interconnection Offer ("**RIO**") which is developed by the dominant licensee and has been approved by the IMDA. Second, the Requesting Licensee can "opt-in" to an existing interconnection agreement between the dominant licensee and any similarly situated licensee. Third, the Requesting Licensee can seek to negotiate an individualised interconnection agreement with the dominant licensee.

  The Telecom Competition Code contains detailed requirements regarding the terms that a dominant licensee must include in its RIO and also detailed procedures. It also contains detailed requirements regarding the negotiation process for an individualised interconnection agreement; to the extent an issue in dispute arising from the negotiation for an individualised interconnection agreement is not addressed by the RIO, the IMDA will have full discretion to impose whatever solution it deems appropriate (even if neither licensee advocates that solution).

  Once an interconnection agreement between two licensees becomes effective, the IMDA will not involve itself in the implementation of the interconnection agreement. When there is a dispute arising out of implementation of their interconnection agreement with a dominant licensee, licensees are required to apply the dispute resolution provisions that are commonly provided for in their interconnection agreement. If the licensees are unable to resolve the dispute, they may (i) agree to a binding arbitration, mediation or seek relief from a court of competent jurisdiction or (ii) refer the dispute to the IMDA and the IMDA, at its discretion, may impose a binding resolution on the licensees.

Infrastructure Sharing under the Telecom Competition Code

The Telecom Competition Code permits an FBO licensee to request the right to share infrastructure controlled by another FBO licensee. The FBO licensees must first attempt to negotiate a voluntary sharing agreement. If they are unable to do so, the requesting FBO licensee may ask the IMDA to make a determination as to whether the infrastructure must be shared – either because it constitutes Critical Support Infrastructure (as defined in the Telecom Competition Code) or because the IMDA concludes that sharing it would serve the public interest. The Telecom Competition Code designates certain infrastructure that FBO licensees must share at cost-based prices – such as masts, poles and towers.

Competition Rules under the Telecom Competition Code

The Telecom Competition Code sets out rules that preclude licensees from engaging in anticompetitive conduct. A dominant licensee must not abuse its market position in a manner that unreasonably restricts competition. The Telecom Competition Code prohibits licensees from entering into agreements that unreasonably restrict competition and sets out a framework under which the IMDA will assess the permissibility of such agreements. Licensees are prohibited from entering into certain types of agreements, such as price fixing arrangements or group boycotts. The permissibility of a licensee entering into other agreements, such as joint purchasing or production ventures, will be assessed based on each agreement's likely or actual impact on competition. In addition, licensees are subject to a prohibition on engaging in unfair methods of competition such as false advertising or unnecessarily degrading the quality of a competitor's service.

Changes in Ownership and Consolidations involving Designated Telecommunication Licensees

Each FBO licensee must notify the IMDA for changes in ownership or shareholding of at least 5.0 per cent. but less than 12.0 per cent. and obtain the IMDA's prior approval for change in ownership or shareholding of more than 12.0 per cent. The Telecom Competition Code provides that the IMDA will not approve an application by a FBO licensee for either (i) assigning, transferring, subletting or otherwise disposing its rights, duties and privileges under its licence to any other entity or (ii) implementing a change in its ownership or shareholding in connection with a proposed merger, acquisition or similar transaction, where the IMDA determines that the proposed merger or consolidation is likely to unreasonably restrict competition in any telecommunications market within Singapore.

Enforcement

The IMDA may enforce the provisions of the Telecom Competition Code by initiating an enforcement action either on its own initiative or in response to a request filed by a third party. Such actions must be initiated within two years after the date on which the alleged contravention occurred. In enforcing the provisions of the Telecom Competition Code, the IMDA may, among others, issue warnings, directions or orders to cease and desist. The IMDA may also impose financial penalties and suspend or terminate a licensee's licence. While reserving the right to impose financial penalties (up to the higher of 10 per cent. of an operator's annual turnover or S$1 million), the IMDA will consider all relevant aggravating or mitigating factors in order to ensure that any financial penalty imposed is proportionate to the contravention.

Quality of Service Standards

The IMDA regulates the performance of service operators by setting quality of service standards. Service operators must submit quarterly reports regarding their service quality to the IMDA, and report outages that occur on their networks. The IMDA also conducts surveys to monitor customer satisfaction and to obtain consumer feedback on how services may be further improved. The findings are used to fine-tune the IMDA's performance quality standards. Non-compliance with quality of service standards can be punished by monetary fines.

(e) Media Market Conduct Code

The Media Market Conduct Code sets out the IMDA's regulatory principles and contains provisions relating to duties of licensees to their end-users, required co-operation amongst licensees to promote competition, sector-specific competition rules and enforcement mechanisms. The IMDA has the authority to review and amend the Media Market Conduct Code and to grant exemptions from or suspend the Media Market Conduct Code.

Regulated Persons

The Media Market Conduct Code distinguishes between Regulated Persons (being persons specified by the Minister under Section 2 of the IMDA Act) that are able to act without significant competitive restraint from their competitors (dominant licensees) and others (non-dominant licensees).

In considering whether a Regulated Person is in a dominant position, the IMDA shall have regard to whether that Regulated Person has significant market power in any relevant media market.

A dominant licensee must comply with special requirements set out in the Media Market Conduct Code although there are procedures by which a dominant licensee can seek reclassification or an exemption from these special requirements. The IMDA has designated licensees within the MediaCorp group, licensees within the SPH group and SCV as dominant licensees under the Media Market Conduct Code.

Public Interest Obligation of Regulated Persons and Certain Affiliates

Free-to-Air TV broadcasters and radio broadcasters must broadcast specified events of national significance. Designated Video Archive Operators and Designated Newspaper Archive Operators (each as defined in the Media Market Conduct Code) must take reasonable and effective action to make available to providers of media services or Ancillary Media Services the contents of its archives on reasonable prices, terms and conditions. The IMDA has also taken measures to enhance the ability of the public to access certain programmes from Free-to-Air Television Licensees with its Anti-Siphoning guidelines outlined in the Media Market Conduct Code. Pursuant to a revision to the Media Market Conduct Code on 1 August 2011, subscription TV licensees are required to make their exclusive content (acquired on or after 12 March 2010) available for cross carriage by nationwide subscription TV licensees.

Regulated Persons' Duties to their Customers

Regulated Persons must comply with minimum regulatory requirements designed to ensure that they provide their customers with quality service and accurate and timely bills, whilst not using customer information for unauthorised purposes. These obligations include certain provisions such as compliance with minimum quality of service standards, accurate and timely billing, procedures to dispute charges and protection of end-user service information.

In addition, dominant licensees are required to provide mass media services upon reasonable request, provide fair access to programme lists and provide access to advertising capacity.

Competition Rules under the Media Market Conduct Code

A Regulated Person must not engage in unfair methods of competition. Specific practices that are prohibited include the use of media services to disseminate false and misleading claims, degrading the availability or quality of the service of another Regulated Person, or raising the other Regulated Person's costs, providing false and misleading information regarding its media services to another Regulated Person and engaging in predatory price cutting. Regulated Persons are also prohibited from entering into certain types of agreements, such as price fixing arrangements or group boycotts. The permissibility of a licensee entering into other agreements, such as joint purchasing or production ventures, will be assessed based on each agreement's likely or actual impact on competition.

Enforcement

The IMDA may enforce the provisions of the Media Market Conduct Code by initiating an enforcement action either on its own initiative or in response to a request filed by a third party. Such actions must be initiated within two years after the date on which the alleged contravention occurred. In enforcing the provisions of the Media Market Conduct Code, the IMDA may, among others, issue warnings, directions or orders to cease and desist. The IMDA may also impose financial penalties and suspend or terminate a licensee's licence. While reserving the right to impose financial penalties, the IMDA will consider all relevant aggravating or mitigating factors in order to ensure that any financial penalty imposed is proportionate to the contravention.

(f) Discretionary powers of the Minister under the Telecommunications Act

Under the Telecommunications Act, the Minister has certain discretionary powers, for example, the Minister may direct a public telecommunication licensee to undertake and provide such telecommunication services and facilities as may be necessary for aeronautical, maritime, meteorological, governmental, defence or other purposes or on the occurrence of any public emergency, in the public interest or in the interests of public security, national defence, or relations with the government of another country. The Minister may issue directions to the IMDA or any telecommunications licensee which may include provisions for the prohibition or regulation of such use of telecommunications in all cases or of such cases as may be considered necessary; provisions for the taking of, the control of or the usage for official purposes of, all or any such telecommunication system and equipment; and provisions for the stopping, delaying and censoring of messages and the carrying out of any other purposes which the Minister thinks necessary.

(g) Recent Developments

Radio Spectrum

In December 2016, the IMDA carried out its New Entrant Spectrum Auction. In this auction, TPG made the winning bid of S$105 million, and was allocated 60 MHz of spectrum (comprising 20 MHz in the 900 MHz spectrum band and 40 MHz in the 2.3 GHz spectrum band) to provide International Mobile Telecommunications (IMT) and IMT-Advanced services (e.g. 4G services).

In March to April 2017, the IMDA carried out its General Spectrum Auction, the StarHub Group has been provisionally awarded 60 MHz of spectrum paying at a total price of S$349.6 million in the Quantity Stage. Details are as follows:

Spectrum	Spectrum provisionally acquired by StarHub
700 MHz	30 MHz
900 MHz	10 MHz
2.5 GHz	20 GHz

The Assignment Stage of the General Spectrum Auction (setting the precise spectrum lots awarded to each of the parties) is currently underway.

Media Market Conduct Code

The IMDA has implemented changes to the Media Market Conduct Code, to establish additional measures to protect customers. As part of this regime, the IMDA has specified that should there be an increase in the retail charges they pay or removal of a material channel from an operator's line-up, certain in-contract customers can terminate services without paying early termination charges.

Telecommunications Act

Amendments were introduced to the Telecommunications Act on 1 February 2017. These changes (inter alia):

- Grant the IMDA additional powers to mandate from building owners the provision of space and facilities needed by infocom providers. The IMDA is currently consulting on the implementation of these measures; and

- The ability to establish a form of Dispute Resolution for customers.

Internet Peering

In August 2016, the IMDA issued its decision on the Review of the Internet Protocol Transit and Peering Landscape in Singapore. The IMDA decided that additional regulatory intervention was not necessary at this time.

SELECTED FINANCIAL INFORMATION

The following tables present the selected consolidated financial information for the StarHub Group as of and for FY 2014, FY 2015, FY 2016, 1Q 2016 and 1Q 2017.

Where relevant, the financial information below has been derived from, and should be read in conjunction with, the StarHub Group's audited consolidated financial statements for FY 2015 and FY 2016, the unaudited financial information of the StarHub Group for 1Q 2017 and the notes thereto.

Consolidated Income Statements

	FY 2014 S$' million	FY 2015 S$' million	FY 2016 S$' million	1Q 2016 S$' million	1Q 2017 S$' million
Operating Revenue	2,387.2	2,444.3	2,396.7	590.9	592.3
Operating Expenses	-1,957.1	-2,048.6	-2,003.8	-485.9	-498.7
Other Income	46.6	45.6	32.2	12.6	0.3
Profit from Operations	**476.7**	**441.3**	**425.1**	**117.6**	**93.9**
Net Finance Costs	-20.6	-15.8	-22.7	-4.7	-6.3
	456.1	**425.5**	**402.4**	**112.9**	**87.6**
Non-operating income	–	15.0	9.5	–	–
Share of loss of associate (net of tax)	–	-0.3	-1.6	-0.2	-0.2
Profit before Taxation	**456.1**	**440.2**	**410.3**	**112.7**	**87.4**
Taxation	-85.6	-67.9	-68.9	-19.9	-14.3
Profit for the period	**370.5**	**372.3**	**341.4**	**92.8**	**73.1**
Attributable to:					
Equity Holders of the Company	370.5	372.3	341.4	92.8	73.1
	370.5	**372.3**	**341.4**	**92.8**	**73.1**
EBITDA	**747.9**	**712.7**	**690.1**	**183.4**	**160.7**
Service Revenue	**2,217.5**	**2,216.0**	**2,209.2**	**542.3**	**537.0**
EBITDA Margin as per cent. of Service Revenue	**33.7%**	**32.2%**	**31.2%**	**33.8%**	**29.9%**
Earnings per Share – Diluted (in cents)	**21.4**	**21.4**	**19.7**	**5.3**	**4.2**

1Q 2017 vs 1Q 2016

For the quarter ended 31 March 2017, the StarHub Group's total revenue of S$592.3 million was S$1.4 million or 0.2% higher YoY (year-on-year) when compared to 1Q 2016. The increase is primarily due to higher revenue from sale of equipment offset by lower service revenue. Compared to 1Q 2016, service revenue in 1Q 2017 was S$5.3 million lower at S$537.0 million, mainly due to lower revenue from pay TV and mobile services, mitigated by higher revenue from enterprise fixed service.

Mobile service revenue was 0.6% lower at S$296.2 million from both post-paid and pre-paid services. Pay TV service revenue decreased 6.8% YoY to S$88.4 million primarily due to smaller subscriber base. Broadband service revenue grew by 0.5% to S$53.7 million from an increased mix of customers taking fibre plans, which led to a S$1 increase ARPU to S$37 in 1Q 2017. Enterprise Fixed service revenue was up by 2.9% to S$98.7 million, mainly due to data & internet services.

Compared to 1Q 2016, revenue from sale of equipment rose S$6.7 million to S$55.3 million, largely due to higher volume of handsets sold at a higher average selling price from increased mix of high-end smartphones.

Total operating expenses increased by S$12.8 million or 2.6% YoY to S$498.7 million in 1Q 2017, mainly due higher cost of sales mitigated by lower other operating expenses.

As a percentage of revenue, total operating expenses were higher at 84.2% in 1Q 2017 when compared to 82.2% in 1Q 2016.

Cost of sales were higher by S$29.9 million or 13.0% primarily due to cost of equipment sold and cost of services which increased by S$17.7 million and S$13.9 million respectively.

The increase in cost of equipment was driven by an increased mix of high-end smartphones sold and higher quantities, while the YoY increase in cost of services were primarily attributed to TV content costs, coupled with higher costs from more fibre broadband sign-ups.

Traffic expenses were S$1.7 million or 5.3% lower, mainly due to decrease in domestic and international traffic volume.

The StarHub Group's total other operating expenses were S$17.1 million or 6.7% lower YoY at S$238.8 million primarily due to lower staff costs, favourable foreign exchange gains and changes in fair value of derivative financial instruments. As a percentage of revenue, other operating expenses were lower at 40.3% in 1Q 2017, down from 43.3% in 1Q 2016.

Staff costs were 8.1% lower YoY, mainly due to the reversal of accruals for share-based payments expenses no longer required in 1Q 2017. Excluding this reversal, staff costs were 1% higher compared to 1Q 2016 due to lower wage credit received mitigated by lower variable bonus provision.

Operating leases were 4.5% higher at S$32.9 million, mainly from office rental.

Marketing and promotions expenses were 8.8% lower YoY at S$29.7 million primarily due to acquisition and re-contract costs impacted by the reclassification of certain expenses to cost of sales.

Allowance for doubtful receivables were higher by 40.9% YoY, mainly due to higher allowance for corporate customer receivables.

The higher repair and maintenance in 1Q 2016 was mainly due to the provision for submarine cable repair costs for cable cuts. Excluding this provision, repair and maintenance was 6% higher driven by expanded network and systems infrastructure.

Other expenses were lower by S$11.3 million YoY, primarily due to foreign exchange gains of S$4.4 million recognised in 1Q 2017 as compared to unfavourable changes in fair value of derivative financial instruments of S$7.1 million in 1Q 2016 impacted by the higher US dollar market exchange rate then.

The higher depreciation and amortisation expenses YoY were mainly due to higher additions of property, plant and equipment and intangible assets made in 2016.

Compared to 1Q 2016, other income in 1Q 2017 was S$12.3 million lower, mainly due to lower NGNBN grants. All rollout grants have been fully amortised and adoption grants from residential fibre have been fully claimed in 2016.

On account of lower income grants, higher handset subsidies and higher cost of services for TV and fibre broadband, profit from operations was S$23.7 million or 20.2% lower YoY at S$93.9 million in 1Q 2017.

EBITDA for 1Q 2017 was S$22.7 million or 12.4% lower at S$160.7 million when compared to 1Q 2016. As a percentage of service revenue, EBITDA margin was lower by 3.9% points to 29.9% in 1Q 2017, down from 33.8% in 1Q 2016.

The higher finance income was attributed to higher cash and cash equivalent balances, while higher finance expenses were from an increase in interest expenses following the issue of the S$300.0 million medium term notes in 2Q 2016.

The share of loss from associate remained stable at S$0.2 million for both 1Q 2017 and 1Q 2016.

As a result of lower profits from operations, this quarter's profit before taxation was S$25.3 million or 22.5% lower YoY at S$87.4 million when compared to 1Q 2016. Taxation expenses were also correspondingly lower at S$14.3 million in 1Q 2017 when compared to S$19.9 million in 1Q 2016.

FY 2016 vs FY 2015

The StarHub Group's total revenue of S$2,396.7 million was S$47.6 million or 1.9% lower YoY, attributed to lower revenues from sales of equipment and services.

Compared to FY 2015, mobile service revenue was lower by 2.0% due to lower usage revenue from voice services, IDD and roaming services from both post-paid and pre-paid services, partly mitigated by higher subscription revenue from a larger customer base.

Pay TV service revenue in FY 2016 was lower by 3.4% YoY, primarily due to a decrease in the customer base.

Broadband service revenue was higher by 8.2% in FY 2016 when compared to FY 2015. The higher revenue was driven by an increase in the mix of customers taking fibre plans, resulting in higher ARPU of S$37 in FY 2016, up from $34 in FY 2015.

YoY, enterprise fixed service revenue was higher by 3.9% in FY 2016, primarily due to growth in data & internet services.

Revenue from sales of equipment decreased 17.9% in FY 2016 YoY primarily due to lower volume of handsets sold.

For FY 2016, total operating expenses was 2.2% lower YoY at S$2,003.8 million, attributed to lower cost of sales (primarily cost of equipment and traffic expenses), offset by higher other operating expenses.

As a percentage of revenue, total operating expenses were at 83.6% in FY 2016 when compared to 83.8% in FY 2015.

Cost of equipment decreased 8.1% YoY with fewer handsets sold.

Cost of services in FY 2016 included some reversals of accruals not required. Excluding these reversals, cost of services were 1.1% higher YoY, mainly due to higher enterprise fixed costs, coupled with increase in installation costs driven by higher take-up of fibre broadband plans. This was partly mitigated by lower TV programming and production costs.

Traffic expenses in FY 2016 were lower by 21.9% YoY due to lower domestic and international traffic volume.

For FY 2016, the StarHub Group's other operating expenses was higher by 3.4% when compared to FY 2015. As a percentage of revenue, other operating expenses were 42.9% in FY 2016, up from 40.7% in FY 2015.

The higher staff costs were due to annual increments and provision for restructuring costs, mitigated by reversal of staff costs accruals not required.

The higher operating lease expenses in FY 2015 were mainly due to the catch up of property tax on the StarHub Group's network offices. Excluding this catch up in FY 2015 and reversal of accruals not required in FY 2016, operating leases in FY 2016 was 1.2% higher YoY mainly due to commencement of new office's rental.

Compared to FY 2015, the lower marketing and promotions expenses in FY 2016 were primarily due to the lower acquisition and re-contract costs driven by lower sales volume and reclassification of certain expenses to cost of sales.

The higher allowance for doubtful receivables was due to an increase in provision rate with effect from 4Q2016 after the review of the outstanding accounts receivables profile.

Compared to FY 2015, the higher repair and maintenance expense in FY 2016 were mainly due to the provision for submarine cable repair costs for cable cuts in the first half of FY 2016 and higher maintenance costs driven by expanded network and systems infrastructure.

YoY, the higher other expenses were due to higher licence fees (S$11.7 million), foreign exchange losses (S$7.3 million), professional and outsourcing fees (S$5.0 million) and lower gain on disposal of fixed assets (S$3.2 million).

For FY 2016, the lower depreciation and amortisation expenses were mainly due to property, plant and equipment and intangible assets fully depreciated and amortised respectively, offset by new additions of CAPEX.

Compared to FY 2015, other income was lower by S$13.4 million in FY 2016, mainly due to lower NGNBN grant income.

In FY 2016, profit from operations was 3.6% lower YoY at S$425.1 million due mainly to lower service revenue and income grant as all rollout grant has been fully amortised and recognised in the income statement.

FY 2016 EBITDA was lower by 3.2% when compared to FY 2015. As a percentage of service revenue, EBITDA margin was 31.2% in FY 2016 compared to 32.2% in FY 2015.

The higher finance income Yoy was due to higher cash and cash equivalent balances, while higher finance expense was attributed to an increase in interest expenses following the issue of the S$300.0 million medium term notes in 2Q2016, coupled with higher interest rate.

For FY 2016, the non-operating income of S$9.5 million was due to the fair value gain on initial recognition from an investment in mm2 Asia Ltd. In FY 2015, the non-operating income of S$15.0 million was due to the deconsolidation of one of its subsidiaries, SHINE Systems Assets Pte. Ltd. (SSAPL).

Compared to FY 2015, the share of loss from associate was higher at S$1.6 million in FY 2016.

FY 2016 profit before taxation decreased S$29.9 million YoY, largely due to lower profits from operations (S$16.2 million) and non-operating income (S$5.5 million), coupled with higher net interest expenses (S$6.9 million) and share of loss from associate (S$1.3 million).

Taxation in FY 2015 included catch up for prior periods' tax losses benefits. Excluding this adjustment, taxation for FY 2016 was lower by 10.3% due to lower profits before taxation.

FY 2015 vs FY 2014

The StarHub Group's total revenue rose 2.4% YoY to S$2,444.3 million in FY 2015, on the back of higher revenue from sale of equipment which rose 34.5%; service revenue was 0.1% lower at S$2,216.0 million.

The lower service revenue in FY 2015 was primarily due to Mobile and Broadband services revenue which was lower by 0.6% and 0.8% YoY respectively. This was mitigated by higher revenue from Enterprise Fixed and Pay TV services, which registered a 1.7% and 0.3% YoY increase respectively.

Mobile revenue decreased S$7.8 million or 0.6% YoY to S$1,239.8 million for FY 2015, mainly due to lower pre-paid and roaming revenue. Pay TV service revenue grew S$1.3 million or 0.3% YoY, while Broadband revenue at S$200.3 million was S$1.6 million or 0.8% lower when compared to FY 2014. Enterprise Fixed service revenue was S$6.6 million higher, primarily due to Data and Internet services.

Revenue from sale of equipment was up S$58.6 million or 34.5% YoY to S$228.3 million in FY 2015, driven by increased quantities sold and increased mix of higher end phones.

Against FY 2014, total operating expenses in FY 2015 was 4.7% higher at S$2,048.6 million due mainly to the higher cost of sales. As a percentage of revenue, total operating expenses was higher at 83.8% for FY 2015, compared to 82.0% in FY 2014.

Cost of sales increased 11.0% YoY to S$1,053.1 million, driven by higher cost of equipment sold and cost of services.

With increased quantities sold and a higher mix of high end models which were costlier, this resulted in cost of equipment sold to increase S$75.7 million or 18.4% higher YoY to S$487.1 million.

Compared to FY 2014, cost of services at S$415.8 million in FY 2015 was S$32.9 million or 8.6% higher driven mainly by the higher Next Gen NBN service costs and increased services' costs of the enterprise solutions and projects.

Traffic expenses decreased S$4.5 million or 2.9% YoY to S$150.2 million, primarily due to lower international traffic volume and lower interconnection rates in FY 2015.

Compared to FY 2014, total other operating expenses decreased 1.2% to S$995.5 million in FY 2015. As a percentage of revenue, other operating expenses was lower at 40.7% compared to 42.2% in FY 2014.

Compared to FY 2014, staff costs was 1.6% lower at S$270.7 million due to lower temporary staff costs.

FY 2015 operating lease expenses was 5.2% lower at S$121.7 million as the higher leases and related expenses were mitigated by the reversals of accruals no longer required in 1Q 2015 for international capacity leases.

Marketing and promotions decreased 7.5% to S$144.6 million in FY 2015 mainly driven by directing marketing budgets more effectively and efficiently through data analytics as customer acquisition and retention programmes were rolled out.

Against FY 2014, allowance for doubtful receivables was higher at S$18.4 million in FY 2015. Additional allowance for doubtful debts was made in FY 2015 for certain accounts receivables' that were assessed to be of higher risk of collection.

Repair and maintenance in FY 2015 was higher at S$86.0 million as a result of the expanded network and systems infrastructure. This would have been higher by 2.1% for FY 2015 when compared to FY 2014, which had been lowered by adjustments for accruals no longer required.

Other expenses decreased S$9.5 million or 10.3% to S$82.7 million when compared to FY 2014. Gains on exchange differences, compared to a loss last year; and disposal of fixed assets were the main contributing factors to the decrease YoY.

For FY 2015, other income was S$1.0 million lower at S$45.6 million. The impact from higher Next Gen NBN adoption grants recognised during the year was lowered as certain Next Gen NBN rollout grants became fully amortised in FY 2015.

Profit from operations decreased S$35.4 million or 7.5% to S$441.3 million when compared to FY 2014, impacted by the lower service revenue and increased operating expenses.

EBITDA for FY 2015 was lower by S$35.2 million or 4.7% to S$712.7 million. As a percentage of service revenue, EBITDA margin was 32.2% in FY 2015, down from 33.7% in FY 2014.

Finance income maintained at S$2.0 million in FY 2015 while finance expenses at S$17.8 million was S$4.8 million or 21.2% lower compared to FY 2014 which had higher financing expenses for new bank loan facilities taken.

Profit before taxation at S$440.2 million was boosted by a non-operating income of S$15.0 million, being gain from the deconsolidation of SHINE Systems Assets Pte. Ltd. in 3Q 2015.

Compared to FY 2014, taxation in FY 2015 was S$17.7 million or 20.7% lower at S$67.9 million as the tax expense for the current year's taxable profits was reduced by adjustments for prior periods' group tax relief benefits. Excluding this adjustment, the StarHub Group's effective tax rate was approximately 18% (excluding the gain on deconsolidation of a subsidiary), due mainly to certain non-deductible expenses for tax purposes.

Profit after tax for FY 2015 was S$1.8 million or 0.5% higher YoY at S$372.3 million.

Consolidated Balance Sheets

	As of 31 December 2014 S$' million	As of 31 December 2015 S$' million	As of 31 December 2016 S$' million	As of 31 March 2017 S$' million
Cash and Bank Balances	264.2	173.4	285.2	401.2
Other Current Assets	407.4	430.4	455.8	428.5
Non-Current Assets	1,315.6	1,305.6	1,455.3	1,439.2
Total Assets	**1,987.2**	**1,909.4**	**2,196.3**	**2,268.9**
Short-term Interest-bearing Borrowings	200.0	137.5	10.0	10.0
Long-term Interest-bearing Borrowings	487.5	550.0	977.5	977.5
Other Current Liabilities	992.9	890.4	845.5	860.3
Other Non-current Liabilities	157.8	143.9	168.4	162.6
Total Liabilities	**1,838.2**	**1,721.8**	**2,001.4**	**2,010.4**
Net Assets	**149.0**	**187.6**	**194.9**	**258.5**
Share Capital	282.6	293.5	299.7	299.7
Reserves and Retained Profits	-133.6	-105.9	-104.8	-41.2
Total Equity	**149.0**	**187.6**	**194.9**	**258.5**

CAPITALISATION AND INDEBTEDNESS

The table sets forth the capitalisation and indebtedness of the StarHub Group and StarHub as of 31 December 2016 and 31 March 2017.

	StarHub Group		**StarHub**	
	As of 31 December 2016 S$' million	**As of 31 March 2017 S$' million**	**As of 31 December 2016 S$' million**	**As of 31 March 2017 S$' million**
Short-term Borrowings (repayable within one year)				
Unsecured Bank Loans	10.0	10.0	10.0	10.0
Long-term Borrowings (repayable after one year)				
Unsecured Bank Loans	457.5	457.5	457.5	457.5
Unsecured Medium term note	520.0	520.0	520.0	520.0
Total Borrowings	**987.5**	**987.5**	**987.5**	**987.5**
Shareholders' Equity				
Share Capital	299.7	299.7	299.7	299.7
Reserves	-256.3	-265.8	290.8	287.7
Retained Profits	151.5	224.6	1,143.1	1,190.2
Total Capitalisation	**194.9**	**258.5**	**1,733.6**	**1,777.6**
Total Capitalisation and Borrowings	**1,182.4**	**1,246.0**	**2,721.1**	**2,765.1**

The StarHub Group shareholders' equity is lower than that at StarHub's level partially due to the adoption of merger accounting in July 2002 when the shares of SCV were acquired and consolidated into the StarHub Group. The accounting effect was to effectively write off the goodwill/pre-acquisition losses of SCV against the StarHub Group's cumulative reserves. The investment in SCV was stated at cost at StarHub's level.

DIRECTORS AND MANAGEMENT

Board of Directors

The Board of Directors (the "**Board**") of StarHub comprises:

Name	Position
Mr Steven Terrell Clontz	Chairman
Mr Tan Tong Hai	Executive Director, Chief Executive Officer
Mr Paul Ma Kah Woh	Independent Director, Chairman of Audit Committee
Mr Nihal Vijaya Devadas Kaviratne CBE	Independent Director, Chairman of Strategy Committee
Ms Rachel Eng Yaag Ngee	Independent Director, Chairman of Nominating Committee
Mr Teo Ek Tor	Independent Director, Chairman of Executive Resource and Compensation Committee
Mr Stephen Geoffrey Miller	Non-Executive Director, Chairman of Risk Committee
Mr Lim Ming Seong	Non-Executive Director
Mr Liu Chee Ming	Independent Director
Dr Nasser Marafih	Non-Executive Director
Mr Takeshi Kazami	Non-Executive Director

Steven Terrell Clontz
Chairman

Terry is Senior Executive Vice-President, International, at Singapore Technologies Telemedia Pte Ltd. He is also a Director of Level 3 Communications, Inc., PSA International Pte Ltd., Cloud9 Technologies LLC and STT GDC Pte. Ltd. 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 43 years of extensive experience. He brings with him invaluable knowledge of the telecoms and media industry and extensive management expertise. During his 11 years at the helm of StarHub, Terry has led StarHub in a number of major milestones including the transformation of StarHub from being Singapore's third mobile player in 2000 to a fully-integrated "quad-play" service provider; merging StarHub with StarHub 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 U.S. From 1996 to 1998, he served as the President and CEO of IPC Information Systems Inc., based in New York. Prior to that, Terry has 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, U.S.

Tan Tong Hai
Executive Director,
Chief Executive Officer

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

Paul Ma Kah Woh
Independent Director,
Chairman of Audit Committee

Paul is a Director of Mapletree Investment Pte Ltd, Mapletree Greater China Commercial Trust Management Ltd and PACC Offshore Services Holdings Ltd. Paul serves on the National Heritage Board and is the Chairman of its Audit Committee. Paul was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice and Risk Management function until his retirement in September 2003. Paul is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Singapore Institute of Chartered Accountants.

Nihal Vijaya Devadas Kaviratne CBE
Independent Director,
Chairman of Strategy Committee

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. 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 U.S., including the Advanced Executive Programme conducted by Kellogg School of Management, Northwestern University and the Advanced Management Program at the Harvard Business School, U.S.

Rachel Eng Yaag Ngee
Independent Director,
Chairman of Nominating Committee

Rachel is the Deputy Chairman of WongPartnership LLP. Rachel is a corporate lawyer with vast experience and expertise in equity and debt capital markets, real estate investment trusts and corporate finance. She serves on the Boards of Olam International Limited, SPH Reit Management Pte. Ltd., Certis CISCO Security Pte. Ltd. and the Public Utilities Board. She also sits on the Board of Trustee of Singapore Institute of Technology and Council of the Singapore Business Federation. She was a member of the Committee on the Future Economy (CFE) Steering Committee, Ministry of Trade & Industry. Rachel holds a Bachelor of Law (Honours) from the National University of Singapore.

Teo Ek Tor
Independent Director,
Chairman of Executive Resource and Compensation Committee

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

Steve is the President & CEO of Singapore Technologies Telemedia Pte Ltd (ST Telemedia) and is also a member of ST Telemedia Board of Directors. He also serves on the Board of TeleChoice International Limited. Steve joined ST Telemedia in 2005 and has held various senior positions including President & Chief Operating Officer and Chief Financial Officer. He played a crucial role in enhancing ST Telemedia's business competitiveness and asset portfolio while simultaneously maintaining prudent financial management. Prior to joining ST Telemedia, Steve was Financial Advisor to the company on the merger of its data centre business with Equinix and Pihana Pacific, creating one of the world's largest carrier-neutral data centre network. Steve has more than 25 years of global investment, financial management, strategic planning and CMT industry experience. He spent over 14 years of his career in investment banking with Credit Suisse, primarily heading its telecommunications and media group throughout Asia and the Pacific. Steve holds a Bachelor's Degree in Commerce, with First Class Honours in Economics and Finance, from the University of New South Wales, Australia.

Lim Ming Seong
Non-Executive Director

Ming Seong is the Chairman of CSE Global Limited and First Resources Ltd and serves on the boards of U Mobile Sdn Bhd and STT GDC Pte. Ltd. Ming Seong was with the 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, U.S.

Liu Chee Ming
Independent Director

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

Nasser Marafih
Non-Executive Director

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

Takeshi Kazami
Non-Executive Director

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

The Management of StarHub

Set out below is the management of StarHub:

Name	Position
Mr Tan Tong Hai	Chief Executive Officer
Mr Dennis Chia	Chief Financial Officer
Dr Chong Yoke Sin	Chief, Enterprise Business Group
Ms Jeannie Ong	Chief Strategic Partnership Officer
Mr Howie Lau	Chief Marketing Officer
Mr Mock Pak Lum	Chief Business Development Officer
Mr John Tan	Chief Information Officer
Mr Chong Siew Loong	Chief Technology Officer
Ms Diana Lee	Senior Vice President, Customer Service Experience
Ms Veronica Lai	General Counsel & Company Secretary
Ms Chan Hoi San	Senior Vice President, Human Resource
Mr Tim Goodchild	Senior Vice President, Government and Strategic Affairs

Tan Tong Hai
Chief Executive Officer

Please see the section "Directors and Management – Board of Directors – Tan Tong Hai" above.

Dennis Chia
Chief Financial Officer

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

Dennis was the Senior Vice President and Chief Financial Officer of STATS ChipPAC (Worldwide). Prior to that, he was with Lear Corporation as its Vice President of Finance, Asia Pacific Operations, where he oversaw 400 regional finance staff in 30 manufacturing and administrative locations across Asia. Previously, he was the Chief Financial Officer of Behringer Corporation and Frontline Technologies Corporation, leading their successful listings on the SGX-ST.

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

Dr Chong Yoke Sin
Chief, Enterprise Business Group

Yoke Sin leads the Enterprise Business Group at StarHub, and is responsible for driving the next growth phase of the business and deepening the engagement with the enterprise community.

Yoke Sin is a veteran in the IT industry with more than 30 years of experience. She was the CEO of Integrated Health Information Systems, a subsidiary of Ministry of Health Holdings. She also led the healthcare IT industry as Chair of Healthcare Information and Management Systems Society (HIMSS) Asia Pacific Governing Council and was the first Asian Vice Chair on the HIMSS Board of Managers. HIMSS is the largest Healthcare Informatics society in the US and sets the benchmark for Hospital IT certification. In her prior roles, Yoke Sin was CEO of National Computer Systems Pte Ltd, moving up the ranks from Chief Operating Officer and General Manager of Business Development.

In addition, Yoke Sin is Vice President of the Singapore Computer Society (SCS). She is also a Fellow of SCS and a Certified IT Project Manager (Senior). She currently sits on the Boards of the Singapore Land Authority, SG Enable, Republic Polytechnic and the National Kidney Foundation.

Yoke Sin holds a PhD in Chemistry from the National University of Singapore (NUS) and attended the Advanced Management Programme at Harvard University. She was conferred the Outstanding Alumni Award from NUS and the Hall of Fame from HIMSS for her contributions to the advancement of healthcare IT programmes in Asia Pacific.

Jeannie Ong
Chief Strategic Partnership Officer

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

Prior to her current role, Jeannie was the CMO. She joined StarHub in 2001 as its Head of Corporate Communications & Investor Relations, and helped bring the Company public in 2004. Jeannie and her teams have won multiple awards, including Brand of the Year at the prestigious Hall of Fame Awards (2016, 2015 and 2014); The Green Award at the Asia Communications Awards (2015 and 2014), in recognition of StarHub's significant efforts in environmental policies and programmes.

In IR, Jeannie was recognised as the Best IR Officer in Singapore by IR Magazine Awards – South East Asia thrice consecutively in 2014, 2013 and 2012. She and her team made it to the IR Global Top 50 list in 2014. They also clinched the Best IR award (Gold) at the Singapore Corporate Awards thrice (2016, 2013 and 2010).

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

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

Howie Lau
Chief Marketing Officer

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

Howie was the Vice President, Corporate Development of Lenovo's Worldwide Finance Organisation, where he oversaw Lenovo's end-to-end Post Merger Management and related Merger & Acquisition matters. Previously, he was Lenovo's Vice President of Marketing and Communications for Emerging Markets Group, and was responsible for the strategy and execution of marketing and communications in the ASEAN, China, Eastern Europe, Hong Kong, India, Korea, Latin America, Middle East, Russia and Taiwan markets.

Howie is currently the President of Singapore Computer Society's Executive Council, and serves on the boards for NUS Institute of System Science and Singapore Science Centre. He also serves on the IMDA TechSkills Accelerator Governing Council and the advisory committee for Nanyang Polytechnic Business school.

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

Mock Pak Lum
Chief Business Development Officer

Pak Lum is responsible for discovering new business opportunities for the company and ensuring strategic investments are synergistic with its core businesses. In addition, he provides strategic direction for StarHub's cyber security and big data analytics solutions. Pak Lum was the Chief Technology Officer of StarHub before taking on the current role.

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

Following that, Pak Lum moved on to head 1-Net Singapore. One of his key achievements was the winning of a S$92 million contract to host the Singapore Government Data Centre. He was also appointed the CEO of the technology arm of MediaCorp in 2002. In 2010, he left the company to set up an IT software company before joining StarHub.

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

John Tan
Chief Information Officer

John is responsible for charting the strategic directions and providing leadership in the development and deployment of information systems, supported by IT systems and processes to provide synergy and agility to respond swiftly to technology challenges and business opportunities. He leads the Information Services Division and oversees the day-to-day operations in planning and management, system architecture design and governance, development and implementation, support and maintenance of IT infrastructure, applications and services, to deliver efficient business support for StarHub. In addition, John oversees the Business Excellence Department and Customer Service Experience Division.

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

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

Chong Siew Loong
Chief Technology Officer

Siew Loong leads the Network Engineering Division, overseeing network operations, development and transformation. He was one of the pioneers who played an instrumental role in the formative years of StarHub when the company won the licence to operate as Singapore's third telco in 1998.

During his first 11 years with StarHub, he held various leadership roles within the Network Engineering Division. Siew Loong set up and managed the Network and Systems Division at StarHub's wholly-owned subsidiary Nucleus Connect Pte Ltd when the telco won the bid in 2009 to become the Operating Company (OpCo) for Singapore's Nationwide Broadband Network, the world's first open access network. Before joining StarHub, Siew Loong worked at another telco in Singapore as well as the Defence Science Organisation.

Siew Loong received the "40 under 40" award from the Global Telecoms Business in 2011, that recognised the telecoms industry's young leaders. He holds a Bachelor of Electronics Engineering from Southampton University, United Kingdom.

Diana Lee
Senior Vice President, Customer Service Experience

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

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

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

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

Veronica Lai
General Counsel & Company Secretary

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

During her career with StarHub she oversaw the legal aspects of the merger of StarHub and SCV as well as StarHub's successful IPO.

Under her leadership, the StarHub Legal team was recognised with various awards, including the Best Deal for Singapore for their role in the StarHub IPO by Asia Legal Business. Veronica received the 2007 AsiaLaw Singapore In-house Counsel Award by Asia Law and Practice, and was named by ALB as one of the Top 25 in-house counsels in Asia in 2010. In 2013, the StarHub Legal team won the International Law Office's prestigious Global Counsel Award 2013 and Asia Pacific Counsel Award 2013, for their work in regulatory support. For her corporate secretariat portfolio, Veronica was recognised with the Asian Company Secretary 2013 Award for Singapore by Corporate Governance Asia. In 2014, the StarHub Legal team won the International Legal Alliance Gold Award for the Best Asian & South Pacific Legal Department. Veronica is listed as one of the Legal 500's GC Powerlist for Asia Pacific.

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

Chan Hoi San
Senior Vice President, Human Resource

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

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

Hoi San holds a Master of Human Resource Management from Rutgers University, U.S. and a Bachelor of Arts degree from Scripps College, The Claremont Group for Colleges in the U.S.

Tim Goodchild
Senior Vice President, Government and Strategic Affairs

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

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

Tim holds an honours degree in Economics from Victoria University.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for financing the general corporate funding requirements or investments of the Issuer and/or the StarHub Group (including financing new acquisitions and investments, refinancing of existing borrowings, working capital, capital expenditure and other general funding requirements).

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the SFA to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counter-party in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as of the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any Securityholder or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders or prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, the Dealers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure under this section is on the assumption that the IRAS regards each Tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each Tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Prospective holders of any Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any Tranche of the Perpetual Securities.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (i) the arrangement, management or service is performed outside Singapore; or (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

(i) is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

> “break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

As the Programme as a whole was arranged by Australia and New Zealand Banking Group Limited and DBS, each of which was, at the time of establishment of the Programme, a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), the Securities issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 (the "**Relevant Securities**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfiled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Securities within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to the MAS), Specified Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10%; and

(iii) subject to:

    (aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and (bb) the Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Relevant Securities within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require.

Specified Income derived from the Relevant Securities is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any Tranche of Relevant Securities, the Relevant Securities of such Tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as "qualifying debt securities"; and

(B) even though a particular Tranche of Relevant Securities are "qualifying debt securities", if, at any time during the tenure of such Tranche of Relevant Securities, 50% or more of the issue of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfiled (including the furnishing by the Issuer or such other person as the MAS may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the MAS may specify and such other particulars in connection with the qualifying debt securities as the MAS may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity date of not less than 10 years;

(c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where

  (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the Issuer included in any offering document for such qualifying debt securities; and

  (ii) the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the qualifying debt securities at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular Tranche of the Relevant Securities are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Securities, 50% or more of the issue of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Securities derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who are adopting Singapore Financial Reporting Standard 39 ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

The Securities have not been and will not be registered under the Securities Act and the Securities may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager) of all Securities of the Tranche of which such Securities are a part, within the U.S. or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the U.S. or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Securities, an offer or sale of Securities within the U.S. by a dealer that is not participating in the offering) may violate the registration requirements of the Securities Act.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities *or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

GLOSSARY

"**AAG**"	:	Asia-America Gateway cable system
"**Agency Agreement**"	:	The Agency Agreement dated 23 September 2011 made between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, as amended and restated by the amendment and restatement agency agreement dated 29 May 2017 made between (1) the Issuer, as issuer, (2) DBS Bank Ltd., as issuing and paying agent, (3) DBS Bank Ltd., as registrar and transfer agent, (4) DBS Bank Ltd., as agent bank, and (5) the Trustee, as trustee as further amended, varied or supplemented from time to time
"**Agent Bank**"	:	DBS Bank Ltd.
"**Ancillary Media Services**"	:	The provision of infrastructure, systems, services, information or other resources that are used or intended to be used in connection with the provision or delivery of any media service. Examples of such Ancillary Media Services include video programmes production and newspaper distribution
"**Anti-Siphoning guidelines**"	:	The relevant provisions in the Media Market Conduct Code on the restrictions on acquisition of certain programme rights by subscription TV licensees
"**APCN2**"	:	Asia Pacific Cable Network 2
"**ARPU**"	:	Average revenue per user
"**Arranger**"	:	DBS Bank Ltd.
"**ASE**"	:	Asia Submarine Express cable
"**APG**"	:	Asia-Pacific Gateway cable
"**Bearer Securities**"	:	Securities in bearer form, and includes any replacement Bearer Security issued pursuant to the relevant Conditions and any Temporary Global Security or Permanent Global Security
"**Board**"	:	The Board of Directors
"**Broadcasting Act**"	:	The Broadcasting Act, Chapter 28 of Singapore, as amended or modified from time to time
"**BTS**"	:	Base transceiver station
"**CEO**"	:	Chief Executive Officer
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series

"**CMCC**"	:	China Mobile Communications Corporation
"**CMI**"	:	China Mobile International Limited
"**Clearstream, Luxembourg**"	:	Clearstream Banking, S.A.
"**Common Depositary**"	:	In relation to a Series of the Securities, a depositary common to Euroclear and/or Clearstream, Luxembourg
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**Conditions**"	:	(i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or Global Certificate, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed with reference to the equivalent or similar condition of any other Series of Notes; and (ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or Global Certificate, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed with reference to the equivalent or similar condition of any other Series of Perpetual Securities.
"**Couponholders**"	:	The holders of the Coupons
"**Coupons**"	:	The bearer coupons appertaining to an interest or distribution bearing Definitive Security

"**Cross Carriage Measure**"	:	The cross carriage measure implemented by the IMDA, pursuant to the amended Media Market Conduct Code which took effect on 1 August 2011
"**CSISG**"	:	Customer Satisfaction Index of Singapore
"**DBS**"	:	DBS Bank Ltd.
"**Dealers**"	:	Persons appointed as dealers under the Programme
"**Definitive Security**"	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue
"**Directors**"	:	The directors of the Issuer as of the date of this Information Memorandum
"**EBITDA**"	:	Earnings before interest, tax, depreciation and amortisation
"**Euroclear**"	:	Euroclear Bank SA/NV
"**FBOs**"	:	Facilities-based operators to whom the IMDA has granted a licence to provide facilities-based operations under Section 5 of the Telecommunications Act
"**FDD**"	:	Frequency Division Duplex
"**Free-to-Air Television Licensees**"	:	Persons licensed under the Broadcasting Act to provide a Free-to-Air Television Service
"**Free-to-Air Television Service**"	:	Any free-to-air television service or special interest television service which is made available to the audience for whom it is intended without payment of a subscription fee
"**FY**"	:	Financial year ended 31 December
"**Gbps**"	:	Gigabits per second
"**GHz**"	:	Gigahertz
"**Global Certificate**"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depositary, (ii) CDP and/or (iii) any other clearing system
"**Global Security**"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon
"**GSM**"	:	Global Systems for Mobile Communications
"**HD**"	:	High definition
"**HetNet**"	:	Heterogonous Networks
"**HFC**"	:	Hybrid fibre co-axial

"**HSPA**"	:	High-Speed Packet Access, a mobile broadband technology
"**HSPA+**"	:	Evolved High-Speed Packet Access, a technical standard for wireless broadband telecommunication
"**Huawei**"	:	Huawei Technologies Co. Ltd
"**Huawei Solution**"	:	Huawei Smart Signalling Solution
"**IDD**"	:	International direct dial
"**IMDA**"	:	Info-communications Media Development Authority of Singapore
"**indirect controller**"	:	Any person, whether acting alone or together with any other person and whether with or without holding shares or controlling voting power in a broadcasting company – (a) in accordance with whose directions, instructions or wishes the directors of the broadcasting company are accustomed or under an obligation, whether formal or informal, to act; or (b) who is in a position to determine the policy of the broadcasting company; but does not include any person – (i) who is a director or other officer of the broadcasting company whose appointment has been approved by the IMDA; or (ii) in accordance with whose directions, instructions or wishes the directors of the broadcasting company are accustomed to act by reason only that they act on advice given by the person in his professional capacity
"**Investor's Currency**"	:	The currency or currency unit in which an investor's financial activities are principally denominated
"**IP**"	:	Internet protocol
"**IPTV**"	:	Internet protocol television which covers the transmission of television programming, either full scheduled channels and/or video on-demand content to consumers via a broadband connection using IP
"**IoT**"	:	Internet of Things
"**IRAS**"	:	Inland Revenue Authority of Singapore
"**ISPs**"	:	Internet service providers
"**Issuer**" or "**StarHub**"	:	StarHub Ltd
"**Issuing and Paying Agent**"	:	DBS Bank Ltd.
"**IT**"	:	Information technology
"**ITA**"	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time

"**landing party**"	:	The telecommunications operator that operates the relevant submarine cable landing station
"**linear channel**"	:	A TV channel in respect of which the viewer is only able to watch a particular TV programme at the particular time and on the particular channel that it is offered
"**LTE**"	:	Long Term Evolution
"**M1**"	:	M1 Limited
"**M2M**"	:	Machine-to-Machine
"**MAS**"	:	The Monetary Authority of Singapore
"**Mbps**"	:	Megabits per second
"**Media Market Conduct Code**"	:	Code of Practice for Market Conduct in the Provision of Media Services issued by the IMDA
"**MHz**"	:	Megahertz
"**Microsoft**"	:	Microsoft Singapore Pte. Ltd.
"**Minimum Interconnection Duties**"	:	The minimum interconnection duties set out in the Telecom Competition Code
"**Minister**"	:	The Minister for Communications and Information of Singapore
"**Ministry**"	:	The Ministry of Communications and Information of Singapore
"**MNCs**"	:	Multinational corporations
"**NAGRA**"	:	Nagravision S.A.
"**Next Gen NBN**"	:	Singapore's Next Generation Nationwide Broadband Network
"**network latency**"	:	Lags in communication
"**NLT**"	:	NetLink Trust
"**Noteholders**"	:	The holders of the Notes
"**Notes**"	:	The notes to be issued by the Issuer under the Programme
"**Nucleus Connect**"	:	Nucleus Connect Pte. Ltd.
"**NTT**"	:	Nippon Telegraph and Telephone Corporation (formerly known as Nippon Telegraph and Telephone Public Corporation)
"**OTT**"	:	Over The Top

"**Parity Obligations**"	:	Any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof
"**PBTS**"	:	Public basic telecommunication services
"**PCMTS**"	:	Public cellular mobile telephone services
"**PCTN**"	:	Packet-Centric Transport Network
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security
"**Perpetual Securities**"	:	The perpetual securities issued or to be issued by the Issuer under the Programme
"**Perpetual Securityholders**"	:	The holders of the Perpetual Securities
"**Pricing Supplement**"	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series
"**Programme**"	:	The S$2,000,000,000 Multicurrency Debt Issuance Programme of the Issuer
"**Programme Agreement**"	:	The Programme Agreement dated 23 September 2011 made between (1) the Issuer, as issuer, and (2) Australia and New Zealand Banking Group Limited and DBS, as arrangers and dealers, as amended and restated by the amendment and programme restatement agreement dated 29 May 2017 between (1) the Issuer, as issuer, and (2) DBS, as sole arranger and dealer, and as further amended, varied or supplemented from time to time
"**QDS Plus Scheme**"	:	Qualifying Debt Securities Plus Scheme
"**Ooredoo**"	:	Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C.)
"**Registrar**"	:	DBS Bank Ltd.
"**Registered Securities**"	:	Securities in registered form
"**Requesting Licensee**"	:	A licensee that seeks to interconnect with a dominant licensee
"**RIO**"	:	Reference Interconnection Offer that a dominant licensee (as classified by the IMDA) is required to make under the Telecom Competition Code

"**RSPs**"	:	Retail service providers
"**SaaS**"	:	Software-as-a-Service
"**SBOs**"	:	Service-based operators to whom the IMDA has granted a licence to provide services-based operations under Section 5 of the Telecommunications Act
"**SCV**"	:	StarHub Cable Vision Ltd. (formerly known as Singapore Cable Vision Limited)
"**SD**"	:	Standard definition
"**Section 214 Authorisation**"	:	The global authority granted pursuant to Section 214 of the Communications Act of 1934 (as amended) and Section 63.18 of the Federal Communications Commission's Rules and Regulations of the U.S. to (i) operate as a facilities-based international carrier between the U.S. and Singapore, (ii) re-sell international services between the U.S. and Singapore and (iii) provide international simple re-sale between the U.S. and all international simple resale-approved countries, including Singapore
"**Securities**"	:	The Notes and the Perpetual Securities
"**Securities Act**"	:	United States Securities Act of 1933, as amended or modified from time to time
"**Securityholders**"	:	The Noteholders and the Perpetual Securityholders
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer
"**Series**"	:	(1) (in relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single Series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shares**"	:	Ordinary shares in the capital of the Issuer
"**Singapore**"	:	Republic of Singapore
"**Singapore dollars**"	:	The lawful currency of Singapore
"**Singapore Government**"	:	The government of Singapore

"**Singtel**"	:	Singapore Telecommunications Limited
"**SISEU**"	:	Singapore Industrial & Services Employees' Union
"**SMBs**"	:	Small and medium businesses
"**SMS**"	:	Short Message Service
"**SPH**"	:	Singapore Press Holdings Limited
"**ST Group**"	:	Singapore Technologies group of companies
"**ST Telemedia**"	:	Singapore Technologies Telemedia Pte Ltd
"**Subordinated Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer
"**Talons**"	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the relevant Conditions
"**TARGET System**"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto
"**Tbps**"	:	Terabits per second
"**TDD**"	:	Time Division Duplex
"**Telecom Competition Code**"	:	Code of Practice for Competition in the Provision of Telecommunication Services 2012 issued by the IMDA
"**Telecommunications Act**"	:	The Telecommunications Act, Chapter 323 of Singapore, as amended or modified from time to time
"**Temasek**"	:	Temasek Holdings (Private) Limited
"**Temporary Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue
"**TPG**"	:	TPG Telecom Pte Ltd
"**Tranche**"	:	Securities which are identical in all respects (including listing)
"**Transfer Agent**"	:	DBS Bank Ltd.
"**True Corporation**"	:	True Corporation Plc
"**Trust Deed**"	:	The Trust Deed dated 23 September 2011 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and supplemented by the first supplemental trust deed dated 24 May 2016, as amended and restated by the amendment and restatement trust deed dated 29 May 2017 made between (1) the Issuer, as issuer and (2) the Trustee, as trustee, and as further amended, varied or supplemented from time to time

"**Trustee**"	:	DBS Trustee Limited
"**turnaround**"	:	TV channels, the contents of which are received from the source and delivered by the StarHub Group to its customers without the StarHub Group first processing the contents
"**TV**"	:	Television
"**U.S.**"	:	United States of America
"**Vodafone**"	:	Vodafone Sales and Services Limited
"**1Q 2016**"	:	The quarter ended 31 March 2016
"**1Q 2017**"	:	The quarter ended 31 March 2017
"**12.0 per cent. controller**"	:	A person who alone or together with his associates (a) holds not less than 12.0 per cent. of the shares in the broadcasting company; or (b) is in a position to control voting power of not less than 12.0 per cent. in the broadcasting company
"**S$**" or "**$**" and "**cents**"	:	Singapore dollars and cents respectively
"**US$**"	:	United States dollars
"**YoY**"	:	Year on Year
"**%**" or "**per cent.**"	:	Per centum or percentage

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act, or as the case may be, the SFA.

APPENDIX I

GENERAL AND OTHER INFORMATION

SHARE CAPITAL

1. As of 31 March 2017, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.

2. The issued share capital of the Issuer as of 31 March 2017 is as follows:

Share Designation	Issued Share Capital (Number)	Issued Share Capital (S$)
Ordinary Shares	1,731,651,443 (inclusive of 3,198,906 Treasury Shares)	299,658,101.85

BORROWINGS

3. Save as disclosed in Appendix II to this Information Memorandum, the StarHub Group had, as of 31 March 2017, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or material contingent liabilities.

WORKING CAPITAL

4. The Directors are of the opinion that, after taking into account the present banking facilities, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

5. There have been no significant changes in the accounting policies of the Issuer since its audited financial accounts for the year ended 31 December 2016.

LITIGATION

6. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer or any of its subsidiaries the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the StarHub Group.

MATERIAL ADVERSE CHANGE

7. There has been no material adverse change in the financial condition or business of the Issuer or the StarHub Group since 31 March 2017.

AUDITOR'S CONSENT

8. KPMG LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its names and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

STATEMENT BY DIRECTORS

9. This Information Memorandum has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Information Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading in any material respect, and that this Information Memorandum constitutes full and true disclosure of all material facts about the issue of Securities and the StarHub Group.

DOCUMENTS AVAILABLE FOR INSPECTION

10. Copies of the following documents may be inspected at the registered office of the Issuer at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942 during normal business hours:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 8 above;

    (d) the audited consolidated accounts of the Issuer for FY 2015 and FY 2016; and

    (e) the announcement of unaudited consolidated results of the Issuer for the first quarter ended 31 March 2017.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

11. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

APPENDIX II

UNAUDITED CONSOLIDATED RESULTS OF STARHUB LTD FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The information in this Appendix II has been extracted and reproduced from the announcement on 3 May 2017 of StarHub Ltd and its subsidiaries for the first quarter ended 31 March 2017 and has not been specifically prepared for inclusion in this Information Memorandum.

Results for the First Quarter ended 31 March 2017

1. GROUP INCOME AND COMPREHENSIVE INCOME STATEMENTS

1.1 GROUP INCOME STATEMENT

	Quarter ended 31 Mar			
	2017	**2016**	**Incr / (Decr)**	
	S$m	**S$m**	**S$m**	**%**
Total revenue	592.3	590.9	1.4	0.2
Operating expenses	(498.7)	(485.9)	12.8	2.6
Other income	0.3	12.6	(12.3)	(97.9)
Profit from operations	**93.9**	**117.6**	**(23.7)**	**(20.2)**
Finance income	0.8	0.5	0.3	66.9
Finance expense [(1)]	(7.1)	(5.2)	1.9	37.0
	87.6	**112.9**	**(25.3)**	**(22.4)**
Share of loss of associate (net of tax)	(0.2)	(0.2)	-	-
Profit before taxation	**87.4**	**112.7**	**(25.3)**	**(22.5)**
Taxation	(14.3)	(19.9)	(5.6)	(28.0)
Profit for the period	**73.1**	**92.8**	**(19.7)**	**(21.3)**
Attributable to:				
Equity holders of the Company	73.1	92.8	(19.7)	(21.3)
	73.1	**92.8**	**(19.7)**	**(21.3)**
EBITDA	**160.7**	**183.4**	**(22.7)**	**(12.4)**
EBITDA as a % of service revenue	**29.9%**	**33.8%**	**-3.9% pts**	
Free Cash Flow [(2)]	**116.5**	**89.9**	**26.6**	**29.6**
Profit from operations is arrived after charging the following:				
Allowance for doubtful receivables	*6.1*	*4.3*	*1.8*	*40.9*
Depreciation and amortisation (net of asset grants)	*66.8*	*65.7*	*1.1*	*1.6*
Foreign currency exchange gain	*(4.4)*	*(0.1)*	*4.3*	*nm*
Changes in fair value of derivative financial instruments	*-*	*7.1*	*(7.1)*	*nm*

nm – Not meaningful

Notes:
(1) Finance expense include interest and other financing charges
(2) 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
(3) Numbers in all tables may not exactly add up due to rounding

1.2 GROUP COMPREHENSIVE INCOME STATEMENT

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
	S$m	S$m	S$m	%
Profit for the period	**73.1**	**92.8**	**(19.7)**	**(21.3)**
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	-	0.1	(0.1)	nm
Effective portion of changes in fair value of cash flow hedge	(6.4)	(0.3)	6.1	nm
Change in fair value of available-for-sale financial assets	1.4	-	1.4	nm
Other comprehensive income for the period (net of taxation)	(5.0)	(0.2)	4.8	nm
Total comprehensive income for the period	**68.1**	**92.6**	**(24.5)**	**(26.5)**
Attributable to:				
Equity holders of the Company	68.1	92.6	(24.5)	(26.5)
	68.1	**92.6**	**(24.5)**	**(26.5)**

nm – Not meaningful

1.3 GROUP PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 MARCH 2017

(A) Revenue

	Quarter ended 31 Mar					
	2017		2016		Incr / (Decr)	
Total revenue	S$m	% mix	S$m	% mix	S$m	%
Mobile	296.2	50.0	298.1	50.4	(1.9)	(0.6)
Pay TV	88.4	14.9	94.9	16.1	(6.5)	(6.8)
Broadband	53.7	9.1	53.5	9.1	0.2	0.5
Enterprise Fixed	98.7	16.7	95.8	16.2	2.9	2.9
Total service revenue	537.0	90.7	542.3	91.8	(5.3)	(1.0)
Sales of equipment	55.3	9.3	48.6	8.2	6.7	13.7
Total	592.3	100.0	590.9	100.0	1.4	0.2

For the quarter ended 31 March 2017, the Group's total revenue of S$592.3 million was S$1.4 million or 0.2% higher YoY (year-on-year) when compared to 1Q2016. The increase is primarily due to higher revenue from sale of equipment offset by lower service revenue. Compared to 1Q2016, service revenue in 1Q2017 was S$5.3 million lower at S$537.0 million, mainly due to lower revenue from pay TV and mobile services, mitigated by higher revenue from enterprise fixed service.

Mobile service revenue was 0.6% lower at S$296.2 million from both post-paid and pre-paid services. Pay TV service revenue decreased 6.8% YoY to S$88.4 million primarily due to smaller subscriber base. Broadband service revenue grew by 0.5% to S$53.7 million from an increased mix of customers taking fibre plans, which led to a S$1 increase in average revenue per user (ARPU) to S$37 in 1Q2017. Enterprise Fixed service revenue was up by 2.9% to S$98.7 million, mainly due to data & internet services.

Compared to 1Q2016, revenue from sale of equipment rose S$6.7 million to S$55.3 million, largely due to higher volume of handsets sold at a higher average selling price from increased mix of high-end smartphones.

(B) Operating expenses

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
Operating expenses	S$m	S$m	S$m	%
Cost of sales	259.9	230.0	29.9	13.0
Other operating expenses	238.8	255.9	(17.1)	(6.7)
Total	498.7	485.9	12.8	2.6

Total operating expenses increased by S$12.8 million or 2.6% YoY to S$498.7 million in 1Q2017, mainly due higher cost of sales mitigated by lower other operating expenses.

As a percentage of revenue, total operating expenses were higher at 84.2% in 1Q2017 when compared to 82.2% in 1Q2016.

A breakdown of total operating expenses is as follows:

(i) Cost of sales

Cost of sales	Quarter ended 31 Mar 2017 S$m	2016 S$m	Incr / (Decr) S$m	%
Cost of equipment sold	121.9	104.2	17.7	16.9
Cost of services	106.7	92.8	13.9	15.1
Traffic expenses	31.3	33.0	(1.7)	(5.3)
Total	259.9	230.0	29.9	13.0

Cost of sales were higher by S$29.9 million or 13.0% primarily due to cost of equipment sold and cost of services which increased by S$17.7 million and S$13.9 million respectively.

The increase in cost of equipment was driven by an increased mix of high-end smartphones sold and higher quantities, while the YoY increase in cost of services were primarily attributed to TV content costs, coupled with higher costs from more fibre broadband sign-ups.

Traffic expenses were S$1.7 million or 5.3% lower, mainly due to decrease in domestic and international traffic volume.

(ii) Other operating expenses

Other operating expenses	Quarter ended 31 Mar 2017 S$m	2016 S$m	Incr / (Decr) S$m	%
Staff costs	62.2	67.7	(5.5)	(8.1)
Operating leases	32.9	31.5	1.4	4.5
Marketing and promotions	29.7	32.6	(2.9)	(8.8)
Allowance for doubtful receivables	6.1	4.3	1.8	40.9
Repair and maintenance	24.4	26.1	(1.7)	(6.6)
Other expenses	16.7	28.0	(11.3)	(40.3)
Subtotal	172.0	190.2	(18.2)	(9.5)
Depreciation and amortisation (net of asset grants)	66.8	65.7	1.1	1.6
Total	238.8	255.9	(17.1)	(6.7)

The Group’s total operating expenses were S$17.1 million or 6.7% lower YoY at S$238.8 million primarily due to lower staff costs, favourable foreign exchange gains and changes in fair value of derivative financial instruments. As a percentage of revenue, other operating expenses were lower at 40.3% in 1Q2017, down from 43.3% in 1Q2016.

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

Staff costs
Staff costs were 8.1% lower YoY, mainly due to the reversal of accruals for share-based payments expenses no longer required in 1Q2017. Excluding this reversal, staff costs were 1% higher compared to 1Q2016 due to lower wage credit received mitigated by lower variable bonus provision.

Operating leases
Operating leases were 4.5% higher at S$32.9 million, mainly from office rental.

Marketing and promotions
Marketing and promotions expenses were 8.8% lower YoY at S$29.7 million primarily due to acquisition and re-contract costs impacted by the reclassification of certain expenses to cost of sales.

Allowance for doubtful receivables
Allowance for doubtful receivables were higher by 40.9% YoY, mainly due to higher allowance for corporate customer receivables.

Repair and maintenance
The higher repair and maintenance in 1Q2016 was mainly due to the provision for submarine cable repair costs for cable cuts. Excluding this provision, repair and maintenance was 6% higher driven by expanded network and systems infrastructure.

Other expenses
Other expenses were lower by S$11.3 million YoY, primarily due to foreign exchange gains of S$4.4 million recognised in 1Q2017 as compared to unfavourable changes in fair value of derivative financial instruments of S$7.1 million in 1Q2016 impacted by the higher US dollar market exchange rate then.

Depreciation and amortisation
The higher depreciation and amortisation expenses YoY were mainly due to higher additions of property, plant and equipment and intangible assets made in 2016.

(C) Other income

Compared to 1Q2016, other income in 1Q2017 was S$12.3 million lower, mainly due to lower NGNBN grants. All rollout grants have been fully amortised and adoption grants from residential fibre have been fully claimed in 2016.

(D) Profitability

On account of lower income grants, higher handset subsidies and higher cost of services for TV and fibre broadband, profit from operations was S$23.7 million or 20.2% lower YoY at S$93.9 million in 1Q2017.

EBITDA for 1Q2017 was S$22.7 million or 12.4% lower at S$160.7 million when compared to 1Q2016. As a percentage of service revenue, EBITDA margin was lower by 3.9% points to 29.9% in 1Q2017, down from 33.8% in 1Q2016.

The higher finance income was attributed to higher cash and cash equivalent balances, while higher finance expenses were from increase in interest expenses following the issue of the S$300.0 million medium term notes in 2Q2016.

The share of loss from associate remained stable at S$0.2 million for both 1Q2017 and 1Q2016.

As a result of lower profits from operations, this quarter's profit before taxation was S$25.3 million or 22.5% lower YoY at S$87.4 million when compared to 1Q2016. Taxation expenses were also correspondingly lower at S$14.3 million in 1Q2017 when compared to S$19.9 million in 1Q2016.

2. BUSINESS REVIEW

Mobile Services

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
	S$m	S$m	S$m	%
Mobile revenue	296.2	298.1	(1.9)	(0.6)

	Quarter ended / As of		
	31 Mar	31 Dec	31 Mar
Mobile operating statistics	2017	2016	2016
Number of registered customers (in thousands)			
Post-paid	1,392	1,387	1,344
Pre-paid	898	920	855
Total	2,291	2,307	2,198
Monthly minutes of use per registered customer			
Post-paid	188	195	215
Pre-paid	159	178	237
ARPU with IDD included (S$ per month)			
Post-paid	67	70	69
Pre-paid	15	15	17
Tiered data plans			
Percentage of total Post-paid customers	67.8%	67.5%	65.4%
Percentage of tiered data plan customers exceeding data bundles (1)	31.8%	30.3%	22.0%
Average monthly churn rate (post-paid)	0.9%	1.0%	0.9%
Singapore mobile penetration (2)	149.8%	149.8%	148.7%
Market Share (2)	27.5%	27.5%	26.7%

Note:
(1) Prior periods' figures have been restated to reflect percentage of customers exceeding primary data bundles.
(2) Source: IMDA (As of January 2017)

For 1Q2017, the overall mobile service revenue was S$1.9 million or 0.6% lower at S$296.2 million when compared to 1Q2016. The YoY decrease was mainly due to the lower usage revenue from voice, IDD and roaming services, partly mitigated by an increase in subscription revenue from higher take up of 4G tiered plans and growing data usage.

Post-paid mobile services

As of 31 March 2017, post-paid mobile subscriber base stood at 1,392,000 subscribers after the quarter's net addition of 5K subscribers. Compared to a year ago, post-paid customer base grew by 48K customers or 3.6%.

Post-paid mobile ARPU was S$2 lower at S$67 in 1Q2017, mainly due to lower voice, IDD and roaming usage. The percentage of customers on tiered data mobile subscription plans increased to 67.8% as of 31 March 2017 when compared to 65.4% a year ago, while the percentage of tiered data customers exceeding their primary data bundle was higher at 31.8% in 1Q2017, up from 22.0% in 1Q2016.

The post-paid mobile monthly average churn maintained at 0.9%.

Pre-paid mobile services

As of 31 March 2017, pre-paid mobile customer base was 898,000 customers after the quarter's net churn of 22K customers. Compared to a year ago, pre-paid customer base grew by 43K customers or 5.1% YoY.

Pre-paid mobile ARPU was S$2 lower at S$15 in 1Q2107 due to continued decline in voice and IDD usage.

Pay TV Services

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
	S$m	S$m	S$m	%
Pay TV revenue	88.4	94.9	(6.5)	(6.8)

	Quarter ended / As of		
	31 Mar	31 Dec	31 Mar
Pay TV operating statistics	2017	2016	2016
Number of residential Pay TV customers (in thousands)	487	498	528
ARPU (S$ per month)	51	51	51
Average monthly churn rate	0.9%	0.9%	0.8%

Pay TV service revenue of S$88.4 million in 1Q2017 was S$6.5 million or 6.8% lower YoY due to decrease in subscription revenue impacted by a lower subscriber base partially mitigated by higher advertising revenue.

As of 31 March 2017, Pay TV subscriber base was 487,000 subscribers after the quarter’s net churn of 11K subscribers. Compared to a year ago, Pay TV subscriber base was reduced by 41K subscribers or 7.7%.

Pay TV ARPU remained steady at S$51.

Pay TV monthly churn at 0.9% in 1Q2017 was comparable to 4Q2016 and slightly higher than 0.8% in 1Q2016.

Broadband Services

	Quarter ended 31 Mar			
	2017	2016	Incr / (Decr)	
	S$m	S$m	S$m	%
Broadband revenue	53.7	53.5	0.2	0.5

	Quarter ended / As of		
	31 Mar	31 Dec	31 Mar
Broadband operating statistics	2017	2016	2016
Number of residential broadband customers - subscription-based (in thousands)	470	473	473
Number of fibre broadband customers - subscription-based (in thousands)	370	363	298
ARPU (S$ per month)	37	37	36
Average monthly churn rate	0.9%	0.9%	1.1%

Broadband service revenue at S$53.7 million in 1Q2017 was S$0.2 million or 0.5% higher YoY. The increase was mainly due to the higher mix of customers on fibre plans, despite a 3K net churn in subscriber base YoY. As a result, broadband ARPU increased to S$37 in 1Q2017, up from S$36 in 1Q2016.

As of 31 March 2017, the total residential broadband subscriber base of 470K subscribers was reduced by 3K subscribers as compared to last year.

Broadband average monthly churn reduced from 1.1% in 1Q2016 to 0.9% in 1Q2017 due to on-going retention efforts.

Enterprise Fixed Services

Enterprise Fixed revenue	Quarter ended 31 Mar 2017 S$m	2016 S$m	Incr / (Decr) S$m	%
Data & Internet	87.5	82.1	5.4	6.5
Voice services	11.2	13.7	(2.5)	(18.6)
Total	98.7	95.8	2.9	2.9

Compared to 1Q2016, enterprise fixed service revenue rose 2.9% to S$98.7 million in 1Q2017, with higher revenue from data & internet services offset by lower voice service revenue.

Data & internet service revenue was S$5.4 million or 6.5% higher YoY, driven primarily by increased revenue from managed and analytics services.

Voice service revenue was S$2.5 million or 18.6% lower YoY, mainly due to lower traffic from IDD and international interconnect services.

Hubbing (Multi-Service Households)

Hubbing Metrics	Quarter ended / As of 31 Mar 2017	31 Dec 2016	31 Mar 2016
Total households with three or more services of Post-paid Mobile, Pay TV and Broadband and/or Digital Voice services (in thousands)	338	342	350

As of 31 March 2017, the number of households with three or more services stood at 338K households. This was lower compared to 350K households a year ago, primarily due to higher churn in overall TV households.

3. GROUP CASH FLOW STATEMENT

	Quarter ended 31 Mar 2017 S$m	2016 S$m
Operating Activities		
Profit before taxation	87.4	112.7
Adjustments for :		
Depreciation and amortisation (net of asset grants)	66.8	65.7
Income related grants	(0.3)	(12.5)
Share-based payments expenses	(4.2)	2.0
Changes in fair value of derivative financial instruments	-	7.1
Net finance expenses	6.3	4.7
Share of loss of associate (net of tax)	0.2	0.2
Others	0.2	0.2
Operating cash flow before working capital changes	156.4	180.1
Changes in operating assets and liabilities	(4.8)	(34.1)
Income tax paid	(1.4)	(14.3)
Net cash from operating activities	**150.2**	**131.7**
Investing Activities		
Interest received	0.7	0.2
Proceeds from disposal of property, plant and equipment and intangible assets	0.1	-
Purchase of property, plant and equipment and intangible assets	(33.7)	(41.8)
Repayment of loan from an associate	1.1	-
Net cash used in investing activities	**(31.8)**	**(41.6)**
Financing Activities		
Grants received	3.0	12.2
Finance expenses paid	(5.4)	(5.0)
Net cash (used in) / from financing activities	**(2.4)**	**7.2**
Net change in cash and cash equivalents	**116.0**	**97.3**
Cash and cash equivalents at beginning of the period	285.2	173.4
Cash and cash equivalents at end of the period	**401.2**	**270.7**

The Group's net cash from operating activities was S$18.5 million higher at S$150.2 million. The increase was attributed to lower working capital needs and income tax paid, offset by lower cash flow from operations.

The negative working capital changes of S$4.8 million in 1Q2017 were mainly due to lower trade and other payables coupled with higher inventories balances. This was mitigated by lower trade receivables, other receivables, deposits and prepayments and higher net balances due to related parties.

Net cash used in investing activities decreased S$9.8 million to S$31.8 million in 1Q2017, primarily due to lower CAPEX payments and repayment of loan from associate.

The Group's CAPEX payments amounted to S$33.7 million in 1Q2017, representing 5.7% of total revenue.

As a result of higher cash from operating activities and lower CAPEX payments, the Group's free cash flow was a surplus of S$116.5 million, compared to a surplus of S$89.9 million in 1Q2016.

In 1Q2017, net cash outflow from financing activities was at S$2.4 million as compared to an inflow of S$7.2 million in 1Q2016. The higher cash outlay YoY was attributed to lower grants received of S$9.2 million and higher finance expenses paid of S$0.4 million.

The resulting net cash generated was a surplus of S$116.0 million for the quarter leading to a higher cash and cash equivalents balance of S$401.2 million, up from S$270.7 million a year ago.

Capital expenditure commitments

As of 31 March 2017, the Group's total outstanding capital expenditure commitments amounted to S$151.3 million. The outstanding commitments included capital expenditures committed for network infrastructure expansion and enhancement and TV headend migration.

In addition, the Group has a S$349.6 million commitment for spectrum that was recently awarded at the General Spectrum Auction (GSA).

4. STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 17	31 Dec 16	31 Mar 17	31 Dec 16
	S$m	S$m	S$m	S$m
Non-current assets				
Property, plant and equipment	902.7	918.0	432.3	431.0
Intangible assets	461.7	463.8	79.6	78.3
Subsidiaries	-	-	2,472.8	2,472.8
Associate	25.7	25.9	27.8	27.8
Available-for-sale financial assets	41.4	40.0	41.4	40.0
Amount due from related parties	7.7	7.6	7.7	7.6
	1,439.2	**1,455.3**	**3,061.6**	**3,057.5**
Current assets				
Inventories	55.8	49.6	0.7	0.7
Trade receivables	161.7	172.2	136.5	141.7
Other receivables, deposits and prepayments	188.6	212.2	39.3	43.6
Amount due from related parties	22.4	21.8	51.7	19.4
Cash and cash equivalents	401.2	285.2	327.0	236.0
	829.7	**741.0**	**555.2**	**441.4**
Less:				
Current liabilities				
Trade and other payables	694.1	707.9	295.7	309.4
Amount due to related parties	76.4	67.1	433.8	356.5
Borrowings	10.0	10.0	10.0	10.0
Provision for taxation	89.8	70.5	28.3	15.4
	870.3	**855.5**	**767.8**	**691.3**
Net current liabilities	**(40.6)**	**(114.5)**	**(212.6)**	**(249.9)**
Non-current liabilities				
Trade and other payables	23.4	21.6	23.4	21.6
Borrowings	977.5	977.5	977.5	977.5
Deferred income	1.2	1.4	1.2	1.4
Deferred tax liabilities	138.0	145.4	69.3	73.5
	1,140.1	**1,145.9**	**1,071.4**	**1,074.0**
Net assets	**258.5**	**194.9**	**1,777.6**	**1,733.6**
Shareholders' equity				
Share capital	299.7	299.7	299.7	299.7
Reserves	(41.2)	(104.8)	1,477.9	1,433.9
Total equity	**258.5**	**194.9**	**1,777.6**	**1,733.6**

GROUP BALANCE SHEET REVIEW

Compared to 31 December 2016, the Group's total non-current assets were S$16.1 million lower at S$1,439.2 million as of 31 March 2017. The decrease was mainly due to lower net book values for property, plant and equipment, and intangible assets, mitigated by S$1.4 million increase in available-for-sale financial assets stated at fair value.

Total current assets of S$829.7 million as of 31 March 2017 were S$88.7 million higher when compared to 31 December 2016, primarily due to higher cash and cash equivalents and inventories balances offset by lower trade receivables, other receivables, deposits and prepayments.

Total current liabilities amounted to S$870.3 million as of 31 March 2017, up from S$855.5 million as at 31 December 2016. The increase of S$14.8 million was due to higher provision for taxation and amount due to related parties, mitigated by lower trade and other payables.

Against 31 December 2016, total non-current liabilities decreased S$5.8 million to S$1,140.1 million as of 31 March 2017, mainly due to lower deferred tax liabilities offset by higher non-current liabilities of trade and other payables.

The Group's shareholders' equity grew by S$63.6 million to S$258.5 million as of 31 March 2017. The increase was primarily due to increased retained profits of S$73.1 million, offset by S$6.4 million decrease in hedging reserves.

5. GROUP UNSECURED BORROWINGS

Unsecured borrowings	31 Mar 17 S$m	31 Dec 16 S$m
Amount repayable in one year or less		
Bank loans	10.0	10.0
	10.0	10.0
Amount repayable after one year		
Bank loans	457.5	457.5
Medium term notes	520.0	520.0
	977.5	977.5
Total	**987.5**	**987.5**

The Group's unsecured borrowing remained unchanged at S$987.5 million as of 31 March 2017.

On the account of a higher cash and cash equivalent balance, net debt was S$116.0 million lower at S$586.3 million as of 31 March 2017 when compared to S$702.3 million as of 31 December 2016. As a ratio of the past 12 months' EBITDA, the Group's net debt was lower at 0.88 times as of 31 March 2017, down from 1.02 times as of 31 December 2016.

6. STATEMENT OF CHANGES IN EQUITY

Group	Share capital S$m	Treasury shares S$m	Goodwill written off S$m	Share-based payments reserve S$m	Fair value reserve S$m	Hedging reserve S$m	Translation reserve S$m	Retained profits S$m	Total reserves S$m	Total equity S$m
At 1 Jan 2017	**299.7**	**(12.3)**	**(276.3)**	**14.1**	**12.5**	**4.4**	**1.3**	**151.5**	**(104.8)**	**194.9**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	73.1	73.1	73.1
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(6.4)	-	-	(6.4)	(6.4)
Changes in fair value of available-for-sale financial assets	-	-	-	-	1.4	-	-	-	1.4	1.4
Total comprehensive income for the period	-	-	-	-	1.4	(6.4)	-	73.1	68.1	68.1
Transactions with equity holders of the Company, recognised directly in equity										
Contributions by and distributions to equity holders of the Company										
Share-based payments expenses	-	-	-	(4.2)	-	-	-	-	(4.2)	(4.2)
Transfer from treasury shares to share-based payments reserve	-	2.2	-	(2.2)	-	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	(0.3)	-	-	-	-	(0.3)	(0.3)
Total transactions with equity holders of the Company	-	2.2	-	(6.7)	-	-	-	-	(4.5)	(4.5)
At 31 Mar 2017	**299.7**	**(10.1)**	**(276.3)**	**7.4**	**13.9**	**(2.0)**	**1.3**	**224.6**	**(41.2)**	**258.5**
At 1 Jan 2016	**293.5**	**-**	**(276.3)**	**12.3**	**-**	**0.5**	**1.3**	**156.3**	**(105.9)**	**187.6**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	92.8	92.8	92.8
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	-	0.1	-	0.1	0.1
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(0.3)	-	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	-	-	-	(0.3)	0.1	92.8	92.6	92.6
Transactions with equity holders of the Company, recognised directly in equity										
Contributions by and distributions to equity holders of the Company										
Issue of shares pursuant to share plans	2.6	-	-	(2.6)	-	-	-	-	(2.6)	-
Share-based payments expenses	-	-	-	2.0	-	-	-	-	2.0	2.0
Total transactions with equity holders of the Company	2.6	-	-	(0.6)	-	-	-	-	(0.6)	2.0
At 31 Mar 2016	**296.1**	**-**	**(276.3)**	**11.7**	**-**	**0.2**	**1.4**	**249.1**	**(13.9)**	**282.2**

6. STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S$m	Treasury shares S$m	Merger/ Capital reserve S$m	Share-based payments reserve S$m	Fair value reserve S$m	Hedging reserve S$m	Retained profits S$m	Total reserves S$m	Total equity S$m
At 1 Jan 2017	**299.7**	**(12.3)**	**276.5**	**14.1**	**12.5**	**-**	**1,143.1**	**1,433.9**	**1,733.6**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	47.1	47.1	47.1
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	1.4	-	-	1.4	1.4
Total comprehensive income for the period	-	-	-	-	1.4	-	47.1	48.5	48.5
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Share-based payments expenses	-	-	-	(4.2)	-	-	-	(4.2)	(4.2)
Transfer from treasury shares to share-based payments reserve	-	2.2	-	(2.2)	-	-	-	-	-
Tax impact on transfer of treasury shares	-	-	-	(0.3)	-	-	-	(0.3)	(0.3)
Total transactions with equity holders of the Company	-	2.2	-	(6.7)	-	-	-	(4.5)	(4.5)
At 31 Mar 2017	**299.7**	**(10.1)**	**276.5**	**7.4**	**13.9**	**-**	**1,190.2**	**1,477.9**	**1,777.6**
At 1 Jan 2016	**293.5**	**-**	**276.5**	**12.3**	**-**	**0.5**	**992.2**	**1,281.5**	**1,575.0**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	44.0	44.0	44.0
Effective portion of changes in fair value of cash flow hedge (net of taxation)	-	-	-	-	-	(0.3)	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	-	-	-	(0.3)	44.0	43.7	43.7
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Issue of shares pursuant to share plans	2.6	-	-	(2.6)	-	-	-	(2.6)	-
Share-based payments expenses	-	-	-	2.0	-	-	-	2.0	2.0
Total transactions with equity holders of the Company	2.6	-	-	(0.6)	-	-	-	(0.6)	2.0
At 31 Mar 2016	**296.1**	**-**	**276.5**	**11.7**	**-**	**0.2**	**1,036.2**	**1,324.6**	**1,620.7**

7. CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

As of 31 March 2017, the share capital of the Company was at S$299.7 million comprising 1,728,452,537 issued ordinary shares (excluding treasury shares). As of 31 December 2016, it was S$299.7 million comprising 1,727,757,343 ordinary shares (excluding treasury shares).

Treasury Shares
For the quarter ended 31 March 2017, the Company transferred 695,194 treasury shares to participants of the Company's share plans, and there was no purchase of shares from the market.

The treasury share balance as of 31 March 2017 totaled S$10.1 million comprising 3,198,906 ordinary shares or 0.2% of issued share capital excluding treasury shares (31 March 2016: Nil).

Issue of new shares
For 1Q2017, there was no new issue of ordinary shares.

Subsidiary holdings
As at 31 March 2017, none of the Company's subsidiaries hold any shares in the Company (31 March 2016: Nil).

Outstanding Shares – Share-Based Plans

Performance Share Plans
As of 31 March 2017, the outstanding balance of conditional awards under the Performance Share Plans was 1,191,000 ordinary shares (31 March 2016: 1,761,100 ordinary shares).

Restricted Stock Plans
As of 31 March 2017, the outstanding balance of conditional awards under the Restricted Stock Plans was 2,737,795 ordinary shares (31 March 2016: 5,524,644 ordinary shares).

8. AUDIT

The financial statements have not been audited or reviewed.

9. AUDITORS' REPORT

Not applicable.

10. ACCOUNTING POLICIES

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2016.

In the current financial period, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2017.

The adoption of these new/revised FRSs and INT FRSs did not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

Certain new standards and amendments to standards are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt these standards early. The new standards and amendments to standards which are expected to have an effect on the financial statements of the Group and the Company in the future financial periods include:

1. Convergence with International Financial Reporting Standards (IFRS)
2. FRS 115 Revenue from Contracts with Customers
3. FRS 109 Financial Instruments
4. FRS 116 Leases

11. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Not applicable.

12. GROUP EARNINGS PER ORDINARY SHARE

	Quarter ended 31 Mar	
	2017	**2016**
Basic		
Earnings per share	4.2 cents	5.4 cents
Weighted average number of shares ('000)	1,728,220	1,730,291
Diluted		
Earnings per share	4.2 cents	5.3 cents
Weighted average number of shares ('000)	1,732,149	1,737,577

13. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2017	**31 Dec 2016**	**31 Mar 2017**	**31 Dec 2016**
Net asset value per share	15.0 cents	11.3 cents	102.8 cents	100.3 cents

14. ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

For the quarter ended 31 March 2017, the Group's service revenue was lower by 1.0%. This was below our guidance of full year service revenue to be at about 2016's level.

1Q2017 EBITDA margin was 29.9% of service revenue. This was above our guidance of full year EBITDA margin to be between 26% to 28% of service revenue.

Total CAPEX payments in 1Q2017 amounted to S$33.7 million or 5.7% of total revenue. This was below our guidance for 2017 CAPEX at 13% of total revenue, excluding spectrum payments.

15. GROUP OUTLOOK

In the Mobile business, we have secured the spectrum needed to deliver quality mobile services to our customers and to facilitate our roadmap towards 5G. Subscription and mobile data for Post-Paid will continue to contribute to revenue while voice services, such as roaming and IDD, are expected to soften further. Mobile data consumption is expected to increase with value added services (VAS) such as Plus 3, JuniorProtect Plus and our enhanced data roaming plans.

For our Pay TV business, we remain focused on offering quality content for both our StarHub Go and Pay TV customers. We will use our data analytics capability to identify customers' usage patterns and preferences, which will help in our content renewals and acquisitions. Piracy and alternative viewing options continue to pose a challenge to the business.

In the Broadband business, we expect more customers to migrate to higher speeds plans. Our differentiation will be the offering of both cable and fibre broadband options to cater to the different needs of our customer segments. While price competition is likely to remain intense, we will continue to compete on network and customer service quality.

In the Enterprise Fixed segment, we see sustained demand for new connectivity services. Rollout of our own fibre network allows us to fulfil more diversity requirements from enterprises while, improved provisioning of NBN has resulted in higher growth of Broadband services for SMBs. We will be introducing new services in security, IT managed operations, unified communications, digital platforms and smart retail solutions, incorporating our analytics capabilities. While we continue to drive new services, weakness from domestic and international voice services, and price erosion of traditional carriage services will offset revenue growth in the near term.

Based on the current outlook, we maintain our guidance on our Group's 2017 service revenue to be at about 2016's level and Group EBITDA margin to be between 26% to 28% of service revenue. In 2017, CAPEX payment, excluding spectrum payment of S$349.6 million, is expected to be at about 13% of total revenue. We intend to maintain a quarterly cash dividend of 4 cents per ordinary share for FY2017.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important

factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this release with caution.

16. DIVIDENDS

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S$0.04 per ordinary share
Tax Rate	Exempt (1-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S$0.05 per ordinary share
Tax Rate	Exempt (1-tier)

(c) Date payable

The interim dividend will be paid on 26 May 2017.

(d) Book closure date

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 15 May 2017 (“Book Closure Date”) for the purpose of determining members’ entitlement to the interim dividend.

Duly completed registrable transfers received by the Company’s share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to the close of the business at 5.00 p.m. on 12 May 2017 (“Entitlement Date”) will be registered to determine members’ entitlement to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as of 5.00 p.m. on the Entitlement Date will be entitled to the interim dividend.

17. IF NO DIVIDEND HAVE BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT

Not applicable.

18. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000) 1 January 2017 to 31 March 2017 S$m
Transactions for the Sale of Goods & Services	
CapitaLand Limited & its associates	1.4
Singapore Technologies Engineering Ltd & its associates	0.3
Singapore Telecommunications Limited & its associates	5.8
TeleChoice International Ltd & its associates	23.8
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.9
	32.2
Transactions for the Purchase of Goods & Services	
CapitaLand Limited & its associates	0.3
Mapletree Commercial Trust & its associates	3.5
SembCorp Industries Ltd & its associates	1.7
Singapore Power Limited & its associates	6.4
Singapore Telecommunications Limited & its associates	14.7
TeleChoice International Ltd & its associates	43.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	2.8
	72.4

19. NEGATIVE ASSURANCE CONFIRMATION

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Steven Terrell Clontz Director	Tan Tong Hai Director

Singapore
3 May 2017

20. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

APPENDIX III

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF STARHUB LTD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The information in this Appendix III has been extracted and reproduced from the audited financial statements of StarHub Ltd and its subsidiaries for the financial year ended 31 December 2016 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2016.

Directors' Statement
Year ended 31 December 2016

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 147 to 202 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 2016 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; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors
The directors in office at the date of this statement are as follows:

Steven Terrell Clontz	(Chairman)
Tan Tong Hai	(Chief Executive Officer)
Ma Kah Woh	
Nihal Vijaya Devadas Kaviratne CBE	
Rachel Eng Yaag Ngee	
Teo Ek Tor	
Stephen Geoffrey Miller	(Appointed on 1 January 2017)
Lim Ming Seong	
Liu Chee Ming	
Nasser Marafih	
Takeshi Kazami	

Directors' Interests
According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants, share options and share awards in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Names of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary Shares		
Steven Terrell Clontz	62,900	80,700

Directors' Interests *(continued)*

Names of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary Shares		
Tan Tong Hai	1,049,830	1,343,530
Ma Kah Woh	78,580	81,780
Nihal Vijaya Devadas Kaviratne CBE	21,000	19,000
Rachel Eng Yaag Ngee	–	6,900
Teo Ek Tor	153,838	168,738
Lim Ming Seong	222,036	237,136
Liu Chee Ming	180,184+	191,584+
Nasser Marafih	59,930	66,330
Peter Seah Lim Huat*	578,092	592,092
Sio Tat Hiang*	25,600	39,300
Related Corporations		
Olam International Limited		
Euro Medium Term Note Programme		
Nihal Vijaya Devadas Kaviratne CBE	US$200,000[(1)]	US$200,000[(1)]
Singapore Technologies Engineering Ltd		
Ordinary Shares		
Lim Ming Seong	98,336	98,336
Peter Seah Lim Huat*	545,325	545,325
Singapore Telecommunications Limited		
Ordinary Shares		
Ma Kah Woh	380	380
Peter Seah Lim Huat*	3,217	3,217
TeleChoice International Limited		
Ordinary Shares		
Lim Ming Seong	60,000	60,000
Peter Seah Lim Huat*	50,000	50,000
Sio Tat Hiang*	253,000	325,000

\+ *Held (partly or wholly) by a nominee.*

* *Peter Seah Lim Huat and Sio Tat Hiang resigned as directors on 1 January 2017.*

(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.

Financials

Directors' Statement
Year ended 31 December 2016

Directors' Interests *(continued)*

Names of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Conditional awards of shares under StarHub Performance Share Plan		
Tan Tong Hai	210,000[(2)]	–
	278,600[(3)]	278,600[(3)]
Conditional awards of shares under StarHub Performance Share Plan 2014		
Tan Tong Hai	261,200[(4)]	261,200[(4)]
	–	261,200[(5)]
Conditional awards of shares under StarHub Restricted Stock Plan		
Tan Tong Hai	87,200[(6)]	–
	195,400[(7)]	64,464[(7)]
Conditional awards of shares under StarHub Restricted Stock Plan 2014		
Tan Tong Hai	156,200[(8)]	156,200[(8)]
	–	156,200[(9)]

(2) A conditional award was granted in May 2013. The performance period was from 2013 to 2015. The final award was granted in March 2016 based on the actual level of achievement of the pre-determined targets. The shares under the final award were delivered in April 2016.

(3) A conditional award was granted in March 2014. The performance period was from 2014 to 2016. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(4) A conditional award was granted in March 2015. The performance period is from 2015 to 2017. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(5) A conditional award was granted in March 2016. The performance period is from 2016 to 2018. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(6) A conditional award was granted in May 2013. The performance period was from 2013 to 2014. The final award was granted in March 2015 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2015, and the balance was delivered in 2016.

(7) A conditional award was granted in March 2014. The performance period was from 2014 to 2015. The final award was granted in March 2016 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2016, and the balance will be delivered in 2017.

(8) A conditional award was granted in March 2015. The performance period was from 2015 to 2016. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

(9) A conditional award was granted in March 2016. The performance period is from 2016 to 2017. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

Directors' Interests *(continued)*

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 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 2017.

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 ("EGM") of the Company held on 14 April 2014, in replacement of the then existing StarHub Performance Share Plan and the StarHub Restricted Stock Plan which were adopted by the Company on 16 August 2004 (collectively, "StarHub Share Plans 2004", and each, "StarHub PSP 2004" and "StarHub RSP 2004" respectively).

The StarHub Share Plans 2004 together with the StarHub Share Option Plan 2004 were terminated at the EGM of the Company held on 14 April 2014. The Company had also in 2000 adopted the StarHub Pte Ltd Share Option Plan ("StarHub Share Option Plan 2000") and terminated the same in 2004. Since 31 May 2015, there were no outstanding or unexercised options under the StarHub Share Option Plans.

The StarHub Share Plans 2014, the StarHub Share Plans 2004, the StarHub Share Option Plan 2004 and the StarHub Share Option Plan 2000 (collectively, "Plans") are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising three directors, namely Teo Ek Tor, Stephen Geoffrey Miller and Lim Ming Seong.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company ("Parent Company") for purposes of the Plans.

StarHub Share Plans 2014 and StarHub Share Plans 2004 (collectively, the "StarHub Share Plans")

(i) The StarHub Share Plans were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.

(ii) The termination of the StarHub Share Plans 2004 was without prejudice to the rights of holders of awards accepted and outstanding under the StarHub Share Plans 2004 as at the date of termination. The outstanding awards under the StarHub Share Plans 2004 were vested according to the terms of the StarHub Share Plans 2004 and the respective grants.

Directors' Statement
Year ended 31 December 2016

Share-based Payments *(continued)*

(iii) The following persons were/shall be eligible to participate in the StarHub Share Plans, respectively at the absolute discretion of the ERCC:

(1) employees (including executive directors) and non-executive directors of the Group;

(2) employees (including executive directors) and non-executive directors of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as an employee of the Group for the purposes of the StarHub Share Plans; and

(3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

(iv) Under the StarHub PSP 2004 and the StarHub PSP 2014, awards of shares are granted on an annual basis, conditional on targets set for a performance period, currently prescribed to be a three-year period. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives.

Awards are released once the ERCC is satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period.

Since the commencement of the StarHub PSP 2004 to the financial year ended 31 December 2016, conditional awards aggregating 9,050,250 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2013, no shares will be delivered if the threshold performance targets are not achieved, while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. For share awards granted during and after the financial year ended 31 December 2014, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Since the commencement of the StarHub PSP 2014 to the financial year ended 31 December 2016, conditional awards aggregating 1,191,000 shares have been granted under the aforesaid plan. For share awards granted during and after the financial year ended 31 December 2015, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Share-based Payments *(continued)*

Details of share awards granted under the StarHub PSP 2004 and StarHub PSP 2014 (collectively, the "StarHub PSP Share Plans") are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub PSP Share Plans to 31 December 2016	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2016
StarHub PSP 2004				
Executive director:				
Tan Tong Hai	–	960,400	42,000	278,600
Key executives	–	7,178,650	37,800	291,500
Total	–	8,139,050	79,800	570,100
StarHub PSP 2014				
Executive director:				
Tan Tong Hai	261,200	522,400	–	522,400
Key executives	395,100	668,600	–	668,600
Total	656,300	1,191,000	–	1,191,000

(v) Under the StarHub RSP 2004 and the StarHub RSP 2014, awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related, after a further period of service beyond the performance period (performance-based restricted awards).

No minimum vesting periods are prescribed under the StarHub RSP 2004 and the StarHub RSP 2014 and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the StarHub PSP 2004 and the StarHub PSP 2014 in that an extended vesting period is imposed beyond the performance period.

The performance-based restricted awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets. The actual number of shares to be released depends on the level of attainment of the performance targets over the performance period.

For performance-based restricted awards granted prior to and during the financial year ended 31 December 2007, (a) the first performance target benchmarks the performance of the Company's TSR measured against the Straits Times Index ("STI") over the performance period; and (b) the second performance target used is measured against Free Cash Flow ("FCF").

For performance-based restricted awards granted during and from financial year ended 31 December 2008 to financial year ended 31 December 2013, the performance targets used are measured against the Return on Invested Capital ("ROIC") and the FCF respectively.

For performance-based restricted awards granted during and from financial year ended 31 December 2014 onwards, the performance targets used are measured against the Return on Invested Capital ("ROIC") and the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA").

Directors' Statement
Year ended 31 December 2016

Share-based Payments *(continued)*

Since the commencement of the StarHub RSP 2004 to the financial year ended 31 December 2016:

(1) performance-based restricted awards aggregating 17,413,000 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times or as the case may be 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;

(2) a time-based restricted award of 100,000 shares has been granted on 15 January 2009. The shares under this award were vested in three equal tranches over a 3-year period from 1 January 2009 to 31 December 2011 according to a specified vesting schedule;

(3) a time-based restricted award of 213,000 shares has been granted on 17 May 2010. The shares under this award were vested in May 2011 upon the participants' continued tenure as non-executive directors of the Company for a full one-year period from the date of grant;

(4) a restricted award of 155,900 shares has been granted on 7 June 2012. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2011 and were vested immediately without any further vesting period;

(5) a restricted award of 99,400 shares has been granted on 10 May 2013. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2012 and were vested immediately without any further vesting period; and

(6) a time-based restricted award of 30,000 shares has been granted on 10 March 2014. The shares under this award were vested in two equal tranches over a 2-year period from 1 January 2015 to 31 December 2016 according to a specified vesting schedule.

Since the commencement of the StarHub RSP 2014 to the financial year ended 31 December 2016:

(1) performance-based restricted awards aggregating 4,758,100 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;

(2) restricted awards aggregating 365,300 shares have been vested to non-executive directors of the Company as part of their directors' remuneration, and were vested immediately upon grant;

(3) a time-based restricted award of 32,500 shares has been granted on 8 July 2015. The shares under this award will vest in two equal tranches over a 2-year period from 8 July 2015 to 7 July 2017 according to a specified vesting schedule; and

(4) a time-based restricted award of 240,000 shares has been granted on 20 May 2016. The shares under this award will vest in two equal tranches over a period from 20 May 2016 to 7 July 2017 according to a specified vesting schedule.

Share-based Payments *(continued)*

Details of share awards granted under the StarHub RSP 2004 and the StarHub RSP 2014 (collectively, the "StarHub RSP Plans") are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub RSP Share Plans to 31 December 2016	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2016
StarHub RSP 2004				
Non-executive directors:				
Steven Terrell Clontz	–	40,100	–	–
Nihal Vijaya Devadas Kaviratne CBE	–	103,700	–	–
Teo Ek Tor	–	91,100	–	–
Lim Ming Seong	–	106,900	–	–
Liu Chee Ming	–	76,100	–	–
Nasser Marafih	–	50,400	–	–
Peter Seah Lim Huat*	–	98,700	–	–
Sio Tat Hiang*	–	4,400	–	–
Executive director:				
Tan Tong Hai	–	739,400	151,700	64,464
Key employees	–	15,143,700	1,296,995	628,880
StarHub RSP 2014				
Non-executive directors:				
Steven Terrell Clontz	17,800	40,600	17,800	–
Ma Kah Woh	3,200	3,200	3,200	–
Nihal Vijaya Devadas Kaviratne CBE	16,900	42,000	16,900	–
Rachel Eng Yaag Ngee	6,900	6,900	6,900	–
Teo Ek Tor	14,900	38,100	14,900	–
Lim Ming Seong	15,100	38,900	15,100	–
Liu Chee Ming	11,400	29,900	11,400	–
Nasser Marafih	6,400	23,300	6,400	–
Peter Seah Lim Huat*	14,000	35,900	14,000	–
Sio Tat Hiang*	13,700	34,900	13,700	–
Executive director:				
Tan Tong Hai	156,200	312,400	–	312,400
Key employees	2,571,100	4,718,200	136,300	4,337,400

* *Peter Seah Lim Huat and Sio Tat Hiang resigned as directors on 1 January 2017.*

Directors' Statement
Year ended 31 December 2016

Share-based Payments *(continued)*

During the financial year, a total of 1,856,315 ordinary shares fully paid in the Company were issued pursuant to the StarHub Share Plans.

As at 31 December 2016, no participant has been granted and/or received shares pursuant to the release of awards granted under the StarHub Share Plans, which, in aggregate, represents 5% or more of the aggregate of:

(a) the total number of new shares available under the StarHub Share Option Plans and the StarHub Share Plans collectively; and

(b) the total number of existing shares delivered pursuant to options exercised under the StarHub Share Option Plans and awards released under the StarHub Share Plans collectively.

Audit Committee

The members of the Audit Committee as at the date of this statement are as follows:

Ma Kah Woh, independent non-executive director (Chairman)
Nihal Vijaya Devadas Kaviratne CBE, independent non-executive director
Rachel Eng Yaag Ngee, 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

Tan Tong Hai
Director

Singapore
3 February 2017

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 2016, 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 147 to 202.

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 Financial Reporting Standards in Singapore ("FRSs") 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 2016 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 ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition ($2,396.7 million)

(Refer to note 3.11 'Significant accounting policies' and note 20 'Revenue')

The key audit matter	***How the matter was addressed in our audit***
The Group's five largest revenue streams are derived from the provision of Mobile, Pay TV, Broadband, Enterprise Fixed services and sales of equipment. The Group provides its services from its integrated fixed, mobile, cable and broadband operations through its fixed and wireless networks. Information used to recognise revenue is based on data captured in the network switches which are interfaced with management IT reporting system. Complexities in the telecommunication systems and the related configurations of the system generated information give rise to the risk that revenue may not be accurately recognised. In addition, products and services offered with promotional rates and discounts, adds to the complexities in the calculation of revenue to be recognised.	Our audit was performed with a high reliance on the Group's IT systems and key manual internal controls. Our audit procedures included: • Testing the design and implementation, and operating effectiveness of the IT environment over systems in which billings, ratings and other relevant support activities reside. • Evaluating the relevant IT systems and the design and operating effectiveness of controls over the capture and recording of revenue transactions from network switches to the billing system, and subsequently to the accounting system. In doing so, we involved our IT specialists to assist in the test of automated controls, including interface controls between different IT applications. • Testing the design and implementation, and effectiveness of controls over initiation, authorisation, recording, and processing of revenue transactions. • Testing key reconciliations used by management to assess the completeness and accuracy of revenue including testing the period in which it is recorded. • Assessing the suitability of revenue recognition policy for the products and services offered by the Group. • Performing analytical procedures on revenue by corroborating with non-financial data and test of details.

Findings

Based on our procedures, we noted no significant issues on the completeness, existence and accuracy of revenue recorded in the year, except for the recognition of revenue from sales and usage of pre-paid phone cards.

Management identified errors in the data in the pre-paid mobile rating and accounting systems that are used for the recognition of revenue from the sales and usage of pre-paid phone cards. Management is in the process of reconciling the differences between pre-paid and accounting systems. The effects of the errors and the unreconciled differences is not significant to the income statement for the year.

We noted that the revenue recognition policies relating to recognition for some of the pre-paid card programmes were not in accordance with the requirements of financial reporting standards. The effect of these deviations is not material to the income statement for the year.

Independent Auditors' Report

Members of the Company
StarHub Ltd

Accruals ($472.1 million)

(Refer to note 3.6(i) 'Significant accounting policies' and note 14 'Trade and other payables')

The key audit matter	*How the matter was addressed in our audit*
The Group incurs significant costs in its operations. Accounting for certain costs at year end is considered a significant audit risk due to the judgement and complexities involved. Judgement is required in determining the level of accrual needed for costs that span the year end where settlement has not been fully and finally made. Judgement is also required where there are invoices under negotiation because agreement on amounts payable to suppliers may take a significant amount of time due to the complexities in the telecommunication industry. Management performed a detailed review of each of its significant accrual accounts relying on historical trend of observable claims and actual costs to assess the sufficiency of these accruals.	Our procedures included: • Reading contracts of certain significant accruals and considering the accounting treatment and timing of recognition. • Understanding and assessing management's process and basis of accruals for each significant accruals category. • Testing the accruals utilised during the year to actual invoices received and checking that the utilisation of accruals have been correctly accounted for. • Testing key reconciliations used by management to assess the completeness and accuracy of liabilities and accruals. • Assessing management's basis of reversal of significant accruals resulting from changes in management's assessment of the likelihood of economic outflows. • Performing search for unrecorded liabilities to assess the completeness of liabilities.

Findings

We have identified certain over accruals made in the financial statements. The effects of these over-accruals were not found to be significant to the income statement for the year.

Based on our assessment of historical utilisation patterns, we found that the estimates used by management to determine the accruals were conservative. Management is continually refining its processes to improve the accuracy of the estimates used to determine these accruals.

Impairment assessment of goodwill ($220.3 million)

(Refer to note 3.7 (ii) 'Significant accounting policies' and note 5 'Intangible assets')

The key audit matter	***How the matter was addressed in our audit***
Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. The determination of the recoverable amount of the cash generating unit ("CGU") requires judgement on the part of management in both identifying and valuing the CGU. The Group recorded goodwill of $220.3 million arising from the acquisition of StarHub Cable Vision Ltd ("SCV") in 2002. Management considers SCV to be an essential part of the Group's fully integrated info-communications business. Hence, for impairment testing purposes, management has allocated the goodwill to the CGU comprising the Group's integrated fixed, mobile, cable and broadband operations. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGU. Any shortfall of the recoverable amount against the carrying amount would be recognised as an impairment loss. Key assumptions and estimates used in the value-in-use calculations include revenue growth rates, expected changes in profit margins, and the applicable discount rate. These estimates require judgement and the determination of the recoverable amount is a key focus area for our audit.	Our audit procedures included: • Evaluating management's basis of determination and identification of the CGU within the Group. • Challenging management's estimates applied in the value-in-use model based on our knowledge of the CGU's operations, by: - Comparing historical forecasts against historical performance to assess management's forecast ability; and - Comparing current forecasts against historical performance to assess the reasonableness of the forecasts. • Obtaining an understanding of management's revenue growth forecasts and capital expenditure on network assets, and independently deriving applicable discount rates and comparing these to those used by management. • Stress testing management's value-in-use calculations through applying and analysing the impact to the headroom when possible but unlikely key assumptions or discount rates were applied. • Assessing the sufficiency of related disclosures in Note 5 to the financial statements including those in respect of the sensitivities of the recoverable amount to variations in assumptions.

Findings

In view of the Group's "Hubbing" strategy whereby the majority of its customers are on a suite of services using an integrated network, we agree with management on the allocation of the goodwill to the CGU.

Based on our procedures, we consider management's assumptions to be within the range of likely market trends and our stress tests showed sufficient headroom for the carrying value of the CGU. We therefore agree with management that there is no impairment in the goodwill allocated to the CGU. We found the Group's disclosure in the financial statements to be compliant with financial reporting standards.

Independent Auditors' Report
Members of the Company
StarHub Ltd

Valuation of trade receivables ($172.2 million)

(Refer to note 3.7 (i) 'Significant accounting policies' and note 11 'Trade receivables')

The key audit matter	*How the matter was addressed in our audit*
The Group has a policy to provide allowances for trade receivables on specific individual balances and on its receivables portfolio collectively. Determining the amount of allowance requires management's judgement on overdue debts and the amount of collection default based on past collection trends. There is a risk that the allowance of doubtful debts recognised may be insufficient.	Our audit procedures included: • Performing tests of controls over the Group's collection procedures, and the Group's assessment of the provision required at every period end. • Assessing the suitability of its policy for the allowance of doubtful debts. • Evaluating the ageing profile of trade receivables and critically assessing the Group's provision levels by considering the historical cash collection trends. • Discussing with management on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisioning. • Reviewing the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the provision.

Findings

We found that the level of allowance of doubtful debts as at 31 December 2016 to be adequate. We have considered the adequacy of the Group's disclosures about the degree of estimation involved in deriving the allowance is sufficient.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we obtained prior to the date of this auditor's report, the other sections included in the Annual Report are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available 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.

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. We have nothing to report in this regard with respect to the Directors' Statement.

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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

Members of the Company
StarHub Ltd

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 February 2017

Statements of Financial Position
As at 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	$m	$m	$m	$m
Non-current assets					
Property, plant and equipment	4	**918.0**	890.0	**431.0**	411.4
Intangible assets	5	**463.8**	388.1	**78.3**	70.6
Subsidiaries	6	**–**	–	**2,472.8**	1,758.1
Associate	7	**25.9**	27.5	**27.8**	27.8
Available-for-sale financial assets	8	**40.0**	–	**40.0**	–
Amounts due from related parties	9	**7.6**	–	**7.6**	344.2
		1,455.3	1,305.6	**3,057.5**	2,612.1
Current assets					
Inventories	10	**49.6**	54.3	**0.7**	50.1
Trade receivables	11	**172.2**	153.3	**141.7**	137.5
Other receivables, deposits and prepayments	12	**212.2**	196.8	**43.6**	34.1
Amounts due from related parties	9	**21.8**	26.0	**19.4**	110.8
Cash and cash equivalents	13	**285.2**	173.4	**236.0**	154.2
		741.0	603.8	**441.4**	486.7
Current liabilities					
Trade and other payables	14	**(707.9)**	(687.3)	**(309.4)**	(297.7)
Amounts due to related parties	9	**(67.1)**	(122.5)	**(356.5)**	(404.4)
Borrowings	15	**(10.0)**	(137.5)	**(10.0)**	(137.5)
Provision for taxation		**(70.5)**	(80.6)	**(15.4)**	(49.1)
		(855.5)	(1,027.9)	**(691.3)**	(888.7)
Net current liabilities		**(114.5)**	(424.1)	**(249.9)**	(402.0)
Non-current liabilities					
Trade and other payables	14	**(21.6)**	(22.7)	**(21.6)**	(22.7)
Borrowings	15	**(977.5)**	(550.0)	**(977.5)**	(550.0)
Deferred income	16	**(1.4)**	(1.1)	**(1.4)**	(1.1)
Deferred tax liabilities	17	**(145.4)**	(120.1)	**(73.5)**	(61.3)
		(1,145.9)	(693.9)	**(1,074.0)**	(635.1)
Net assets		**194.9**	187.6	**1,733.6**	1,575.0
Equity attributable to equity holders of the Company					
Share capital	18	**299.7**	293.5	**299.7**	293.5
Reserves	19	**(104.8)**	(105.9)	**1,433.9**	1,281.5
Total equity		**194.9**	187.6	**1,733.6**	1,575.0

The accompanying notes form an integral part of these financial statements.

Income Statement
Year ended 31 December 2016

		Group	
		2016	2015
	Note	$m	$m
Revenue	20	**2,396.7**	2,444.3
Operating expenses	21	**(2,003.8)**	(2,048.6)
Other income	22	**32.2**	45.6
Profit from operations		**425.1**	441.3
Finance income	23	**3.5**	2.0
Finance expense	23	**(26.2)**	(17.8)
Net finance costs		**(22.7)**	(15.8)
Non-operating income	24	**9.5**	15.0
Share of loss of associate, net of tax	7	**(1.6)**	(0.3)
Profit before taxation		**410.3**	440.2
Taxation	25	**(68.9)**	(67.9)
Profit for the year attributable to equity holders of the Company		**341.4**	372.3
Earnings per share (in cents)			
- Basic	26	**19.8**	21.5
- Diluted	26	**19.7**	21.4
EBITDA	27	**690.1**	712.7

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income
Year ended 31 December 2016

	Group	
	2016 $m	2015 $m
Profit for the year	**341.4**	372.3
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets, net of taxation	**12.5**	–
Foreign currency translation differences	**–**	0.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	**3.9**	1.9
Other comprehensive income for the year, net of taxation	**16.4**	2.4
Total comprehensive income for the year attributable to equity holders of the Company	**357.8**	374.7

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity
Year ended 31 December 2016

Group	Share capital $m	Goodwill written off $m	Share-based payments reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At January 2015	282.6	(276.3)	13.4	(1.4)	0.8	129.9	(133.6)	149.0
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	372.3	372.3	372.3
Other comprehensive income								
Foreign currency translation differences	–	–	–	–	0.5	–	0.5	0.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	1.9	–	–	1.9	1.9
Total comprehensive income for the year	–	–	–	1.9	0.5	372.3	374.7	374.7
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	10.9	–	(10.6)	–	–	–	(10.6)	0.3
Share-based payment expenses	–	–	9.5	–	–	–	9.5	9.5
Dividends paid (Note 29)	–	–	–	–	–	(345.9)	(345.9)	(345.9)
Total transactions with equity holders of the Company	10.9	–	(1.1)	–	–	(345.9)	(347.0)	(336.1)
At 31 December 2015	293.5	(276.3)	12.3	0.5	1.3	156.3	(105.9)	187.6

The accompanying notes form an integral part of these financial statements.

Group	Share capital $m	Treasury shares $m	Goodwill written off $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1 January 2016	**293.5**	**–**	**(276.3)**	**12.3**	**–**	**0.5**	**1.3**	**156.3**	**(105.9)**	**187.6**
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	–	341.4	341.4	341.4
Other comprehensive income										
Net change in fair value of available-for-sale financial assets	–	–	–	–	12.5	–	–	–	12.5	12.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	3.9	–	–	3.9	3.9
Total comprehensive income for the year	–	–	–	–	12.5	3.9	–	341.4	357.8	357.8
Transactions with equity holders of the Company, recognised directly in equity										
Contributions by and distributions to equity holders of the Company										
Treasury shares purchased by the Company	–	(12.3)	–	–	–	–	–	–	(12.3)	(12.3)
Issue of shares pursuant to share plans	6.2	–	–	(6.2)	–	–	–	–	(6.2)	–
Share-based payment expenses	–	–	–	7.2	–	–	–	–	7.2	7.2
Tax impact on transfer of treasury shares	–	–	–	0.8	–	–	–	–	0.8	0.8
Dividends paid (Note 29)	–	–	–	–	–	–	–	(346.2)	(346.2)	(346.2)
Total transactions with equity holders of the Company	6.2	(12.3)	–	1.8	–	–	–	(346.2)	(356.7)	(350.5)
At 31 December 2016	**299.7**	**(12.3)**	**(276.3)**	**14.1**	**12.5**	**4.4**	**1.3**	**151.5**	**(104.8)**	**194.9**

The accompanying notes form an integral part of these financial statements.

Financials

Statements of Changes in Equity
Year ended 31 December 2016

Company	Share capital $m	Merger/ capital reserve $m	Share-based payments reserve $m	Hedging reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1 January 2015	282.6	276.5	13.4	(1.4)	823.2	1,111.7	1,394.3
Total comprehensive income for the year							
Profit for the year	–	–	–	–	514.9	514.9	514.9
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	1.9	–	1.9	1.9
Total comprehensive income for the year	–	–	–	1.9	514.9	516.8	516.8
Transactions with equity holders of the Company, recognised directly in equity							
Contributions by and distributions to equity holders of the Company							
Issue of shares pursuant to share plans	10.9	–	(10.6)	–	–	(10.6)	0.3
Share-based payment expenses	–	–	9.5	–	–	9.5	9.5
Dividends paid (Note 29)	–	–	–	–	(345.9)	(345.9)	(345.9)
Total transactions with equity holders of the Company	10.9	–	(1.1)	–	(345.9)	(347.0)	(336.1)
At 31 December 2015	293.5	276.5	12.3	0.5	992.2	1,281.5	1,575.0

The accompanying notes form an integral part of these financial statements.

Company	Share capital $m	Treasury shares $m	Merger/ capital reserve $m	Share-based payments reserve $m	Fair value reserve $m	Hedging reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1 January 2016	**293.5**	**–**	**276.5**	**12.3**	**–**	**0.5**	**992.2**	**1,281.5**	**1,575.0**
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	497.1	497.1	497.1
Other comprehensive income									
Net change in fair value of available-for-sale financial assets	–	–	–	–	12.5	–	–	12.5	12.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	(0.5)	–	(0.5)	(0.5)
Total comprehensive income for the year	–	–	–	–	12.5	(0.5)	497.1	509.1	509.1
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Treasury shares purchased by the Company	–	(12.3)	–	–	–	–	–	(12.3)	(12.3)
Issue of shares pursuant to share plans	6.2	–	–	(6.2)	–	–	–	(6.2)	–
Share-based payment expenses	–	–	–	7.2	–	–	–	7.2	7.2
Tax impact on transfer of treasury shares	–	–	–	0.8	–	–	–	0.8	0.8
Dividends paid (Note 29)	–	–	–	–	–	–	(346.2)	(346.2)	(346.2)
Total transactions with equity holders of the Company	6.2	(12.3)	–	1.8	–	–	(346.2)	(356.7)	(350.5)
At 31 December 2016	**299.7**	**(12.3)**	**276.5**	**14.1**	**12.5**	**–**	**1,143.1**	**1,433.9**	**1,733.6**

Financials

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement
Year ended 31 December 2016

	2016 $m	2015 $m
Operating activities		
Profit before taxation	**410.3**	440.2
Adjustments for:		
Depreciation and amortisation, net of asset grants	**265.0**	271.4
Income related grants	**(32.0)**	(45.4)
Share-based payments	**7.2**	9.5
Changes in fair value of financial instruments	**1.2**	(1.0)
Net finance costs	**22.7**	15.8
Non-operating income	**(9.5)**	(15.0)
Share of loss of associate, net of tax	**1.6**	0.3
Others	**1.6**	(1.9)
	668.1	673.9
Changes in:		
Inventories	**4.7**	(11.9)
Trade receivables	**(18.9)**	7.6
Other receivables, deposits and prepayments	**(19.3)**	(2.9)
Trade and other payables	**19.9**	(55.8)
Amounts due from related parties	**5.3**	(8.9)
Amounts due to related parties	**(55.4)**	35.2
Cash generated from operations	**604.4**	637.2
Income tax paid	**(53.7)**	(92.7)
Net cash from operating activities	**550.7**	544.5
Investing activities		
Interest received	**3.3**	2.0
Proceeds from disposal of property, plant and equipment and intangible assets	**0.8**	1.6
Purchase of property, plant and equipment and intangible assets	**(366.7)**	(328.8)
Purchase of available-for-sale financial assets	**(18.0)**	–
(Loan to)/Repayment of loan from an associate	**(8.7)**	36.9
Investment in an associate	**–**	(12.0)
Net cash used in investing activities	**(389.3)**	(300.3)
Financing activities		
Proceeds from exercise of share options	**–**	0.3
Treasury shares purchased by the Company	**(12.3)**	–
Grants received	**34.0**	30.0
Proceeds from issue of medium term notes	**300.0**	–
Dividends paid	**(346.2)**	(345.9)
Interest paid	**(25.1)**	(19.7)
Net cash used in financing activities	**(49.6)**	(335.3)
Net change in cash and cash equivalents	**111.8**	(91.1)
Exchange difference on cash and cash equivalents	**–**	0.3
Cash and cash equivalents at beginning of year	**173.4**	264.2
Cash and cash equivalents at end of year (Note 13)	**285.2**	173.4

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
Year ended 31 December 2016

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 3 February 2017.

1 Domicile and Activities

StarHub Ltd ("StarHub" or the "Company") is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together the "Group" and individually as "Group entities"), and the Group's interest in its equity-accounted investee.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value as disclosed in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRSs 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.

Notes to the Financial Statements
Year ended 31 December 2016

2 Basis of Preparation *(continued)*

2.4 Significant accounting estimates and judgements *(continued)*

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 apply 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 and recoverable amounts of loan receivables to 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. As the Group's fixed, mobile, cable and broadband operations are integrated and generate interdependent cash flows, the assessment is performed on the same CGU determined for purposes of assessment of impairment of goodwill (see Note 5).

- Measurement of recoverable amounts of trade receivables

  The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit worthiness of the debtors and historical write-off experience. The Group has a policy to provide allowance for trade receivables 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.

- 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.

2 Basis of Preparation *(continued)*

2.5 Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2016. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

2.6 New accounting standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has set up project teams to assess the transition options and the potential impact on its financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

Applicable to 2018 financial statements

New standards

Summary of the requirements	**Potential impact on the financial statements**
Convergence with International Financial Reporting Standards (IFRS)	
The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.	The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note. Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework. The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Notes to the Financial Statements
Year ended 31 December 2016

2 Basis of Preparation *(continued)*

2.6 New accounting standards and interpretations not yet adopted *(continued)*

Applicable to 2018 financial statements *(continued)*

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 115 *Revenue from Contracts with Customers*	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreement for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	During 2016, the Group performed an initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group expects the following key changes: FRS 115 will require the Group to identify deliverables in contracts with customers that qualify as performance obligations taking into consideration the estimated value of material rights and variable considerations offered. Currently, revenue from bundled products and services are recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element. Under FRS 115, revenue will be allocated to these individual elements within bundled products and services based on their relative stand-alone selling prices. The Group expects an increase in the revenue allocated to sales of equipment and a corresponding reduction in the revenue allocated to services under FRS 115. In addition, the Group expects to defer the recognition of the cost of acquiring customers over the contract duration. **Transition –** The Group intends to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group intends to elect all the practical expedients under FRS 115 and is currently performing the detailed analysis to quantify the transition adjustments on its financial statements.

2 Basis of Preparation *(continued)*

2.6 New accounting standards and interpretations not yet adopted *(continued)*

Applicable to 2018 financial statements *(continued)*

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 109 *Financial Instruments*	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. The Group's initial assessment of the three elements of FRS 109 is as described below. **Classification and measurement –** The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109. The expected classification and measurement of these financial assets under FRS 109 is summarised below: Available-for-sale equity securities are held as long-term investments. For these, the Group expects to elect to present subsequent changes in fair value in other comprehensive income. Under FRS 109, only dividend income is recognised in the income statement. Any subsequent fair value changes are recognised in other comprehensive income and will not be reclassified to the income statement even upon divestment. **Impairment –** The Group intends to adopt the simplified approach and is currently assessing the impact of impairment loss allowance under the new standard. **Hedge accounting –** The Group intends to adopt the general hedge accounting model under the new standards, using prospective application of hedge accounting requirements in the standards. The Group is currently assessing the impact of adopting the new standard. **Transition –** The Group intends to adopt the standard when it becomes effective in 2018 without restating comparative information. The Group is currently gathering data to quantify the potential impact arising from the adoption.

Notes to the Financial Statements
Year ended 31 December 2016

2 Basis of Preparation *(continued)*

2.6 New accounting standards and interpretations not yet adopted *(continued)*

Applicable to 2019 financial statements

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The Group is currently assessing the quantitative impact on the financial statements. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2018. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

3.1 Basis of consolidation

(i) 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.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities were recorded at their existing carrying amounts. The consolidated financial statements included the results of operations, and the assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of the shares issued in consideration for these transactions exceeded the par value of the shares held by the related corporations, the difference was recognised as a merger reserve in the Group's financial statements.

(ii) Loss of control

When control over a subsidiary is lost as a result of a transaction, event or other circumstances, the Group derecognises all assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. Any remaining interest in the previous subsidiary is recognised at its fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in 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.

Notes to the Financial Statements
Year ended 31 December 2016

3 Significant Accounting Policies *(continued)*

3.1 Basis of consolidation *(continued)*

(iv) 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.

3.2 Foreign currencies

(i) Foreign currencies 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 following differences which are recognised in other comprehensive income arising on the translation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to the income statement); or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations
The assets and liabilities of foreign operations 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 average rates during the year.

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.

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 provided 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 42 years
Leasehold improvements	-	Shorter of lease term or 5 years
Network equipment	-	2 years to 15 years
Office equipment, computers and furniture and fittings	-	2 years to 5 years
Motor vehicles	-	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting date.

No depreciation is provided on freehold property or in respect of property, plant and equipment under construction.

3.4 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Acquisitions prior to 1 January 2010

Goodwill arising on acquisitions prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Notes to the Financial Statements
Year ended 31 December 2016

3 Significant Accounting Policies *(continued)*

3.4 Intangible assets *(continued)*

(i) ***Goodwill*** *(continued)*

Acquisition on or after 1 January 2010
For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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 arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was written off against reserves in the year of acquisition and has not been retrospectively capitalised and amortised.

Goodwill that has previously been taken to 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.

(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.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3 Significant Accounting Policies *(continued)*

3.5 Inventories

Inventories comprise goods held for resale and reserved telephone numbers. Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Reserved telephone numbers are stated at cost and accounted for using the specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

3.6 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables (including amounts due from related parties), cash and bank balances, trade and other payables (including amounts due to related parties), and borrowings.

Cash and cash equivalents comprise cash balances, deposits with financial institutions with maturities of three months or less, and bank overdrafts. For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

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.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (including amounts due from related parties).

Notes to the Financial Statements
Year ended 31 December 2016

3 Significant Accounting Policies *(continued)*

3.6 Financial instruments *(continued)*

(i) Non-derivative financial instruments *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value (normally the transaction price) plus any directly attributable transaction costs.

When the fair value at initial recognition differs from the transaction price, for fair value evidenced by a quoted price in an active market, the difference will be recognised as a gain or loss in the income statement. For all other cases, the difference would be recognised to other comprehensive income.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to the income statement.

Available-for-sale financial assets comprise equity securities.

Trade and other payables

Trade and other payables (including amounts due to related parties) are carried at amortised cost using the effective interest method.

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.

(ii) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

Where share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

3 Significant Accounting Policies *(continued)*

3.6 Financial instruments *(continued)*

(iii) Derivative financial instruments, including hedge accounting

The Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at reporting date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in below.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

For other cash flow hedges, the associated cumulative gain or loss that was recognised in other comprehensive income is removed and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the income statement.

Notes to the Financial Statements
Year ended 31 December 2016

3 Significant Accounting Policies *(continued)*

3.7 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables at both specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical write-off patterns and ageing of receivables. Bad debts are written off when incurred.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the income statement. An impairment loss in respect of on the cumulative loss that is reclassified from equity to the income statement is the difference between the acquisition cost, and the current fair value, less any impairment loss recognised previously in the income statement. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income and presented in the fair value reserve in equity.

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 and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amounts.

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.

3.8 Employee benefits

(i) Share-based payment

Share Option Plans

The Share Option Plans allow the Group employees and directors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

Performance Share Plans and Restricted Stock Plans

The Performance Share Plans and the Restricted Stock Plans are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity.

Notes to the Financial Statements
Year ended 31 December 2016

3 Significant Accounting Policies *(continued)*

3.8 Employee benefits *(continued)*

(ii) Defined contribution plans
Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

(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 unearned revenue 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, 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. Revenue is recognised in the income statement as follows:

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.
- Revenue from managed services is recognised at the time such services are rendered.
- 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 unearned revenue. Upon the expiry of pre-paid phone cards, any unutilised value of the cards is taken to the income statement.
- Revenue from sales of equipment is recognised upon delivery and acceptance of the equipment sold.
- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.

3.12 Finance income and costs

Finance income comprises interest income on bank deposits. Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

Finance costs comprise interest expense and similar charges. They are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

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.

3.14 Marketing and promotions

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the income statement when incurred.

3.15 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

Notes to the Financial Statements
Year ended 31 December 2016

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.

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.

3.18 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 has a centralised customer service, sales, marketing and administration support. Based on the financial information regularly reviewed by the CODM, the Group has one operating and reporting segment.

4 Property, Plant and Equipment

Group	Leasehold land $m	Leasehold buildings $m	Leasehold improvements $m	Freehold property $m	Network equipment $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost									
At 1 January 2015	34.3	9.1	49.2	1.7	3,209.2	160.3	6.6	89.9	3,560.3
Additions	–	–	–	–	4.2	19.3	0.4	228.6	252.5
Transfers	–	0.1	1.8	–	236.5	–	–	(238.4)	–
Disposals/Write-offs	–	–	(2.8)	–	(103.2)	(8.5)	(0.5)	–	(115.0)
Disposal of subsidiary	(34.3)	–	–	–	–	–	–	(19.6)	(53.9)
At 31 December 2015	–	9.2	48.2	1.7	3,346.7	171.1	6.5	60.5	3,643.9
At 1 January 2016	**–**	**9.2**	**48.2**	**1.7**	**3,346.7**	**171.1**	**6.5**	**60.5**	**3,643.9**
Additions	**–**	**–**	**–**	**–**	**6.8**	**16.4**	**0.7**	**231.6**	**255.5**
Transfers	**–**	**–**	**1.3**	**–**	**234.4**	**–**	**–**	**(235.7)**	**–**
Disposals/Write-offs	**–**	**–**	**(3.2)**	**–**	**(117.0)**	**(10.9)**	**(0.3)**	**–**	**(131.4)**
At 31 December 2016	**–**	**9.2**	**46.3**	**1.7**	**3,470.9**	**176.6**	**6.9**	**56.4**	**3,768.0**
Accumulated depreciation and impairment losses									
At 1 January 2015	1.0	1.7	45.7	–	2,459.8	135.4	5.6	–	2,649.2
Charge for the year	0.3	0.3	1.8	–	203.2	13.7	0.5	–	219.8
Impairment losses	–	–	–	–	0.6	–	–	–	0.6
Disposals/Write-offs	–	–	(2.8)	–	(102.7)	(8.4)	(0.5)	–	(114.4)
Disposal of subsidiary	(1.3)	–	–	–	–	–	–	–	(1.3)
At 31 December 2015	–	2.0	44.7	–	2,560.9	140.7	5.6	–	2,753.9
At 1 January 2016	**–**	**2.0**	**44.7**	**–**	**2,560.9**	**140.7**	**5.6**	**–**	**2,753.9**
Charge for the year	**–**	**0.3**	**1.5**	**–**	**209.9**	**13.9**	**0.4**	**–**	**226.0**
Disposals/Write-offs	**–**	**–**	**(2.3)**	**–**	**(116.5)**	**(10.8)**	**(0.3)**	**–**	**(129.9)**
At 31 December 2016	**–**	**2.3**	**43.9**	**–**	**2,654.3**	**143.8**	**5.7**	**–**	**2,850.0**
Carrying amount									
At 31 December 2015	–	7.2	3.5	1.7	785.8	30.4	0.9	60.5	890.0
At 31 December 2016	**–**	**6.9**	**2.4**	**1.7**	**816.6**	**32.8**	**1.2**	**56.4**	**918.0**

Staff costs capitalised in construction in progress for the Group during the year amounted to $3.4 million (2015: $3.3 million).

Notes to the Financial Statements
Year ended 31 December 2016

4 Property, Plant and Equipment *(continued)*

Company	Leasehold buildings $m	Leasehold improvements $m	Network equipment $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost							
At 1 January 2015	9.1	40.9	1,236.7	113.9	2.1	48.9	1,451.6
Additions	–	–	–	10.1	0.1	86.7	96.9
Transfers	0.1	1.7	92.4	–	–	(94.2)	–
Disposals/Write-offs	–	(2.8)	(3.4)	(7.7)	(0.2)	–	(14.1)
At 31 December 2015	9.2	39.8	1,325.7	116.3	2.0	41.4	1,534.4
At 1 January 2016	**9.2**	**39.8**	**1,325.7**	**116.3**	**2.0**	**41.4**	**1,534.4**
Additions	**–**	**–**	**–**	**12.5**	**–**	**100.1**	**112.6**
Transfers	**–**	**1.3**	**117.9**	**–**	**–**	**(119.2)**	**–**
Disposals/Write-offs	**–**	**(3.2)**	**(24.2)**	**(2.0)**	**–**	**–**	**(29.4)**
At 31 December 2016	**9.2**	**37.9**	**1,419.4**	**126.8**	**2.0**	**22.3**	**1,617.6**
Accumulated depreciation							
At 1 January 2015	1.7	38.8	909.3	99.6	1.7	–	1,051.1
Charge for the year	0.3	1.0	76.1	7.9	0.2	–	85.5
Disposals/Write-offs	–	(2.8)	(3.0)	(7.6)	(0.2)	–	(13.6)
At 31 December 2015	2.0	37.0	982.4	99.9	1.7	–	1,123.0
At 1 January 2016	**2.0**	**37.0**	**982.4**	**99.9**	**1.7**	**–**	**1,123.0**
Charge for the year	**0.3**	**1.1**	**81.8**	**8.4**	**0.1**	**–**	**91.7**
Disposals/Write-offs	**–**	**(2.3)**	**(23.8)**	**(2.0)**	**–**	**–**	**(28.1)**
At 31 December 2016	**2.3**	**35.8**	**1,040.4**	**106.3**	**1.8**	**–**	**1,186.6**
Carrying amount							
At 31 December 2015	7.2	2.8	343.3	16.4	0.3	41.4	411.4
At 31 December 2016	**6.9**	**2.1**	**379.0**	**20.5**	**0.2**	**22.3**	**431.0**

5 Intangible Assets

Group	Telecommunications and spectrum licences $m	Software $m	Software in development $m	Goodwill $m	Total $m
Cost					
At 1 January 2015	156.8	489.9	12.6	220.3	879.6
Additions	–	0.2	36.3	–	36.5
Transfers	–	32.2	(32.2)	–	–
Disposals/Write-offs	(1.0)	(4.2)	–	–	(5.2)
At 31 December 2015	155.8	518.1	16.7	220.3	910.9
At 1 January 2016	**155.8**	**518.1**	**16.7**	**220.3**	**910.9**
Additions	**80.3**	**0.3**	**35.1**	**–**	**115.7**
Transfers	**–**	**34.9**	**(34.9)**	**–**	**–**
Disposals/Write-offs	**–**	**(3.6)**	**–**	**–**	**(3.6)**
At 31 December 2016	**236.1**	**549.7**	**16.9**	**220.3**	**1,023.0**
Accumulated amortisation					
At 1 January 2015	72.0	403.1	–	–	475.1
Charge for the year	7.8	44.8	–	–	52.6
Disposals/Write-offs	(1.0)	(3.9)	–	–	(4.9)
At 31 December 2015	78.8	444.0	–	–	522.8
At 1 January 2016	**78.8**	**444.0**	**–**	**–**	**522.8**
Charge for the year	**9.1**	**30.9**	**–**	**–**	**40.0**
Disposals/Write-offs	**–**	**(3.6)**	**–**	**–**	**(3.6)**
At 31 December 2016	**87.9**	**471.3**	**–**	**–**	**559.2**
Carrying amount					
At 31 December 2015	77.0	74.1	16.7	220.3	388.1
At 31 December 2016	**148.2**	**78.4**	**16.9**	**220.3**	**463.8**

Impairment testing of goodwill
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. For the purposes of impairment testing, goodwill is allocated to the cash generating unit ("CGU") comprising the Group's integrated fixed, mobile, cable and broadband operations. This represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.

The recoverable amount of the CGU is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rates, growth rates and expected changes to profit margins.

Notes to the Financial Statements
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5 Intangible Assets *(continued)*

Impairment testing of goodwill (continued)

The cash flow projections include the financial budget for the Group for the year ending 31 December 2017, which were approved by the board, and management's forecast for a further two years ending 31 December 2019. The forecast cash flows of 3 years (2015: 3 years) were extrapolated using an estimated growth rate of 1.1% (2015: 3.8%), taking into consideration the competitive pressures on EBITDA margins. The pre-tax discount rate applied to cash flow projections is at 6.6% (2015: 6.3%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the third year is Nil (2015: Nil).

No impairment charge was required for the carrying amount of goodwill assessed as at 31 December 2016 and 31 December 2015 as the recoverable value was in excess of the carrying value. A reasonable change to the key assumptions applied was not likely to cause the recoverable value to be below the carrying value.

Company	Telecommunications licences $m	Software $m	Software in development $m	Total $m
Cost				
At 1 January 2015	1.0	418.0	10.5	429.5
Additions	–	–	28.4	28.4
Transfers	–	24.4	(24.4)	–
Disposals	(1.0)	–	–	(1.0)
At 31 December 2015	–	442.4	14.5	456.9
At 1 January 2016	**–**	**442.4**	**14.5**	**456.9**
Additions	**0.3**	**–**	**31.0**	**31.3**
Transfers	**–**	**30.7**	**(30.7)**	**–**
Disposals	**–**	**(0.1)**	**–**	**(0.1)**
At 31 December 2016	**0.3**	**473.0**	**14.8**	**488.1**
Accumulated amortisation				
At 1 January 2015	0.9	349.3	–	350.2
Charge for the year	0.1	37.0	–	37.1
Disposals	(1.0)	–	–	(1.0)
At 31 December 2015	–	386.3	–	386.3
At 1 January 2016	**–**	**386.3**	**–**	**386.3**
Charge for the year	**0.1**	**23.5**	**–**	**23.6**
Disposals	**–**	**(0.1)**	**–**	**(0.1)**
At 31 December 2016	**0.1**	**409.7**	**–**	**409.8**
Carrying amount				
At 31 December 2015	–	56.1	14.5	70.6
At 31 December 2016	**0.2**	**63.3**	**14.8**	**78.3**

Staff costs capitalised in software in development for the Group and Company during the year amounted to $2.4 million (2015: $1.8 million).

6 Subsidiaries

	Company 2016 $m	Company 2015 $m
Investments in subsidiaries, at cost	**1,209.1**	1,209.1
Loans to subsidiaries	**1,270.7**	556.0
Discount implicit in the interest-free loan to a subsidiary	**21.9**	21.9
	2,501.7	1,787.0
Allowance for impairment losses	**(28.9)**	(28.9)
	2,472.8	1,758.1

At 31 December 2016, the loans to the subsidiaries are unsecured, not repayable within the next 12 months and bore interest ranging from 2.86% to 3.04% (2015: 2.72% to 3.48%) per annum.

During the year, loans to subsidiaries of $714.7 million (2015: $66.0 million) were reclassified from amounts due from related parties to form part of the Company's interest in subsidiaries.

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group 2016 %	Effective equity interest held by the Group 2015 %
The subsidiaries directly held by the Company are as follows:				
StarHub Cable Vision Ltd. (1)	Provision of subscription television and television broadcasting services	Singapore	**100**	100
StarHub Mobile Pte Ltd (1)	Provision of mobile telecommunications services	Singapore	**100**	100
StarHub Internet Pte Ltd (1)	Provision and operation of internet services	Singapore	**100**	100
StarHub Online Pte Ltd (1)	Provision of broadband access services	Singapore	**100**	100
Nucleus Connect Pte. Ltd. (1)	Provision of high speed wholesale broadband services	Singapore	**100**	100
StarHub (Mauritius) Ltd (2)	Investment holding company and for acquisition of info-communication and infotainment services	Mauritius	**100**	100
StarHub (Hong Kong) Limited (3)	Provision of telecommunication services	Hong Kong	**100**	100
StarHub Shop Pte Ltd (4)	Dormant	Singapore	**100**	100
StarHub, Inc. (4)	Dormant	United States	**100**	100
Other subsidiary indirectly held by the Company is as follows:				
Foosti Pte. Ltd. (5)	Dormant	Singapore	**–**	100

(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
(5) The company had been fully dissolved on 11 August 2016

Financials

Notes to the Financial Statements
Year ended 31 December 2016

7 Associate

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Investment in associate	**27.8**	27.8	**27.8**	27.8
Share of post-acquisition reserves	**(1.9)**	(0.3)	**–**	–
	25.9	27.5	**27.8**	27.8

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2016 %	2015 %
SHINE Systems Assets Pte. Ltd. [1]	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	**30**	30

[1] Audited by KPMG LLP Singapore

The following summarises the financial information of the associate, based on its financial statements prepared in accordance with FRS, amended for fair value adjustments on acquisition:

	2016 $m	2015 $m
Summarised Statement of Financial Position		
Non-current assets	**202.5**	93.2
Current assets	**23.6**	14.4
Current liabilities	**(16.9)**	(15.9)
Non-current liabilities	**(122.9)**	–
Net assets	**86.3**	91.7
Reconciliation to carrying amount:		
Opening net assets	**91.7**	93.4
Loss for the year	**(5.4)**	(1.7)
Closing net assets	**86.3**	91.7
Summarised Statement of Comprehensive Income		
Total revenue	**4.2**	–
Loss for the year	**(5.4)**	(1.7)
Other comprehensive loss	**–**	–
Total comprehensive loss for the year	**(5.4)**	(1.7)
Group's share in %	**30%**	30%
Group's share of loss of associate (net of tax) for the year	**(1.6)**	(0.3)
Carrying amount of interest in associate at end of the year	**25.9**	27.5

8 Available-for-sale Financial Assets

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Quoted equity securities	**40.0**	–	**40.0**	–

Included in available-for-sale financial assets was a day one fair value gain arising on initial acquisition of $9.5 million (2015: Nil) (see Note 24).

9 Balance with Related Parties

The immediate and ultimate holding companies are Asia Mobile Holdings Pte. Ltd. and Temasek Holdings (Private) Limited respectively. These companies are incorporated in the Republic of Singapore.

9.1 Amounts due from related parties

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Current				
Amounts due from (trade):				
– Ultimate holding company	**0.1**	0.1	**0.1**	–
– Subsidiaries	**–**	–	**2.1**	97.2
– Related corporations	**20.6**	25.9	**16.1**	13.6
– Loan to associate	**1.1**	–	**1.1**	–
	21.8	26.0	**19.4**	110.8
Non-current				
Amount due from (trade):				
– Subsidiary	**–**	–	**–**	344.2
– Loan to associate	**7.6**	–	**7.6**	–
	7.6	–	**7.6**	344.2

All outstanding current trade balances with ultimate holding company, subsidiaries and related corporations are unsecured, interest-free and repayable on demand. These outstanding balances with ultimate holding company, subsidiaries and related corporations are not impaired as at the financial year end.

The non-current trade amount due from a subsidiary was unsecured, interest free and is not repayable within the next 12 months.

The current loan to associate is unsecured, bear interest rate of 2.86% and 2.96% (2015: Nil) and is repayable in October 2017 and December 2017 respectively.

The non-current loan to associate is unsecured, bear interest rate of 3.53% (2015: Nil) and is repayable in June 2021.

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9 Balance with Related Parties *(continued)*

9.2 Amounts due to related parties

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Current				
Amounts due to (trade):				
– Subsidiaries	**–**	–	**338.5**	373.8
– Related corporations	**67.1**	122.5	**18.0**	30.6
	67.1	122.5	**356.5**	404.4

The amounts due to subsidiaries include unsecured interest bearing amounts of $178.7 million (2015: $167.9 million) at interest rates ranging from 0.95% to 1.73% (2015: 0.93% to 1.25%) per annum and are repayable on demand. The remaining amounts due to subsidiaries and related corporations have trade terms.

9.3 The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements. The amounts before netting are as follows:

Company	Gross amounts $m	Gross amounts offset $m	Net amounts $m
2016			
Current			
Amounts due from subsidiaries	**458.5**	**(456.4)**	**2.1**
Amounts due to subsidiaries	**794.9**	**(456.4)**	**338.5**
2015			
Current			
Amounts due from subsidiaries	565.5	(468.3)	97.2
Amounts due to subsidiaries	842.1	(468.3)	373.8
Non-current			
Amounts due from subsidiaries	344.2	–	344.2

10 Inventories

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Equipment held for resale	**47.7**	52.6	**0.7**	50.1
Maintenance and project inventories	**1.9**	1.7	**–**	–
	49.6	54.3	**0.7**	50.1
Allowance made/(written back) during the year	**0.5**	(0.5)	**(0.4)**	(0.7)

In 2016, inventories of $447.8 million (2015: $487.1 million) were recognised as an expense during the period and included in 'cost of sales'.

During the year, the Company transferred its equipment held for resale amounting to $36.9 million to one of its subsidiaries.

11 Trade Receivables

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Trade receivables	**213.0**	186.4	**181.6**	168.8
Allowance for doubtful receivables	**(40.8)**	(33.1)	**(39.9)**	(31.3)
	172.2	153.3	**141.7**	137.5

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group's and the Company's primary credit risk exposure arises through its trade receivables, which include corporate and retail customers. There is no concentration of credit risk with respect to trade receivables as the Group and the Company have a large number of customers. The recorded allowances for doubtful receivables have been made based on the Group's and the Company's historical collections experience. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the Company's trade receivables.

The age analysis of trade receivables past due but not impaired at the reporting date is as follows:

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Past due 1 – 15 days	**33.3**	40.9	**30.3**	37.7
Past due above 15 days	**69.1**	50.5	**49.3**	41.9
	102.4	91.4	**79.6**	79.6

The movements in allowance for doubtful receivables in respect of trade receivables during the year are as follows:

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
At beginning of year	**33.1**	29.5	**31.3**	27.8
Allowance for doubtful receivables	**21.0**	18.4	**7.5**	5.4
Recharged to subsidiaries	**–**	–	**14.4**	12.9
Allowance utilised	**(13.3)**	(14.8)	**(13.3)**	(14.8)
At end of year	**40.8**	33.1	**39.9**	31.3

12 Other Receivables, Deposits and Prepayments

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Grant receivables	**6.2**	10.7	**–**	–
Accrued revenue	**115.4**	113.9	**8.0**	11.1
Deposits	**4.2**	4.0	**1.1**	0.9
Prepayments	**65.4**	57.2	**17.5**	18.4
Other receivables	**15.6**	9.0	**11.6**	1.7
Mark-to-market financial instruments				
– Forward exchange contracts	**5.4**	1.2	**5.4**	1.2
– Interest rate swaps	**–**	0.8	**–**	0.8
	212.2	196.8	**43.6**	34.1

Notes to the Financial Statements
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13 Cash and Cash Equivalents

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Fixed deposits	**214.3**	111.8	**214.3**	111.8
Cash at bank and in hand	**70.9**	61.6	**21.7**	42.4
	285.2	173.4	**236.0**	154.2

Fixed deposits relates to deposits with financial institutions with maturities of three months or less (2015: six months or less) with effective interest rates ranging from 0.80% to 1.25% (2015: 0.75% to 1.2%).

14 Trade and Other Payables

		Group		Company	
	Note	2016 $m	2015 $m	2016 $m	2015 $m
Current					
Trade payables		**91.3**	98.9	**72.1**	77.4
Accruals		**472.1**	433.2	**201.1**	184.6
Unearned revenue		**129.4**	131.1	**21.3**	19.1
Deferred income	16	**0.8**	7.8	**0.8**	0.5
Deposits from customers		**14.3**	16.3	**14.1**	16.1
		707.9	687.3	**309.4**	297.7
Non-current					
Unearned revenue		**21.6**	22.7	**21.6**	22.7

15 Borrowings

		Group and Company	
	Note	2016 $m	2015 $m
Current			
Bank loans	15.1	**10.0**	137.5
Non-current			
Bank loans	15.1	**457.5**	330.0
Medium term notes	15.2	**520.0**	220.0
		977.5	550.0

15 Borrowings *(continued)*

15.1 Bank loans

	Group and Company	
	2016 $m	2015 $m
Repayable:		
– Within 1 year	**10.0**	137.5
– After 1 year but within 5 years	**457.5**	330.0
	467.5	467.5

At 31 December 2016, the unsecured bank loans bear interest at rates ranging from 1.67% to 2.98% (2015: 1.47% to 2.98%) per annum.

There is no material difference between the carrying amount and fair value of the bank loans.

15.2 Medium term notes

The Company has established a multicurrency medium term note programme with a maximum aggregate principal amount of $1,000.0 million in September 2011. In September 2012, the Company issued a $220.0 million 10-year medium term note which bears interest rate of 3.08% per annum and is repayable in September 2022.

In June 2016, the Company issued a $300.0 million 10-year medium term note which bears interest of 3.55% per annum and is repayable in June 2026.

The fair value of the medium term note is $525.0 million (2015: $218.8 million).

16 Deferred Income

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Deferred grants				
At beginning of year	**8.9**	21.3	**1.6**	–
Grants receivable	**1.7**	2.3	**1.7**	2.3
Amount accreted to the income statement	**(8.4)**	(14.7)	**(1.1)**	(0.7)
At end of year	**2.2**	8.9	**2.2**	1.6
Deferred grants to be accreted:				
Current (within 1 year)	**0.8**	7.8	**0.8**	0.5
Non-current (after 1 year but within 5 years)	**1.4**	1.1	**1.4**	1.1
Total	**2.2**	8.9	**2.2**	1.6

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 cost.

Notes to the Financial Statements
Year ended 31 December 2016

17 Deferred Tax Liabilities

Movements in deferred tax liabilities during the year are as follows:

Group 2016	At 1 January 2016 $m	Recognised in income statement (Note 25) $m	Recognised in other comprehensive income $m	Recognised in equity $m	At 31 December 2016 $m
Deferred tax liabilities					
Property, plant and equipment and intangible assets	**(134.3)**	**(14.6)**	**–**	**–**	**(148.9)**
Other payables and accruals	**1.8**	**0.5**	**–**	**–**	**2.3**
Derivatives	**(0.1)**	**–**	**(0.8)**	**–**	**(0.9)**
Share-based payment transactions	**–**	**1.3**	**–**	**0.8**	**2.1**
Unutilised capital allowances	**8.4**	**(8.4)**	**–**	**–**	**–**
Unutilised tax losses	**4.1**	**(4.1)**	**–**	**–**	**–**
Total	**(120.1)**	**(25.3)**	**(0.8)**	**0.8**	**(145.4)**

Group 2015	At 1 January 2015 $m	Recognised in income statement (Note 25) $m	Recognised in other comprehensive income $m	Recognised in equity $m	At 31 December 2015 $m
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(143.9)	9.6	–	–	(134.3)
Other payables and accruals	3.8	(2.0)	–	–	1.8
Derivatives	0.3	–	(0.4)	–	(0.1)
Unutilised capital allowances	8.5	(0.1)	–	–	8.4
Unutilised tax losses	4.1	–	–	–	4.1
Total	(127.2)	7.5	(0.4)	–	(120.1)

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:

	2016 $m	2015 $m
Tax losses	**3.7**	3.5
Deferred tax assets	**0.6**	0.6

The Group has not recognised deferred tax assets in respect of the above tax losses and capital allowances as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

17 Deferred Tax Liabilities *(continued)*

Company 2016	At 1 January 2016 $m	Recognised in income statement $m	Recognised in other comprehensive income $m	Recognised in equity $m	At 31 December 2016 $m
Deferred tax liabilities					
Property, plant and equipment and intangible assets	**(61.8)**	**(16.1)**	**–**	**–**	**(77.9)**
Other payables and accruals	**0.6**	**1.7**	**–**	**–**	**2.3**
Derivatives	**(0.1)**	**–**	**0.1**	**–**	**–**
Share-based payment transactions	**–**	**1.3**	**–**	**0.8**	**2.1**
Total	**(61.3)**	**(13.1)**	**0.1**	**0.8**	**(73.5)**

Company 2015	At 1 January 2015 $m	Recognised in income statement $m	Recognised in other comprehensive income $m	Recognised in equity $m	At 31 December 2015 $m
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(76.8)	15.0	–	–	(61.8)
Other payables and accruals	0.6	–	–	–	0.6
Derivatives	0.3	–	(0.4)	–	(0.1)
Total	(75.9)	15.0	(0.4)	–	(61.3)

18 Share Capital

Company	2016 Number of shares '000	2016 $m	2015 Number of shares '000	2015 $m
Issued and fully paid ordinary shares:				
At beginning of year	**1,729,795**	**293.5**	1,726,322	282.6
Issue of ordinary shares under the StarHub Performance Share Plans and StarHub Restricted Stock Plans	**1,856**	**6.2**	3,297	10.6
Issue of ordinary shares for cash pursuant to the exercise of options under the StarHub Share Option Plans	**–**	**–**	176	0.3
At end of year	**1,731,651**	**299.7**	1,729,795	293.5

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.

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19 Reserves

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Treasury shares	**(12.3)**	–	**(12.3)**	–
Merger/Capital reserve	**–**	–	**276.5**	276.5
Fair Value Reserve	**12.5**	–	**12.5**	–
Goodwill written off	**(276.3)**	(276.3)	**–**	–
Share-based payments reserve	**14.1**	12.3	**14.1**	12.3
Hedging reserve	**4.4**	0.5	**–**	0.5
Translation reserve	**1.3**	1.3	**–**	–
Retained profits	**151.5**	156.3	**1,143.1**	992.2
	(104.8)	(105.9)	**1,433.9**	1,281.5

Treasury shares comprise the cost of the Company's shares held by the Group. The Company bought 3,894,100 ordinary shares from the market at a consideration of $12.3 million. There was no transfer of treasury shares during the year (2015: Nil).

The merger/capital reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd. ("SCV"), on 2 July 2002 and the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over its par value.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

The translation reserve comprises all foreign currency translation differences arising from the translation of the financial statements of foreign operations.

20 Revenue

	Group	
	2016 $m	2015 $m
Mobile revenue	**1,214.6**	1,239.8
Pay TV revenue	**377.8**	391.0
Broadband revenue	**216.8**	200.3
Enterprise Fixed revenue	**400.0**	384.9
Sales of equipment	**187.5**	228.3
	2,396.7	2,444.3

21 Operating Expenses

	Group	
	2016 $m	2015 $m
Cost of equipment sold	**447.8**	487.1
Cost of services	**409.5**	415.8
Traffic expenses	**117.3**	150.2
Depreciation and amortisation (net of asset grants)	**265.0**	271.4
Marketing and promotions	**133.7**	144.6
Staff costs	**281.4**	270.7
Allowance for doubtful receivables	**21.0**	18.4
Repairs and maintenance	**96.9**	86.0
Operating leases	**116.1**	121.7
Other expenses	**115.1**	82.7
	2,003.8	2,048.6

Included in the Group's cost of services is government grant amounting to $3.2 million (2015: $3.4 million).

21.1 Depreciation and amortisation (net of asset grants)

Depreciation and amortisation expenses comprise the following:

	Group	
	2016 $m	2015 $m
Depreciation of property, plant and equipment	**226.0**	219.8
Accretion of asset grants to the income statement	**(1.0)**	(1.0)
	225.0	218.8
Amortisation of intangible assets	**40.0**	52.6
Total	**265.0**	271.4

21.2 Staff costs

The following are included in staff costs:

	Group	
	2016 $m	2015 $m
Defined contribution plans	**27.4**	25.1
Share-based payments	**7.2**	9.5
Government grants - Wage Credit Scheme	**(4.7)**	(3.7)

Financials

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21 Operating Expenses *(continued)*

21.2.1 Key management personnel compensation
The key management personnel compensation is as follows:

	Group	
	2016 $m	2015 $m
Short-term employee benefits	**10.4**	10.2
Share-based payments	**4.4**	4.3
	14.8	14.5

Included in the above is the total compensation to directors of the Company which amounted to $4.7 million (2015: $5.0 million).

Key management personnel also participate in the StarHub Performance Share Plans and the StarHub Restricted Stock Plans. The short term benefits include the Company balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of shares of 656,300 (2015: 534,700 shares) under the StarHub Performance Share Plans and conditional awards of shares of 557,800 (2015: 435,800 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Company during the year.

Awards of 120,300 shares (2015: 95,800 shares) under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached, during the year.

Based on the actual level of achievement of the pre-determined performance targets over the 2013 to 2015 performance period, final awards comprising 79,800 (2015: 629,300) shares were delivered to the key management personnel of the Company during the year under the 2013 conditional awards granted to key management personnel of the Company in May 2013 pursuant to the StarHub Performance Share Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2014 to 2015 performance period, final awards comprising 359,634 (2015: 372,780) shares were delivered to the key management personnel of the Company during the year under the 2014 conditional awards granted to the key management personnel of the Company in May 2014 pursuant to the StarHub Restricted Stock Plans. 180,000 shares under the final awards were delivered during the year, with the balance of 179,634 shares to be delivered in phases according to the stipulated vesting periods.

All conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Company were on the same terms and conditions as those offered to other employees of the Company.

As at 31 December 2016, 1,761,100 (2015: 1,503,800) of the conditional awards of shares under the StarHub Performance Share Plans, and 1,309,434 (2015: 1,199,380) of the conditional awards of shares under the StarHub Restricted Stock Plans granted to the key management personnel were outstanding.

21 Operating Expenses *(continued)*

21.2.2 Share-based Payments

StarHub Performance Share Plans

Under the StarHub PSP and the StarHub PSP 2014 (collectively the "StarHub Performance Share Plans"), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives. Awards are released once the Company's Executive Resource and Compensation Committee is satisfied that the prescribed performance targets have been achieved. There is no vesting periods beyond the performance achievement periods.

During the financial year ended 31 December 2016, the conditional grants of 656,300 (2015: 534,700) shares under the StarHub Performance Share Plans were made to the key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be when the time-based service conditions are completed.

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:

2016 Date of grant	Balance outstanding at 1 January 2016 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31 December 2016 '000
31 May 2013	**429**	**–**	**(86)**	**(343)**	**–**
10 March 2014	**570**	**–**	**–**	**–**	**570**
16 March 2015	**535**	**–**	**–**	**–**	**535**
22 March 2016	**–**	**656**	**–**	**–**	**656**
Total	**1,534**	**656**	**(86)**	**(343)**	**1,761**

2015 Date of grant	Balance outstanding at 1 January 2015 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31 December 2015 '000
25 May 2012	872	–	(872)	–	–
31 May 2013	432	–	–	(3)	429
10 March 2014	645	–	–	(75)	570
16 March 2015	–	535	–	–	535
Total	1,949	535	(872)	(78)	1,534

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 2016 and 2015 are as follows:

	Year of grant	
	2016	**2015**
Fair value	**$1.46**	$2.94
Share price	**$3.32**	$4.25
Expected volatility of the Company's shares	**15.28%**	16.23%
Expected volatility of MSCI Asia-Pacific Telecommunications Component Stock	**14.14%**	12.42%
Expected dividend yield	**5.70%**	4.48%
Risk-free interest rates	**1.16%**	1.39%

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21 Operating Expenses *(continued)*

21.2.2 Share-based Payments *(continued)*

StarHub Restricted Stock Plans
Under the StarHub RSP and StarHub RSP Plan 2014 (collectively the "StarHub Restricted Stock Plans"), awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related after a further period of service beyond the performance targets completion date (performance-based restricted awards).

During the financial year ended 31 December 2016, the conditional grants of 2,884,800 (2015: 2,432,200) 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 financial year ended 31 December 2016, 141,300 (2015: 128,900) shares under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached.

The movements of the number of shares under the StarHub Restricted Stock Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2016 Date of grant	Balance outstanding at 1 January 2016 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31 December 2016 '000
31 May 2013	**692**	**–**	**(672)**	**(20)**	**–**
10 March 2014	**2,340**	**–**	**(764)**	**(863)**	**713**
16 March 2015	**2,266**	**–**	**–**	**(160)**	**2,106**
8 July 2015	**32**	**–**	**(16)**	**–**	**16**
22 March 2016	**–**	**2,460**	**–**	**(80)**	**2,380**
20 May 2016	**–**	**267**	**(120)**	**–**	**147**
23 May 2016	**–**	**157**	**(141)**	**(16)**	**–**
Total	**5,330**	**2,884**	**(1,713)**	**(1,139)**	**5,362**

2015 Date of grant	Balance outstanding at 1 January 2015 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31 December 2015 '000
25 May 2012	912	–	(912)	–	–
31 May 2013	1,407	–	(699)	(16)	692
10 March 2014	2,454	–	(15)	(99)	2,340
16 March 2015	–	2,271	–	(5)	2,266
3 June 2015	–	129	(113)	(16)	–
8 July 2015	–	32	–	–	32
Total	4,773	2,432	(1,739)	(136)	5,330

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.

21 Operating Expenses *(continued)*

21.2.2 Share-based Payments *(continued)*

StarHub Restricted Stock Plans *(continued)*
The assumptions under the model used for the grant in 2016 and 2015 are as follows:

	Year of grant	
	2016	**2015**
Fair value	**$2.91 - $3.33**	$3.65 - $3.82
Share price	**$3.32 - $3.45**	$3.98 - $4.25
Expected volatility of the Company's shares	**10.79% - 15.28%**	16.23%
Expected dividend yield	**5.46% - 5.70%**	4.48% - 5.15%
Risk-free interest rates	**0.70% - 1.14%**	0.70% - 1.36%

21.3 Other expenses

Included in other expenses are the following:

	Group	
	2016 **$m**	**2015** **$m**
Fees paid to auditors of the Company:		
– Audit	**0.4**	0.4
– Non-audit	**0.4**	0.3
Foreign currency exchange loss/(gain), net	**3.7**	(1.4)
Changes in fair value of financial instruments	**1.2**	(1.0)

22 Other Income

	Group	
	2016 **$m**	**2015** **$m**
Corporate recharges to related parties	**0.2**	0.2
Income related grants	**32.0**	45.4
	32.2	45.6

23 Net Finance Costs

	Group	
	2016 **$m**	**2015** **$m**
Interest income:		
– Bank deposits	**3.4**	2.0
– Associate	**0.1**	–
Finance income	**3.5**	2.0
Interest expense:		
– Bank loans	**13.4**	11.0
– Medium term note	**12.8**	6.8
Finance costs	**26.2**	17.8

Notes to the Financial Statements
Year ended 31 December 2016

24 Non-operating Income

	Group	
	2016 $m	2015 $m
Gain on deconsolidation of a subsidiary	–	15.0
Fair value gain on initial recognition of available-for-sale ("AFS") financial assets	9.5	–
	9.5	15.0

The fair value gain on initial recognition of AFS financial assets arose from the difference between the transaction price and the fair value of the quoted investment at the point when the transaction was concluded.

25 Taxation

	Group	
	2016 $m	2015 $m
Current tax		
Current income tax	52.5	62.9
Utilisation of previously unrecognised deferred tax assets	–	(9.6)
(Over)/Under provision in prior year	(8.9)	22.1
	43.6	75.4
Deferred tax		
Reversal and origination of temporary differences	17.2	12.8
Under/(Over) provision in prior year	8.7	(20.3)
Utilisation of previously unrecognised deferred tax assets	(0.6)	–
	25.3	(7.5)
Total income tax in the income statement	68.9	67.9

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	
	2016 $m	2015 $m
Profit before taxation	410.3	440.2
Income tax using Singapore tax rate of 17%	69.8	74.8
Income not subject to tax	(3.4)	(2.7)
Non-deductible expenses	4.4	3.7
Utilisation of previously unrecognised deferred tax assets	(0.6)	(9.6)
(Over)/Under provision in prior year, net	(0.2)	1.8
Tax benefit	(1.3)	–
Others	0.2	(0.1)
Total income tax in the income statement	68.9	67.9

25 Taxation *(continued)*

The Group's utilisation of previously unrecognised deferred tax assets in prior year relate to unutilised tax losses and unutilised capital allowances transferred from its subsidiaries under the group tax relief system in the Republic of Singapore.

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group	
	2016 $m	2015 $m
Cash flow hedge, before taxation	**4.7**	2.3
Taxation	**(0.8)**	(0.4)
Effective portion of changes in fair value of cash flow hedge	**3.9**	1.9

26 Earnings Per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding (excluding treasury shares), for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees under the StarHub share plans.

	Group	
	2016 $m	2015 $m
Profit attributable to equity holders	**341.4**	372.3

	Number of shares	
	2016 '000	2015 '000
Weighted average number of ordinary shares (basic) during the year#	**1,727,348**	1,729,101
Adjustment for dilutive effect of share plans	**7,123**	6,864
Weighted average number of ordinary shares (diluted) during the year	**1,734,471**	1,735,965

Excludes treasury shares.

27 Earnings Before Interest, Taxation, Depreciation and Amortisation

The earnings before interest, taxation, depreciation and amortisation ("EBITDA") is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not covered by FRS.

The Group defines EBITDA as follows:

	Group	
	2016 $m	2015 $m
Profit before taxation	**410.3**	440.2
Adjustments for:		
Depreciation and amortisation (net of asset grants)	**265.0**	271.4
Finance income	**(3.5)**	(2.0)
Finance expense	**26.2**	17.8
Non-operating income	**(9.5)**	(15.0)
Share of loss of associate (net of tax)	**1.6**	0.3
EBITDA	**690.1**	712.7

Notes to the Financial Statements
Year ended 31 December 2016

28 Related Party Transactions

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group and the Company with related parties during the financial year were as follows:

	Group	
	2016 $m	2015 $m
Ultimate holding company		
Sales	**0.4**	0.5
Associate		
Purchase of property, plant and equipment	**5.0**	–
Rental expenses	**1.9**	–
Purchase of services	**0.2**	–
Related corporations		
Sales	**60.7**	70.0
Purchase of property, plant and equipment	**13.3**	19.5
Rental expenses	**77.7**	81.7
Purchase of services	**142.3**	183.7
Purchase of inventories	**147.0**	166.1

29 Dividends

	Group and Company	
	2016 $m	2015 $m
Final dividend of $0.05 (2015: $0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	**86.5**	86.5
Interim dividends of $0.15 (2015: $0.15) per share (1-tier tax exempt) paid in respect of the current financial year	**259.7**	259.4
	346.2	345.9

30 Segment Reporting

Segment information is presented based on the information reviewed by the chief operating decision maker ("CODM") for performance assessment and resource allocation.

The CODM assess the Group's financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in one segment. The Group delivers its Mobile, Pay TV, Broadband, Enterprise Fixed services and equipment sales on a fully integrated network, and has a centralised customer service, sales, marketing and administration support.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

The Group's reportable segment information is as follows:

	Group	
	2016 $m	2015 $m
Mobile revenue	1,214.6	1,239.8
Pay TV revenue	377.8	391.0
Broadband revenue	216.8	200.3
Enterprise Fixed revenue	400.0	384.9
Sales of equipment	187.5	228.3
Total revenue	2,396.7	2,444.3
EBITDA	690.1	712.7
Depreciation and amortisation (net of asset grants)	(265.0)	(271.4)
Finance income	3.5	2.0
Finance expense	(26.2)	(17.8)
Non-operating income	9.5	15.0
Share of loss of associate (net of tax)	(1.6)	(0.3)
Profit before taxation	410.3	440.2
Taxation	(68.9)	(67.9)
Profit for the year	341.4	372.3
Assets and liabilities		
Non-current assets	1,455.3	1,305.6
Current assets	741.0	603.8
Total assets	2,196.3	1,909.4
Borrowings	987.5	687.5
Other non-current liabilities	168.4	143.9
Other current liabilities	845.5	890.4
Total liabilities	2,001.4	1,721.8
Other information		
Capital expenditure	371.2	289.0
Free cash flow*	184.0	215.7

* Free cash flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the consolidated cash flow statement.

Financials

Notes to the Financial Statements
Year ended 31 December 2016

31 Financial Risk Management

Financial risk management objectives and policies
Exposure to credit, liquidity, interest risk, foreign exchange and market risks arises in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in Note 3.6(iii).

Credit risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

The Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position.

Liquidity risk
The Group actively monitors its liquidity risk and manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, expects to generate sufficient cash flows from its operation, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its medium term note programme to ensure that there are adequate credit facilities which may be utilised when the need arises to meet its working capital requirements.

At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits, as well as available credit from its medium term note programme. In addition, the Group also reviews compliance with loan covenants.

31 Financial Risk Management *(continued)*

Liquidity risk *(continued)*

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

	Carrying amount $m	Contractual cash flows: Total $m	Within 1 year $m	After 1 year but within 5 years $m	After 5 years but within 10 years $m
Group					
2016					
Non-derivative financial liabilities					
Borrowings	**987.5**	**1,169.3**	**34.3**	**560.3**	**574.7**
Trade and other payables ^	**577.7**	**577.7**	**577.7**	**–**	**–**
Amounts due to related parties	**67.1**	**67.1**	**67.1**	**–**	**–**
	1,632.3	**1,814.1**	**679.1**	**560.3**	**574.7**
2015					
Non-derivative financial liabilities					
Borrowings	687.5	773.7	152.3	387.8	233.6
Trade and other payables ^	548.3	548.3	548.3	–	–
Amounts due to related parties	122.5	122.5	122.5	–	–
	1,358.3	1,444.5	823.1	387.8	233.6
Company					
2016					
Non-derivative financial liabilities					
Borrowings	**987.5**	**1,169.3**	**34.3**	**560.3**	**574.7**
Trade and other payables ^	**287.3**	**287.3**	**287.3**	**–**	**–**
Amounts due to related parties	**356.5**	**356.5**	**356.5**	**–**	**–**
	1,631.3	**1,813.1**	**678.1**	**560.3**	**574.7**
2015					
Non-derivative financial liabilities					
Borrowings	687.5	773.7	152.3	387.8	233.6
Trade and other payables ^	278.0	278.0	278.0	–	–
Amounts due to related parties	404.4	404.4	404.4	–	–
	1,369.9	1,456.1	834.7	387.8	233.6

^ The carrying amount of trade and other payables disclosed in the table excludes deferred income and unearned revenue.

Notes to the Financial Statements
Year ended 31 December 2016

31 Financial Risk Management *(continued)*

Liquidity risk *(continued)*
The following table indicates the periods in which the cash flow hedges are expected to affect profit or loss:

		Contractual cash flows		
Group and Company	Carrying amount $m	Total $m	Within 1 year $m	After 1 year but within 5 years $m
2016				
Derivative financial assets				
Forward exchange contracts used for hedging (gross-settled)	**5.4**			
– Outflow		**(117.5)**	**(117.5)**	**–**
– Inflow		**122.9**	**122.9**	**–**
	5.4	**5.4**	**5.4**	**–**
2015				
Derivative financial assets				
Interest rate swaps used for hedging (net-settled)	0.8	0.8	0.5	0.3

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group adopts a policy of ensuring that at least 50 percent of its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose.

At 31 December 2016, the Group had outstanding interest rate swap agreements with notional principal amounts totalling $20.0 million (2015: $145.0 million) in cash flow hedges against borrowings. These interest rate swaps will mature over the remaining term of 0.5 years (2015: 0.6 year to 1.4 years) to hedge the floating semi-annual interest payments on borrowings. The fixed interest payable has interest rates at 0.86% per annum (2015: 0.86% to 1.45% per annum).

Sensitivity analysis
The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the floating interest rates by 100 basis points, with all other variables remaining constant, does not have a material impact in the Group's and the Company's profit before taxation.

31 Financial Risk Management *(continued)*

Foreign currency risk
The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily the United States Dollar.

The Group's and the Company's exposures to United States Dollar are as follows:

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Trade and other receivables	**72.9**	63.1	**11.9**	9.3
Cash and cash equivalents	**55.3**	108.0	**43.9**	104.1
Trade and other payables	**(156.8)**	(132.2)	**(49.0)**	(35.7)
	(28.6)	38.9	**6.8**	77.7

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk on forecasted payment obligations. At 31 December 2016, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately $117.5 million (2015: $105.1 million). The current year forward exchange contracts are entered into by the Company on behalf of a subsidiary.

In respect of other monetary liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying foreign currencies at spot rates where necessary to address any shortfalls.

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.

Market risk
The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

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.

Notes to the Financial Statements
Year ended 31 December 2016

31 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. For interest rate swaps, valuations are also provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Borrowings
The fair values of borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Amounts due from subsidiaries (non-current)
Non-current amounts due from subsidiaries are calculated using discounted cash flow model based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Available-for-sale quoted equity securities
The carrying amount of the available-for-sale financial assets 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.

Interest rates used in determining fair values
The Group and the Company use the interbank swap yield as of year end plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2016 % per annum	2015 % per annum
Derivatives	**0.86**	0.86 – 1.45

31 Financial Risk Management *(continued)*

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 1 and Level 2 valuation methods, at reporting date:

		Group and Company	
	Fair value level	2016 $m	2015 $m
Financial assets			
Mark-to-market financial instruments			
– Forward exchange contracts	2	**5.4**	1.2
– Interest rate swaps	2	**–**	0.8
Available-for-sale financial assets	1	**40.0**	–

There were no transfers between level 1 and 2 in 2016 and 2015.

32 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.

Notes to the Financial Statements
Year ended 31 December 2016

33 Commitments

(a) *Capital and other financial commitments*

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Contracted and not provided for in the financial statements:				
– Capital expenditures	**182.8**	285.4	**95.7**	103.5
– Other operating expenditures	**450.2**	279.0	**–**	–
	633.0	564.4	**95.7**	103.5

As at 31 December 2016, the Group has outstanding capital and other financial commitments with related companies amounting to $12.5 million (2015: $10.2 million), which has been included above.

Included in the capital expenditures contracted by the Company is an amount of approximately $0.2 million (2015: $1.5 million) which has been entered into on behalf of its subsidiaries.

(b) *Operating leases*

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016 $m	2015 $m	2016 $m	2015 $m
Payable				
– Within 1 year	**60.1**	98.8	**44.3**	60.9
– Within 2 to 5 years	**90.4**	106.1	**80.1**	83.1
– After 5 years	**190.7**	210.5	**190.7**	210.4
	341.2	415.4	**315.1**	354.5

As at 31 December 2016, the Group has outstanding operating lease commitments with related companies amounting to $219.4 million (2015: $277.6 million), which has been included above.

Included in the operating lease commitment of the Company is $7.0 million (2015: $7.0 million) which is contracted on behalf of a subsidiary.

The operating leases include lease of premises and network infrastructure. The leases have varying terms and renewal rights.

34 Subsequent Event

The directors have proposed a final dividend of $0.05 (2015: $0.05) per share, tax exempt (one tier), totalling $86.4 million (2015: $86.5 million) in respect of the financial year ended 31 December 2016. 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 2017.

APPENDIX IV

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF STARHUB LTD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The information in this Appendix IV has been extracted and reproduced from the audited financial statements of StarHub Ltd and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2015.

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 141 to 190 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Steven Terrell Clontz	(Chairman)
Tan Tong Hai	(Chief Executive Officer)
Ma Kah Woh	(Appointed on 23 September 2015)
Peter Seah Lim Huat	
Nihal Vijaya Devadas Kaviratne CBE	
Teo Ek Tor	
Sio Tat Hiang	
Lim Ming Seong	
Liu Chee Ming	
Robert J. Sachs	
Rachel Eng Yaag Ngee	(Appointed on 4 May 2015)
Nasser Marafih	
Takeshi Kazami	

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants, share options and share awards in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Shares in the Company and in related corporations

	1 January 2015/ date of appointment	31 December 2015
The Company		
Ordinary Shares		
Steven Terrell Clontz	51,700	62,900

Shares in the Company and in related corporations *(continued)*

	1 January 2015/ date of appointment	31 December 2015
The Company		
Ordinary Shares		
Tan Tong Hai	741,380	1,049,830
Ma Kah Woh	78,580	78,580
Peter Seah Lim Huat	567,092	578,092
Nihal Vijaya Devadas Kaviratne CBE	56,000	21,000
Teo Ek Tor	142,138	153,838
Sio Tat Hiang	15,100	25,600
Lim Ming Seong	210,336	222,036
Liu Chee Ming	170,684+	180,184+
Robert J. Sachs	105,534	114,034
Nasser Marafih	50,230	59,930
Related Corporations		
Singapore Technologies Engineering Ltd		
Ordinary Shares		
Peter Seah Lim Huat	545,325	545,325
Nihal Vijaya Devadas Kaviratne CBE	17,000	17,000
Lim Ming Seong	94,436	98,336
Singapore Telecommunications Limited		
Ordinary Shares		
Ma Kah Woh	380	380
Peter Seah Lim Huat	3,217	3,217
TeleChoice International Limited		
Ordinary Shares		
Peter Seah Lim Huat	50,000	50,000
Sio Tat Hiang	187,000	253,000
Lim Ming Seong	60,000	60,000

\+ *Held (partly or wholly) by a nominee.*

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

Other interests in the Company and in related corporations

	1 January 2015	31 December 2015
The Company		
Conditional awards of shares under StarHub Performance Share Plan		
Tan Tong Hai	122,000 (1)	–
	210,000 (2)	210,000 (2)
	278,600 (3)	278,600 (3)
Conditional awards of shares under StarHub Performance Share Plan 2014		
Tan Tong Hai	–	261,200 (4)
Conditional awards of shares under StarHub Restricted Stock Plan		
Tan Tong Hai	44,350 (5)	–
	160,000 (6)	87,200 (6)
	195,400 (7)	195,400 (7)
Conditional awards of shares under StarHub Restricted Stock Plan 2014		
Tan Tong Hai	–	156,200 (8)

(1) A conditional award was granted in May 2012. The performance period was from 2012 to 2014. The final award was granted in March 2015 based on the actual level of achievement of the pre-determined targets. The shares under the final award were delivered in April 2015.

(2) A conditional award was granted in May 2013. The performance period is from 2013 to 2015. No shares will be delivered if the threshold performance targets are not achieved while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(3) A conditional award was granted in March 2014. The performance period is from 2014 to 2016. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(4) A conditional award was granted in March 2015. The performance period is from 2015 to 2017. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(5) A conditional award was granted in May 2012. The performance period was from 2012 to 2013. The final award was granted in March 2014 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were delivered in phases according to the stipulated vesting periods from 2014 to 2015.

(6) A conditional award was granted in May 2013. The performance period was from 2013 to 2014. The final award was granted in March 2015 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2015, and the balance will be delivered in 2016.

(7) A conditional award was granted in March 2014. The performance period is from 2014 to 2015. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

(8) A conditional award was granted in March 2015. The performance period is from 2015 to 2016. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share awards of the Company, or of its related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed under the "Other interests" section of this statement, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share-based Payments

The Company has in place the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, "StarHub Share Plans 2014", and each, "StarHub PSP 2014" and "StarHub RSP 2014" respectively).

The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting ("EGM") of the Company held on 14 April 2014, in replacement of the then existing StarHub Performance Share Plan and the StarHub Restricted Stock Plan which were adopted by the Company on 16 August 2004 (collectively, "StarHub Share Plans 2004", and each, "StarHub PSP 2004" and "StarHub RSP 2004" respectively).

The StarHub Share Plans 2004 together with the StarHub Share Option Plan 2004 were terminated at the EGM of the Company held on 14 April 2014. The Company had also in 2000 adopted the StarHub Pte Ltd Share Option Plan ("StarHub Share Option Plan 2000") and terminated the same in 2004.

The StarHub Share Plans 2014, the StarHub Share Plans 2004, the StarHub Share Option Plan 2004 and the StarHub Share Option Plan 2000 (collectively, "Plans") are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising four directors, namely Peter Seah Lim Huat (Chairman), Teo Ek Tor, Sio Tat Hiang and Lim Ming Seong.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company ("Parent Company") for purposes of the Plans.

(a) Options granted under the StarHub Share Option Plan 2000 and the StarHub Share Option Plan 2004 (collectively, the "StarHub Share Option Plans")

(i) The termination of the StarHub Share Option Plans was without prejudice to the rights of holders of options accepted and outstanding under the StarHub Share Option Plans as at the date of termination. The outstanding options under the StarHub Share Option Plans were exercised according to the terms of the StarHub Share Option Plans and the respective grants.

(ii) Since 31 December 2010, there has been no option outstanding held by the directors of the Company.

(iii) Details of options granted to directors of the Company under the StarHub Share Option Plans are as follows:

Name of director	Aggregate options granted and accepted since commencement of StarHub Share Option Plans to 31 December 2015	Aggregate options exercised since commencement of StarHub Share Option Plans to 31 December 2015
StarHub Share Option Plan 2000		
Steven Terrell Clontz	6,875,010	6,875,010
Peter Seah Lim Huat	93,750	93,750
Lim Ming Seong	118,750	118,750
StarHub Share Option Plan 2004		
Peter Seah Lim Huat	44,250	44,250
Nihal Vijaya Devadas Kaviratne CBE	44,250	44,250
Lim Ming Seong	44,250	44,250
Liu Chee Ming	44,250	44,250
Robert J. Sachs	25,500	25,500

(iv) As at the end of the financial year, no options have been granted to controlling shareholders of the Company or its associates or to directors or employees of the Parent Company and its subsidiaries ("Parent Group").

(v) No options had been offered at a discount during the financial year.

(vi) The options granted by the Company do not entitle the option holders, by virtue of such holding, to any rights to participate in any share issue of any other company.

(vii) During the financial year, a total of 176,486 ordinary shares fully paid in the Company were issued pursuant to the StarHub Share Option Plans at exercise price of $1.52 per share.

(viii) As at the end of the financial year, there were no outstanding or unexercised options under the StarHub Share Option Plans.

Share-based Payments *(continued)*

(b) StarHub Share Plans 2014 and StarHub Share Plans 2004 (collectively, the "StarHub Share Plans")

(i) The StarHub Share Plans were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.

(ii) The termination of the StarHub Share Plans 2004 was without prejudice to the rights of holders of awards accepted and outstanding under the StarHub Share Plans 2004 as at the date of termination. The outstanding awards under the StarHub Share Plans 2004 were vested according to the terms of the StarHub Share Plans 2004 and the respective grants.

(iii) The following persons were/shall be eligible to participate in the StarHub Share Plans, respectively at the absolute discretion of the ERCC:

(1) employees (including executive directors) and non-executive directors of the Group;

(2) employees (including executive directors) and non-executive directors of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as an employee of the Group for the purposes of the StarHub Share Plans; and

(3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

(iv) Under the StarHub PSP 2004 and the StarHub PSP 2014, awards of shares are granted on an annual basis, conditional on targets set for a performance period, currently prescribed to be a three-year period. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives.

Awards are released once the ERCC is satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period.

Since the commencement of the StarHub PSP 2004 to the financial year ended 31 December 2015, conditional awards aggregating 9,584,950 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2013, no shares will be delivered if the threshold performance targets are not achieved, while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. For share awards granted during and after the financial year ended 31 December 2014, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Since the commencement of the StarHub PSP 2014 to the financial year ended 31 December 2015, conditional awards aggregating 534,700 shares have been granted under the aforesaid plan. For share awards granted during the financial year ended 31 December 2015, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Share-based Payments *(continued)*

Details of share awards granted under the StarHub PSP 2004 and StarHub PSP 2014 (collectively, the "StarHub PSP Share Plans") are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub PSP Share Plans to 31 December 2015	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2015
StarHub PSP 2004				
Executive director:				
Tan Tong Hai	–	960,400	176,900	488,600
Key executives	–	7,178,650	452,400	480,500
StarHub PSP 2014				
Executive director:				
Tan Tong Hai	261,200	261,200	–	261,200
Key executives	273,500	273,500	–	273,500

(v) Under the StarHub RSP 2004 and the StarHub RSP 2014, awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related, after a further period of service beyond the performance period (performance-based restricted awards).

No minimum vesting periods are prescribed under the StarHub RSP 2004 and the StarHub RSP 2014 and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the StarHub PSP 2004 and the StarHub PSP 2014 in that an extended vesting period is imposed beyond the performance period.

The performance-based restricted awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets. The actual number of shares to be released depends on the level of attainment of the performance targets over the performance period.

For performance-based restricted awards granted prior to and during the financial year ended 31 December 2007, (a) the first performance target benchmarks the performance of the Company's TSR measured against the Straits Times Index ("STI") over the performance period; and (b) the second performance target used is measured against Free Cashflow ("FCF").

For performance-based restricted awards granted during and from financial year ended 31 December 2008 to financial year ended 31 December 2013, the performance targets used are measured against the Return on Invested Capital ("ROIC") and the FCF respectively.

For performance-based restricted awards granted during and from financial year ended 31 December 2014 onwards, the performance targets used are measured against the Return on Invested Capital ("ROIC") and the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA").

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

Share-based Payments *(continued)*

Since the commencement of the StarHub RSP 2004 to the financial year ended 31 December 2015:

(1) performance-based restricted awards aggregating 17,413,000 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times or as the case may be 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;

(2) a time-based restricted award of 100,000 shares has been granted on 15 January 2009. The shares under this award were vested in three equal tranches over a 3-year period from 1 January 2009 to 31 December 2011 according to a specified vesting schedule;

(3) a time-based restricted award of 213,000 shares has been granted on 17 May 2010. The shares under this award were vested in May 2011 upon the participants' continued tenure as non-executive directors of the Company for a full one-year period from the date of grant;

(4) a restricted award of 155,900 shares has been granted on 7 June 2012. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2011 and were vested immediately without any further vesting period;

(5) a restricted award of 99,400 shares has been granted on 10 May 2013. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2012 and were vested immediately without any further vesting period; and

(6) a time-based restricted award of 30,000 shares has been granted on 10 March 2014. The shares under this award will vest in two equal tranches over a 2-year period from 1 January 2015 to 31 December 2016 according to a specified vesting schedule.

Since the commencement of the StarHub RSP 2014 to the financial year ended 31 December 2015:

(1) performance-based restricted awards aggregating 2,270,800 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;

(2) restricted awards aggregating 224,000 shares have been granted to non-executive directors of the Company as part of their directors' remuneration, and were vested immediately upon grant; and

(3) a time-based restricted award of 32,500 shares has been granted on 8 July 2015. The shares under this award will vest in two equal tranches over a 2-year period from 8 July 2015 to 7 July 2017 according to a specified vesting schedule.

Share-based Payments *(continued)*

Details of share awards granted under the StarHub RSP 2004 and the StarHub RSP 2014 (collectively, the "StarHub RSP Plans") are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub RSP Share Plans to 31 December 2015	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2015
StarHub RSP 2004				
Non-executive directors:				
Steven Terrell Clontz	–	40,100	–	–
Peter Seah Lim Huat	–	98,700	–	–
Nihal Vijaya Devadas Kaviratne CBE	–	103,700	–	–
Teo Ek Tor	–	91,100	–	–
Sio Tat Hiang	–	4,400	–	–
Lim Ming Seong	–	106,900	–	–
Liu Chee Ming	–	76,100	–	–
Robert J. Sachs	–	73,700	–	–
Nasser Marafih	–	50,400	–	–
Executive director:				
Tan Tong Hai	–	739,400	131,550	282,600
Key employees	–	15,143,700	1,744,350	2,710,600
StarHub RSP 2014				
Non-executive directors:				
Steven Terrell Clontz	11,200	22,800	11,200	–
Peter Seah Lim Huat	11,000	21,900	11,000	–
Nihal Vijaya Devadas Kaviratne CBE	12,000	25,100	12,000	–
Teo Ek Tor	11,700	23,200	11,700	–
Sio Tat Hiang	10,500	21,200	10,500	–
Lim Ming Seong	11,700	23,800	11,700	–
Liu Chee Ming	9,500	18,500	9,500	–
Robert J. Sachs	8,500	18,200	8,500	–
Nasser Marafih	9,700	16,900	9,700	–
Executive director:				
Tan Tong Hai	156,200	156,200	–	156,200
Key employees	2,147,100	2,147,100	–	2,142,100

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2015

Share-based Payments *(continued)*

During the financial year, a total of 3,297,033 ordinary shares fully paid in the Company were issued pursuant to the StarHub Share Plans.

As at 31 December 2015, no participant has been granted options under the StarHub Share Option Plans and/or received shares pursuant to the release of awards granted under the StarHub Share Plans, which, in aggregate, represents 5% or more of the aggregate of:

(a) the total number of new shares available under the StarHub Share Option Plans and the StarHub Share Plans collectively; and

(b) the total number of existing shares delivered pursuant to options exercised under the StarHub Share Option Plans and awards released under the StarHub Share Plans collectively.

Audit Committee

The members of the Audit Committee as at the date of this statement are as follows:

Ma Kah Woh, independent non-executive director (Chairman) (Appointed on 23 September 2015);
Nihal Vijaya Devadas Kaviratne CBE, independent non-executive director;
Lim Ming Seong, non-executive director; and
Rachel Eng Yaag Ngee, independent non-executive director (Appointed on 15 July 2015).

The Audit Committee has held four meetings since the last directors' report. In performing its functions in accordance with Section 201B of the Singapore Companies Act, Chapter 50, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee has also reviewed the following:

(1) assistance provided by the Company's officers to the internal and external auditors;

(2) financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

(3) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and its subsidiaries and the Company's compliance with the review procedures of such transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Steven Terrell Clontz
Director

Tan Tong Hai
Director

Singapore
16 February 2016

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
STARHUB LTD

Report on the financial statements

We have audited the accompanying financial statements of StarHub Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the income statement and statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 141 to 190.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the income statement and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 February 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	$m	$m	$m	$m
Non-current assets					
Property, plant and equipment	3	**890.0**	911.1	**411.4**	400.5
Intangible assets	4	**388.1**	404.5	**70.6**	79.3
Subsidiaries	5	**–**	–	**1,758.1**	1,692.1
Associate	6	**27.5**	–	**27.8**	–
Balances with related parties	11	**–**	–	**344.2**	106.0
		1,305.6	1,315.6	**2,612.1**	2,277.9
Current assets					
Inventories	8	**54.3**	42.4	**50.1**	36.8
Trade receivables	9	**153.3**	161.7	**137.5**	147.7
Other receivables, deposits and prepayments	10	**196.8**	185.9	**34.1**	34.0
Balances with related parties	11	**26.0**	17.4	**110.8**	272.6
Cash and cash equivalents	12	**173.4**	264.2	**154.2**	176.0
		603.8	671.6	**486.7**	667.1
Current liabilities					
Trade and other payables	13	**(687.3)**	(795.8)	**(297.7)**	(342.9)
Balances with related parties	11	**(122.5)**	(99.2)	**(404.4)**	(385.6)
Borrowings	14	**(137.5)**	(200.0)	**(137.5)**	(200.0)
Provision for taxation		**(80.6)**	(97.9)	**(49.1)**	(35.5)
		(1,027.9)	(1,192.9)	**(888.7)**	(964.0)
Net current liabilities		**(424.1)**	(521.3)	**(402.0)**	(296.9)
Non-current liabilities					
Trade and other payables	13	**(22.7)**	(23.3)	**(22.7)**	(23.3)
Borrowings	14	**(550.0)**	(487.5)	**(550.0)**	(487.5)
Deferred income	15	**(1.1)**	(7.3)	**(1.1)**	–
Deferred tax liabilities	7	**(120.1)**	(127.2)	**(61.3)**	(75.9)
		(693.9)	(645.3)	**(635.1)**	(586.7)
Net assets		**187.6**	149.0	**1,575.0**	1,394.3
Shareholders' equity					
Share capital	16	**293.5**	282.6	**293.5**	282.6
Reserves	18	**(105.9)**	(133.6)	**1,281.5**	1,111.7
Total equity		**187.6**	149.0	**1,575.0**	1,394.3

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENTS

YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	$m	$m	$m	$m
Total revenue	19	**2,444.3**	2,387.2	**1,125.9**	1,043.7
Operating expenses	20	**(2,048.6)**	(1,957.1)	**(1,118.6)**	(1,060.3)
Other income	21	**45.6**	46.6	**526.5**	558.2
Profit from operations		**441.3**	476.7	**533.8**	541.6
Finance income	22	**2.0**	2.0	**16.8**	14.5
Finance expense	22	**(17.8)**	(22.6)	**(19.5)**	(24.2)
Net finance costs		**(15.8)**	(20.6)	**(2.7)**	(9.7)
Non-operating income	23	**15.0**	–	**11.3**	–
Share of loss of associate (net of tax)	6	**(0.3)**	–	**–**	–
Profit before taxation		**440.2**	456.1	**542.4**	531.9
Taxation	24	**(67.9)**	(85.6)	**(27.5)**	(24.8)
Profit for the year		**372.3**	370.5	**514.9**	507.1
Attributable to:					
Equity holders of the Company		**372.3**	370.5	**514.9**	507.1
Profit for the year		**372.3**	370.5	**514.9**	507.1
Earnings per share					
Basic (cents)	25	**21.5**	21.5		
Diluted (cents)	25	**21.4**	21.4		
EBITDA	26	**712.7**	747.9		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	$m	$m	$m	$m
Profit for the year		**372.3**	370.5	**514.9**	507.1
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		**0.5**	0.5	**–**	–
Effective portion of changes in fair value of cash flow hedge	24	**1.9**	2.8	**1.9**	2.8
Total comprehensive income for the year, net of taxation		**374.7**	373.8	**516.8**	509.9
Total comprehensive income for the year attributable to equity holders of the Company		**374.7**	373.8	**516.8**	509.9

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Share capital $m	Treasury shares $m	Goodwill written off $m	Share-based payments reserve $m	Hedging reserve $m	Translation reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1.1.2014	271.4	(0.2)	(276.3)	15.0	(4.2)	0.3	104.6	(160.8)	110.6
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	370.5	370.5	370.5
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	–	0.5	–	0.5	0.5
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	2.8	–	–	2.8	2.8
Total comprehensive income for the year	–	–	–	–	2.8	0.5	370.5	373.8	373.8
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Issue of shares pursuant to share plans	11.2	–	–	(10.6)	–	–	–	(10.6)	0.6
Share-based payments expenses	–	–	–	9.2	–	–	–	9.2	9.2
Transfer from treasury shares to share-based payments reserve	–	0.2	–	(0.2)	–	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	–	(345.2)	(345.2)	(345.2)
Total transactions with equity holders of the Company	11.2	0.2	–	(1.6)	–	–	(345.2)	(346.6)	(335.4)
At 31.12.2014	282.6	–	(276.3)	13.4	(1.4)	0.8	129.9	(133.6)	149.0
At 1.1.2015	**282.6**	**–**	**(276.3)**	**13.4**	**(1.4)**	**0.8**	**129.9**	**(133.6)**	**149.0**
Total comprehensive income for the year									
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**372.3**	**372.3**	**372.3**
Other comprehensive income									
Foreign currency translation differences	**–**	**–**	**–**	**–**	**–**	**0.5**	**–**	**0.5**	**0.5**
Effective portion of changes in fair value of cash flow hedge, net of taxation	**–**	**–**	**–**	**–**	**1.9**	**–**	**–**	**1.9**	**1.9**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1.9**	**0.5**	**372.3**	**374.7**	**374.7**
Transactions with equity holders of the Company, recognised directly in equity									
Contributions by and distributions to equity holders of the Company									
Issue of shares pursuant to share plans	**10.9**	**–**	**–**	**(10.6)**	**–**	**–**	**–**	**(10.6)**	**0.3**
Share-based payments expenses	**–**	**–**	**–**	**9.5**	**–**	**–**	**–**	**9.5**	**9.5**
Dividends paid (Note 17)	**–**	**–**	**–**	**–**	**–**	**–**	**(345.9)**	**(345.9)**	**(345.9)**
Total transactions with equity holders of the Company	**10.9**	**–**	**–**	**(1.1)**	**–**	**–**	**(345.9)**	**(347.0)**	**(336.1)**
At 31.12.2015	**293.5**	**–**	**(276.3)**	**12.3**	**0.5**	**1.3**	**156.3**	**(105.9)**	**187.6**

The accompanying notes form an integral part of these financial statements.

Company	Share capital $m	Treasury shares $m	Merger/ capital reserve $m	Share-based payments reserve $m	Hedging reserve $m	Retained profits $m	Total reserves $m	Total equity $m
At 1.1.2014	271.4	(0.2)	276.5	15.0	(4.2)	661.3	948.4	1,219.8
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	507.1	507.1	507.1
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	2.8	–	2.8	2.8
Total comprehensive income for the year	–	–	–	–	2.8	507.1	509.9	509.9
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	11.2	–	–	(10.6)	–	–	(10.6)	0.6
Share-based payments expenses	–	–	–	9.2	–	–	9.2	9.2
Transfer from treasury shares to share-based payments reserve	–	0.2	–	(0.2)	–	–	–	–
Dividends paid (Note 17)	–	–	–	–	–	(345.2)	(345.2)	(345.2)
Total transactions with equity holders of the Company	11.2	0.2	–	(1.6)	–	(345.2)	(346.6)	(335.4)
At 31.12.2014	282.6	–	276.5	13.4	(1.4)	823.2	1,111.7	1,394.3
At 1.1.2015	**282.6**	**–**	**276.5**	**13.4**	**(1.4)**	**823.2**	**1,111.7**	**1,394.3**
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	**514.9**	**514.9**	**514.9**
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	**1.9**	–	**1.9**	**1.9**
Total comprehensive income for the year	–	–	–	–	**1.9**	**514.9**	**516.8**	**516.8**
Transactions with equity holders of the Company, recognised directly in equity								
Contributions by and distributions to equity holders of the Company								
Issue of shares pursuant to share plans	**10.9**	–	–	**(10.6)**	–	–	**(10.6)**	**0.3**
Share-based payments expenses	–	–	–	**9.5**	–	–	**9.5**	**9.5**
Dividends paid (Note 17)	–	–	–	–	–	**(345.9)**	**(345.9)**	**(345.9)**
Total transactions with equity holders of the Company	**10.9**	–	–	**(1.1)**	–	**(345.9)**	**(347.0)**	**(336.1)**
At 31.12.2015	**293.5**	**–**	**276.5**	**12.3**	**0.5**	**992.2**	**1,281.5**	**1,575.0**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2015

	2015 $m	2014 $m
Operating activities		
Profit before taxation	440.2	456.1
Adjustments for:		
Depreciation and amortisation, net of asset grants	271.4	271.2
Income related grants	(45.4)	(46.6)
Share-based payments	9.5	9.2
Changes in fair value of financial instruments	(1.0)	0.9
Net finance costs	15.8	20.6
Non-operating income	(15.0)	–
Share of loss of associate (net of tax)	0.3	–
Others	(1.9)	0.7
Operating cash flow before working capital changes	673.9	712.1
Changes in working capital:		
Inventories	(11.9)	0.8
Trade receivables	7.6	(5.5)
Other receivables, deposits and prepayments	(2.9)	(33.8)
Trade and other payables	(55.8)	17.3
Balances due from related parties	(8.9)	6.6
Balances due to related parties	35.2	22.7
Cash generated from operations	637.2	720.2
Income tax paid	(92.7)	(65.3)
Net cash from operating activities	544.5	654.9
Investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	1.6	0.8
Purchase of property, plant and equipment and intangible assets	(328.8)	(321.6)
Interest received	2.0	2.0
Repayment of loan from an associate	36.9	–
Investment in an associate	(12.0)	–
Net cash used in investing activities	(300.3)	(318.8)
Financing activities		
Proceeds from exercise of share options	0.3	0.6
Grants received	30.0	28.1
Dividends paid	(345.9)	(345.2)
Interest paid	(19.7)	(22.5)
Net cash used in financing activities	(335.3)	(339.0)
Net change in cash and cash equivalents	(91.1)	(2.9)
Exchange difference on cash and cash equivalents	0.3	0.2
Cash and cash equivalents at beginning of year	264.2	266.9
Cash and cash equivalents at end of year (Note 12)	173.4	264.2

The accompanying notes form an integral part of these financial statements.

Significant non-cash transactions
During the financial year ended 31 December 2015, the Group entered into capacity swap transactions of $0.1 million (2014: $6.3 million) with other operators.

Deconsolidation of subsidiary
On 22 July 2015, STT APDC Pte. Ltd. ("STT APDC"), made an investment of $36.9 million for a 70% equity interest in SHINE Systems Assets Pte. Ltd. ("SSAPL"). The Group's 100% equity interest in SSAPL was therefore diluted to 30%. Based on the fair value of the net assets disposed, the Group recognised a gain of $15.0 million under non-operating income (Note 23). The net assets and other components of equity related to SSAPL was consequently deconsolidated from the Group's financial statements from 22 July 2015. The Group commenced equity accounting of SSAPL's financial results based on its equity interest of 30% thereafter.

The net assets of SSAPL (excluding the repaid shareholder's loan) deconsolidated and the cash flows arising from loss of control in SSAPL are provided below:

Effect of deconsolidation on the financial position of the Group

	Note	$m
Property, plant and equipment		52.6
Trade receivables		0.8
Balances due from related parties		0.3
Trade and other payables		(4.1)
Balances due to related parties		(48.8)
Net assets deconsolidated		0.8
Gain on deconsolidation of a subsidiary	23	15.0
Equity interests retained as investment in an associate		(15.8)
Consideration received		–

Repayment of loan from associate
The consolidated cash flow statement includes shareholder's loan repayment by SSAPL totalling $36.9 million from the new equity contributions by STT APDC for the 70% stake in SSAPL.

Investment in associate
Post transaction, the Group made an additional investment of $12.0 million pursuant to an equity call by SSAPL.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of StarHub Ltd on 16 February 2016.

1 Domicile and Activities

StarHub Ltd ("StarHub" or the "Company") is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (the "Group"), and the Group's interest in equity-accounted investee.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") pursuant to the requirements of the Companies Act, Chapter 50.

The financial statements are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements, except as disclosed below.

Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2015. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

New accounting standards and interpretations not yet adopted

Certain accounting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date and are relevant to its operations but are not yet effective have not been applied by the Group.

The Group is currently assessing the potential impact of adopting the following new standards and interpretations that are relevant to its operations, on the financial statements of the Group and the Company. The Group does not plan to early adopt these standards.

2.1 Basis of preparation *(continued)*

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It is mandatory for adoption by the Group for the annual period beginning 1 January 2018.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. It is mandatory for adoption by the Group for the annual period beginning 1 January 2018.

Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*.

The amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* clarifies that the use of revenue-based methods to calculate depreciation of an asset or amortisation of intangible asset are not appropriate. It is mandatory for adoption by the Group for the annual period beginning 1 January 2016.

2.2 Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities were recorded at their existing carrying amounts. The consolidated financial statements included the results of operations, and the assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of the shares issued in consideration for these transactions exceeded the par value of the shares held by the related corporations, the difference was recognised as a merger reserve in the Group's financial statements.

When control over a subsidiary is lost as a result of a transaction, event or other circumstances, the Group derecognises all assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. The surplus or deficit arising on the loss of control is recognised in profit or loss. Any remaining interest in the previous subsidiary is recognised at its fair value at the date that control is lost, with the gain or loss arising recognised in the profit and loss account. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.2 Consolidation *(continued)*

***Subsidiaries** (continued)*
Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at exchange rates approximate to those ruling at the reporting date. Income, expenses and cash flows are translated at average rates prevailing during the period. Translation differences are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign subsidiary is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign subsidiary is transferred to the income statement as an adjustment to the profit or loss arising on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

All significant intra-group transactions, balances and unrealised gains/losses are eliminated on consolidation. Unrealised gains are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Otherwise they are recognised immediately in the income statement.

Associates
Associate is that entity which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associate is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

2.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the cost of materials and direct labour, an appropriate proportion of overheads, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised borrowing costs.

Subsequent expenditure relating to existing property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

2.3 Property, plant and equipment and depreciation *(continued)*

Depreciation is provided on the straight-line basis over their estimated useful lives as follows:

Leasehold buildings	–	30 years to 42 years
Leasehold improvements	–	Shorter of lease term or 5 years
Network equipment	–	2 years to 15 years
Office equipment, computers and furniture and fittings	–	2 years to 5 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

No depreciation is provided on freehold property.

No depreciation is provided in respect of property, plant and equipment under construction.

2.4 Intangible assets

Goodwill

Acquisitions prior to 1 January 2010

Goodwill arising on acquisition prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in Note 2.5.

Goodwill arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was written off against reserves in the year of acquisition and has not been retrospectively capitalised and amortised.

Goodwill that has previously been taken to reserves is not taken to the income statement when the business is disposed of or the goodwill is impaired. Similarly negative goodwill that has previously been taken to reserves is not taken to income statement when the business is disposed.

In respect of associate, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

Telecommunications and spectrum licences

Telecommunications and spectrum licences costs incurred are measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income statement using the straight-line method over the period of the licences, being 10 years to 21 years, commencing from the effective dates of the licences.

2.4 Intangible assets *(continued)*

Computer software
Computer software comprises software purchased from third parties, and also the cost of internally developed software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income statement using the straight-line method over their estimated useful lives of 2 years to 5 years.

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in income statement as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.5 Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, in which case it is charged to other comprehensive income.

For goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amounts.

Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of units) and then, to reduce the carrying amount of other assets in the CGU (group of units) on a *pro rata* basis.

Calculation of recoverable amount
The recoverable amount of an asset or its CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level within the Group at which goodwill is monitored for internal reporting purposes.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Reversals of impairment
An impairment loss recognised in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the income statement.

2.6 Inventories

Inventories comprise goods held for resale and reserved telephone numbers. Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Reserved telephone numbers are stated at cost and accounted for using the specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

2.7 Trade and other receivables

Trade and other receivables (including balances with related parties) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful receivables. Allowance for doubtful receivables is made based on historical write-off patterns and ageing of accounts receivables. Bad debts are written off when incurred.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash balances and deposits with financial institutions and bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.9 Trade and other payables

Trade and other payables (including balances with related parties) are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.10 Borrowings

Borrowings are initially recognised at fair value of the proceeds received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transactions costs) and the settlement or redemption of borrowings is recognised in income statement over the period of the borrowings.

2.11 Employee benefits

Share-based payment

Share Option Plans

The Share Option Plans allow the Group employees and directors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

Performance Share Plans and Restricted Stock Plans

The Performance Share Plans and the Restricted Stock Plans are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity.

2.11 Employee benefits *(continued)*

Defined contribution plans
Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Other short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Other long-term benefits
Long-term employee benefit obligations are measured on performance conditions over a period of three years.

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added ("EVA") for its management personnel executives. An EVA bank is used to hold incentive compensation credited in any year. Typically one-third of the accumulated EVA-based bonus, comprising the EVA declared in the financial year and the balance of such bonus brought forward from preceding years is paid out in cash each year, with the balance being carried forward to the following year. The balances of the EVA bank in future will be adjusted by the yearly EVA performance of the Group and the payouts made from the EVA bank.

2.12 Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as unearned revenue until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

2.13 Provisions

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

2.15 Revenue recognition

Revenue comprises fees earned from telecommunications services, broadband access, Pay TV, related advertising space and sale of equipment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the income statement as follows:

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.

- Revenue from sale of pre-paid phone cards for which services have not been rendered is deferred and presented in the statement of financial position as unearned revenue. Upon the expiry of pre-paid phone cards, any unutilised value of the cards is taken to the income statement.

- Revenue from sale of equipment is recognised upon delivery and acceptance of the equipment sold.

- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.

2.16 Finance income and costs

Finance income comprises interest income on bank deposits. Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

Finance costs comprise interest expense and similar charges. They are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

2.17 Government grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the income statement on a straight-line basis over the estimated useful lives of the related assets, so as to match the related depreciation expense.

Government grants received, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the periods necessary to match the related cost which they are intended to compensate.

2.18 Marketing and promotions

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the income statement when incurred.

2.19 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

2.20 Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences relating to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 Dividends

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividend to the Company's shareholders is recognised in the financial year in which the dividend is approved by the shareholders.

2.22 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at exchange rates approximate to those ruling at the reporting date. Transactions in foreign currencies are translated at rates ruling on transaction dates. The translation differences arising from such transactions are included in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Singapore dollars at the exchange rate at the date on which fair value was determined.

2.23 Derivative financial instruments

The Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at reporting date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in Note 2.24.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

2.24 Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

For other cash flow hedges, the associated cumulative gain or loss that was recognised in other comprehensive income is removed and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

2.25 Segment reporting

With the adoption of FRS 108, segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The Group operates primarily in Singapore and delivers its Mobile, Pay TV, Broadband, Fixed network services and equipment sales on an operationally integrated network, customer service, sales, marketing and administration support. Based on the financial information regularly reviewed by the CODM, the Group has one operating and reporting segment.

2.26 Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements in the application of accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported income and expenses during the financial year. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the application of the Group's accounting policies, which are described in Note 2, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

The key assumptions concerning the future, and other key sources at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described in the following notes:

- Note 4 – measurement of recoverable amounts relating to goodwill impairment
- Note 9 – measurement of recoverable amounts of trade receivables

3 Property, Plant and Equipment

Group	Leasehold land $m	Leasehold buildings $m	Leasehold improve-ments $m	Freehold property $m	Network equipment $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost									
At 1.1.2014	34.3	9.1	49.9	1.7	2,974.2	163.3	6.7	87.0	3,326.2
Additions	–	–	–	–	3.7	0.9	0.1	266.3	271.0
Transfers	–	–	1.9	–	252.8	8.7	–	(263.4)	–
Disposals	–	–	(2.6)	–	(21.5)	(12.6)	(0.2)	–	(36.9)
At 31.12.2014	34.3	9.1	49.2	1.7	3,209.2	160.3	6.6	89.9	3,560.3
At 1.1.2015	**34.3**	**9.1**	**49.2**	**1.7**	**3,209.2**	**160.3**	**6.6**	**89.9**	**3,560.3**
Additions	**–**	**–**	**–**	**–**	**4.2**	**–**	**0.4**	**247.9**	**252.5**
Transfers	**–**	**0.1**	**1.8**	**–**	**236.5**	**19.3**	**–**	**(257.7)**	**–**
Disposals	**–**	**–**	**(2.8)**	**–**	**(103.2)**	**(8.5)**	**(0.5)**	**–**	**(115.0)**
Disposal of subsidiary	**(34.3)**	**–**	**–**	**–**	**–**	**–**	**–**	**(19.6)**	**(53.9)**
At 31.12.2015	**–**	**9.2**	**48.2**	**1.7**	**3,346.7**	**171.1**	**6.5**	**60.5**	**3,643.9**
Accumulated depreciation and impairment losses									
At 1.1.2014	0.4	1.5	44.7	–	2,282.3	135.0	4.9	–	2,468.8
Charge for the year	0.6	0.2	3.5	–	198.7	12.7	0.9	–	216.6
Disposals	–	–	(2.5)	–	(21.2)	(12.3)	(0.2)	–	(36.2)
At 31.12.2014	1.0	1.7	45.7	–	2,459.8	135.4	5.6	–	2,649.2
At 1.1.2015	**1.0**	**1.7**	**45.7**	**–**	**2,459.8**	**135.4**	**5.6**	**–**	**2,649.2**
Charge for the year	**0.3**	**0.3**	**1.8**	**–**	**203.2**	**13.7**	**0.5**	**–**	**219.8**
Impairment losses	**–**	**–**	**–**	**–**	**0.6**	**–**	**–**	**–**	**0.6**
Disposals	**–**	**–**	**(2.8)**	**–**	**(102.7)**	**(8.4)**	**(0.5)**	**–**	**(114.4)**
Disposal of subsidiary	**(1.3)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1.3)**
At 31.12.2015	**–**	**2.0**	**44.7**	**–**	**2,560.9**	**140.7**	**5.6**	**–**	**2,753.9**
Carrying amount									
At 31.12.2014	33.3	7.4	3.5	1.7	749.4	24.9	1.0	89.9	911.1
At 31.12.2015	**–**	**7.2**	**3.5**	**1.7**	**785.8**	**30.4**	**0.9**	**60.5**	**890.0**

	Group 2015 $m	Group 2014 $m
Staff costs capitalised in construction in progress during the year	**3.3**	3.2

3 Property, Plant and Equipment *(continued)*

Company	Leasehold buildings $m	Leasehold improvements $m	Network equipment $m	Office equipment, computers and furniture and fittings $m	Motor vehicles $m	Construction in progress $m	Total $m
Cost							
At 1.1.2014	9.1	41.5	1,154.9	120.9	2.1	46.9	1,375.4
Additions	–	–	–	1.4	–	97.5	98.9
Transfers	–	1.9	89.8	3.8	–	(95.5)	–
Disposals	–	(2.5)	(8.0)	(12.2)	–	–	(22.7)
At 31.12.2014	9.1	40.9	1,236.7	113.9	2.1	48.9	1,451.6
At 1.1.2015	**9.1**	**40.9**	**1,236.7**	**113.9**	**2.1**	**48.9**	**1,451.6**
Additions	–	–	–	–	**0.1**	**96.8**	**96.9**
Transfers	**0.1**	**1.7**	**92.4**	**10.1**	–	**(104.3)**	–
Disposals	–	**(2.8)**	**(3.4)**	**(7.7)**	**(0.2)**	–	**(14.1)**
At 31.12.2015	**9.2**	**39.8**	**1,325.7**	**116.3**	**2.0**	**41.4**	**1,534.4**
Accumulated depreciation							
At 1.1.2014	1.4	38.6	846.0	103.9	1.4	–	991.3
Charge for the year	0.3	2.6	71.1	7.7	0.3	–	82.0
Disposals	–	(2.4)	(7.8)	(12.0)	–	–	(22.2)
At 31.12.2014	1.7	38.8	909.3	99.6	1.7	–	1,051.1
At 1.1.2015	**1.7**	**38.8**	**909.3**	**99.6**	**1.7**	–	**1,051.1**
Charge for the year	**0.3**	**1.0**	**76.1**	**7.9**	**0.2**	–	**85.5**
Disposals	–	**(2.8)**	**(3.0)**	**(7.6)**	**(0.2)**	–	**(13.6)**
At 31.12.2015	**2.0**	**37.0**	**982.4**	**99.9**	**1.7**	–	**1,123.0**
Carrying amount							
At 31.12.2014	7.4	2.1	327.4	14.3	0.4	48.9	400.5
At 31.12.2015	**7.2**	**2.8**	**343.3**	**16.4**	**0.3**	**41.4**	**411.4**

4 Intangible Assets

Group	Telecommunications and spectrum licences $m	Software $m	Software in development $m	Goodwill $m	Total $m
Cost					
At 1.1.2014	116.8	448.1	17.0	220.3	802.2
Additions	40.0	0.2	38.6	–	78.8
Transfers	–	43.0	(43.0)	–	–
Disposals	–	(1.4)	–	–	(1.4)
At 31.12.2014	156.8	489.9	12.6	220.3	879.6
At 1.1. 2015	**156.8**	**489.9**	**12.6**	**220.3**	**879.6**
Additions	**–**	**0.2**	**36.3**	**–**	**36.5**
Transfers	**–**	**32.2**	**(32.2)**	**–**	**–**
Disposals	**(1.0)**	**(4.2)**	**–**	**–**	**(5.2)**
At 31.12.2015	**155.8**	**518.1**	**16.7**	**220.3**	**910.9**
Accumulated amortisation					
At 1.1.2014	65.6	356.0	–	–	421.6
Charge for the year	6.4	48.5	–	–	54.9
Disposals	–	(1.4)	–	–	(1.4)
At 31.12.2014	72.0	403.1	–	–	475.1
At 1.1. 2015	**72.0**	**403.1**	**–**	**–**	**475.1**
Charge for the year	**7.8**	**44.8**	**–**	**–**	**52.6**
Disposals	**(1.0)**	**(3.9)**	**–**	**–**	**(4.9)**
At 31.12.2015	**78.8**	**444.0**	**–**	**–**	**522.8**
Carrying amount					
At 31.12.2014	84.8	86.8	12.6	220.3	404.5
At 31.12.2015	**77.0**	**74.1**	**16.7**	**220.3**	**388.1**

Impairment tests for goodwill

The carrying value of the Group's goodwill is assessed for impairment annually or more frequently if there are indications that the goodwill might be impaired. For the purposes of impairment testing, goodwill is allocated to the cash generating unit ("CGU") comprising the Group's integrated fixed, mobile, cable and broadband operations. This represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.

The recoverable amount of the CGU is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rates, growth rates and expected changes to profit margins. The value-in-use calculations apply a discounted cash flow model using cash flow projections from the most recent financial budget and forecasts approved by management. The forecast cash flows were extrapolated using an estimated growth rate of 3.8% (2014: 2.8%). The pre-tax discount rate applied is assumed at 6.3% (2014: 6.3%) for the value-in-use calculation.

No impairment charge was required for the carrying amount of goodwill assessed as at 31 December 2015 and 31 December 2014 as the recoverable value was in excess of the carrying value. Any reasonably possible change to the key assumptions applied was not likely to cause the recoverable value to be below the carrying value.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

4 Intangible Assets *(continued)*

Company	Telecommunications licences $m	Software $m	Software in development $m	Total $m
Cost				
At 1.1.2014	1.0	386.2	14.6	401.8
Additions	–	–	29.2	29.2
Disposals	–	(1.5)	–	(1.5)
Transfers	–	33.3	(33.3)	–
At 31.12.2014	1.0	418.0	10.5	429.5
At 1.1.2015	**1.0**	**418.0**	**10.5**	**429.5**
Additions	–	–	**28.4**	**28.4**
Disposals	**(1.0)**	–	–	**(1.0)**
Transfers	–	**24.4**	**(24.4)**	–
At 31.12.2015	–	**442.4**	**14.5**	**456.9**
Accumulated amortisation				
At 1.1.2014	0.8	308.9	–	309.7
Charge for the year	0.1	41.9	–	42.0
Disposals	–	(1.5)	–	(1.5)
At 31.12.2014	0.9	349.3	–	350.2
At 1.1.2015	**0.9**	**349.3**	–	**350.2**
Charge for the year	**0.1**	**37.0**	–	**37.1**
Disposals	**(1.0)**	–	–	**(1.0)**
At 31.12.2015	–	**386.3**	–	**386.3**
Carrying amount				
At 31.12.2014	0.1	68.7	10.5	79.3
At 31.12.2015	–	**56.1**	**14.5**	**70.6**

	Group and Company 2015 $m	Group and Company 2014 $m
Staff costs capitalised in software in development during the year	**1.8**	2.4

5 Subsidiaries

Company	2015 $m	2014 $m
Investments in subsidiaries, at cost	**1,209.1**	1,209.1
Loans to subsidiaries	**556.0**	490.0
Discount implicit in the interest-free loan to a subsidiary	**21.9**	21.9
	1,787.0	1,721.0
Allowance for impairment losses	**(28.9)**	(28.9)
	1,758.1	1,692.1

At 31 December 2015, the loans to the subsidiaries are unsecured, not repayable within the next 12 months and bore interest ranging from 2.72% to 3.48% (2014: 3.48%) per annum.

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group 2015 %	2014 %
The subsidiaries directly held by the Company are as follows:				
StarHub Cable Vision Ltd. [(1)]	Provision of subscription television and television broadcasting services	Singapore	**100**	100
StarHub Mobile Pte Ltd [(1)]	Provision of mobile telecommunications services	Singapore	**100**	100
StarHub Internet Pte Ltd [(1)]	Provision and operation of internet services	Singapore	**100**	100
StarHub Online Pte Ltd [(1)]	Provision of broadband access services	Singapore	**100**	100
Nucleus Connect Pte. Ltd. [(1)]	Provision of high speed wholesale broadband services	Singapore	**100**	100
SHINE Systems Assets Pte. Ltd. [(1)]	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	– [(2)]	100
StarHub (Mauritius) Ltd [(3)]	Investment holding company and for acquisition of info-communication and infotainment services	Mauritius	**100**	100
StarHub (Hong Kong) Limited [(4)]	Provision of telecommunication services	Hong Kong	**100**	100
StarHub Shop Pte Ltd [(5)]	Dormant	Singapore	**100**	100
StarHub, Inc. [(5)]	Dormant	United States	**100**	100
Other subsidiary indirectly held by the Company is as follows:				
Foosti Pte. Ltd. [(5)] [(6)]	Dormant	Singapore	**100**	100

(1) Audited by KPMG LLP Singapore
(2) On 22 July 2015, StarHub Ltd diluted its controlling interest in the company and the company was subsequently equity accounted for in the consolidated financial statements based on its results ended 31 December 2015, the financial year-end of the company (Note 6).
(3) Audited by KPMG Mauritius, a member firm of KPMG International
(4) Audited by another firm
(5) Not required to be audited by laws of the country of incorporation
(6) The company is currently in liquidation pursuant to a winding-up order by the High Court of Singapore issued on 14 January 2011.

6 Associate

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Investment in associate	27.8	–	27.8	–
Share of post-acquisition reserves	(0.3)	–	–	–
	27.5	–	27.8	–

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2015 %	2014 %
SHINE Systems Assets Pte. Ltd. [1]	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	30[2]	–

[1] Audited by KPMG LLP Singapore

[2] On 22 July 2015, StarHub Ltd diluted its controlling interest in the company and the company was subsequently equity accounted for in the consolidated financial statements based on its results ended 31 December 2015, the financial year-end of the company (Note 5).

The following summarises the financial information of the associate, based on its financial statements prepared in accordance with FRS, amended for fair value adjustments on acquisition.

	2015 $m	2014 $m
Summarised Statement of Financial Position		
Non-current assets	93.2	–
Current assets	14.4	–
Current liabilities	(15.9)	–
Net assets	91.7	–
Reconciliation to carrying amount:		
Opening net assets	93.4	–
Loss for the year	(1.7)	–
Closing net assets	91.7	–

6 Associate *(continued)*

	2015 $m	2014 $m
Summarised Statement of Comprehensive Income		
Total revenue	–	–
Loss for the year	(1.7)	–
Other comprehensive loss	–	–
Total comprehensive loss for the year	(1.7)	–
Group's share in %	30%	–
Group's share of loss of associate (net of tax) for the year	(0.3)	–
Carrying amount of interest in associate at end of the year	27.5	–

7 Deferred Tax Liabilities

Movements in deferred tax liabilities during the year are as follows:

Group 2015	At 1.1.2015 $m	Recognised in income statement $m	Recognised in other comprehensive income $m	At 31.12.2015 $m
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(143.9)	9.6	–	(134.3)
Other payables and accruals	4.1	(2.0)	(0.4)	1.7
Unutilised capital allowances	8.5	(0.1)	–	8.4
Unutilised tax losses	4.1	–	–	4.1
Total	(127.2)	7.5	(0.4)	(120.1)

Group 2014	At 1.1.2014 $m	Recognised in income statement $m	Recognised in other comprehensive income $m	At 31.12.2014 $m
Deferred tax assets				
Property, plant and equipment and intangible assets	(7.9)	7.9	–	–
Deferred income	10.4	(10.4)	–	–
Total	2.5	(2.5)	–	–
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(139.2)	(4.7)	–	(143.9)
Other payables and accruals	8.5	(3.8)	(0.6)	4.1
Unutilised capital allowances	2.3	6.2	–	8.5
Unutilised tax losses	–	4.1	–	4.1
Total	(128.4)	1.8	(0.6)	(127.2)

7 Deferred Tax Liabilities *(continued)*

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets have not been recognised in respect of the following items:

	2015 $m	2014 $m
Tax losses	**3.5**	60.0
Deferred tax assets	**0.6**	10.2

The Group has not recognised deferred tax assets in respect of the above tax losses and capital allowances as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

Company 2015	At 1.1.2015 $m	Recognised in income statement $m	Recognised in other comprehensive income $m	At 31.12.2015 $m
Deferred tax liabilities				
Property, plant and equipment and intangible assets	**(76.8)**	**15.0**	**–**	**(61.8)**
Other payables and accruals	**0.9**	**–**	**(0.4)**	**0.5**
Total	**(75.9)**	**15.0**	**(0.4)**	**(61.3)**

Company 2014	At 1.1.2014 $m	Recognised in income statement $m	Recognised in other comprehensive income $m	At 31.12.2014 $m
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(77.7)	0.9	–	(76.8)
Other payables and accruals	1.9	(0.4)	(0.6)	0.9
Total	(75.8)	0.5	(0.6)	(75.9)

8 Inventories

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Inventories, at lower of cost and net realisable value	**54.3**	42.4	**50.1**	36.8
(Written back)/ allowance made during the year	**(0.5)**	0.1	**(0.7)**	0.1

9 Trade Receivables

	Group		Company	
	2015	2014	2015	2014
	$m	$m	$m	$m
Trade receivables	**186.4**	191.2	**168.8**	175.5
Allowance for doubtful receivables	**(33.1)**	(29.5)	**(31.3)**	(27.8)
	153.3	161.7	**137.5**	147.7

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group's and the Company's primary credit risk exposure arises through its trade receivables, which include corporate and retail customers. There is no concentration of credit risk with respect to trade receivables as the Group and the Company have a large number of customers. The recorded allowances for doubtful receivables have been made based on the Group's and the Company's historical collections experience. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's and the Company's trade receivables.

The age analysis of trade receivables past due but not impaired at the reporting date is as follows:

	Group		Company	
	2015	2014	2015	2014
	$m	$m	$m	$m
Past due 0 – 15 days	**40.9**	36.4	**37.7**	34.1
Past due above 15 days	**50.5**	66.0	**41.9**	58.0
	91.4	102.4	**79.6**	92.1

The movements in allowance for doubtful receivables in respect of trade receivables during the year are as follows:

	Group		Company	
	2015	2014	2015	2014
	$m	$m	$m	$m
At beginning of year	**29.5**	29.1	**27.8**	28.9
Allowance for doubtful receivables	**18.4**	15.9	**5.4**	1.9
Recharged to subsidiaries	**–**	–	**12.9**	12.5
Allowance utilised	**(14.8)**	(15.5)	**(14.8)**	(15.5)
At end of year	**33.1**	29.5	**31.3**	27.8

10 Other Receivables, Deposits and Prepayments

	Group		Company	
	2015	2014	2015	2014
	$m	$m	$m	$m
Grant receivables	**10.7**	6.9	**–**	–
Accrued revenue	**113.9**	101.8	**11.1**	13.8
Deposits	**4.0**	4.6	**0.9**	0.9
Prepayments	**57.2**	70.0	**18.4**	18.1
Other receivables	**9.0**	2.6	**1.7**	1.2
Mark-to-market financial instruments				
– Forward exchange contracts	**1.2**	–	**1.2**	–
– Interest rate swaps	**0.8**	–	**0.8**	–
	196.8	185.9	**34.1**	34.0

11 Balances with Related Parties

The immediate and ultimate holding companies are Asia Mobile Holdings Pte. Ltd. and Temasek Holdings (Private) Limited respectively. These companies are incorporated in the Republic of Singapore.

11.1 Amounts due from related parties

	Group		Company	
	2015	2014	2015	2014
	$m	$m	$m	$m
Current				
Loan to subsidiary	**–**	–	**–**	22.0
Amounts due from (trade):				
– Ultimate holding company	**0.1**	0.1	**–**	0.1
– Subsidiaries	**–**	–	**97.2**	238.3
– Related corporations	**25.9**	17.3	**13.6**	12.2
	26.0	17.4	**110.8**	272.6
Non-current				
Loans to subsidiaries	**–**	–	**–**	106.0
Amount due from (trade):				
– Subsidiary	**–**	–	**344.2**	–
	–	–	**344.2**	106.0

The non-current trade amount due from a subsidiary is unsecured, interest free and is not repayable within the next 12 months.

11 Balances with Related Parties *(continued)*

11.2 Amounts due to related parties

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Current				
Amounts due to (trade):				
– Subsidiaries	–	–	**373.8**	320.9
– Related corporations	**122.5**	99.2	**30.6**	64.7
	122.5	99.2	**404.4**	385.6

The amounts due to subsidiaries include unsecured interest bearing amounts of $167.9 million (2014: $111.7 million) at interest rates ranging from 0.93% to 1.25% (2014: 0.91% to 1.20%) per annum and are repayable on demand. The remaining amounts due to subsidiaries have trade terms.

11.3 The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements; the amounts before netting are as follows:

Company	Gross amounts $m	Gross amounts offset $m	Net amounts $m
2015			
Current			
Amounts due from subsidiaries	**565.5**	**(468.3)**	**97.2**
Amounts due to subsidiaries	**842.1**	**(468.3)**	**373.8**
Non-current			
Amounts due from subsidiaries	**344.2**	–	**344.2**
2014			
Current			
Amounts due from subsidiaries	672.9	(434.6)	238.3
Amounts due to subsidiaries	755.5	(434.6)	320.9

12 Cash and Cash Equivalents

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Fixed deposits	**111.8**	124.6	**111.8**	95.0
Cash at bank and in hand	**61.6**	139.6	**42.4**	81.0
	173.4	264.2	**154.2**	176.0

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YEAR ENDED 31 DECEMBER 2015

13 Trade and Other Payables

		Group		Company	
		2015	2014	2015	2014
	Note	$m	$m	$m	$m
Current					
Trade payables		**55.6**	60.3	**56.9**	53.5
Accruals		**414.1**	462.4	**171.3**	205.9
Unearned revenue		**131.1**	137.2	**19.1**	22.8
Property, plant and equipment vendors		**62.4**	106.1	**33.8**	45.1
Deferred income	15	**7.8**	14.0	**0.5**	–
Deposits from customers		**16.3**	15.2	**16.1**	15.0
Mark-to-market financial instruments					
– Interest rate swaps		**–**	0.6	**–**	0.6
		687.3	795.8	**297.7**	342.9
Non-current					
Unearned revenue		**22.7**	22.2	**22.7**	22.2
Mark-to-market financial instruments					
– Interest rate swaps		**–**	1.1	**–**	1.1
		22.7	23.3	**22.7**	23.3

14 Borrowings

		Group and Company	
		2015	2014
	Note	$m	$m
Current			
Bank loan	14.1	**137.5**	200.0
Non-current			
Bank loans	14.1	**330.0**	267.5
Medium term note	14.2	**220.0**	220.0
		550.0	487.5

14 Borrowings *(continued)*

14.1 Bank loans

	Group and Company	
	2015	2014
	$m	$m
Current	**137.5**	200.0
Non-current	**330.0**	267.5
	467.5	467.5
Repayable:		
– Within 1 year	**137.5**	200.0
– After 1 year but within 5 years	**330.0**	267.5
	467.5	467.5

At 31 December 2015, the unsecured bank loans bore interest at rates ranging from 1.47% to 2.98% (2014: 0.79% to 2.56%) per annum.

14.2 Medium term note

	Group and Company	
	2015	2014
	$m	$m
Non-current	**220.0**	220.0

The Company has established a multicurrency medium term note programme with a maximum aggregate principal amount of $1,000,000,000 in September 2011. In September 2012, the Company issued a $220,000,000 10 years medium term note which bore an interest rate of 3.08% per annum and is payable in September 2022. There is no material difference between the carrying amount and fair value of the medium term note.

15 Deferred Income

		Group		Company	
		2015	2014	2015	2014
	Note	$m	$m	$m	$m
Deferred grants					
At beginning of year		**21.3**	41.7	–	–
Grants receivable		**2.3**	–	**2.3**	–
Amount accreted to the income statement		**(14.7)**	(20.4)	**(0.7)**	–
At end of year		**8.9**	21.3	**1.6**	–
Deferred grants to be accreted:					
Current (within 1 year)	13	**7.8**	14.0	**0.5**	–
Non-current (after 1 year but within 5 years)		**1.1**	7.3	**1.1**	–
Total		**8.9**	21.3	**1.6**	–

The deferred income are government grants received. The assets related grants are recognised over the estimated useful lives of the related assets. The income related grants are recognised on a systematic basis over the periods to match the related cost.

16 Share Capital

	2015		2014	
Company	Number of shares '000	$m	Number of shares '000	$m
Issued and fully paid ordinary shares:				
At beginning of year	**1,726,322**	**282.6**	1,721,486	271.4
Issue of ordinary shares under the StarHub Performance Share Plans and StarHub Restricted Stock Plans	**3,297**	**10.6**	4,337	10.6
Issue of ordinary shares for cash pursuant to the exercise of options under the StarHub Share Option Plans	**176**	**0.3**	499	0.6
At end of year	**1,729,795**	**293.5**	1,726,322	282.6

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

17 Dividends

	Company	
	2015 $m	2014 $m
Final dividend of $0.05 (2014: $0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	**86.5**	86.3
Interim dividends of $0.15 (2014: $0.15) per share (1-tier tax exempt) paid in respect of the current financial year	**259.4**	258.9
	345.9	345.2

18 Reserves

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Merger/Capital reserve	–	–	276.5	276.5
Goodwill written off	(276.3)	(276.3)	–	–
Share-based payments reserve	12.3	13.4	12.3	13.4
Hedging reserve	0.5	(1.4)	0.5	(1.4)
Translation reserve	1.3	0.8	–	–
Retained profits	156.3	129.9	992.2	823.2
	(105.9)	(133.6)	1,281.5	1,111.7

The merger/capital reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd. ("SCV"), on 2 July 2002 and the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over its par value.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19 Total Revenue

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Mobile revenue	1,239.8	1,247.6	–	–
Pay TV revenue	391.0	389.7	–	–
Broadband revenue	200.3	201.9	–	–
Fixed network services revenue	384.9	378.3	607.9	604.3
Sale of equipment	228.3	169.7	518.0	439.4
	2,444.3	2,387.2	1,125.9	1,043.7

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

20 Operating Expenses

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Cost of equipment sold	**487.1**	411.4	**486.0**	410.9
Cost of services	**415.8**	382.9	**61.5**	59.1
Traffic expenses	**150.2**	154.7	**64.0**	73.5
Depreciation and amortisation (net of asset grants)	**271.4**	271.2	**121.9**	124.0
Marketing and promotions	**144.6**	156.2	**16.7**	14.1
Staff costs	**270.7**	275.0	**199.3**	200.1
Allowance for doubtful receivables	**18.4**	15.9	**5.4**	1.9
Repairs and maintenance	**86.0**	69.2	**41.8**	33.1
Operating leases	**121.7**	128.4	**57.5**	65.7
Other expenses	**82.7**	92.2	**64.5**	77.9
	2,048.6	1,957.1	**1,118.6**	1,060.3

Included in the Group's cost of services is government grant amounting to $3.4 million (2014: $1.8 million).

20.1 Depreciation and amortisation (net of asset grants)

Depreciation and amortisation expenses comprise the following:

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Depreciation of property, plant and equipment	**219.8**	216.6	**85.5**	82.0
Accretion of asset grants to the income statement	**(1.0)**	(0.3)	**(0.7)**	–
	218.8	216.3	**84.8**	82.0
Amortisation of intangible assets	**52.6**	54.9	**37.1**	42.0
Total	**271.4**	271.2	**121.9**	124.0

20.2 Staff costs

The following are included in staff costs:

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Defined contribution plans	**25.1**	23.9	**17.4**	16.3
Share-based payments	**9.5**	9.2	**9.5**	9.2
Government grants – Wage Credit Scheme	**(3.7)**	(1.9)	**(3.6)**	(1.8)

20 Operating Expenses *(continued)*

20.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2015	2014	2015	2014
	$m	$m	$m	$m
Short-term employee benefits	**10.2**	10.0	**9.0**	8.9
Share-based payments	**4.3**	4.4	**3.8**	4.0
	14.5	14.4	**12.8**	12.9

Included in the above is the total compensation to directors of the Company which amounted to $5.0 million (2014: $4.7 million).

Key management personnel also participate in the StarHub Share Option Plans, the StarHub Performance Share Plans and the StarHub Restricted Stock Plans as detailed in Note 20.2.2. The short term benefits include the Company balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of shares 534,700 (2014: 645,100 shares) under the StarHub Performance Share Plans and conditional awards of shares 435,800 (2014: 640,400 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Company during the year.

Awards of 95,800 shares (2014: 111,100 shares) under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached, during the year.

Based on the actual level of achievement of the pre-determined performance targets over the 2012 to 2014 performance period, final awards comprising 629,300 shares were delivered to the key management personnel of the Company during the year under the 2012 conditional awards granted to key management personnel of the Company in May 2012 pursuant to the StarHub Performance Share Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2013 to 2014 performance period, final awards comprising 372,780 shares were delivered to the key management personnel of the Company during the year under the 2013 conditional awards granted to the key management personnel of the Company in May 2013 pursuant to the StarHub Restricted Stock Plans. 186,600 shares under the final awards were delivered during the year, with the balance of 186,180 shares to be delivered in phases according to the stipulated vesting periods.

All share options and conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Company were on the same terms and conditions as those offered to other employees of the Company.

As at 31 December 2015, 1,503,800 (2014: 1,540,100) of the conditional awards of shares under the StarHub Performance Share Plans, and 1,199,380 (2014: 1,214,750) of the conditional awards of shares under the StarHub Restricted Stock Plans granted to the key management personnel were outstanding.

20 Operating Expenses *(continued)*

20.2.2 Share-based Payments

StarHub Share Option Plan

At 31 December 2015, there are no share options outstanding under the StarHub Share Option Plan 2004. The last exercisable date of the options granted under the StarHub Share Option Plan 2004 was 30 May 2015, and all outstanding unexercised options granted under this plan had lapsed on 30 May 2015.

	Number of share options		Weighted average exercise price per share	
	2015	2014	2015	2014
Company	'000	'000	$	$
Outstanding at beginning of year	**234**	819	**1.52**	1.35
Exercised	**(176)**	(499)	**1.52**	1.33
Forfeited	**(58)**	(86)	**1.52**	1.01
Outstanding at end of year	–	234	–	1.52
Exercisable at end of year	–	234	–	1.52

Options were exercised throughout the year. The weighted average share price during the year was $3.95 per share (2014: $4.15 per share).

The share options have the following exercise price:

	2015	2014
Company	$	$
Exercise price:		
$1.52	–	234
Outstanding at end of year	–	234
Weighted average remaining contractual life	–	0.41 year

StarHub Performance Share Plans

Under the StarHub PSP and the StarHub PSP 2014 (collectively the "StarHub Performance Share Plans"), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives. Awards are released once the Company's Executive Resource and Compensation Committee is satisfied that the prescribed performance targets have been achieved. There are no vesting periods beyond the performance achievement periods.

During the financial year ended 31 December 2015, the conditional grants of 534,700 (2014: 645,100) shares under the StarHub Performance Share Plans were made to the key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be, when the time-based service conditions are completed.

20 Operating Expenses *(continued)*

20.2.2 Share-based Payments *(continued)*

StarHub Performance Share Plans *(continued)*
The movements of the number of shares under the StarHub Performance Share Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2015 Date of grant	Balance outstanding at 1.1.2015 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31.12.2015 '000
25 May 2012	872	–	(872)	–	–
31 May 2013	432	–	–	(3)	429
10 March 2014	645	–	–	(75)	570
16 March 2015	–	535	–	–	535
Total	1,949	535	(872)	(78)	1,534

2014 Date of grant	Balance outstanding at 1.1.2014 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31.12.2014 '000
31 March 2011	858	–	(858)	–	–
25 May 2012	872	–	–	–	872
31 May 2013	432	–	–	–	432
10 March 2014	–	645	–	–	645
Total	2,162	645	(858)	–	1,949

The fair value of the shares is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards. The assumptions under the model used for the grant in 2015 and 2014 are as follows:

	Year of grant	
	2015	2014
Fair value	$2.94	$2.65
Share price	$4.25	$4.07
Expected volatility of the Company's shares	16.23%	16.91%
Expected volatility of MSCI Asia-Pacific Telecommunications Component Stock	12.42%	9.50%
Expected dividend yield	4.48%	4.44%
Risk-free interest rates	1.39%	0.50%

20 Operating Expenses *(continued)*

20.2.2 Share-based Payments *(continued)*

StarHub Restricted Stock Plans

Under the StarHub RSP and StarHub RSP Plan 2014 (collectively the "StarHub Restricted Stock Plans"), awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related after a further period of service beyond the performance targets completion date (performance-based restricted awards).

During the financial year ended 31 December 2015, the conditional grants of 2,432,200 (2014: 2,517,900) shares under the StarHub Restricted Stock Plans were made to non-executive directors and key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be, when the time-based service conditions are completed.

During the financial year ended 31 December 2015, 128,900 (2014: 127,300) shares under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached.

The movements of the number of shares under the StarHub Restricted Stock Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2015 Date of grant	Balance outstanding at 1.1.2015 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31.12.2015 '000
25 May 2012	912	–	(912)	–	–
31 May 2013	1,407	–	(699)	(16)	692
10 March 2014	2,454	–	(15)	(99)	2,340
16 March 2015	–	2,271	–	(5)	2,266
3 June 2015	–	129	(113)	(16)	–
8 July 2015	–	32	–	–	32
Total	**4,773**	**2,432**	**(1,739)**	**(136)**	**5,330**

2014 Date of grant	Balance outstanding at 1.1.2014 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31.12.2014 '000
17 May 2010	474	–	(472)	(2)	–
31 March 2011	849	–	(849)	–	–
25 May 2012	1,877	–	(936)	(29)	912
31 May 2013	1,459	–	–	(52)	1,407
10 March 2014	–	2,518	–	(64)	2,454
14 May 2014	–	127	(111)	(16)	–
Total	4,659	2,645	(2,368)	(163)	4,773

20 Operating Expenses *(continued)*

20.2.2 Share-based Payments *(continued)*

StarHub Restricted Stock Plans *(continued)*

The fair value of the share awards is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards.

The assumptions under the model used for the grant in 2015 and 2014 are as follows:

	Year of grant	
	2015	2014
Fair value	**$3.65 – $3.82**	$3.11 – $3.84
Share price	**$3.98 – $4.25**	$4.07
Expected volatility of the Company's shares	**16.23%**	16.91%
Expected dividend yield	**4.48% – 5.15%**	4.44%
Risk-free interest rates	**0.70% – 1.36%**	0.26% – 0.46%

20.3 Other expenses

Included in other expenses are the following:

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Fees paid to auditors of the Company:				
– Audit	**0.4**	0.4	**0.1**	0.1
– Non-audit	**0.3**	0.2	**0.1**	0.1
Foreign currency exchange (gain)/ loss	**(1.4)**	3.1	**(2.4)**	1.8
Changes in fair value of financial instruments	**(1.0)**	0.9	**(1.0)**	0.9

21 Other Income

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Corporate recharges to related parties	**0.2**	–	**215.2**	231.4
Dividend income from subsidiaries	**–**	–	**309.4**	326.5
Income related grants	**45.4**	46.6	**1.9**	0.3
	45.6	46.6	**526.5**	558.2

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22 Finance Income and Expense

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Interest income:				
– Bank deposits	**2.0**	2.0	**1.9**	1.9
– Subsidiaries	**–**	–	**14.9**	12.6
Finance income	**2.0**	2.0	**16.8**	14.5
Interest expense:				
– Bank loans	**11.0**	15.8	**11.0**	15.8
– Medium term note	**6.8**	6.8	**6.8**	6.8
– Subsidiaries	**–**	–	**1.7**	1.6
Finance costs	**17.8**	22.6	**19.5**	24.2

23 Non-operating Income

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Gain on deconsolidation of a subsidiary	**15.0**	–	**11.3**	–

24 Taxation

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Current tax				
Current income tax	**62.9**	91.4	**34.9**	36.8
Utilisation of previously unrecognised deferred tax assets	**(9.6)**	(8.6)	**(14.0)**	(11.2)
Under/(over) provision in prior year	**22.1**	4.6	**21.6**	(0.3)
	75.4	87.4	**42.5**	25.3
Deferred tax				
Origination and reversal of temporary differences	**12.8**	(0.3)	**4.9**	0.9
Over provision of tax liabilities in prior year	**(20.3)**	(1.5)	**(19.9)**	(1.4)
	(7.5)	(1.8)	**(15.0)**	(0.5)
Total income tax in income statement	**67.9**	85.6	**27.5**	24.8

24 Taxation *(continued)*

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Profit before taxation	**440.2**	456.1	**542.4**	531.9
Income tax using Singapore tax rate of 17%	**74.8**	77.5	**92.2**	90.4
Income not subject to tax	**(2.7)**	(0.1)	**(54.7)**	(55.5)
Non-deductible expenses	**3.7**	4.3	**2.3**	2.7
Deferred tax assets not recognised	**–**	9.6	**–**	–
Utilisation of previously unrecognised deferred tax assets	**(9.6)**	(8.6)	**(14.0)**	(11.2)
Under/(over) provision in prior year, net	**1.8**	3.1	**1.7**	(1.6)
Others	**(0.1)**	(0.2)	**–**	–
Total income tax in income statement	**67.9**	85.6	**27.5**	24.8

The Company's utilisation of previously unrecognised deferred tax assets relates to unutilised tax losses and unutilised capital allowances transferred from its subsidiaries under the group tax relief system in the Republic of Singapore.

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group and Company	
	2015 $m	2014 $m
Cash flow hedge, before taxation	**2.3**	3.4
Taxation	**(0.4)**	(0.6)
Effective portion of changes in fair value of cash flow hedge	**1.9**	2.8

25 Earnings Per Share

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the StarHub share plans.

	Group	
	2015 $m	2014 $m
Profit attributable to equity holders	372.3	370.5

	Number of shares	
	2015 '000	2014 '000
Weighted average number of ordinary shares (basic)	1,729,101	1,725,351
Adjustment for dilutive effect of share plans	6,864	7,050
Weighted average number of ordinary shares (diluted)	1,735,965	1,732,401

26 Earnings Before Interest, Taxation, Depreciation and Amortisation

The earnings before interest, taxation, depreciation and amortisation ("EBITDA") is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not covered by FRS. The Group defines EBITDA as follows:

	Group	
	2015 $m	2014 $m
Profit before taxation	440.2	456.1
Adjustments for:		
Depreciation and amortisation (net of asset grants)	271.4	271.2
Finance income	(2.0)	(2.0)
Finance expense	17.8	22.6
Gain on deconsolidation of a subsidiary company	(15.0)	–
Share of loss of associate (net of tax)	0.3	–
EBITDA	712.7	747.9

27 Related Party Transactions

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group and the Company with related parties during the financial year were as follows:

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Ultimate holding company				
Sales	**0.5**	0.7	**0.5**	0.7
Subsidiaries				
Sales	–	–	**534.7**	523.4
Purchase of services	–	–	**57.6**	48.1
Related corporations				
Sales	**70.0**	77.6	**34.7**	33.1
Purchase of property, plant and equipment	**19.5**	18.1	**11.8**	13.8
Rental expenses	**81.7**	85.1	**33.6**	37.1
Purchase of services	**183.7**	151.8	**30.2**	36.8
Purchase of inventories	**166.1**	167.2	**165.9**	166.8

28 Segment Reporting

Segment information is presented based on the information reviewed by the chief operating decision maker ("CODM") for performance assessment and resource allocation.

The CODM assess the Group's financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in one segment. The Group delivers its Mobile, Pay TV, Broadband, Fixed networks services and equipment sales on a fully integrated network, customer service, sales, marketing and administration support.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

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28 Segment Reporting *(continued)*

The Group's reportable segment information is as follows:

	Group	
	2015	2014
	$m	$m
Mobile revenue	1,239.8	1,247.6
Pay TV revenue	391.0	389.7
Broadband revenue	200.3	201.9
Fixed network services revenue	384.9	378.3
Sale of equipment	228.3	169.7
Total revenue	2,444.3	2,387.2
EBITDA	712.7	747.9
Depreciation and amortisation (net of asset grants)	(271.4)	(271.2)
Finance income	2.0	2.0
Finance expense	(17.8)	(22.6)
Gain on deconsolidation of a subsidiary company	15.0	–
Share of loss of associate (net of tax)	(0.3)	–
Profit before taxation	440.2	456.1
Taxation	(67.9)	(85.6)
Profit for the year	372.3	370.5
Assets and liabilities		
Non-current assets	1,305.6	1,315.6
Current assets	603.8	671.6
Total assets	1,909.4	1,987.2
Borrowings	687.5	687.5
Other non-current liabilities	143.9	157.8
Current liabilities	890.4	992.9
Total liabilities	1,721.8	1,838.2
Other information		
Capital expenditure	289.0	349.8
Free cash flow *	215.7	333.3

* Free cash flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the consolidated cash flow statement.

29 Financial Risk Management

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and foreign currency risk arises in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in Note 2.23.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

The Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position.

Liquidity risk

The Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its medium term note programme.

29 Financial Risk Management *(continued)*

Liquidity risk *(continued)*
The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

		Contractual cash flows			
Group	Carrying amount	Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2015	$m	$m	$m	$m	$m
Non-derivative financial liabilities					
Borrowings	**687.5**	**773.7**	**152.3**	**387.8**	**233.6**
Trade and other payables ^	**548.3**	**548.3**	**548.3**	**–**	**–**
Balances with related parties	**122.5**	**122.5**	**122.5**	**–**	**–**
	1,358.3	**1,444.5**	**823.1**	**387.8**	**233.6**

		Contractual cash flows			
Group	Carrying amount	Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2014	$m	$m	$m	$m	$m
Non-derivative financial liabilities					
Borrowings	687.5	758.4	211.7	306.4	240.3
Trade and other payables ^	642.4	642.4	642.4	–	–
Balances with related parties	99.2	99.2	99.2	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	3.3	3.3	3.1	0.2	–
	1,432.4	1,503.3	956.4	306.6	240.3

29 Financial Risk Management *(continued)*

Liquidity risk *(continued)*

Company 2015	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
Non-derivative financial liabilities					
Borrowings	**687.5**	**773.7**	**152.3**	**387.8**	**233.6**
Trade and other payables ^	**278.0**	**278.0**	**278.0**	**–**	**–**
Balances with related parties	**404.4**	**404.4**	**404.4**	**–**	**–**
	1,369.9	**1,456.1**	**834.7**	**387.8**	**233.6**

Company 2014	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
Non-derivative financial liabilities					
Borrowings	687.5	758.4	211.7	306.4	240.3
Trade and other payables ^	317.9	317.9	317.9	–	–
Balances with related parties	385.6	385.6	385.6	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	3.3	3.3	3.1	0.2	–
	1,394.3	1,465.2	918.3	306.6	240.3

^ The carrying amount of trade and other payables disclosed in the table exclude deferred income, unearned revenue, interest accruals for derivative financial liabilities. The interest accruals are included in the derivative financial liabilities.

29 Financial Risk Management *(continued)*

The following table indicates the periods in which the cash flow hedges are expected to affect profit or loss:

Group and Company 2015	Within 1 year $m	After 1 year but within 5 years $m	Total $m
Interest rate swaps			
– Assets	**0.4**	**0.1**	**0.5**

Group and Company 2014	Within 1 year $m	After 1 year but within 5 years $m	Total $m
Interest rate swaps			
– Liabilities	1.5	0.2	1.7

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group adopts a policy of ensuring that at least 50 percent of its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose.

At 31 December 2015, the Group had outstanding interest rate swap agreements with notional principal amounts totalling $145.0 million (2014: $335.0 million) in cash flow hedges against borrowings. These interest rate swaps will mature over the remaining term ranging from 0.6 year to 1.4 years (2014: 0.1 year to 2.4 years) to match the underlying hedged cash flows arising on the borrowings consisting of semi-annual interest payments. The fixed interest payable are at interest rates ranging from 0.86% to 1.45% per annum (2014: 0.86% to 2.25% per annum).

Sensitivity analysis

The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the interest rates by 100 basis points, with all other variables remaining constant, does not have a material impact in the Group's and the Company's profit before taxation (2014: $0.1 million).

Foreign currency risk

The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than Singapore Dollar. The currency giving rise to this risk is primarily the United States Dollar.

The Group's and the Company's exposures to United States Dollar are as follows:

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Trade and other receivables	**63.1**	31.5	**9.3**	7.6
Cash and cash equivalents	**108.0**	39.4	**104.1**	27.1
Trade and other payables	**(132.2)**	(145.1)	**(35.7)**	(63.4)
	38.9	(74.2)	**77.7**	(28.7)

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk on forecasted payment obligations. At 31 December 2015, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately $105.1 million (2014: Nil).

In respect of other monetary liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying foreign currencies at spot rates where necessary to address any shortfalls.

29 Financial Risk Management *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis
The Group and Company had assessed that a reasonable change in the exchange rate would not result in a material impact on the Group's and Company's results.

Estimation of fair values
The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Derivatives
Marked to market valuations of the forward exchange contracts are provided by the banks. For interest rate swaps, valuations are also provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Borrowings
The fair values of borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Amounts due from subsidiaries (non-current)
Non-current amounts due from subsidiaries are calculated using discounted cash flow model based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

Other financial assets and liabilities
The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

Interest rates used in determining fair values
The Group and the Company use the interbank swap yield as of 31 December 2015 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2015 % per annum	2014 % per annum
Derivatives	**0.86 – 1.45**	0.86 – 2.25

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation method, at reporting date:

	Group and Company	
	2015 $m	2014 $m
Financial assets/ (liabilities)		
Mark-to-market financial instruments		
– Forward exchange contracts	**1.2**	–
– Interest rate swaps	**0.8**	(1.7)

30 Capital Management

The Group regularly reviews its financial position, capital structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns, including the level of dividends, and proper strategic positioning.

From time to time, the Group may purchase its own shares on the market; the timing of these purchases depends on market prices. Such share purchases are intended to be used for issuing shares under the StarHub Share Option Plan, StarHub Performance Share Plan and StarHub Restricted Stock Plan programmes. Other than for such specific purposes, the Group does not have a defined share buy-back plan.

The Group manages the use of capital centrally and all borrowings to fund the operations of the subsidiaries are managed by the Company. The capital employed by the Company consists of equity attributable to shareholders, bank borrowings from financial institutions and medium term note issued.

The Group is not subject to any externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

31 Commitments

(a) *Capital and other financial commitments*

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Contracted and not provided for in the financial statements:				
– Capital expenditures	**285.4**	438.9	**103.5**	107.6
– Other operating expenditures	**279.0**	378.2	**–**	–
	564.4	817.1	**103.5**	107.6

Included in the capital expenditures contracted by the Company is an amount of approximately $2.7 million (2014: $4.7 million) which has been entered into on behalf of its subsidiaries.

As at 31 December 2015, the Group has outstanding capital and other financial commitments with related companies amounting to $10.2 million (2014: $15.2 million).

(b) *Operating leases*

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2015 $m	2014 $m	2015 $m	2014 $m
Payable:				
– Within 1 year	**98.8**	99.4	**54.0**	57.2
– Within 2 to 5 years	**106.1**	134.1	**83.1**	84.0
– After 5 years	**210.5**	60.3	**210.3**	60.0
	415.4	293.8	**347.4**	201.2

Included in the operating lease commitment of the Company is $7.0 million (2014: $7.1 million) which is contracted on behalf of a subsidiary. The operating leases include lease of premises and network infrastructure. The leases have varying terms and renewal rights.

As at 31 December 2015, the Group has outstanding operating lease commitments with related companies amounting to $277.6 million (2014: $139.8 million).

32 Subsequent Event

The directors have proposed a final dividend of $0.05 (2014: $0.05) per share, tax exempt (one tier), totalling $86.5 million (2014: $86.3 million) in respect of the financial year ended 31 December 2015. This proposed final tax exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2016.